



TARGET

泰加保險(控股)有限公司

TARGET INSURANCE (HOLDINGS) LIMITED

(incorporated in Hong Kong with limited liability)

Stock Code : 6161

2015

Interim Report

TARGET

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CORPORATE INFORMATION

BOARD OF DIRECTORS

EXECUTIVE DIRECTORS

CHEUNG Haywood (*Chairman*)
LAI Bing Leung
CHIU Sun Ting
CHOI Chiu Fai Stanley
MUK Wang Lit Jimmy (*Chief Executive Officer*)
CHAN Hok Ching

INDEPENDENT NON-EXECUTIVE DIRECTORS

WAN Kam To
WONG Shiu Hoi Peter
SZETO Wai Sun
YUEN Tak Tim Anthony, *MH, J.P.*

COMPANY SECRETARY

TSE Kam Fai

AUTHORISED REPRESENTATIVES

CHAN Hok Ching
TSE Kam Fai

COMPLIANCE ADVISER

CLC International Limited

AUDIT COMMITTEE

WAN Kam To (*Chairman*)
WONG Shiu Hoi Peter
SZETO Wai Sun
YUEN Tak Tim Anthony, *MH, J.P.*

REMUNERATION COMMITTEE

WONG Shiu Hoi Peter (*Chairman*)
SZETO Wai Sun
CHAN Hok Ching

NOMINATION COMMITTEE

SZETO Wai Sun (*Chairman*)
WONG Shiu Hoi Peter
MUK Wang Lit Jimmy

RISK COMMITTEE

WONG Shiu Hoi Peter (*Chairman*)
SZETO Wai Sun
MUK Wang Lit Jimmy
CHAN Hok Ching
YUEN Tak Tim Anthony, *MH, J.P.*

AUDITOR

Mazars CPA Limited
Certified Public Accountants
42nd Floor, Central Plaza
18 Harbour Road
Wanchai, Hong Kong

REGISTERED OFFICE, HEADQUARTER AND PRINCIPAL PLACE OF BUSINESS

Units 1708-1710, 17th Floor
Miramar Tower
132 Nathan Road
Tsimshatsui
Kowloon, Hong Kong

SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Investor Services Limited
Level 22, Hopewell Centre
183 Queen's Road East
Hong Kong

PRINCIPAL BANKER

Bank of China (Hong Kong) Limited

STOCK CODE

6161

WEBSITE

<http://www.targetinsholdings.com>

FINANCIAL REVIEW

Our Group's general insurance business is operated by Target Insurance Company, Limited ("TIC"). TIC is a Hong Kong incorporated company and is wholly-owned by the Company. TIC is principally engaged in writing of motor policies in Hong Kong.

The key financial data of the Group is summarized below:

	For the six months ended 30 June		
	2015 HK\$'000	2014 HK\$'000	% Change
Gross premium written	175,688	162,601	8.0%
Net premium written	159,140	141,154	12.7%
Net insurance premium revenue	155,524	141,473	9.9%
Net insurance claims and loss adjustment expenses	(91,930)	(80,798)	13.8%
Acquisition costs and other underwriting expenses, net	(16,645)	(16,424)	1.3%
Operating profit	46,949	44,251	6.1%
Investment income	12,117	9,948	21.8%
Other income	732	468	56.4%
Employee benefit expenses	(11,116)	(8,568)	29.7%
Other operating expenses	(18,315)	(4,582)	299.7%
Profit before tax ⁽¹⁾	30,367	41,517	(26.9%)
Profit after tax ⁽¹⁾	25,998	36,599	(29.0%)
EBITDA ⁽¹⁾	30,528	41,878	(27.1%)
Basic earnings per share ⁽²⁾	5.14 cents	9.76 cents	(47.3%)
Diluted earnings per share ⁽²⁾	5.05 cents	9.76 cents	(48.3%)

	As at 30 June		
	2015	2014	Difference
Retention ratio ⁽³⁾	90.6%	86.8%	3.8%
Loss ratio ⁽⁴⁾	59.1%	57.1%	2.0%
Expense ratio ^{(4) & (5)}	26.1%	20.9%	5.2%
Combined ratio ^{(5) & (6)}	85.2%	78.0%	7.2%

Notes:

- (1) One-off listing expenses of HK\$5.5 million are recognized for the six months ended 30 June 2015.
- (2) The weighted average number of shares for the six months ended 30 June 2015 is 505,490,000 ordinary shares. The weighted average number of shares for the six months ended 30 June 2014 is based on the assumption that 375,000,000 ordinary shares of the Company are in issue and issuable, comprising 1 ordinary shares issued upon incorporation of the Company, 374,999,999 ordinary shares issued as a result of the Reorganization as if the shares were outstanding throughout the six months ended 30 June 2014 for the purpose of the calculation of earnings per share.
- (3) Retention ratio is calculated by dividing net premium written by gross premium written for the respective period.
- (4) Both the loss ratio and expense ratio are based on net insurance premium revenue.
- (5) Both the expense ratio and combined ratio of 2015 are normalized by excluding the one-off listing expenses of HK\$5.5 million.
- (6) The combined ratio is the sum of the loss ratio and the expense ratio.

FINANCIAL REVIEW

GROSS PREMIUM WRITTEN

Gross premium written increased by 8.0% to HK\$175.7 million (2014: HK\$162.6 million). During the six months ended 30 June 2015, the Company continued to benefit from the positive cycle of vehicle replacement, particularly for taxi. The detailed breakdown of gross premium written is as follows:

	2015		2014		% Change
	HK\$'000	% of Total	HK\$'000	% of Total	
Taxi	107,342	61.1%	92,275	56.7%	16.3%
Public Light Bus ("PLB")	46,470	26.5%	46,633	28.7%	(0.3%)
Others	21,876	12.4%	23,693	14.6%	(7.7%)
	175,688	100.0%	162,601	100.0%	8.0%

NET INSURANCE CLAIMS AND LOSS RATIO

During the six months ended 30 June 2015, our retention ratio increased to 90.6% (2014: 86.8%), we therefore carry a slightly higher level of risk. In addition, we note a mild increase in frequency of reported traffic accidents for both taxi and public light bus. As a result, net insurance claims and loss adjustment expenses increased by 13.8% to HK\$91.9 million (2014: HK\$80.8 million). The loss ratio is increased to 59.1% (2014: 57.1%).

SOLVENCY MARGIN RATIO

The solvency margin ratio of TIC under the Hong Kong insurance regulations is as follows:

	As at		
	30 June 2015	31 December 2014	Difference
Solvency margin ratio	310.3%	227.3%	83.0%

INVESTMENT PERFORMANCE

Our Group invest in accordance to our investment policy. The composition of investments is as follows:

	30 June 2015		31 December 2014	
	HK\$'000	% of Total	HK\$'000	% of Total
Equity securities	210,487	20.8%	8,886	1.1%
Debt securities	197,561	19.5%	125,518	15.9%
Certificates of deposit	91,089	9.0%	66,097	8.4%
Cash and bank deposits	514,771	50.7%	587,516	74.6%
	1,013,908	100.0%	788,017	100.0%

FINANCIAL REVIEW

On 23 April 2015, the Insurance Authority (“IA”) relaxed the existing restrictions on TIC’s investment portfolio. Significant portion of the investment in debt and equity securities were carried out in May and June 2015, leading to a substantial increase of the average portfolio size for the six months ended 30 June 2015.

Accordingly, the investment yield was slightly decreased to 1.2% (2014: 1.3%). The total investment income and the investment yield on a pre-tax basis recognized in the Consolidated Income Statement are as follows:

	For the six months ended 30 June		
	2015 HK\$’000	2014 HK\$’000	% Change
Interest income from bank deposits	5,256	4,764	10.3%
Interest income from available-for-sale financial assets	4,492	5,556	(19.2%)
Dividend income from available-for-sale financial assets	2,330	1,225	90.2%
Gain on disposal of available-for-sale financial assets	2,259	1,001	125.7%
Net foreign exchange loss	(2,220)	(2,598)	(14.5%)
	12,117	9,948	21.8%
Investment yield	1.2%	1.3%	

UNDERWRITING AND OTHER ADMINISTRATIVE EXPENSES

Our Group continually managed to achieve higher net insurance premium revenue with similar level of underwriting expenses. The employee benefit expenses increased by 29.7% to HK\$11.1 million (2014: HK\$8.6 million) due to the increase of staff bonus, pre-IPO share option scheme and resources invested on customer service and business development. The advertising and promotion expenses increased by 631.9% to HK\$5.5 million (2014: HK\$0.7 million) to promote our brand awareness and new online business portal. The underwriting and other administrative expenses are summarized as follows:

	For the six months ended 30 June		
	2015 HK\$’000	2014 HK\$’000	% Change
Acquisition costs and other underwriting expenses, net	16,645	16,424	1.3%
Employee benefit expenses	11,116	8,568	29.7%
Listing expenses	5,490	—	n/a
Advertising and promotion expenses	5,482	749	631.9%
Rental charges	2,213	2,189	1.1%
Professional charges	1,484	432	243.5%
Entertainment	1,288	124	938.7%
Donation	273	—	n/a
Others	2,085	1,088	91.6%
	46,076	29,574	55.8%

FINANCIAL REVIEW

OPERATING PROFIT

Our operating profit increased by 6.1% to HK\$46.9 million (2014: HK\$44.3 million). Due to the increase of other administrative expenses as mentioned above, our profit after tax decreased by 29.0% to HK\$26.0 million (2014: HK\$36.6 million).

	For the six months ended 30 June		
	2015 HK\$'000	2014 HK\$'000	% Change
Operating profit	46,949	44,251	6.1%
Profit before tax	30,367	41,517	(26.9%)
Profit after tax	25,998	36,599	(29.0%)

LIQUIDITY AND FINANCIAL RESOURCES

Our Group's cash and bank deposits as at 30 June 2015 amounted to HK\$514.8 million (31 December 2014: HK\$587.5 million).

FINANCIAL LEVERAGE

Our Group is determined to keep up with prudential financial management. As at 30 June 2015, our Group had no bank overdrafts (31 December 2014: NIL) and any other borrowings (31 December 2014: NIL).

CAPITAL STRUCTURE

On 15 January 2015, the Company issued 125,000,000 ordinary shares at HK\$1.61 each in relation to the initial public offering (the "IPO"). The net proceeds received by the Company from the IPO amounted to approximately HK\$186,336,000. Details of the IPO were disclosed in the Prospectus.

The over-allotment option in relation to the IPO of an aggregate of 18,750,000 shares was exercised in full at HK\$1.61 by the Sole Bookrunner, for itself and on behalf of the Placing Underwriters, on 28 January 2015. The net proceeds received by the Company from the exercise of the over-allotment option amounted approximately HK\$27,950,000. Details of the exercise of over-allotment option were more particularly disclosed in the announcement of the Company dated 28 January 2015.

STAFF AND STAFF REMUNERATION

As at 30 June 2015, the Group had a total of 45 employees (31 December 2014: 37 employees), an increase of 8 employees. Total remuneration for the six months ended 30 June 2015 amounted to HK\$11.1 million (2014: HK\$8.6 million), an increase of 29.7%. It is due to the increase of staff bonus, pre-IPO share option scheme and resources invested on customer service and business development. Bonuses are linked to the performance of the Group and the performance of the individual.

CONTINGENT LIABILITIES

Other than those incurred during the normal course of our Group's insurance business, there was neither outstanding litigation nor any other contingent liabilities as at 30 June 2015 and 31 December 2014.

BUSINESS REVIEW

REVIEW OF OUR BUSINESS

MOTOR INSURANCE

Our key insurance products include third party insurance and comprehensive insurance for motor vehicles and majority of our customers are owners of taxi and PLB in Hong Kong. For third party insurance, we insure against third party legal liabilities. For comprehensive insurance, we insure against: (i) loss of damage to motor vehicles and (ii) third party legal liabilities.

The following table illustrates the breakdown of our gross premium written by business segments for the six months ended 30 June 2015 and 2014:

	2015		2014		% Change
	HK\$'000	% of Total	HK\$'000	% of Total	
Taxi	107,342	61.1%	92,275	56.7%	16.3%
PLB	46,470	26.5%	46,633	28.7%	(0.3%)
Others ⁽¹⁾	21,876	12.4%	23,693	14.6%	(7.7%)
	175,688	100.0%	162,601	100.0%	8.0%

Note:

(1) Others mainly include light goods carrying vehicles, motorcycles and private cars.

Our performance on commercial vehicle insurance remained strong, which presents 87.6% of gross premium written for the six months ended 30 June 2015 (2014: 85.4%). We continued to strengthen our leading position in the motor insurance for taxi in Hong Kong. In such a saturated business segment, we managed to grow our gross premium by 16.3% to HK\$107.3 million (2014: HK\$92.3 million) for taxi. This was contributed by the continual increasing trend of comprehensive protection on new taxi. Our PLB business remained at a similar level at HK\$46.5 million (2014: HK\$46.6 million).

On 22 May 2015, our Group launched a new online business portal 6161.com.hk, which enabling instant quote and insurance. The first product introduced on this website is private car insurance. Policyholders insured via this website, including both third party and comprehensive policies, are entitled to an extra HK\$200,000 "Named Driving Driver" personal accident insurance cover with medical expense and hospital income protection.

BUSINESS REVIEW

INVESTMENT

We invest premiums and other income generated from our insurance business. The carrying value of the investment portfolio as at 30 June 2015 was approximately HK\$1,013.9 million (31 December 2014: HK\$788.0 million).

Our Group significantly increased its equity portfolio by 2,268.7% to HK\$210.5 million (31 December 2014: HK\$8.9 million). Over 90% of equity securities invested are listed on the Hong Kong Stock Exchange. The equity securities classified by type are as follows:

	As at		
	30 June 2015 HK\$'000	31 December 2014 HK\$'000	% Change
Listed in Hong Kong	194,361	8,197	2,271.1%
Listed outside Hong Kong	16,126	689	2,240.5%
	210,487	8,886	2,268.7%

Our Group gradually increased its debt portfolio by 57.4% to HK\$197.6 million (31 December 2014: HK\$125.5 million). The debt securities classified by type are as follows:

	As at		
	30 June 2015 HK\$'000	31 December 2014 HK\$'000	% Change
Government (HKD)	82,849	122,284	(32.2%)
Corporate entities (USD)	114,712	3,234	3,447.1%
	197,561	125,518	57.4%

The certificates of deposit classified by type are as follows:

	As at		
	30 June 2015 HK\$'000	31 December 2014 HK\$'000	% Change
Certificates of deposit (HKD)	60,955	11,000	454.1%
Certificates of deposit (USD)	15,479	15,487	(0.1%)
Certificates of deposit (CNY)	14,655	39,610	(63.0%)
	91,089	66,097	37.8%

BUSINESS REVIEW

SIGNIFICANT EVENTS AFTER 30 JUNE 2015

The Company did not note any significant events after 30 June 2015.

USE OF PROCEEDS FROM THE COMPANY'S IPO

The proceeds from the Company's issue of new shares in connection with its listing on the Stock Exchange together with the issue of new shares upon the full exercise of the over-allotment options, after deduction of related expenses, amounted to approximately HK\$214.3 million.

Up to 30 June 2015, HK\$140.0 million was utilized for strengthening the share capital of TIC to enhance its solvency position and meeting statutory proceeds for (i) diversification of our motor insurance products to other types of vehicles, and (ii) to explore business opportunities of other general insurance. In addition, we have spent HK\$5.5 million in marketing and promotion of our business to the general public. The unutilized net proceeds is approximately HK\$68.8 million.

FUTURE DEVELOPMENT OF OUR BUSINESS

INCREASE OUR INSURANCE BUSINESS ON OTHER TYPES OF MOTOR VEHICLES AND PROVIDING HIGH QUALITY SERVICES TO OUR CUSTOMERS

We will continue to direct our effort towards the development of our business on other types of motor vehicles. With IA's recent relaxation of our business limit, we now have the capacity to further penetrate the market. After our feasibility assessment, we will initially focus on private car segment.

Adopting the B2C model, our new online business portal enables us to directly reach out to our private car customers. For our direct business, in addition to the extra HK\$200,000 "Named Driving Driver" personal accident insurance coverage, we are forming alliances with other business partners to provide more comprehensive services to our customers.

In complimentary to our online business portal, we have recently formed a dedicated customer service team to promptly attend to all customers' enquiries and provide a better experience to our customers.

Nevertheless, we will continue to observe the motor insurance market and will invest resources to promote other types of motor vehicles as and when appropriate.

EXPLORE BUSINESS OPPORTUNITIES TO DIVERSIFY OUR INSURANCE PRODUCTS

Notwithstanding of the intense competition in the insurance market, we are in search of attractive business opportunities to enable us to diversify our insurance products. We are also considering options to diversify our business with our new online portal.

Nonetheless, we will proceed cautiously in assessing the possibility of further expanding our business portfolio on the basis that it can leverage our strengths, existing network and expertise.

STRENGTHENING RELATIONSHIP WITH OUR AGENTS

We anticipate taxi business will continue to grow gradually and PLB business will remain stable. Actively managing our relationship with our existing agent network becomes a key to maintain our leading position in commercial vehicle insurance. We will continue to participate in and sponsor those activities organized by taxi and PLB industry organizations in Hong Kong. We also organize social events with motor trading/management companies and insurance agencies.

Moreover, we proactively involve in Commercial Radio “Road Co-Op” campaign, which we have been sponsoring in the past years. It now has connections with more than 50 taxi industry organizations and 50,000 taxi drivers.

ENHANCE OUR CORPORATE IMAGE

We have been promoting our business through our website and radio channels, targeting car owners and drivers of taxi and PLB. Since we are now targeting a wider public for our direct business, enhancing our corporate image and increasing the public awareness of our Group will be fundamental for a sustainable growth. Our IPO successfully enhanced our brand awareness. We extend our promotion through traditional media (television, radio, magazines etc.), bus/taxi/minibus body advertisement, billboard, mobile and social media as well.

As part of our commitment to the community and environment, we are recognized as a Caring Company by Hong Kong Council of Social Service and Green Office Awards by World Green Organization. We will continue to sponsor and support charity events and gain recognition from the community.

INVESTMENT

We will continue to cautiously manage our investment portfolio in accordance with our investment policy. We aim to achieve a reasonable investment return while keeping sufficient cash flow to meet the insurance liabilities and maintaining TIC’s solvency requirement.

MATERIAL CHANGES IN RESPECT OF SUCH MATTERS SINCE THE PUBLICATION OF THE LATEST ANNUAL REPORT

Save for matters disclosed above, there is no other material changes in respect of our Group since the publication of the latest annual report on 21 April 2015.

OTHER INFORMATION

INTERIM DIVIDEND

The Directors resolved not to declare any interim dividend in respect of the six months ended 30 June 2015. The Company maintains its dividend policy to distribute dividend of not less than 30% of any net consolidated distributable profit derived for the year ending 31 December 2015 and onwards as stated in the prospectus of the Company dated 31 December 2014 (the "Prospectus").

DIRECTORS' INTERESTS IN SHARES

As at 30 June 2015, the interests or short positions of the Directors in the shares, underlying shares and debentures of the Company or any associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO") which were notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provision of the SFO), or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers ("Model Code"), are set out below:

INTERESTS IN THE COMPANY

Name of Director	Nature of interest	Long position/ short position	Number of ordinary shares/underlying shares held	Approximate percentage of shareholding
Dr. Cheung Haywood ("Dr. Cheung")	Interest of a controlled corporation	Long position	183,750,000 (Note 1)	35.42%
Mr. Chiu Sun Ting ("Mr. Chiu")	Interest of a controlled corporation	Long position	56,250,000 (Note 2)	10.84%
Mr. Lai Bing Leung ("Mr. Lai")	Interest of a controlled corporation	Long position	56,250,000 (Note 3)	10.84%
Dr. Choi Chiu Fai Stanley ("Dr. Choi")	Interest of a controlled corporation	Long position	6,125,000 (Note 4)	1.18%
Mr. Muk Wang Lit Jimmy	Beneficial owner	Long position	2,000,000 (Note 5)	0.39%
Mr. Chan Hok Ching	Beneficial owner	Long position	1,300,000 (Note 5)	0.25%
Mr. Wong Shiu Hoi Peter	Beneficial owner	Long position	500,000 (Note 5)	0.10%
Mr. Wan Kam To	Beneficial owner	Long position	500,000 (Note 5)	0.10%
Mr. Szeto Wai Sun	Beneficial owner	Long position	500,000 (Note 5)	0.10%

OTHER INFORMATION

Notes:

- (1) Independent Assets Management Limited (“Independent Assets”) is the registered and beneficial owner of these shares. Independent Assets is wholly owned by Dr. Cheung. Moreover, Independent Assets is accustomed to act in accordance with Dr. Cheung’s directions. By virtue of the SFO, Dr. Cheung is deemed to be interested in the same parcel of shares in which Independent Assets is interested.
- (2) Generous Rich Limited (“Generous Rich”) is the registered and beneficial owner of these shares. Generous Rich is wholly owned by Mr. Chiu. Moreover, Generous Rich is accustomed to act in accordance with Mr. Chiu’s directions. By virtue of the SFO, Mr. Chiu is deemed to be interested in the same parcel of shares in which Generous Rich is interested.
- (3) Champion City Holdings Limited (“Champion City”) is the registered and beneficial owner of these shares. Champion City is wholly owned by Mr. Lai. Moreover, Champion City is accustomed to act in accordance with Mr. Lai’s directions. By virtue of the SFO, Mr. Lai is deemed to be interested in the same parcel of shares in which Champion City is interested.
- (4) Allied Connect Limited (“Allied Connect”) is the registered and beneficial owner of these shares. Allied Connect is wholly owned by Dr. Choi. Moreover, Allied Connect is accustomed to act in accordance with Dr. Choi’s directions. By virtue of the SFO, Dr. Choi is deemed to be interested in the same parcel of shares in which Allied Connect is interested.
- (5) These interest are derived from the interest in the share options granted under the Pre-IPO Share Option Scheme, details are set out in the section headed “Interest in Share Option”.

Save as disclosed above, none of the Directors or chief executive of the Company or their associates, had any interest or short position in any shares, underlying shares or debentures of the Company or its associated corporations as 30 June 2015 as recorded in the register required to be kept under section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

INTERESTS IN SHARE OPTIONS

PRE-IPO SHARE OPTION SCHEME

Pursuant to a written resolution of the sole shareholder of the Company passed on 30 September 2014, the rules of the Pre-IPO Share Option Scheme were approved and adopted. The purpose of the Pre-IPO Share Option Scheme is to enable the Company to grant options to the participants of the Pre-IPO Share Option Scheme as incentives or rewards for their contribution to the growth of the Group and to provide the Group with a more flexible means to reward, remunerate, compensate and/or to provide benefits to the participants of the Pre-IPO Share Option Scheme. The principal terms of the Pre-IPO Share Option Scheme were set out in the Prospectus.

An aggregate of 13,390,000 share options at an exercise price of HK\$1.288, being 20% discount to the offer price of HK\$1.61 under the Share Offer (as defined in the Prospectus), were granted on 7 October 2014 to two executive Directors, three independent non-executive Directors and certain employees and consultants of the Group.

OTHER INFORMATION

Details of the share options granted under the Pre-IPO Share Option Scheme are as follows:

Name or category of participants	Balance at 1 January 2015	Lapsed during the period	Outstanding as at 30 June 2015	Exercise price (HK\$)	Exercisable period
Directors					
Mr. Muk Wang Lit Jimmy	2,000,000	–	2,000,000	1.288	15 January 2016 to 6 October 2024
Mr. Chan Hok Ching	1,300,000	–	1,300,000	1.288	15 January 2016 to 6 October 2024
Mr. Wong Shiu Hoi Peter	500,000	–	500,000	1.288	15 January 2016 to 6 October 2024
Mr. Wan Kam To	500,000	–	500,000	1.288	15 January 2016 to 6 October 2024
Mr. Szeto Wai Sun	500,000	–	500,000	1.288	15 January 2016 to 6 October 2024
Sub-total:	4,800,000	–	4,800,000		
Employees	5,590,000	(30,000)	5,560,000	1.288	15 January 2016 to 6 October 2024
Consultants	3,000,000	–	3,000,000	1.288	15 January 2016 to 6 October 2024
Total:	13,390,000	–	13,360,000		

Note:

The vesting period of the options granted under the Pre-IPO Share Option Scheme is as follows:

- one-third vesting after the expiry of 12-month period from and including the Listing Date, i.e. 15 January 2015;
- additional one-third vesting after the expiry of 24-month period from and including the Listing Date; and
- remaining vesting after the expiry of 36-month period from and including the Listing Date.

OTHER INFORMATION

SHARE OPTION SCHEME

The Company adopted a share option scheme (the “Scheme”) which was approved by a resolution of the then shareholders of the Company passed on 23 December 2014. The purpose of the Scheme is to enable the Company to grant options to full-time or part-time employees, Directors (including executive, non-executive or independent non-executive Directors) and any consultants or advisers (whether professional or otherwise and whether on an employment or contractual or honorary basis or otherwise and whether paid or unpaid), distributor, contractor, supplier, service provider, agent, customer and business partner of the Company and/or any of our subsidiaries from time to time (the “Eligible Participants”) as incentives or rewards for their contribution to the growth of the Group and to provide the Group with a more flexible means to reward, remunerate, compensate and/or provide benefits to the Eligible Participants.

No share option has been granted by the Company under the Scheme since its adoption.

Save as disclosed above, at no time during the period was the Company, its subsidiary or its associated companies a party to any arrangement to enable the Directors (including their spouse and children under 18 years of age) to acquire benefits by an acquisition of shares or underlying shares in, or debentures of, the Company or its associated corporation.

DIRECTORS’ RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed above, at no time during the period was the Company or any of its subsidiary a party to any arrangements to enable the Directors to acquire such rights in any other body corporate.

SUBSTANTIAL SHAREHOLDERS

As at 30 June 2015, the interests or short positions of every person, 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 under section 336 of the SFO, are set out below:

INTEREST IN THE SHARES AND UNDERLYING SHARES OF THE COMPANY

Name of shareholder	Nature of interest	Long position/ Short position	Number of ordinary shares held	Percentage of the Company’s issued share capital
Independent Assets Management Limited ⁽¹⁾	Beneficial owner	Long position	183,750,000	35.42
Generous Rich Limited ⁽²⁾	Beneficial owner	Long position	56,250,000	10.84
Champion City Holdings Limited ⁽³⁾	Beneficial owner	Long position	56,250,000	10.84

OTHER INFORMATION

Notes:

- (1) Independent Assets is wholly-owned by Dr. Cheung, the chairman of the Board and an executive Director, and therefore, Dr. Cheung is deemed to be interested in these 183,750,000 shares pursuant to the SFO.
- (2) Generous Rich is wholly-owned by Mr. Chiu, an executive Director, and therefore, Mr. Chiu is deemed to be interested in these 56,250,000 shares pursuant to the SFO.
- (3) Champion City is wholly-owned by Mr. Lai, an executive Director, and therefore, Mr. Lai is deemed to be interested in these 56,250,000 shares pursuant to the SFO.

Save as disclosed above, no other parties were recorded in the register of the Company required to be kept under section 336 of the SFO as having interests or short positions in the shares or underlying shares of the Company as at 30 June 2015.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code set out in Appendix 10 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") as the code of conduct regarding securities transactions by the Directors. Having made specific enquiry of all Directors, the Company confirmed that all Directors have complied with the required standard set out in the Model Code since the date of listing of the Company's securities on the Stock Exchange on 15 January 2015 ("Listing Date") up to 30 June 2015.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

Neither the Company nor its subsidiary purchased, redeemed or sold any of the Company's listed securities since the Listing Date on 15 January 2015 up to 30 June 2015.

CORPORATE GOVERNANCE PRACTICE

The Company has adopted the code provisions set out in the Corporate Governance Code and Corporate Governance Report ("CG Code") as set out in Appendix 14 to the Listing Rules.

During the period from the Listing Date and up to 30 June 2015, the Company was in compliance with the relevant code provisions set out in the CG Code.

AUDIT COMMITTEE

The Company established an audit committee ("Audit Committee") on 23 December 2014 with written terms of reference in compliance with the Corporate Governance Code and Corporate Governance Report as set out in Appendix 14 to the Listing Rules. The primary duties of the Audit Committee are to review and supervise the financial reporting process and internal control system of the Group. The Audit Committee comprises four independent non-executive Directors of the Company, namely Mr. Wan Kam To (as chairman), Mr. Wong Shiu Hoi Peter, Mr. Szeto Wai Sun and Mr. Yuen Tak Tim Anthony MH, J.P.. The Audit Committee has reviewed the unaudited condensed interim financial information of the Group for the six months ended 30 June 2015.

On behalf of the Board
Target Insurance (Holdings) Limited
Cheung Haywood
Chairman

Hong Kong, 27 August 2015

INDEPENDENT AUDITOR'S REPORT ON REVIEW OF CONDENSED INTERIM FINANCIAL INFORMATION



MAZARS CPA LIMITED

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To the Board of Directors of
Target Insurance (Holdings) Limited
(incorporated in Hong Kong with limited liability)

INTRODUCTION

We have reviewed the condensed interim financial information set out on pages 18 to 38, which comprises the condensed consolidated statement of financial position of Target Insurance (Holdings) Limited (the “Company”) and its subsidiary (together the “Group”) as of 30 June 2015 and the related condensed consolidated income statement, condensed consolidated statement of comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the six months period then ended, and a summary of significant accounting policies and other 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 (“HKICPA”). The directors of the Company 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 HKICPA. A review of interim financial information consists of making inquiries, 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.

INDEPENDENT AUDITOR'S REPORT ON REVIEW OF CONDENSED INTERIM FINANCIAL INFORMATION

CONCLUSION

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

Certified Public Accountants
Hong Kong, 27 August 2015

Or Ming Chiu

Practising Certificate number: P04786

CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 30 June 2015

		For the six months ended 30 June	
	Note	2015 (Unaudited) HK\$'000	2014 (Unaudited) HK\$'000
Net insurance premium revenue	3	155,524	141,473
Investment income	4	12,117	9,948
Other income		732	468
Net income		168,373	151,889
Net insurance claims and loss adjustment expenses	5	(91,930)	(80,798)
Acquisition costs and other underwriting expenses, net	6	(16,645)	(16,424)
Employee benefit expenses		(11,116)	(8,568)
Other operating expenses		(18,315)	(4,582)
Expenses		(138,006)	(110,372)
Profit before tax	7	30,367	41,517
Income tax expense	8	(4,369)	(4,918)
Profit for the period		25,998	36,599
		HK cents	HK cents
Earnings per share	10		
Basic		5.14	9.76
Diluted		5.05	9.76

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2015

	For the six months ended 30 June	
	2015 (Unaudited) HK\$'000	2014 (Unaudited) HK\$'000
Profit for the period	25,998	36,599
Other comprehensive loss		
Item that was reclassified or may be reclassified subsequently to profit or loss:		
<i>Available-for-sale financial assets</i>		
Losses arising during the period	(5,708)	(2,859)
Reclassification of net changes in fair value to profit or loss	(2,259)	(1,001)
Net movement in fair value of available-for-sale financial assets	(7,967)	(3,860)
Total comprehensive income for the period	18,031	32,739

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2015

	Note	At 30 June 2015 (Unaudited) HK\$'000	At 31 December 2014 (Audited) HK\$'000
Assets			
Property, plant and equipment		896	897
Available-for-sale financial assets	11	408,048	134,404
Certificates of deposit		91,089	66,097
Insurance and other receivables	12	81,761	68,729
Reinsurance assets	13	60,587	74,984
Deferred acquisition costs		17,479	17,090
Statutory deposit		100,000	100,000
Time deposits with original maturity over 3 months		108,195	42,842
Bank balances and cash		306,576	444,674
TOTAL ASSETS		1,174,631	949,717
Liabilities			
Insurance liabilities	13	737,154	754,126
Reinsurance premium payable		3,996	12,780
Insurance and other payables	14	24,728	11,028
Tax payable		7,528	3,510
TOTAL LIABILITIES		773,406	781,444
EQUITY			
Share capital	15	364,286	150,000
Other reserves		(9,797)	(2,465)
Retained earnings		46,736	20,738
TOTAL EQUITY		401,225	168,273
TOTAL LIABILITIES AND EQUITY		1,174,631	949,717

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2015

	Share capital (Unaudited) HK\$'000	Available-for-sale investment reserve (Unaudited) HK\$'000	Merger relief reserve (Unaudited) HK\$'000	Other reserve (Unaudited) HK\$'000	Share option reserve (Unaudited) HK\$'000	Retained earnings (Unaudited) HK\$'000	Total (Unaudited) HK\$'000
At 1 January 2014	150,000	4,272	24,936	(24,936)	–	41,413	195,685
Profit for the period	–	–	–	–	–	36,599	36,599
Other comprehensive loss							
Net movement in fair value of available-for-sale financial assets	–	(3,860)	–	–	–	–	(3,860)
Total comprehensive income for the period	–	(3,860)	–	–	–	36,599	32,739
At 30 June 2014	150,000	412	24,936	(24,936)	–	78,012	228,424
At 1 January 2015	150,000	(2,465)	24,936	(24,936)	–	20,738	168,273
Profit for the period	–	–	–	–	–	25,998	25,998
Other comprehensive loss							
Net movement in fair value of available-for-sale financial assets	–	(7,967)	–	–	–	–	(7,967)
Total comprehensive income for the period	–	(7,967)	–	–	–	25,998	18,031
Transactions with equity owners							
<i>Contributions and distribution</i>							
Shares issued by public offering, net of expenses (Note 15)	214,286	–	–	–	–	–	214,286
Equity-settled share-based transaction (Note 16)	–	–	–	–	635	–	635
	214,286	–	–	–	635	–	214,921
At 30 June 2015	364,286	(10,432)	24,936	(24,936)	635	46,736	401,225

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2015

	Note	For the six months ended 30 June	
		2015 (Unaudited) HK\$'000	2014 (Unaudited) HK\$'000
OPERATING ACTIVITIES			
Cash generated from operations	17	5,747	17,512
Income tax paid		(351)	–
Net cash from operating activities		5,396	17,512
INVESTING ACTIVITIES			
Interest received		9,748	10,320
Dividend received from available-for-sale financial assets		2,330	1,225
Proceeds from disposal of available-for-sale financial assets		105,119	46,294
Purchase of available-for-sale financial assets		(409,463)	(60,740)
Purchase of property, plant and equipment		(161)	(34)
Mature of statutory and time deposits with original maturity over 3 months		42,842	100,000
Placement of statutory and time deposits with original maturity over 3 months		(108,195)	(157,503)
Net cash used in investing activities		(357,780)	(60,438)
FINANCING ACTIVITIES			
Net proceeds from public offering		214,286	–
Net cash from financing activities		214,286	–
Net decrease in cash and cash equivalents		(138,098)	(42,926)
Cash and cash equivalents at beginning of period		444,674	425,338
Cash and cash equivalents at end of period		306,576	382,412
Analysis of the balances of cash and cash equivalents			
Bank balances and cash		306,576	397,502
Bank overdrafts		–	(15,090)
		306,576	382,412

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2015

1. BASIS OF PREPARATION AND ACCOUNTING POLICIES

The directors are responsible for the preparation of the unaudited condensed interim financial information of Target Insurance (Holdings) Limited (the “Company”) and its subsidiary (together the “Group”). The condensed interim financial information has been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and also complies with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

This condensed interim financial information contains the condensed consolidated financial statements and selected explanatory notes for the six months period ended 30 June 2015. This condensed interim financial information thereon does not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Group’s annual financial statements for the year ended 31 December 2014.

DISCLOSURES PURSUANT TO SECTION 436 OF THE HONG KONG COMPANIES ORDINANCE (THE “HKCO”)

The consolidated statement of financial position as at 31 December 2014 that is included in the condensed interim financial information for the six months period ended 30 June 2015 as comparative information does not constitute the Company’s specified financial statements for the financial year ended 31 December 2014 as defined in section 436 of the HKCO but is derived therefrom.

The Company has delivered the specified financial statements for that year to the Registrar of Companies.

An auditor’s report has been prepared on the specified financial statements for that year. The auditor’s report

- was not qualified or otherwise modified;
- did not refer to any matter to which the auditor drew attention by way of emphasis without qualifying the report; and
- did not contain a statement under section 406(2) or 407(2) or (3) of the HKCO.

The condensed interim financial information is unaudited, but has been reviewed by the Company’s Audit Committee.

The accounting policies adopted in preparing this condensed interim financial information are consistent with those applied in preparing the Group’s annual financial statements for the year ended 31 December 2014. The adoption of the new/revised Hong Kong Financial Reporting Standards (“HKFRSs”) that are relevant to the Group and effective from the current period had no significant effects on the results and financial position of the Group for the current and prior periods.

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2015

1. BASIS OF PREPARATION AND ACCOUNTING POLICIES (Continued)

ANNUAL IMPROVEMENTS PROJECT: 2010-2012 CYCLE

The amendments relevant to the Group include the followings.

- (1) HKFRS 2 Share-based Payment
- (2) HKFRS 3 Business Combinations
- (3) HKFRS 8 Operating Segments
- (4) HKFRS 13 Fair Value Measurement
- (5) HKAS 16 Property, Plant and Equipment
- (6) HKAS 24 Related Party Disclosures

ANNUAL IMPROVEMENTS PROJECT – 2011-2013 CYCLE

The amendments relevant to the Group include the followings.

- (1) HKFRS 3 Business Combinations
- (2) HKFRS 13 Fair Value Measurement

FUTURE CHANGES IN HKFRSs

The Group has not early adopted any new/revised HKFRSs that have been issued but are not yet effective for the financial year beginning on 1 January 2015. The directors are in the process of assessing the possible impact on the future adoption of these new/revised HKFRSs, but not yet in a position to reasonably estimate their impact on the Group's results and financial statements.

2. SEGMENT INFORMATION

The Group is principally engaged in the writing of motor vehicles insurance business. Segment information has been identified on the basis of internal management reports which are prepared in accordance with the accounting policies that conform with HKFRSs, that are regularly reviewed by the chief operating decision-maker in order to allocate resources to the reportable segments and to assess their performance.

For the purpose of resources allocation and performance assessment, the chief operating decision-maker reviews operating results by types of insurance as follows.

- Taxi
- Public Light Bus ("PLB")
- Others

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2015

2. SEGMENT INFORMATION (Continued)

FOR THE SIX MONTHS ENDED 30 JUNE 2015

	Taxi (Unaudited) HK\$'000	PLB (Unaudited) HK\$'000	Others (Unaudited) HK\$'000	Consolidated (Unaudited) HK\$'000
Net insurance premium revenue	92,616	42,109	20,799	155,524
Net insurance claims and loss adjustment expenses	(64,779)	(21,796)	(5,355)	(91,930)
Acquisition costs and other underwriting expenses, net	(7,671)	(3,253)	(5,721)	(16,645)
Segment results	20,166	17,060	9,723	46,949
Unallocated investment income and other income				12,849
Unallocated corporate expenses				(29,431)
Profit before tax				30,367
Income tax expense				(4,369)
Profit for the period				25,998
Assets				
Segment assets	83,207	47,606	20,617	151,430
Unallocated assets				1,023,201
Total assets				1,174,631
Liabilities				
Segment liabilities	459,914	192,031	93,929	745,874
Unallocated liabilities				27,532
Total liabilities				773,406
Other information				
Interest income from bank deposits				5,256
Interest income from available-for-sale financial assets				4,492
Dividend income from available-for-sale financial assets				2,330
Gain on disposal of available-for-sale financial assets				2,259
Depreciation				161

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2015

2. SEGMENT INFORMATION (Continued)

FOR THE SIX MONTHS ENDED 30 JUNE 2014

	Taxi (Unaudited) HK\$'000	PLB (Unaudited) HK\$'000	Others (Unaudited) HK\$'000	Consolidated (Unaudited) HK\$'000
Net insurance premium revenue	77,627	40,409	23,437	141,473
Net insurance claims and loss adjustment expenses	(51,994)	(14,409)	(14,395)	(80,798)
Acquisition costs and other underwriting expenses, net	(6,599)	(3,206)	(6,619)	(16,424)
Segment results	19,034	22,794	2,423	44,251
Unallocated investment income and other income				10,416
Unallocated corporate expenses				(13,150)
Profit before tax				41,517
Income tax expense				(4,918)
Profit for the period				36,599
Assets				
Segment assets	79,277	60,072	24,654	164,003
Unallocated assets				845,129
Total assets				1,009,132
Liabilities				
Segment liabilities	437,885	214,955	104,107	756,947
Unallocated liabilities				23,761
Total liabilities				780,708
Other information				
Interest income from bank deposits				4,764
Interest income from available-for-sale financial assets				5,556
Dividend income from available-for-sale financial assets				1,225
Gain on disposal of available-for-sale financial assets				1,001
Depreciation				361

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2015

3. NET INSURANCE PREMIUM REVENUE

	For the six months ended 30 June	
	2015 (Unaudited) HK\$'000	2014 (Unaudited) HK\$'000
Gross premium written	175,688	162,601
Reinsurance premium ceded	(16,548)	(21,447)
Net premium written	159,140	141,154
Change in provision for unearned premium	(3,616)	319
Net insurance premium revenue	155,524	141,473

4. INVESTMENT INCOME

	For the six months ended 30 June	
	2015 (Unaudited) HK\$'000	2014 (Unaudited) HK\$'000
Interest income from bank deposits	5,256	4,764
Interest income from listed available-for-sale financial assets	2,573	3,033
Interest income from unlisted available-for-sale financial assets	1,919	2,523
Dividend income from listed available-for-sale financial assets	2,330	1,225
Gain on disposal of available-for-sale financial assets	2,259	1,001
Net foreign exchange loss	(2,220)	(2,598)
Net investment income	12,117	9,948

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2015

5. NET INSURANCE CLAIMS AND LOSS ADJUSTMENT EXPENSES

	For the six months ended 30 June	
	2015 (Unaudited) HK\$'000	2014 (Unaudited) HK\$'000
Gross claims paid	114,812	96,229
Claims recovered	(16,691)	(8,526)
Net claims paid	98,121	87,703
Change in provision for gross outstanding claims and incurred but not reported claims ("IBNR")	(20,588)	(4,662)
Change in claims recoverable (including IBNR recoveries)	14,397	(2,243)
Change in net outstanding claims	(6,191)	(6,905)
Net insurance claims	91,930	80,798

6. ACQUISITION COSTS AND OTHER UNDERWRITING EXPENSES, NET

	For the six months ended 30 June	
	2015 (Unaudited) HK\$'000	2014 (Unaudited) HK\$'000
Acquisition costs and other underwriting expenses		
Insurance commission	13,167	12,688
Other underwriting expenses	4,369	3,869
Change in deferred acquisition costs	(389)	511
Acquisition costs and other underwriting expenses, gross	17,147	17,068
Commission income		
Insurance commission from reinsurers	(502)	(644)
Acquisition costs and other underwriting expenses, net	16,645	16,424

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2015

7. PROFIT BEFORE TAX

This is stated after charging:

	For the six months ended 30 June	
	2015 (Unaudited) HK\$'000	2014 (Unaudited) HK\$'000
Other items		
Employee benefit expenses		
Salaries, bonus and allowances	10,240	8,377
Equity-settled share-based payment expenses	635	–
Contributions to defined contribution plan	241	191
	11,116	8,568
Auditor's remuneration	690	178
Depreciation	161	361
Listing expenses (other than auditor's remuneration) included in operating expenses	5,490	–
Loss on disposal of property, plant and equipment	1	1
Operating lease payments for premises	1,909	1,909

8. TAXATION

The Company and its subsidiary are domiciled and operate in Hong Kong and were subject to Hong Kong Profits Tax at a rate of 16.5% on the estimated assessable profits arising in Hong Kong during the six months ended 30 June 2015 and 2014.

	For the six months ended 30 June	
	2015 (Unaudited) HK\$'000	2014 (Unaudited) HK\$'000
Current tax		
Hong Kong Profits Tax		
Current period	4,369	5,359
Over provision in prior period	–	(441)
Tax expenses for the period	4,369	4,918

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2015

9. DIVIDEND

The Board resolved not to declare any interim dividend for the six months ended 30 June 2015 (2014: Nil).

10. EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share is as follows:

(A) BASIC EARNINGS PER SHARE

	For the six months ended 30 June	
	2015 (Unaudited)	2014 (Unaudited)
Profit attributable to ordinary equity owners (HK\$'000)	25,998	36,599
Weighted average number of ordinary shares ('000)	505,490	375,000
Basic earnings per share (HK cents)	5.14	9.76

(B) DILUTED EARNINGS PER SHARE

	For the six months ended 30 June	
	2015 (Unaudited)	2014 (Unaudited)
Profit attributable to ordinary equity owners (HK\$'000)	25,998	36,599
Weighted average number of ordinary shares (<i>diluted</i>) ('000)		
Weighted average number of ordinary shares	505,490	375,000
Effect of the Company's share option scheme	9,260	–
Weighted average number of ordinary shares for the purpose of calculating diluted earnings per share	514,750	375,000
Diluted earnings per share (HK cents)	5.05	9.76

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2015

11. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	At 30 June 2015 (Unaudited) HK\$'000	At 31 December 2014 (Audited) HK\$'000
At fair value		
Equity securities		
Listed in Hong Kong	194,361	8,197
Listed outside Hong Kong	16,126	689
Listed debt securities		
Bonds listed in Hong Kong	82,849	122,284
Unlisted debt securities		
Bonds with fixed maturity dates	53,898	3,234
Bonds without fixed maturity dates	60,814	–
	408,048	134,404

12. INSURANCE AND OTHER RECEIVABLES

	Note	At 30 June 2015 (Unaudited) HK\$'000	At 31 December 2014 (Audited) HK\$'000
Insurance receivables			
Premium receivables			
From third parties		51,575	49,637
From related parties		735	655
	12(A)	52,310	50,292
Claims receivable from reinsurers and others	12(B)	21,054	11,978
		73,364	62,270
Other receivables			
Deposits, prepayments and other receivables		8,397	6,459
		81,761	68,729

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2015

12. INSURANCE AND OTHER RECEIVABLES (Continued)

12(A) PREMIUM RECEIVABLES

No credit term is given to direct policyholders. The credit periods granted to intermediaries range from 10 days to 90 days from the month end date of issuance of invoices. At the end of reporting period, premium receivables from intermediaries are aged as follows:

	At 30 June 2015 (Unaudited) HK\$'000	At 31 December 2014 (Audited) HK\$'000
Within 30 days	27,881	23,932
31 – 60 days	16,636	19,307
61 – 90 days	7,793	7,053
	52,310	50,292

The premium receivables from related parties are unsecured, interest free and with credit period of 10 days to 90 days. At the end of the reporting period, there was no provision made for non-repayment.

The ageing of premium receivables which are past due but not impaired are as follows:

	At 30 June 2015 (Unaudited) HK\$'000	At 31 December 2014 (Audited) HK\$'000
Balances exceed normal credit period		
Within 30 days	14,280	16,970
31 to 60 days	5,775	4,461
	20,055	21,431

The Group has established credit policies to manage the credit risk in respect of its premium receivables of each intermediary. The management has not fixed any criterion as to the credit periods granted to the intermediaries. Instead, the directors exercise their judgement on those factors such as business relationship, intermediaries' integrity, past records of default, industry and economic environment, etc. to determine the amount of impairment losses.

Receivables that were neither past due nor impaired related to a wide range of intermediaries for whom there was no recent history of default.

Included in the Group's premium receivables are receivables from intermediaries that were past due at the end of the reporting period but which the Group has not impaired as there has not been any significant changes in credit quality of these intermediaries and the directors believe that the amounts are fully recoverable. The Group does not hold any collateral over these balances.

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2015

12. INSURANCE AND OTHER RECEIVABLES (Continued)

12(B) CLAIMS RECEIVABLE FROM REINSURERS AND OTHERS

Claims receivable from reinsurers and others represent amounts due from reinsurers and third parties in respect of reinsurer's share of claims already paid by the Group, for whom there was no history of default. Claims receivable from reinsurers and others are aged over 90 days. None of the claims receivable is past due or impaired.

13. INSURANCE LIABILITIES AND REINSURANCE ASSETS

	At 30 June 2015 (Unaudited) HK\$'000	At 31 December 2014 (Audited) HK\$'000
Gross		
Outstanding claims	426,748	445,171
Claims incurred but not reported ("IBNR")	135,310	137,475
	562,058	582,646
Provision for unearned premium	175,096	171,480
Total gross insurance liabilities	737,154	754,126
Recoverable from reinsurers		
Claims reported and loss adjustment expenses	25,357	34,360
Provision for IBNR recoveries	35,230	40,624
Total insurance liabilities recoverable	60,587	74,984
Net		
Outstanding claims	401,391	410,811
IBNR	100,080	96,851
	501,471	507,662
Provision for unearned premium	175,096	171,480
Total net insurance liabilities	676,567	679,142

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2015

14. INSURANCE AND OTHER PAYABLES

	At 30 June 2015 (Unaudited) HK\$'000	At 31 December 2014 (Audited) HK\$'000
Insurance payables		
Premium surcharge and other payables	4,724	4,646
Other payables		
Accruals and other payables	5,633	6,382
Accounts payable to securities brokers	14,371	–
	20,004	6,382
	24,728	11,028

15. SHARE CAPITAL

	At 30 June 2015 (Unaudited)		At 31 December 2014 (Audited)	
	No. of shares	HK\$'000	No. of shares	HK\$'000
Issued and fully paid				
At beginning of the period/year	375,000,000	150,000	–	–
Issue of shares upon incorporation	–	–	1	–
Issue of shares upon Reorganisation	–	–	374,999,999	150,000
Issue of shares by public offering (Note 15(A))	143,750,000	214,286	–	–
At end of the reporting period	518,750,000	364,286	375,000,000	150,000

15(A) ISSUE OF SHARES BY PUBLIC OFFERING

The shares of the Company were listed on The Stock Exchange of Hong Kong Limited on 15 January 2015, with a total number of 500,000,000 shares, among which 125,000,000 shares (25% of the total number of shares of the Company) were issued to the public at HK\$1.61 per share. The net proceeds received by the Company from the public offering were approximately HK\$186,336,000.

On 28 January 2015, an aggregate of 18,750,000 shares were issued by the Company at HK\$1.61 per share upon the exercise of over-allotment shares option in full. The additional net proceeds received by the Company in connection with the issuance of over-allotment shares were approximately HK\$27,950,000.

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2015

16. SHARE OPTION SCHEME

The Company adopted a pre-IPO share option scheme (the "Scheme") pursuant to a resolution passed on 30 September 2014. The purpose of the Scheme is to recognise and acknowledge the contributions that participants (directors, senior management and other employees) have made or may make to the Group, to provide participants with an opportunity to have a personal stake in the Company with the view to achieve motivating the participants to optimise their performance and efficiency for the benefit of the Group, to attract and retain or otherwise maintain ongoing business relationship with participant, whose contributions are or will be beneficial to the long term growth of the Group. A summary of the principal terms and conditions of the Scheme is set out in Appendix V to the Prospectus.

On 7 October 2014, options to subscribe for an aggregate of 13,390,000 ordinary shares have been conditionally granted by the Company to the eligible participants of the Scheme and the estimated fair value of the options granted on that date is HK\$2,251,000.

The fair value of the share options granted is measured at the date of grant, using the binomial option pricing model, taking into account the terms and conditions of the grant. The fair value calculated is inherently subjective and uncertain due to the assumptions made and the limitations of the model used. The following table lists the major assumptions used to measure the fair value per option:

Date of grant	7 October 2014
Exercise price	80% of the IPO price
Expected stock price volatility (%)	34.976
Expected life of the options (years)	9.998
Risk-free interest rate (%)	1.912
Expected dividend yield	5.556
Early exercise multiple for directors	2.800
Early exercise multiple for senior management	2.800
Early exercise multiple for other employees	2.200
Exit rate for directors (%)	–
Exit rate for senior management (%)	–
Exit rate for other employees (%)	9.052

The expected volatility was determined by using the median historical volatilities of comparable companies.

Particulars of the share options and their movements during the six months ended 30 June 2015 are as follows.

Type	Date of grant	Exercise period	Exercise price per share HK\$	Fair value per share HK\$	Number of share option			End of period '000
					Beginning of period '000	Exercised '000	Forfeited '000	
Directors:								
Mr. Muk Wang Lit Jimmy	7 October 2014	15 January 2016 – 6 October 2024	1.288	0.169	2,000	–	–	2,000
Mr. Chan Hok Ching	7 October 2014	15 January 2016 – 6 October 2024	1.288	0.169	1,300	–	–	1,300
Mr. Wong Shiu Hoi Peter	7 October 2014	15 January 2016 – 6 October 2024	1.288	0.169	500	–	–	500
Mr. Wan Kam To	7 October 2014	15 January 2016 – 6 October 2024	1.288	0.169	500	–	–	500
Mr. Szeto Wai Sun	7 October 2014	15 January 2016 – 6 October 2024	1.288	0.169	500	–	–	500
Senior management	7 October 2014	15 January 2016 – 6 October 2024	1.288	0.169	1,644	–	–	1,644
Other employees	7 October 2014	15 January 2016 – 6 October 2024	1.288	0.167	6,946	–	(30)	6,916

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17. CASH GENERATED FROM OPERATIONS

	For the six months ended 30 June	
	2015 (Unaudited) HK\$'000	2014 (Unaudited) HK\$'000
Profit before tax	30,367	41,517
Depreciation	161	361
Loss on disposal of property, plant and equipment	1	1
Gain on disposal of available-for-sale financial assets	(2,259)	(1,001)
Dividend income from available-for-sale financial assets	(2,330)	(1,225)
Interest income from available-for-sale financial assets	(4,492)	(5,556)
Interest income from bank deposits	(5,256)	(4,764)
Equity-settled share-based payments	635	–
Changes in working capital:		
Insurance and other receivables	(13,032)	348
Reinsurance assets	14,397	(2,243)
Deferred acquisition costs	(389)	511
Insurance liabilities	(16,972)	(4,981)
Reinsurance premium payables	(8,784)	(5,171)
Insurance and other payables	13,700	(285)
Cash generated from operations	5,747	17,512

18. OPERATING LEASE COMMITMENTS

The Group leases its office premises under operating lease arrangements for a term of 3 years. The aggregate future minimum lease payments under non-cancellable operating leases which are payable as follows:

	At 30 June 2015 (Unaudited) HK\$'000	At 31 December 2014 (Audited) HK\$'000
Within one year	3,818	3,818
In the second to fifth years inclusive	318	2,227
	4,136	6,045

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2015

19. RELATED PARTY TRANSACTIONS

In addition to the transactions information disclosed elsewhere in these condensed consolidated financial statements, during the period, the Group had the following transactions with related parties:

Related party relationship	Nature of transaction	For the six months ended 30 June	
		2015 (Unaudited) HK\$'000	2014 (Unaudited) HK\$'000
Key management personnel, excluding directors	Short-term employee benefits	2,063	1,189
	Post-employment benefits	45	31
		2,108	1,220
The Oscar Motors Company Limited, a company controlled by Lai Bing Leung, a director of the Company	Commission paid	447	405

20. FAIR VALUE MEASUREMENT

The following presents the assets and liabilities measured at fair value or required to disclose their fair value in these condensed consolidated financial statements on a recurring basis at 30 June 2015 across the three levels of the fair value hierarchy defined in HKFRS 13, Fair Value Measurement, with the fair value measurement categorised in its entirety based on the lowest level input that is significant to the entire measurement. The levels of inputs are defined as follows:

- Level 1 (highest level): quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the assets or liability, either directly or indirectly;
- Level 3 (lowest level): unobservable inputs for the asset or liability.

The fair values of the listed equity and debt securities are determined based on the quoted market bid prices available on The Stock Exchange of Hong Kong Limited or relevant stock exchanges. The fair values of the unlisted debt securities are determined with reference to over-the-counter quotations from brokers, bid prices from the Central Moneymarkets Unit ("CMU") of the Hong Kong Monetary Authority or Depository Trust Company.

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For the six months ended 30 June 2015

20. FAIR VALUE MEASUREMENT (Continued)

	At 30 June 2015 (Unaudited) HK\$'000	At 31 December 2014 (Audited) HK\$'000
Level 1		
Available-for-sale financial assets		
Listed equity securities	210,487	8,886
Listed debt securities	82,849	122,284
	293,336	131,170
Level 2		
Available-for-sale financial assets		
Unlisted debt securities	114,712	3,234
Certificates of deposit	91,089	66,097
	205,801	69,331

During the six months ended 30 June 2015 and 2014, there were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into and out of Level 3 fair value measurements.

21. APPROVAL OF CONDENSED INTERIM FINANCIAL INFORMATION

The condensed interim financial information was approved by the Board on 27 August 2015.