



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)

2009
Interim Report



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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
“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
“CTIH”	China Taiping Insurance Holdings Company Limited, formerly known as 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
“CTIH Group”	CTIH and its subsidiaries (excluding the Group)
“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

Definitions

“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
“TPA (HK)”	Taiping Assets Management (HK) Company Limited, formerly known as China Insurance Group Assets Management Limited, a company incorporated in Hong Kong with limited liability and a wholly owned subsidiary of CTIH
“TPAM”	Taiping Asset Management Company Limited, formerly known as Tai Ping Asset Management Company Limited, a company incorporated in the PRC with limited liability and a non-wholly owned subsidiary of CTIH
“TPG”	China Taiping Insurance Group Co., formerly known as China Insurance (Holdings) Company Limited, a joint stock limited company established in the PRC
“TPG (HK)”	China Taiping Insurance Group (HK) Company Limited, formerly known as China Insurance H.K. (Holdings) Company Limited, a company incorporated in Hong Kong with limited liability and a wholly owned subsidiary of TPG
“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

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 PRC.

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

	Six months ended 30 June	
	2009	2008
	<i>(HK\$ in millions)</i>	
Gross written premiums	1,170	960
Underwriting loss	(106)	(111)
Investment income	105	114
Net realized and unrealized gains on investments	60	45
Profit for the period	56	20

	At 30 June	At 31 December
	2009	2008
	<i>(HK\$ in millions, except percentages)</i>	
Total assets	7,577	7,394
ROAE	1.6%	(10.4%)

The Group recorded a net profit of HK\$56 million for the six months ended 30 June 2009, representing a significant increase of 180% as compared with HK\$20 million for the corresponding period last year. Our Hong Kong operations recorded a net profit of HK\$126 million (2008: HK\$ 171 million), whereas, our PRC operations recorded a net loss of HK\$70 million (2008: HK\$151 million).

Gross written premiums increased by 21.9% to HK\$1,170 million for the six months ended 30 June 2009 as compared with HK\$960 million for the corresponding period last year. Our PRC operations recorded a significant growth and contributed 62.3% (2008: 49.9%) to the total gross written premiums of the Group, whereas Hong Kong Operations contributed 37.7% (2008: 50.1%). For the six months ended 30 June 2009, the Group’s five business lines, namely, motor, property, marine, liability and accident and health insurance represented 53.3%, 21.0%, 10.0%, 10.7% and 5.0% (2008: 42.7%, 24.1%, 15.4%, 11.6% and 6.2%) 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 2009, the Group’s direct written premiums through agents, brokers, direct sales and other financial institutions accounted for approximately 59.4%, 23.0%, 14.7% and 2.9% (2008: 59.5%, 27.7%, 9.1% and 3.7%) respectively of the Group’s direct written premiums.

Management Discussion and Analysis

The Group recorded an underwriting loss of HK\$106 million (2008: HK\$111 million) and a combined ratio of 113.3% (2008: 122.0%) for the six months ended 30 June 2009. For our Hong Kong operations, the underwriting profit was HK\$3 million (2008: HK\$14 million) with a combined ratio of 99.0% (2008: 95.1%). Our PRC operations recorded an underwriting loss of HK\$109 million (2008: HK\$125 million) with a combined ratio of 120.9% (2008: 156.8%).

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

During the six months ended 30 June 2009, total investment returns of the Group were HK\$165 million (2008: HK\$159 million). Investment income of the Group recorded a decrease of 7.9% to HK\$105 million for the six-month period as compared with HK\$114 million for the corresponding period last year. The decrease was primarily due to the decrease in dividend income from equity securities. The net realized and unrealized gains on investments recorded an increase of 33.3% to HK\$60 million for the six-month period as compared with HK\$45 million for the corresponding period last year. The increase was attributed by the recovery in the local and the PRC equity market in the first half of 2009 after the financial tsunami.

As at 30 June 2009, our total assets were HK\$7,577 million, representing an increase of 2.5% as compared with HK\$7,394 million as at 31 December 2008. 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	
	2009	2008
	<i>(HK\$ in millions, except percentages)</i>	
Gross written premiums	441	481
Net earned premiums	275	284
Net claims incurred	(146)	(131)
Net commission expenses	(54)	(73)
Other operating expenses	(71)	(72)
Change in net provision for unexpired risks	(1)	6
Underwriting profit	3	14
Operating ratios:		
Loss ratio	53.5%	44.0%
Expense ratio	45.5%	51.1%
Combined ratio	99.0%	95.1%

Management Discussion and Analysis

Gross Written Premiums

Gross written premiums decreased by 8.3% to HK\$441 million for the six months ended 30 June 2009 as compared with HK\$481 million for the corresponding period last year.

Underwriting Profit

Underwriting profit decreased by 78.6% to HK\$3 million for the six months ended 30 June 2009 as compared with HK\$14 million for the corresponding period last year. The decrease was mainly resulted from the adverse claims experience in motor and liability segments.

PRC Operations

	Six months ended 30 June	
	2009	2008
	<i>(HK\$ in millions, except percentages)</i>	
Gross written premiums	729	479
Net earned premiums	522	220
Net claims incurred	(279)	(137)
Net commission expenses	(90)	(46)
Other operating expenses	(262)	(162)
Change in net provision for unexpired risks	–	–
Underwriting loss	(109)	(125)
Operating ratios:		
Loss ratio	53.5%	62.3%
Expense ratio	67.4%	94.5%
Combined ratio	120.9%	156.8%

Gross Written Premiums

Gross written premiums increased significantly by 52.2% to HK\$729 million for the six months ended 30 June 2009 as compared with \$479 million for the corresponding period last year. The substantial growth was mainly attributed to the establishment of the comprehensive network of our PRC operations and the expansion of business in the first half of 2009. The motor and non-motor business segments of our PRC operations contributed approximately 72.6% (2008: 63.7%) and 27.4% (2008: 36.3%) of the Group's PRC gross written premiums respectively.

Management Discussion and Analysis

Underwriting Loss

Our PRC operations recorded an underwriting loss of HK\$109 million for the six months ended 30 June 2009 when compared with HK\$125 million for the corresponding period last year. The underwriting performance improved, attributable to the increase of premiums income generated from the establishment of our comprehensive networks in the PRC as well as better control of quality of business.

INVESTMENT PERFORMANCE

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

	At 30 June	% of Total	At 31 December	% of Total
	2009	%	2008	%
	<i>(HK\$ in millions)</i>	<i>%</i>	<i>(HK\$ in millions)</i>	<i>%</i>
Equity securities:				
Listed	197	3.7%	244	4.7%
Unlisted	153	2.9%	203	3.9%
Debt securities:				
Listed	1,630	30.4%	1,580	30.5%
Unlisted	463	8.7%	443	8.5%
Certificates of deposit	24	0.5%	95	1.8%
Cash and bank deposits	1,759	32.8%	1,494	28.8%
Investment properties	1,094	20.3%	1,088	21.0%
Loan receivables	34	0.6%	34	0.7%
Other investment assets ⁽¹⁾	4	0.1%	5	0.1%
Total invested assets	5,358	100.0%	5,186	100.0%

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

Management Discussion and Analysis

Increase in cash and bank deposits by HK\$265 million is mainly due to the cash inflow generated from investment income and disposal of equity securities and certificates of deposit during the period. Investment in debt securities increased to HK\$2,093 million as at 30 June 2009 compared to HK\$2,023 million as at 31 December 2008. The Group remains a stable portfolio on its investment in debt securities with an aim to generate stable cash flows while earning competitive market rate of return.

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			
	2009 (HK\$ in millions)	2008	2009 %	2008
Investment income				
Interest and dividend income				
Dividend income from listed and unlisted equity securities	9	28	4.8%	9.1%
Interest income from debt securities	59	42	5.6%	5.6%
Interest income from bank balances	11	22	1.3%	2.1%
Interest income from loan receivables	1	–	6.1%	0.0%
Rental income	25	22	4.5%	4.2%
	105	114	4.0%	4.3%
Net realized and unrealized gains on investments	60	45	N/A	N/A
Total investment returns	165	159	6.3%	6.0%

The total investment returns of the Group increased by 3.8% to HK\$165 million for the six months ended 30 June 2009 as compared with HK\$159 million for the corresponding period last year.

PROFIT FOR THE PERIOD

Total investment returns for the six months ended 30 June 2009 were HK\$165 million, while the underwriting loss for the six-month period was HK\$106 million. Income tax charge for the period was HK\$0.3 million, representing a tax provision in the PRC. After deducting the expenses of HK\$2.7 million, the profit for the six-month period was HK\$56 million.

Management Discussion and Analysis

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 2009 amounted to HK\$1,539 million (31 December 2008: HK\$1,274 million). Increase is mainly caused by contribution from investment activities during the period. We believe that we have sufficient working capital to meet our present requirement.

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 CIRC 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 2009	At 31 December 2008
Gearing ratio	54.0%	54.6%

The gearing ratio is computed by dividing total liabilities by total assets. As at 30 June 2009, the Group's gearing ratio was 54.0%, representing a decrease of 0.6 percentage point as compared with 54.6% as at 31 December 2008.

Management Discussion and Analysis

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 HK\$30 million (31 December 2008: HK\$30 million) was made in the condensed consolidated financial statements.

Save as herein disclosed above and other than those incurred in the normal course of the Group's insurance business, there was neither outstanding litigation nor any contingent liabilities as at 30 June 2009 and 31 December 2008.

Capital Expenditure

Our capital expenditure has primarily been for the acquisition of furniture and fittings, equipment, and renovation expenditures of HK\$2 million (31 December 2008: HK\$82 million), computers of HK\$1 million (31 December 2008: HK\$12 million) and interests in leasehold land held for own use under operating leases of HK\$3 million (31 December 2008: HK\$99 million) during the period.

HEDGING INSTRUMENTS

The Group does not use any financial instruments for hedging purposes.

STAFF AND STAFF REMUNERATION

As at 30 June 2009, the Group had a staff force of 3,557 (2008: 2,037). Of this, 3,253 (2008: 1,729) were in the PRC and 304 (2008: 308) were in Hong Kong. Total remuneration for the six months ended 30 June 2009 amounted to HK\$202 million (2008: HK\$121 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

In the year 2009, competition intensified in the Hong Kong general insurance market. The Group adhered to the principles of integrity, professionalism and value, and adopted suitably active marketing strategies to maintain its leading market position.

The Group's business in the PRC market is growing steadily. Following the completion of the establishment of the Group's network on the mainland of China in the year 2008 and the commencement of the operation of its branches, the Group achieved satisfactory premium growth in the first half of 2009. Premium income reached HK\$729 million, an increase of fifty-two per cent compared to the same period in the previous year. In the second half of the year, the Group will continue to reform its sales and marketing systems, and further control costs, in order to make its branch operations break-even and become profitable as soon as possible. In June 2009, the Group received the approval from the CIRC for AMTD Financial Planning Limited of the Cheung Kong Group to acquire the shares of Shenzhen CIG-AMTD Insurance Brokers Company Limited of the Group. It is believed that this will help the Group further develop its mainland business.

In respect of business in the Hong Kong market, the Group will continue to adopt active business development strategies in order to enhance cooperation with its business partners. The Group will not only further strengthen its marketing campaigns, but also develop new products to increase its market share. Furthermore, the Group is actively developing its business, while imposing strict control on the quality of business, striving to increase the volume of good business and maintaining stable profit in order to support the development of the Group's business in the PRC.

The first half of 2009 saw volatile investment market conditions, with opportunities and challenges. The Group seized the opportunities and achieved higher than expected investment income. In the second half of the year, the Group will continue to strengthen its communication and cooperation with asset management companies, to monitor closely changes in market conditions, to ensure good investment analysis and management, and to strive to create stable investment income.

In summary, the Group remains firmly committed to its prudent management approach under the current business conditions. At the same time, the Group will continue to actively explore market opportunities, take full advantage of its interactive business model between Hong Kong and the PRC, and increase its competitiveness in the general insurance market.

Condensed Consolidated Income Statement

For the six months ended 30 June 2009-Unaudited
(Expressed in Hong Kong dollars)

	Notes	Six months ended 30 June	
		2009	2008
		\$	\$
Gross written premiums		1,170,436,843	960,024,030
Change in gross provision for unearned premiums		(129,803,958)	(210,070,663)
Gross earned premiums		1,040,632,885	749,953,367
Reinsurers' share of earned premiums	4	(243,201,140)	(245,664,712)
Net earned premiums		797,431,745	504,288,655
Net commission expenses	4	(144,279,659)	(119,365,195)
Gross claims paid		(571,949,332)	(377,126,826)
Change in gross provision for outstanding claims		64,057,437	(66,163,382)
Gross claims incurred		(507,891,895)	(443,290,208)
Reinsurers' share of claims incurred	4	82,853,702	174,909,712
Net claims incurred		(425,038,193)	(268,380,496)
Change in net provision for unexpired risks	4	(1,480,000)	6,120,000
Other operating expenses		(332,662,618)	(234,046,567)
Underwriting loss		(106,028,725)	(111,383,603)
Investment income	5	104,891,406	114,347,535
Net realised and unrealised gains on investments	6	60,492,746	45,138,044
Other net gain/(loss)		7,994,398	(17,007,732)
Administrative and other expenses		(10,335,044)	(11,361,257)
Profit from operations		57,014,781	19,732,987
Share of (loss)/profit of an associate		(222,084)	136,135
Profit before tax	7	56,792,697	19,869,122
Income tax expense	8	(318,802)	(100,221)
Profit for the period		56,473,895	19,768,901
Attributable to owners of the Company:			
Profit for the period		56,473,895	19,768,901
Earnings per share attributable to owners of the Company:			
Basic	10	0.019	0.007
Diluted		0.019	0.007

Condensed Consolidated Statement of Comprehensive Income

For the six months ended 30 June 2009-Unaudited
(Expressed in Hong Kong dollars)

	Six months ended 30 June	
	2009	2008
	\$	\$
Profit for the period	56,473,895	19,768,901
Other comprehensive income:		
Exchange differences arising on translation of foreign operations	(1,458,492)	62,234,151
Net change in fair value of available-for-sale securities	71,197,388	(166,634,356)
Other comprehensive income for the period	69,738,896	(104,400,205)
Total comprehensive income for the period	126,212,791	(84,631,304)
Attributable to owners of the Company	126,212,791	(84,631,304)

Condensed Consolidated Statement of Financial Position

As at 30 June 2009-Unaudited
(Expressed in Hong Kong dollars)

	Notes	At 30 June 2009 \$	At 31 December 2008 \$ (Audited)
Assets			
Statutory deposits		220,346,273	220,268,135
Property and equipment		207,376,087	220,429,169
Interests in leasehold land held for own use under operating leases		353,940,064	349,306,204
Investment properties		1,094,540,000	1,087,710,000
Interest in an associate		3,958,337	4,180,421
Deferred tax assets		69,306,884	69,306,841
Loan receivables		34,031,700	34,017,900
Investments in securities	11	2,466,773,791	2,565,721,717
Insurance receivables	12	358,427,366	291,553,045
Other receivables		139,162,923	92,403,673
Reinsurers' share of insurance funds	13	1,052,182,903	1,158,347,658
Amount due from ultimate holding company		564,494	564,264
Amounts due from shareholders		1,248,803	4,173,936
Amounts due from fellow subsidiaries		708,637	7,358,338
Amounts due from other affiliated companies		35,463,491	15,066,873
Pledged bank deposits		83,276,993	83,276,242
Deposits with banks with original maturity more than three months		669,773,415	123,223,221
Cash and cash equivalents	14	786,104,184	1,067,109,586
		7,577,186,345	7,394,017,223
Liabilities			
Insurance funds	13	3,298,429,682	3,230,699,167
Insurance protection fund		3,838,569	6,424,531
Insurance payables	15	433,747,030	410,982,336
Other payables		113,915,858	124,228,379
Amounts due to shareholders		1,164,315	200,868
Amounts due to fellow subsidiaries		4,783,416	29,428,831
Amounts due to other affiliated companies		450,163	629,594
Securities sold under repurchase agreements		113,439,000	110,217,996
Tax liabilities		121,468,537	121,468,537
		4,091,236,570	4,034,280,239
Net assets		3,485,949,775	3,359,736,984

Condensed Consolidated Statement of Financial Position

As at 30 June 2009-Unaudited
(Expressed in Hong Kong dollars)

	Note	At 30 June 2009 \$	At 31 December 2008 \$ (Audited)
Capital and reserves			
Share capital	16	290,638,400	290,638,400
Share premium		2,292,071,992	2,292,071,992
Reserves		903,239,383	777,026,592
Total equity attributable to owners of the Company		3,485,949,775	3,359,736,984

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2009-Unaudited
(Expressed in Hong Kong dollars)

	Share capital \$	Share premium \$	Reserve required under local regulatory requirement \$	Capital reserve \$	Exchange reserve \$	Fair value reserve \$	Revaluation reserve \$	Retained profits \$	Total equity \$
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
Profit for the period	-	-	-	-	-	-	-	19,768,901	19,768,901
Exchange difference arising on translation of foreign operations	-	-	250,569	-	61,983,582	-	-	-	62,234,151
Net change in fair value of available-for-sale securities									
- change in fair value of available-for-sale securities	-	-	-	-	-	(145,024,933)	-	-	(145,024,933)
- transfer to condensed consolidated income statement on disposals	-	-	-	-	-	(53,489,499)	-	-	(53,489,499)
- transfer to condensed consolidated income statement on impairment	-	-	-	-	(867,826)	32,747,902	-	-	31,880,076
Total comprehensive income for the period	-	-	250,569	-	61,115,756	(165,766,530)	-	19,768,901	(84,631,304)
Dividend paid	-	-	-	-	-	-	-	(87,191,520)	(87,191,520)
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 2009	290,638,400	2,292,071,992	3,850,253	15,086,005	116,830,067	(25,539,356)	6,702,991	660,096,632	3,359,736,984
Profit for the period	-	-	-	-	-	-	-	56,473,895	56,473,895
Exchange difference arising on translation of foreign operations	-	-	-	-	(1,458,492)	-	-	-	(1,458,492)
Net change in fair value of available-for-sale securities									
- change in fair value of available-for-sale securities	-	-	-	-	-	75,485,065	-	-	75,485,065
- transfer to condensed consolidated income statement on disposals	-	-	-	-	-	(4,287,677)	-	-	(4,287,677)
Total comprehensive income for the period	-	-	-	-	(1,458,492)	71,197,388	-	56,473,895	126,212,791
At 30 June 2009	290,638,400	2,292,071,992	3,850,253	15,086,005	115,371,575	45,658,032	6,702,991	716,570,527	3,485,949,775

Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2009-Unaudited
(Expressed in Hong Kong dollars)

	Six months ended 30 June	
	2009	2008
	\$	\$
Net cash generated from/(used in) operating activities	288,572,487	(57,024,313)
Net cash used in investing activities		
Proceeds on maturity of held-to-maturity securities	96,875,625	10,000,000
Proceeds on disposal of available-for-sale securities	939,255,794	888,579,874
Purchases of held-to-maturity securities	–	(383,688,838)
Purchases of available-for-sale securities	(1,145,673,282)	(1,640,829,510)
(Increase)/decrease in deposits with banks with original maturity more than three months	(548,270,384)	757,465,184
Other investing activities	87,814,536	50,010,203
	(569,997,711)	(318,463,087)
Net cash used in financing activities	–	(87,191,520)
Net decrease in cash and cash equivalents	(281,425,224)	(462,678,920)
Effects of foreign exchange rate changes	419,822	38,802,274
Cash and cash equivalents at beginning of period	1,067,109,586	1,742,755,765
Cash and cash equivalents at end of period	786,104,184	1,318,879,119

Notes to the unaudited Condensed Consolidated Financial Statements

For the six months ended 30 June 2009
(Expressed in Hong Kong dollars)

1. Basis of preparation

The unaudited interim financial report has been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Listing Rules, and Hong Kong Accounting Standard 34 “Interim Financial Reporting” (“HKAS 34”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”). It was authorised for issuance on 18 August 2009.

2. Significant accounting policies

The unaudited 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 2008 annual financial statements. The condensed consolidated 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”).

In preparing the unaudited 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 2008.

The accounting policies and methods of computation adopted in the 2008 annual financial statements have been applied consistently to this unaudited interim financial report.

In the current interim period, the Group has applied, for the first time, a number of new and revised standards, amendments and interpretations (“new or revised HKFRSs”) issued by the HKICPA, which are effective for the Group’s financial year beginning on 1 January 2009. The new or revised HKFRSs mainly include the following:

HKFRS 8 Operating Segments

(effective for annual periods beginning on or after 1 January 2009)

The application of HKFRS 8 has not resulted in redesignation of the Group’s reportable segments (see note 3).

HKAS 1 (Revised 2007) Presentation of Financial Statements

(effective for annual periods beginning on or after 1 January 2009)

HKAS 1 (Revised 2007) has introduced a number of terminology changes, including revised titles for the condensed consolidated financial statements, and has resulted in a number of changes in presentation and disclosure.

The adoption of the new or revised HKFRSs had no material impact on the results and the financial position of the Group for the current and/or prior accounting periods. Accordingly, no prior period adjustment has been required.

Notes to the unaudited Condensed Consolidated Financial Statements

For the six months ended 30 June 2009
(Expressed in Hong Kong dollars)

2. Significant accounting policies (continued)

The Group has not early applied new and revised standards, amendments or interpretations that have been issued but are not yet effective. The adoption of HKFRS 3 (Revised 2008) may affect the Group's accounting for business combinations for which the acquisition dates are on or after the beginning of the first annual reporting period beginning on or after 1 July 2009. HKAS 27 (Revised 2008) will affect the accounting treatment for changes in the Group's ownership interest in a subsidiary that do not result in loss of control of the subsidiary. Changes in the Group's ownership interest that do not result in loss of control of the subsidiary will be accounted for as equity transactions. The directors of the Company anticipate that the application of other new and revised standards, amendments or interpretations will have no material impact on the results and the financial position of the Group.

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

3. Segment information

The Group has adopted HKFRS 8 Operating Segments with effect from 1 January 2009. HKFRS 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker being the Board of Directors in order to allocate resources to segments and to assess their performance. In contrast, the predecessor Standard (HKAS 14, Segment Reporting) required an entity to identify two sets of segments (business and geographical) using a risks and returns approach, with the entity's "system of internal financial reporting to key management personnel" serving only as the starting point for the identification of such segments. In the past, the Group's primary reporting format was business segments. The application of HKFRS 8 has not resulted in redesignation of the Group's reportable segments as compared with the primary reportable segment determined in accordance with HKAS 14. Nor has the adoption of HKFRS 8 changed the basis of measurement of segment profit or loss.

Business segments

For management purposes, the Group is currently organised into five underwriting business classes-motor, property, liability, marine, and accident and health.

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

Notes to the unaudited Condensed Consolidated Financial Statements

For the six months ended 30 June 2009
(Expressed in Hong Kong dollars)

3. Segment information (continued)

Business segments (continued)

	Six months ended 30 June 2009					Total \$
	Motor \$	Property \$	Liability \$	Marine \$	Accident and health \$	
Direct businesses	624,015,876	243,538,556	124,531,826	116,985,479	58,899,759	1,167,971,496
Reinsurance businesses accepted	-	2,127,653	198,989	114,364	24,341	2,465,347
Gross written premiums from external customers – segment revenue	624,015,876	245,666,209	124,730,815	117,099,843	58,924,100	1,170,436,843
Net earned premiums	531,837,727	74,320,604	102,350,148	49,312,242	39,611,024	797,431,745
Net claims incurred	(309,836,033)	(15,814,598)	(68,889,270)	(17,728,867)	(12,769,425)	(425,038,193)
Change in net provision for unexpired risks	-	-	430,000	(890,000)	(1,020,000)	(1,480,000)
Net commission (expenses)/income	(111,276,575)	1,903,162	(20,455,868)	(4,410,825)	(10,039,553)	(144,279,659)
Other operating expenses	(217,206,277)	(50,638,676)	(23,658,122)	(22,744,073)	(18,415,470)	(332,662,618)
Segment results	(106,481,158)	9,770,492	(10,223,112)	3,538,477	(2,633,424)	(106,028,725)
Investment income						104,891,406
Net realised and unrealised gains on investments						60,492,746
Other net gain						7,994,398
Administrative and other expenses						(10,335,044)
Profit from operations						57,014,781
Share of loss of an associate						(222,084)
Profit before tax						56,792,697
Income tax expense						(318,802)
Profit for the period						56,473,895

Notes to the unaudited Condensed Consolidated Financial Statements

For the six months ended 30 June 2009
(Expressed in Hong Kong dollars)

3. Segment information (continued)

Business segments (continued)

	Six months ended 30 June 2008					Total \$
	Motor \$	Property \$	Liability \$	Marine \$	Accident and health \$	
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 – segment revenue	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)
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)
Investment income						114,347,535
Net realised and unrealised gains on investments						45,138,044
Other net loss						(17,007,732)
Administrative and other expenses						(11,361,257)
Profit from operations						19,732,987
Share of profit of an associate						136,135
Profit before tax						19,869,122
Income tax expense						(100,221)
Profit for the period						19,768,901

Notes to the unaudited Condensed Consolidated Financial Statements

For the six months ended 30 June 2009
(Expressed in Hong Kong dollars)

3. Segment information (continued)

Geographical information

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

The following geographical information is prepared based on the geographical location of customers.

	Six months ended 30 June 2009		
	Hong Kong \$	The PRC \$	Total \$
Direct businesses	440,281,237	727,690,259	1,167,971,496
Reinsurance businesses accepted	439,594	2,025,753	2,465,347
Gross written premiums from external customers	440,720,831	729,716,012	1,170,436,843
Net earned premiums	275,675,000	521,756,745	797,431,745
Net claims incurred	(145,806,918)	(279,231,275)	(425,038,193)
Change in net provision for unexpired risks	(1,480,000)	–	(1,480,000)
Net commission expenses	(54,341,782)	(89,937,877)	(144,279,659)
Other operating expenses	(70,865,819)	(261,796,799)	(332,662,618)
Investment income	3,180,481	(109,209,206)	(106,028,725)
Net realised and unrealised gains on investments	82,042,737	22,848,669	104,891,406
Other net gain	42,889,874	17,602,872	60,492,746
Administrative and other expenses	4,728,444	3,265,954	7,994,398
Administrative and other expenses	(6,093,174)	(4,241,870)	(10,335,044)
Profit/(loss) from operations	126,748,362	(69,733,581)	57,014,781
Share of loss of an associate	(222,084)	–	(222,084)
Profit/(loss) before tax	126,526,278	(69,733,581)	56,792,697
Income tax expense	–	(318,802)	(318,802)
Profit/(loss) for the period	126,526,278	(70,052,383)	56,473,895

Notes to the unaudited Condensed Consolidated Financial Statements

For the six months ended 30 June 2009
(Expressed in Hong Kong dollars)

3. Segment information (continued)

Geographical information (continued)

	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)
Other operating expenses	(71,620,060)	(162,426,507)	(234,046,567)
Investment income	13,906,826	(125,290,429)	(111,383,603)
Net realised and unrealised gains/(losses) on investments	81,197,631	33,149,904	114,347,535
Other net gain/(loss)	58,640,095	(13,502,051)	45,138,044
Administrative and other expenses	26,372,417	(43,380,149)	(17,007,732)
Profit/(loss) from operations	(8,850,127)	(2,511,130)	(11,361,257)
Share of profit of an associate	171,266,842	(151,533,855)	19,732,987
	136,135	–	136,135
Profit/(loss) before tax	171,402,977	(151,533,855)	19,869,122
Income tax expense	–	(100,221)	(100,221)
Profit/(loss) for the period	171,402,977	(151,634,076)	19,768,901

Notes to the unaudited Condensed Consolidated Financial Statements

For the six months ended 30 June 2009
(Expressed in Hong Kong dollars)

4. 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	
	2009	2008
	\$	\$
Premiums ceded to reinsurers	(279,478,757)	(276,687,677)
Change in reinsurers' share of provision for unearned premiums	36,277,617	31,022,965
Reinsurers' share of earned premiums	(243,201,140)	(245,664,712)
Gross commission income	72,113,587	69,366,398
Gross commission expenses	(216,393,246)	(188,731,593)
Net commission expenses	(144,279,659)	(119,365,195)
Reinsurers' share of claims paid	225,532,272	135,278,518
Reinsurers' share of change in provision for outstanding claims	(142,678,570)	39,631,194
Reinsurers' share of claims incurred	82,853,702	174,909,712
Change in gross provision for unexpired risks	(1,620,000)	13,170,000
Change in reinsurers' share of provision for unexpired risks	140,000	(7,050,000)
Change in net provision for unexpired risks	(1,480,000)	6,120,000

Notes to the unaudited Condensed Consolidated Financial Statements

For the six months ended 30 June 2009
(Expressed in Hong Kong dollars)

5. Investment income

	Six months ended 30 June	
	2009	2008
	\$	\$
Interest income		
– Debt securities	54,718,572	34,921,404
– Bank balances	11,017,562	22,249,794
– Loan receivables	1,053,404	–
Interest income from held-for-trading securities	3,989,604	6,864,923
Rental income	24,580,150	22,490,127
Dividend income		
– Listed equity securities	1,657,513	6,245,629
– Unlisted equity securities	7,874,601	21,575,658
	104,891,406	114,347,535

6. Net realised and unrealised gains on investments

	Six months ended 30 June	
	2009	2008
	\$	\$
Property related gains		
– Fair value gain on investment properties	6,830,000	128,802,500
Investment related gains/(losses)		
– Net gain/(loss) on disposal of available-for-sale securities		
– transfer from equity	4,287,677	53,489,499
– arising in current period	35,291,098	(105,259,019)
– Net gain on disposal of held-for-trading securities	10,362,234	2,755,045
– Net unrealised gain/(loss) on held-for-trading securities	3,674,044	(2,769,905)
– Impairment loss on available-for-sale securities	–	(31,880,076)
Others		
– Gain on winding up of a subsidiary	47,693	–
	60,492,746	45,138,044

Notes to the unaudited Condensed Consolidated Financial Statements

For the six months ended 30 June 2009
(Expressed in Hong Kong dollars)

7. Profit before tax

	Six months ended 30 June	
	2009	2008
	\$	\$
Profit before tax is arrived at after charging/(crediting):		
Auditor's remuneration	1,124,743	1,243,165
Depreciation	16,460,148	8,453,433
Amortisation of interests in leasehold land held for own use under operating leases	1,160,782	136,020
Staff costs		
– Contributions to defined contribution retirement plan	10,789,628	11,136,890
– Salaries, wages and other benefits	193,572,837	112,689,753
	204,362,465	123,826,643
Operating lease charges in respect of land and buildings	18,747,404	11,131,745
Net impairment losses written back		
– insurance receivables	(2,882,966)	(2,449,163)
– interests in leasehold land held for own use under operating leases	(2,742,648)	(23,729,263)
Net foreign exchange loss	104,617	43,975,581
Bad debts recovered	(1,200)	(18,937)
Gross property rental income	(24,580,150)	(22,490,128)
Less: direct outgoings	1,205,279	688,969
Net property rental income	(23,374,871)	(21,801,159)
Share of tax of an associate	6,021	12,235

Notes to the unaudited Condensed Consolidated Financial Statements

For the six months ended 30 June 2009
(Expressed in Hong Kong dollars)

8. Income tax expense

	Six months ended 30 June	
	2009	2008
	\$	\$
Current tax in the PRC:		
Provision for the period	129,845	–
Under-provision in prior years	188,957	100,221
	<hr/>	<hr/>
Income tax expense	318,802	100,221

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

9. Dividend

No interim dividend has been declared by the Board of Directors for the six months ended 30 June 2009 and 2008.

No final dividend (2008: \$87,191,520, representing \$0.03 per share) in respect of the previous financial year, was approved and paid during the period.

10. Earnings per share

Basic earnings per share

The calculation of basic earnings per share for the six months ended 30 June 2009 is based on the profit attributable to owners of the Company for the period of \$56,473,895 (2008: \$19,768,901) and the number of shares in issue of 2,906,384,000 (2008: 2,906,384,000) during the period.

Diluted earnings per share

There were no dilutive potential ordinary shares as at 30 June 2009 and 2008.

Notes to the unaudited Condensed Consolidated Financial Statements

For the six months ended 30 June 2009
(Expressed in Hong Kong dollars)

11. Investments in securities

	Available-for-sale securities		Held-for-trading securities		Held-to-maturity securities		Total	
	At 30 June 2009 \$	At 31 December 2008 \$	At 30 June 2009 \$	At 31 December 2008 \$	At 30 June 2009 \$	At 31 December 2008 \$	At 30 June 2009 \$	At 31 December 2008 \$
Fixed interest securities								
- Financial Institutions: Unlisted	176,309,354	229,652,021	-	-	52,598,120	52,710,395	228,907,474	282,362,416
- Others: Unlisted	107,563,407	35,339,338	-	-	125,699,267	125,880,816	233,262,674	161,220,154
- Government: Listed	-	-	-	28,191,059	38,346,141	38,312,432	38,346,141	66,503,491
- Others: Listed	1,056,146,344	767,528,953	7,983,175	121,641,884	527,875,505	624,117,685	1,592,005,024	1,513,288,522
	1,340,019,105	1,032,520,312	7,983,175	149,832,943	744,519,033	841,021,328	2,092,521,313	2,023,374,583
Certificates of deposit	24,330,167	13,757,711	-	81,134,227	-	-	24,330,167	94,891,938
Equity securities								
- Listed	189,251,284	139,635,429	7,380,000	104,289,154	-	-	196,631,284	243,924,583
- Unlisted	152,798,927	203,038,513	-	-	-	-	152,798,927	203,038,513
	342,050,211	342,673,942	7,380,000	104,289,154	-	-	349,430,211	446,963,096
Other								
- Unlisted	492,100	492,100	-	-	-	-	492,100	492,100
Total	1,706,891,583	1,389,444,065	15,363,175	335,256,324	744,519,033	841,021,328	2,466,773,791	2,565,721,717
Representing:								
Listed								
- Hong Kong	483,132,313	298,207,307	15,355,425	55,133,142	86,439,279	86,455,700	584,927,017	439,796,149
- Overseas	762,265,315	608,957,075	7,750	198,988,955	479,782,367	575,974,417	1,242,055,432	1,383,920,447
Unlisted	461,493,955	482,279,683	-	81,134,227	178,297,387	178,591,211	639,791,342	742,005,121
	1,706,891,583	1,389,444,065	15,363,175	335,256,324	744,519,033	841,021,328	2,466,773,791	2,565,721,717
Market value of listed securities	1,245,397,628	907,164,382	15,363,175	254,122,097	560,829,684	619,480,038	1,821,590,487	1,780,766,517

As at 30 June 2009, the carrying amount of investments in securities which have been pledged as security for securities sold under repurchase agreements is \$115,698,416 (31 December 2008: \$110,217,996).

Notes to the unaudited Condensed Consolidated Financial Statements

For the six months ended 30 June 2009
(Expressed in Hong Kong dollars)

12. Insurance receivables

	At 30 June 2009 \$	At 31 December 2008 \$
Premiums receivable under direct business	278,594,366	224,239,072
Amounts due under reinsurance contracts	99,745,230	89,880,391
Less: Allowance for impairment	(20,082,445)	(22,868,368)
	358,257,151	291,251,095
Deposits retained by cedants	170,215	301,950
	358,427,366	291,553,045
Amounts expected to be settled within 1 year:		
– Premiums receivable under direct business	274,278,418	216,120,940
– Amounts due under reinsurance contracts	51,476,888	49,537,325
	325,755,306	265,658,265

An ageing analysis of the insurance receivables excluding deposits retained by cedants (net of allowance for impairment) is as follows:

	At 30 June 2009 \$	At 31 December 2008 \$
Current	243,700,055	220,499,574
1 to 3 months past due	51,373,244	40,032,041
More than 3 months past due but less than 12 months past due	56,428,595	20,815,585
Over 1 year past due	6,755,257	9,903,895
	358,257,151	291,251,095

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

Notes to the unaudited Condensed Consolidated Financial Statements

For the six months ended 30 June 2009
(Expressed in Hong Kong dollars)

13 Insurance funds

	At 30 June 2009		
	Gross	Reinsurers'	Net
	\$	share	\$
Provision for outstanding claims	2,219,343,773	(854,784,059)	1,364,559,714
Provision for unearned premiums	1,076,605,909	(202,808,844)	873,797,065
Provision for unexpired risks	2,480,000	5,410,000	7,890,000
	3,298,429,682	(1,052,182,903)	2,246,246,779

	At 31 December 2008		
	Gross	Reinsurers'	Net
	\$	share	\$
Provision for outstanding claims	2,283,266,883	(997,389,148)	1,285,877,735
Provision for unearned premiums	946,572,284	(166,508,510)	780,063,774
Provision for unexpired risks	860,000	5,550,000	6,410,000
	3,230,699,167	(1,158,347,658)	2,072,351,509

14. Cash and cash equivalents

	At 30 June 2009 \$	At 31 December 2008 \$
Deposits with banks and other financial institutions with original maturity less than 3 months	296,348,854	793,705,784
Cash at bank and in hand	489,755,330	273,403,802
Cash and cash equivalents	786,104,184	1,067,109,586

Notes to the unaudited Condensed Consolidated Financial Statements

For the six months ended 30 June 2009
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15. Insurance payables

	At 30 June 2009 \$	At 31 December 2008 \$
Amounts due under direct business	153,739,745	148,709,178
Amounts due under reinsurance contracts	231,236,796	219,795,829
	384,976,541	368,505,007
Deposits retained from reinsurers	48,770,489	42,477,329
	433,747,030	410,982,336
Amounts expected to be settled within 1 year:		
– Amounts due under direct business	146,014,996	142,991,746
– Amounts due under reinsurance contracts	222,880,278	208,394,056
	368,895,274	351,385,802

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

	At 30 June 2009 \$	At 31 December 2008 \$
Current or on demand	255,231,678	282,820,141
1 to 3 months past due	36,537,052	41,711,872
More than 3 months past due but less than 12 months past due	73,395,737	28,841,360
Over 1 year past due	19,812,074	15,131,634
	384,976,541	368,505,007

Notes to the unaudited Condensed Consolidated Financial Statements

For the six months ended 30 June 2009
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16. Share capital

	At 30 June 2009 and 31 December 2008	
	Number of shares	Amount \$
Ordinary shares of \$0.1 each		
Authorised:		
Ordinary shares	5,000,000,000	500,000,000
Issued and fully paid:		
At beginning and end of period/year	2,906,384,000	290,638,400

17. Capital commitments

At the end of the reporting date, the Group had capital commitments outstanding as follows:

	At 30 June 2009 \$	At 31 December 2008 \$
Capital expenditure in respect of the acquisition contracted for but not provided for:		
– property and equipment	3,000,516	–
Capital expenditure in respect of the acquisition authorised but not contracted for:		
– property and equipment	2,000,000	56,628

Notes to the unaudited Condensed Consolidated Financial Statements

For the six months ended 30 June 2009
(Expressed in Hong Kong dollars)

18. Operating lease commitments

As lessee

At the end of the reporting date, the Group had commitments for future minimum lease payments under non-cancellable operating leases which fall due as follows:

	At 30 June 2009 \$	At 31 December 2008 \$
Within 1 year	35,884,631	35,551,468
After 1 year but within 5 years	25,762,451	37,892,364
	61,647,082	73,443,832

The Group leased 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.

As lessor

All of the investment properties of the Group were held for use in operating leases.

At the end of the reporting date, the Group had contracted with tenants for the following future minimum lease payments:

	At 30 June 2009 \$	At 31 December 2008 \$
Within 1 year	46,997,733	34,133,859
After 1 year but within 5 years	41,232,546	26,406,674
	88,230,279	60,540,533

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. None of the leases includes contingent rentals.

Notes to the unaudited Condensed Consolidated Financial Statements

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19. 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 2008: \$30 million) was made in the condensed consolidated financial statements.

Save as herein disclosed above and other than those incurred in the normal course of the Group's insurance business, there was neither outstanding litigation nor any contingent liabilities as at 30 June 2009 and 31 December 2008.

20. 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.

Insurance risk

Insurance risk management objectives and policies

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 and the maximum sum insured per policy 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.

Notes to the unaudited Condensed Consolidated Financial Statements

For the six months ended 30 June 2009
(Expressed in Hong Kong dollars)

20. Insurance and financial risk management (continued)

Insurance risk (continued)

Insurance risk management objectives and policies (continued)

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 substantial shareholder, TPG(HK), 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 TPG(HK) and adheres to TPG(HK)'s reinsurance guidelines.

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.

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.

Notes to the unaudited Condensed Consolidated Financial Statements

For the six months ended 30 June 2009
(Expressed in Hong Kong dollars)

20. Insurance and financial risk management (continued)

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 exposed to credit risks primarily associated with bank deposits, insurance debtors, investments in debt securities, reinsurance arrangements with reinsurers and other debtors etc.

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 credit risk on fixed bank deposits is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

In assessing the need for impairment allowances, management considers factors such as credit quality, portfolio size, concentrations, and economic factors.

Market risk

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

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, certificates of deposit and bank deposits.

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 and consultation with external financial investment experts. The Group's goal is to maintain liquidity, to preserve capital, to generate stable returns and to achieve better asset to liability matching.

Notes to the unaudited Condensed Consolidated Financial Statements

For the six months ended 30 June 2009
(Expressed in Hong Kong dollars)

20. Insurance and financial risk management (continued)

Market risk (continued)

Foreign currency risk

The Group's presentation currency is HK\$, which is also the functional currency of the Company. The Group has exposure to foreign currency risk as the Group has underwritten insurance policies and collected premiums in currencies other than the functional currencies of respective Group entities that holds certain assets and liabilities in such currencies.

Other than HK\$, the Group transacts business mainly in USD and RMB. USD and RMB assets mainly comprise cash and cash equivalents and reinsurers' share of provision for claims liabilities whereas USD and RMB liabilities mainly comprise provision for claims liabilities and insurance payables. The currency position of assets and liabilities is monitored by the Group periodically.

Equity price risk

The equity portfolio is managed by TPA(HK), Hang Seng Investment Management Limited ("HSIML") and TPAM under the direction of the Investment Committee. Pursuant to the investment guidelines, TPA(HK), HSIML and TPAM may not invest more than 30%, 30% and 35% respectively 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 TPA(HK), HSIML and TPAM and consultation with external financial investment experts.

Notes to the unaudited Condensed Consolidated Financial Statements

For the six months ended 30 June 2009
(Expressed in Hong Kong dollars)

21. Material related party transactions

Recurring transactions with related parties

	Six months ended 30 June	
	2009	2008
	\$	\$
Transactions with TPG and its subsidiaries (excluding CTIH Group) (i):		
Rental income	4,128,180	2,806,521
Training fee	(2,360,193)	(657,494)
Business ceded to fellow subsidiaries		
– Outward reinsurance premiums	(311,374)	(406,091)
Transactions with CTIH Group (ii):		
Rental income	1,074,675	1,074,675
Business ceded to fellow subsidiaries		
– Outward reinsurance premiums	(37,119,256)	(29,210,512)
– Commission income received	13,065,657	10,040,796
– Claims recoveries received	22,812,650	22,527,730
Investment management fees	(2,892,021)	(3,953,139)
Transactions with Cheung Kong Group (iii):		
Gross written premiums	46,568,146	51,108,285
Claims paid	(10,770,790)	(6,915,902)
Facility rental fee	–	(396,000)
Commission paid	(866,951)	(543,736)

Notes

- (i) TPG is the ultimate holding company of the Group.
- (ii) CTIH is a subsidiary of TPG.
- (iii) Cheung Kong is one of the substantial shareholders of the Group.

Notes to the unaudited Condensed Consolidated Financial Statements

For the six months ended 30 June 2009
(Expressed in Hong Kong dollars)

21. Material related party transactions (continued)

Non-recurring transactions with related parties

Pursuant to a joint announcement dated 22 May 2009, CTIH, as the purchaser, and the Company's immediate holding company and a fellow subsidiary, as the Vendors, entered into the conditional Sale and Purchase Agreement in relation to the acquisition of an aggregate of 1,389,247,000 of the Company's shares, representing approximately 47.8% of the existing issued share capital of the Company (the "Stake Acquisition").

On 22 May 2009, CTIH and the Company also jointly announced a potential privatisation proposal of the Company by way of a scheme of arrangement under section 86 of the Companies Law (2007 Revision) of the Cayman Islands. Up to the date that the interim review report is approved for issuance, the privatisation is still subject to fulfillment of certain pre-conditions set out in the announcement dated 22 May 2009.

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.

Notes to the unaudited Condensed Consolidated Financial Statements

For the six months ended 30 June 2009
(Expressed in Hong Kong dollars)

22. Maturity profile

	At 30 June 2009					Total \$
	Up to 3 months	3 to 6 months	6 to 12 months	1 to 5 years	Over 5 years	
	\$	\$	\$	\$	\$	
Assets						
Statutory deposits	34,031,700	39,703,650	146,610,923	-	-	220,346,273
Certificates of deposit	-	-	-	10,060,000	14,270,167	24,330,167
Debt securities	10,001,750	28,678,215	100,785,122	942,445,950	1,010,610,276	2,092,521,313
Loan receivables	-	-	-	-	34,031,700	34,031,700
Pledged bank deposits	-	-	83,276,993	-	-	83,276,993
Deposits with banks with original maturity more than three months	503,235,965	157,301,930	9,235,520	-	-	669,773,415
Cash and cash equivalents	786,104,184	-	-	-	-	786,104,184
	1,333,373,599	225,683,795	339,908,558	952,505,950	1,058,912,143	3,910,384,045

	At 31 December 2008					Total \$
	Up to 3 months	3 to 6 months	6 to 12 months	1 to 5 years	Over 5 years	
	\$	\$	\$	\$	\$	
Assets						
Statutory deposits	23,000,035	112,223,350	85,044,750	-	-	220,268,135
Certificates of deposit	-	-	-	81,134,227	13,757,711	94,891,938
Debt securities	149,162,115	38,383,423	127,781,450	981,851,411	726,196,184	2,023,374,583
Loan receivables	-	-	-	-	34,017,900	34,017,900
Pledged bank deposits	83,276,242	-	-	-	-	83,276,242
Deposits with banks with original maturity more than three months	-	47,249,911	75,973,310	-	-	123,223,221
Cash and cash equivalents	1,067,109,586	-	-	-	-	1,067,109,586
	1,322,547,978	197,856,684	288,799,510	1,062,985,638	773,971,795	3,646,161,605

23. Events after the end of the reporting period

Reference is made to the non-recurring transactions as disclosed in note 21 to the condensed consolidated financial statements. On 30 July 2009, all the pre-conditions of the Stake Acquisition have been completed. CTIH has become the controlling shareholder of the Company.

Independent Review Report



Independent Review Report to the Board of Directors of The Ming An (Holdings) Company Limited

(Incorporated in the Cayman Islands with limited liability)

We have reviewed the interim financial information set out on pages 12 to 40, which comprise the condensed consolidated statement of financial position of The Ming An (Holdings) Company Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") as of 30 June 2009 and the related condensed consolidated income statement, statement of comprehensive income, statement of changes in equity and statement of cash flows for the six-month period then ended and certain explanatory notes. The Main Board Listing Rules governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants. The directors are responsible for the preparation and presentation of this interim financial information in accordance with HKAS 34. Our responsibility is to express a conclusion on this interim financial information based on our review, 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 Hong Kong Institute of Certified Public Accountants. A review of interim financial information 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.

We draw to your attention that the comparative condensed consolidated income statement, statement of comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the six months ended 30 June 2008 disclosed in the interim financial report have not been reviewed in accordance with Hong Kong Standard on Review Engagements 2410.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information is not prepared, in all material respects, in accordance with HKAS 34.

Deloitte Touche Tohmatsu

Certified Public Accountants

Hong Kong

18 August 2009

Other Information

DISCLOSURE OF INTERESTS

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

As at 30 June 2009, 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 notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO or 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 issued share capital of the Company	
Wu Chi Hung	130,000	–	Personal	0.004%	
Cheng Kwok Ping (Note)	300,000	–	Family	0.010%	

Note: The 300,000 shares were held by the spouse of Mr. Cheng Kwok Ping.

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 issued share capital of the associated corporation
Lin Fan	CTIH	770,000	3,200,000	Personal	0.2792%
Wu Chi Hung	CTIH	–	800,000	Personal	0.0563%
Peng Wei	CTIH	70,000	400,000	Personal	0.0331%
Chan Pui Leung	CTIH	5,000	–	Personal	0.0004%

Save as mentioned above, as at 30 June 2009, 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, as notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO or 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.

Other Information

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

Save as disclosed below, as at 30 June 2009, the Directors and the chief executive of the Company are not aware of any person (other than a Director or the chief executive of the Company) who had an interest or short position in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or which were recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO or as notified to the Company and the Stock Exchange.

Long positions in shares of the Company			
Substantial shareholders	Capacity	Number of ordinary shares	Percentage of issued share capital
TPG	Interest of controlled corporations	2,881,443,000 <i>(Notes 1, 2, 3 and 4)</i>	99.14%
TPG(HK)	Beneficial owner	1,388,761,000 <i>(Notes 1, 3 and 4)</i>	47.80%
TPG(HK)	Interest of controlled corporations	1,492,682,000 <i>(Notes 1, 2, 3 and 4)</i>	51.36%
CTIH	Beneficial owner	1,389,247,000 <i>(Notes 3 and 4)</i>	47.80%
CTIH	Interest of controlled corporation	102,949,000 <i>(Note 2)</i>	3.54%
Cheung Kong (Holdings) Limited ("CKH") <i>(Note 5)</i>	Interest of controlled corporations	609,290,000 <i>(Note 5)</i>	20.96%
Li Ka-Shing <i>(Note 5)</i>	Founder of discretionary trusts	609,290,000 <i>(Note 5)</i>	20.96%
Li Ka-Shing Unity Trustcorp Limited <i>(Note 5)</i> (as trustee of another discretionary trust)	Trustee & beneficiary of a trust	609,290,000 <i>(Note 5)</i>	20.96%
Li Ka-Shing Unity Trustee Corporation Limited <i>(Note 5)</i> (as trustee of The Li Ka-Shing Unity Discretionary Trust)	Trustee & beneficiary of a trust	609,290,000 <i>(Note 5)</i>	20.96%
Li Ka-Shing Unity Trustee Company Limited <i>(Note 5)</i> (as trustee of The Li Ka-Shing Unity Trust)	Trustee	609,290,000 <i>(Note 5)</i>	20.96%
Max Easy Enterprises Limited <i>(Note 5)</i>	Interest of controlled corporation	609,290,000 <i>(Note 5)</i>	20.96%
Marvel Bonus International Limited <i>(Note 5)</i>	Beneficial owner	609,290,000 <i>(Note 5)</i>	20.96%

Other Information

Notes:

1. TPG(HK) held 1,388,761,000 shares of the Company. Manhold Limited, a wholly-owned subsidiary of TPG(HK), held 486,000 shares of the Company. TPG(HK) was, in turn, deemed to be interested in these 1,389,247,000 shares of the Company. TPG was deemed to be interested in these 1,389,247,000 shares of the Company by virtue of TPG(HK) being a wholly-owned subsidiary of TPG.
2. Share China Assets Limited ("Share China"), a wholly-owned subsidiary of CTIH, held 102,949,000 shares of the Company. As CTIH was a 54.38%-owned subsidiary of TPG(HK) which was in turn wholly-owned by TPG, each of TPG, TPG(HK) and CTIH was deemed to be interested in these 102,949,000 shares of the Company held by Share China.
3. CTIH entered into a sale and purchase agreement dated 22 May 2009 (the "Sale and Purchase Agreement") with TPG(HK) and Manhold Limited, pursuant to which TPG(HK) and Manhold Limited agreed to sell, and CTIH agreed to purchase, an aggregate of 1,389,247,000 shares of the Company (the "Stake Acquisition"). Accordingly, CTIH had a long position in respect of 1,389,247,000 shares of the Company which it has agreed to purchase under the Sale and Purchase Agreement, and each of TPG and TPG(HK) was deemed to be interested in these 1,389,247,000 shares of the Company held by CTIH.
4. On 30 July 2009, the Stake Acquisition was completed and an aggregate of 1,389,247,000 shares of the Company were transferred by TPG(HK) and Manhold Limited to Share China. Accordingly, following completion of the Stake Acquisition, Share China was interested in 1,492,196,000 shares of the Company (beneficial interest), and each of CTIH, TPG and TPG(HK) was deemed to be interested in these 1,492,196,000 shares of the Company.
5. 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.

Other Information

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 2009.

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 2009, 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 five are executive Directors, five are non-executive Directors and five are independent non-executive Directors:

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

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, 2009 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 is responsible for maintaining a sound and 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 2009. 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 had complied with the required standards set out in the Model Code for the six months ended 30 June 2009. 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 2009.

Corporate Information

Board of Directors

Executive Directors

PENG Wei (*Chief Executive Officer*)
CHENG Kwok Ping (*General Manager*)
CHAN Pui Leung
LEE Wai Kun
LIU Shi Hong

Non-executive Directors

LIN Fan (*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

LIN Fan (*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

Auditor

Deloitte Touche Tohmatsu
Certified Public Accountants

Legal Advisors

Latham & Watkins
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