



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

2018  
Interim Report

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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 (*Chief Risk Officer*)

### INDEPENDENT NON-EXECUTIVE DIRECTORS

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

## COMPANY SECRETARY

TSE Kam Fai

## AUTHORISED REPRESENTATIVES

CHAN Hok Ching  
TSE Kam Fai

## AUDIT COMMITTEE

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

## 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, JP*

## 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

5/F, Low Block  
Grand Millennium Plaza  
No. 181 Queen's Road Central  
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 ("Target"). Target is a Hong Kong incorporated company and is wholly owned by the Company. Target is principally engaged in underwriting motor and other general insurance policies in Hong Kong.

The key financial performance indicators of the Group are as follows:

	For the six months ended 30 June		
	2018 HK\$'000	2017 HK\$'000	% Change
Gross premium written	213,256	198,836	7.3%
Net premium written	187,468	177,934	5.4%
Net insurance premium revenue	168,540	182,227	(7.5%)
Net insurance claims and loss adjustment expenses	(163,609)	(136,077)	20.2%
Acquisition costs and other underwriting expenses, net	(16,984)	(18,508)	(8.2%)
Operating (loss) profit	(12,053)	27,642	(143.6%)
Investment income	5,344	28,473	(81.2%)
Other income	862	4,128	(79.1%)
Employee benefit expenses	(18,103)	(18,223)	(0.7%)
Other operating expenses	(22,424)	(18,173)	23.4%
Finance costs	(877)	(269)	226.0%
(Loss) Profit before tax	(47,251)	23,578	(300.4%)
(Loss) Profit for the period	(47,830)	19,886	(340.5%)
EBITDA	(36,851)	29,061	(226.8%)
Basic (loss) earnings per share <sup>(1)</sup>	(9.17 cents)	3.81 cents	(340.7%)
Diluted (loss) earnings per share <sup>(1)</sup>	(9.17 cents)	3.79 cents	(342.0%)

	For the six months ended 30 June		
	2018	2017	Difference
Retention ratio <sup>(2)</sup>	87.9%	89.5%	(1.6%)
Loss ratio <sup>(3)</sup>	97.1%	74.7%	22.4%
Expense ratio <sup>(3)</sup>	34.6%	30.1%	4.5%
Combined ratio <sup>(4)</sup>	131.7%	104.8%	26.9%
Investment yield	0.6%	3.3%	(2.7%)

(1) The weighted average number of shares for the period ended 30 June 2018 is 521,410,000 ordinary shares (2017: 521,265,000 ordinary shares). The weighted average number of shares for the purpose of calculating diluted (loss) earnings per share is 521,410,000 ordinary shares (2017: 524,497,000 ordinary shares).

(2) Retention ratio is calculated by dividing net premium written by gross premium written for the respective period.

(3) Both the loss ratio and expense ratio are based on net insurance premium revenue.

(4) The combined ratio is the sum of the loss ratio and the expense ratio.

# FINANCIAL REVIEW

## GROSS PREMIUM WRITTEN

Gross premium written increased by 7.3% to HK\$213.3 million (2017: HK\$198.8 million). During the six months ended 30 June 2018, the gross premium written of other motor vehicles increased by 31.1% due to our expansion of direct private cars and goods carrying vehicles business. Our other general insurance business continued to grow and the gross premium written increased by 622.9% to HK\$6.0 million (2017:HK\$0.8 million) during the period. The detailed breakdown of gross premium written is as follows:

	2018		2017		% Change
	HK\$'000	% of Total	HK\$'000	% of Total	
Taxi	121,461	56.9%	121,101	61.0%	0.3%
Public Light Bus ("PLB")	43,475	20.4%	44,614	22.4%	(2.6%)
Other motor vehicles <sup>(1)</sup>	42,356	19.9%	32,296	16.2%	31.1%
Others <sup>(2)</sup>	5,964	2.8%	825	0.4%	622.9%
	<b>213,256</b>	<b>100.0%</b>	198,836	100.0%	7.3%

Notes:

- (1) Other motor vehicles mainly include goods carrying vehicles, private cars and motorcycles
- (2) Others include all other general insurance business except motor business

## NET INSURANCE PREMIUM REVENUE

During the period ended 30 June 2018, our retention ratio slightly reduced 87.9% (2017: 89.5%). We arranged quota share reinsurance for part of our motor business and most of our other general insurance business to diversify our risk as we grow our portfolio. In addition, we have changed our methodology of calculating unearned premium from fractional value 1/24th method to 365-day model. The net insurance premium revenue is broken down as follows:

	2018		2017		% Change
	HK\$'000	% of Total	HK\$'000	% of Total	
Taxi	103,263	61.3%	115,480	63.4%	(10.6%)
PLB	35,397	21.0%	40,586	22.3%	(12.8%)
Other motor vehicles <sup>(1)</sup>	28,135	16.7%	26,077	14.3%	7.9%
Others <sup>(2)</sup>	1,745	1.0%	84	0.0%	1977.4%
	<b>168,540</b>	<b>100.0%</b>	182,227	100.0%	(7.5%)

Notes:

- (1) Other motor vehicles mainly include goods carrying vehicles, private cars and motorcycles
- (2) Others include all other general insurance business except motor business

# FINANCIAL REVIEW

## NET INSURANCE CLAIM AND LOSS RATIO

In respect of the net insurance claims, we note a continuous substantial increase across all motor vehicle types due to the increase of claim frequency and claims severity. As a result, the net insurance claims and loss adjustment expenses increased by 20.2% to HK\$163.6 million (2017: HK\$136.1 million). The loss ratio increased to 97.1% (2017:74.7%).

### For the six months ended 30 June

	2018 HK\$'000	2017 HK\$'000	% Change
Taxi	97,152	92,220	5.3%
PLB	25,923	21,391	21.2%
Other motor vehicles <sup>(1)</sup>	39,824	22,444	77.4%
Others <sup>(2)</sup>	710	22	3,127.3%
	<b>163,609</b>	136,077	20.2%

Notes:

(1) Other motor vehicles mainly include goods carrying vehicles, private cars and motorcycles

(2) Others include all other general insurance business except motor business

## UNDERWRITING AND OTHER ADMINISTRATIVE EXPENSES

Our Group managed to reduce our acquisition costs and other underwriting expenses by 8.2% to HK\$17.0 million (2017: HK\$18.5 million). The employee benefit expenses slightly reduced by 0.7% to HK\$18.1 million (2017: HK\$18.2 million). The depreciation and amortization substantially increased by 82.6% to HK\$9.5 million (2017: HK\$5.2 million) because of the depreciation charges on self-occupied permanent office premises (the "Premises") and amortization charge on new IT system cost. Such charges were offset by the reduction of rental charges for the Premises. The advertising and promotion expenses increased by 149.8% to HK\$6.6 million (2017: HK\$2.6 million) owing to our promotional activities launched earlier this year. The professional charges decreased by 19.1% to HK\$2.1 million (2017: HK\$2.6 million). The underwriting and other administrative expenses are summarized as follows:

### For the six months ended 30 June

	2018 HK\$'000	2017 HK\$'000	% Change
Acquisition costs and other underwriting expenses, net	16,984	18,508	(8.2%)
Employee benefit expenses	18,103	18,223	(0.7%)
Depreciation and amortization	9,523	5,214	82.6%
Advertising and promotion expenses	6,563	2,627	149.8%
Professional charges	2,065	2,551	(19.1%)
Finance costs	877	269	226.0%
Entertainment	718	776	(7.5%)
Donation	45	230	(80.4%)
Rental charges	–	3,408	(100.0%)
Others	3,510	3,367	4.2%
	<b>58,388</b>	55,173	5.8%



# FINANCIAL REVIEW

## INVESTMENT PERFORMANCE

Our Group invest in accordance to our investment policy. During the period ended 30 June 2018, our Group classified our equity investment as financial assets at fair value through profit or loss and debt securities as financial assets at fair value through other comprehensive income pursuant to Hong Kong Financial Reporting Standards 9 Financial Instruments. The composition of our investment portfolio is as follows:

	30 June 2018		As at		
	HK\$'000	% of Total	31 December 2017 HK\$'000	% of Total	% Change
Equity securities	128,050	13.4%	39,576	4.1%	223.6%
Debt securities	365,796	38.2%	269,739	27.8%	35.6%
Certificates of deposit	24,388	2.5%	34,551	3.6%	(29.4%)
Cash and bank deposits	439,049	45.9%	625,232	64.5%	(29.8%)
	<b>957,283</b>	<b>100.0%</b>	969,098	100.0%	(1.2%)

The investment yield decreased to 0.6% (2017: 3.3%). The decrease was mainly driven by the reduction in gain on disposal of financial assets by 94.7% to HK\$0.8 million (2017: HK\$14.8 million) and the net fair value loss of financial assets at fair value through profit and loss of HK\$11.5 million due to market volatility. The total investment income on a pre-tax basis recognized in Condensed Consolidated Income Statement is as follows:

	For the six months ended 30 June		
	2018 HK\$'000	2017 HK\$'000	% Change
Interest income	12,742	9,656	32.0%
Dividend income	2,036	2,249	(9.5%)
Gain on disposal of financial assets	786	14,783	(94.7%)
Loss on financial assets at FVPL	(11,490)	–	n/a
Net foreign exchange gains	1,270	1,785	(28.9%)
<b>Net investment income</b>	<b>5,344</b>	28,473	(81.2%)

# FINANCIAL REVIEW

## OTHER INCOME

The other income decreased by 79.1% to HK\$0.9 million (2017: HK\$4.1 million) as the permanent office premises is now self-occupied.

## OPERATING LOSS

We recorded an operating loss at HK\$12.1 million (2017: profit of HK\$27.6 million), a loss before tax at HK\$47.3 million (2017: profit of HK\$23.6 million) and a loss for the period at HK\$47.8 million (2017: profit of HK\$19.9 million).

### For the six months ended 30 June

	2018 HK\$'000	2017 HK\$'000	% Change
Operating (loss) profit	(12,053)	27,642	(143.6%)
(Loss) Profit before tax	(47,251)	23,578	(300.4%)
(Loss) Profit for the period	(47,830)	19,886	(340.5%)

## LIQUIDITY AND FINANCIAL RESOURCES

Our Group's cash and bank deposits as at 30 June 2018 amounted to HK\$439.0 million (31 December 2017: HK\$625.2 million).

## FINANCIAL LEVERAGE

As at 30 June 2018, our Group has an outstanding loan facility of HK\$93.4 million (31 December 2017: HK\$96.3 million) and no bank overdrafts.

## CAPITAL STRUCTURE

During the period ended 30 June 2018, no options were exercised to subscribe for ordinary shares of the Company. Details of the share options were disclosed in the Prospectus.

## STAFF AND STAFF REMUNERATION

As at 30 June 2018, the Group had a total of 68 employees (31 December 2017: 64 employees), an increase of 4 employees. Total remuneration for the six months ended 30 June 2018 amounted to HK\$18.1 million (2017: HK\$18.2 million).

## 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 2018 and 31 December 2017.



# BUSINESS REVIEW

## MOTOR INSURANCE BUSINESS

Our key insurance products are composed of third party insurance and comprehensive insurance for motor vehicles. The 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 2018 and 2017:

	2018		2017		% Change
	HK\$'000	% of Total	HK\$'000	% of Total	
Taxi	121,461	58.6%	121,101	61.2%	0.3%
PLB	43,475	21.0%	44,614	22.5%	(2.6%)
Other motor vehicles <sup>(1)</sup>	42,356	20.4%	32,296	16.3%	31.1%
	207,292	100.0%	198,011	100.0%	4.7%

Note:

(1) Other motor vehicles mainly include goods carrying vehicles, private cars and motorcycles

Our business on other motor vehicles motor insurance was picking up while our business on taxi and PLB motor insurance was facing increased competitions from new competitors. The gross premium written on taxi and PLB presents 79.6% of gross premium written on motor insurance for the period ended 30 June 2018 (2017: 83.7%). These two business segments were saturated and our gross premium written mildly increased by 0.3% to HK\$121.5 million (2017: HK\$121.1 million) for taxi. Our PLB motor insurance reduced by 2.6% to HK\$43.5 million (2017: HK\$44.6 million) due to market competition, which led to a reduction of premium rates.

Our business on other motor vehicles was mainly driven by our online business platform and development of new insurance intermediaries. The gross premium written increased by 31.1% to HK\$42.4 million (2017: HK\$32.3 million).

## OTHER GENERAL INSURANCE BUSINESS

Our group continued to develop other general insurance products and we now offered different personal and commercial insurance products.

### Personal Insurance Products

- Home Protection
- Travel Insurance
- Fire Insurance
- Interior Decoration Insurance
- Health Green Hospitalization Medical Insurance
- Health Red Cancer Insurance

### Commercial Insurance Products

- SME Business Insurance
- Fire Insurance
- Public Liability Insurance
- Employees' Compensation Insurance
- Interior Decoration Insurance
- Contractors' All Risks Insurance

For the period ended 30 June 2018, the gross premium written was HK\$6.0 million (2017: HK\$0.8 million).

# BUSINESS REVIEW

## INVESTMENTS

We invest premiums and other income generated from our insurance business. The total value of investment portfolio slightly decreased by 1.2% to HK\$957.3 million (31 December 2017: HK\$969.1 million).

	As at		As at		
	30 June 2018 HK\$'000	% of Total	31 December 2017 HK\$'000	% of Total	% Change
Equity securities	128,050	13.4%	39,576	4.1%	223.6%
Debt securities	365,796	38.2%	269,739	27.8%	35.6%
Certificates of deposit	24,388	2.5%	34,551	3.6%	(29.4%)
Cash and bank deposits	439,049	45.9%	625,232	64.5%	(29.8%)
	<b>957,283</b>	<b>100.0%</b>	969,098	100.0%	(1.2%)

Our Group's equity portfolio is increased by 223.6% to HK\$128.1 million (31 December 2017: HK\$39.6 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		As at	
	30 June 2018 HK\$'000	31 December 2017 HK\$'000	31 December 2017 HK\$'000	% Change
Listed in Hong Kong	116,054	24,078	24,078	382.0%
Listed outside Hong Kong	11,996	15,498	15,498	(22.6%)
	<b>128,050</b>	39,576	39,576	223.6%

Our Group's debt portfolio is increased by 35.6% to HK\$365.8 million (31 December 2017: HK\$269.7 million). The debt securities classified by type are as follows:

	As at		As at	
	30 June 2018 HK\$'000	31 December 2017 HK\$'000	31 December 2017 HK\$'000	% Change
Bonds listed in Hong Kong	210,241	146,906	146,906	43.1%
Bonds listed outside Hong Kong	139,515	116,437	116,437	19.8%
Unlisted bonds with fixed maturity dates	16,040	6,396	6,396	150.8%
	<b>365,796</b>	269,739	269,739	35.6%

Our Group reduced our certificates of deposits by 29.4% to HK\$24.4 million (31 December 2017: HK\$34.6 million).

# BUSINESS REVIEW

## ***SIGNIFICANT EVENTS AFTER 30 JUNE 2018***

The Company did not note any significant events after 30 June 2018.

## ***FUTURE DEVELOPMENT OF OUR BUSINESS***

We expect that the general insurance market will continue to be highly competitive and the investment environment will continue to be challenging. For 2018, we will hone our focus on the following strategies:

### **DEVELOPING OTHER GENERAL INSURANCE PRODUCTS**

We will take a progressive approach to develop other general insurance products which suit the needs of local enterprises and individual clients. Notwithstanding the intense competition, we develop other general insurance products which can leverage our strengths, distribution networks and expertise. We will also manage our insurance risk exposures with adequate reinsurance protections.

We adopt both online and traditional distribution channels and are proactively forming alliances with business partners to extend our reach to our target customers.

### **REBRANDING OUR CORPORATE IMAGE**

Transitioning from mono motor insurance business to all general insurance business, Target is to rebrand itself for its capability to write a comprehensive range of general business in Hong Kong.

To continue with our rebranding effort, Target plans to launch a wide range of sales and marketing activities through traditional media (magazine, newspaper, television commercial, radio etc), out-of-home media (bus/taxi/PLB body advertisement, MTR station, Billboard etc), online (web banner on our own website or other famous websites such as Yahoo, Google, Newspaper websites, Ad banner networks, YouTube), advertorial (pitch decks, proposal templates, brochures etc) and events/roadshow to launch our new insurance products and reinforce current products.

### **BUILDING UP INTERNAL CAPACITY**

There are two areas in which we will invest in 2018 to build up our internal capacity to prepare for our future:

- **Human Resources:** In addition to the professional team we have recruited, we will continue to search for suitable candidates to join our team to build our capacity to deal with the business needs and regulatory developments.
- **Information Technology:** To handle the collection of levies on insurance policy premiums from policy holders and support the adoption risk-based capital framework, we will continue to upgrade our information technology systems. We will also enhance our cybersecurity practice to ensure protection of customers' data on online business platforms.

# BUSINESS REVIEW

## **INCREASING OUR MOTOR INSURANCE BUSINESS ON OTHER TYPES OF MOTOR VEHICLES**

We will continue to direct our effort towards the development of our business on other types of motor vehicles.

Recognizing the difficulty to penetrate the market, our online business platforms for private cars and commercial vehicles provide a channel for us to reach to more customers directly. We also develop traditional distribution channels while leveraging the efforts to develop other general insurance products.

We are proactively forming alliances with other business partners to provide all rounded services to our customers and extend our reach to our target customers. Our dedicated customer service team can promptly attend to all customers' enquiries and provide a better service experience to our customers.

## **STRENGTHENING RELATIONSHIP WITH INSURANCE INTERMEDIARIES**

Actively managing our relationship with existing agent network and developing new relationship with other insurance intermediaries are the key to maintain our market position. We will continue to participate in and sponsor activities by industry organizations and media partners.

# OTHER INFORMATION

## INTERIM DIVIDEND

The Directors resolved not to declare any interim dividend in respect of the six months ended 30 June 2018.

## DIRECTORS' INTERESTS IN SHARES

As at 30 June 2018, the interest 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 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	Interest of a controlled corporation	Long position	183,750,000 (Note 1)	35.24%
Mr. Lai Bing Leung	Interest of a controlled corporation	Long position	56,250,000 (Note 2)	10.79%
Mr. Chiu Sun Ting	Interest of a controlled corporation	Long position	56,250,000 (Note 3)	10.79%
	Interest held jointly with another person	Long position	670,000 (Note 4)	0.13%
Dr. Choi Chiu Fai Stanley	Interest of a controlled corporation	Long position	6,125,000 (Note 5)	1.17%
Mr. Muk Wang Lit Jimmy	Beneficial owner	Long position	2,000,000 (Note 6)	0.38%
Mr. Chan Hok Ching	Beneficial owner	Long position	1,300,000 (Note 7)	0.25%
Mr. Wong Shiu Hoi Peter	Beneficial owner	Long position	500,000 (Note 7)	0.10%
Mr. Wan Kam To	Beneficial owner	Long position	500,000 (Note 7)	0.10%
Mr. Szeto Wai Sun	Beneficial owner	Long position	500,000 (Note 7)	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. 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.
3. 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.
4. These Shares are jointly held by Mr. Chiu and Mrs. Chiu Choi Yu Hing, spouse of Mr. Chiu.
5. 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.
6. Included interest in 1,640,000 shares 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 Options”.
7. 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 Options”.

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 at 30 June 2018 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 then sole Shareholder 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 maximum number of Shares which may be issued upon the exercise of all options granted under the Pre-IPO Share Option Scheme is 13,390,000 Shares representing approximately 2.57% of the issued Shares as at the date of this report. Other details of the Pre-IPO Share Option Scheme were set out in the prospectus of the Company dated 31 December 2014 (the “Prospectus”).

An aggregate of 13,390,000 share options at an exercise price of HK\$1.288 per share, 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 as at 1 January 2018	Exercised during the period	Cancelled during the period	Lapsed during the period	Outstanding as at 30 June 2018	Exercise price (HK\$)	Exercisable period
<b>Directors</b>							
Mr. Muk Wang Lit Jimmy	1,640,000	-	-	-	1,640,000	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
<b>Sub-total:</b>	4,440,000	-	-	-	4,440,000		
Employees	3,432,000	-	-	(60,000)	3,372,000	1.288	15 January 2016 to 6 October 2024
Consultants	2,002,000	-	-	-	2,002,000	1.288	15 January 2016 to 6 October 2024
<b>Total:</b>	9,874,000	-	-	(60,000)	9,814,000		

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 15 January 2015;
- additional one-third vesting after the expiry of 24-month period from and including 15 January 2015; and
- remaining vesting after the expiry of 36-month period from and including 15 January 2015.

The Pre-IPO Share Option Scheme ended on 14 January 2015, being the day immediately prior to the Listing Date (as defined below).

## OTHER INFORMATION

### SHARE OPTION SCHEME

The Company adopted a share option scheme (the “Scheme”) which was approved by a resolution of the then Shareholders 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 its subsidiary 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 and up to the date of this report.

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

### SUBSTANTIAL SHAREHOLDERS

As at 30 June 2018, 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:

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 (Note 1)	Beneficial owner	Long position	183,750,000	35.24%
Convoy Collateral Limited (Note 2)	Beneficial owner	Long position	75,484,000	14.48%
Convoy Global Holdings Limited (Note 2)	Interest of controlled corporation	Long position	75,484,000	14.48%
Champion City Holdings Limited (Note 3)	Beneficial owner	Long position	56,250,000	10.79%
Generous Rich Limited (Note 4)	Beneficial owner	Long position	56,250,000	10.79%
Mrs. Chiu Choi Yu Hing (Note 5)	Interest held jointly with another person	Long position	670,000	0.13%
	Interest of spouse	Long position	56,250,000	10.79%

## 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. Convoy Collateral Limited is wholly-owned by Convoy (BVI) Limited, Convoy (BVI) Limited is wholly-owned by Convoy Global Holdings Limited. Therefore, Convoy Global Holdings Limited is deemed to be interested in these 75,484,000 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.
4. 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.
5. (i) Mrs. Chiu Choi Yu Hing (“Mrs. Chiu”) held these 670,000 Shares jointly with Mr. Chiu Sun Ting and therefore Mrs. Chiu is deemed to be interested in these 670,000 Shares pursuant to the SFO; and (ii) Mrs. Chiu is the spouse of Mr. Chiu and therefore, Mrs. Chiu is deemed to be interested in these 56,250,000 Shares held by Mr. Chiu through Generous Rich 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 2018.

### MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code set out in Appendix 10 to 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 during the six months ended 30 June 2018.

### 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 during the six months ended 30 June 2018.

### 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.

In the opinion of the Directors, the Company was in compliance with the relevant code provisions set out in the CG Code during the six months ended 30 June 2018.

### DISCLOSURE OF CHANGES OF INFORMATION IN RESPECT OF DIRECTORS PURSUANT TO RULE 13.51B (1) OF THE LISTING RULES

Dr. Choi Chiu Fai Stanley, an executive Director, has resigned as the chairman and an executive director of Daqing Dairy Holdings Limited (now known as “Longhui International Holdings Limited”, stock code: 1007), a company listed on the Stock Exchange, with effect from 6 July 2018.

Mr. Wan Kam To, an independent non-executive Director, has been appointed as an independent non-executive director of Haitong International Securities Group Limited (stock code: 665), a company listed on the Stock Exchange, with effect from 19 June 2018.

## OTHER INFORMATION

### 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 as set out in Appendix 14 to the Listing Rules. The terms of reference of the Audit Committee has been revised on 31 December 2015 to be in line with the revised Corporate Governance Code effective for the financial year started from 1 January 2016. The primary duties of the Audit Committee were to review and supervise the financial reporting process, risk management and internal control systems 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. The Audit Committee has reviewed the unaudited condensed interim financial information of the Group for the six months ended 30 June 2018.

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

Hong Kong, 24 August 2018

# 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 19 to 42, which comprises the condensed consolidated statement of financial position of Target Insurance (Holdings) Limited (the "Company") and its subsidiaries (together the "Group") as of 30 June 2018 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 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 (the "HKICPA"). The directors of the Company are responsible for the preparation and presentation of this condensed interim financial information in accordance with HKAS 34.

Our responsibility is to express a conclusion on this condensed 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.

## 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.

## Mazars CPA Limited

*Certified Public Accountants*

Hong Kong, 24 August 2018

# CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 30 June 2018

	Note	For the six months ended 30 June	
		2018 (Unaudited) HK\$'000	2017 (Unaudited) HK\$'000
Net insurance premium revenue	3	168,540	182,227
Investment income	4	5,344	28,473
Other income		862	4,128
<b>Net income</b>		<b>174,746</b>	214,828
Net insurance claims and loss adjustment expenses	5	(163,609)	(136,077)
Acquisition costs and other underwriting expenses, net	6	(16,984)	(18,508)
Employee benefit expenses		(18,103)	(18,223)
Other operating expenses		(22,424)	(18,173)
Finance costs	7	(877)	(269)
<b>Expenses</b>		<b>(221,997)</b>	(191,250)
<b>(Loss) Profit before tax</b>	7	<b>(47,251)</b>	23,578
Income tax expense	8	(579)	(3,692)
<b>(Loss) Profit for the period, attributable to owners of the Company</b>		<b>(47,830)</b>	19,886
<b>(Loss) Earnings per share</b>	10	<b>HK cents</b>	HK cents
Basic		(9.17)	3.81
Diluted		(9.17)	3.79



# CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2018

	For the six months ended 30 June	
	2018 (Unaudited) HK\$'000	2017 (Unaudited) HK\$'000
<b>(Loss) Profit for the period, attributable to owners of the Company</b>	<b>(47,830)</b>	19,886
<b>Other comprehensive (loss) income</b>		
Items that are reclassified or may be reclassified subsequently to profit or loss:		
<i>Financial assets at fair value through other comprehensive income</i>		
Losses on changes in fair value arising during the period	(21,986)	–
Reclassification of net changes in fair value to profit or loss	(786)	–
Net movement in fair value of financial assets at fair value through other comprehensive income	(22,772)	–
<i>Available-for-sale financial assets</i>		
Gains on changes in fair value arising during the period	–	36,982
Reclassification of net changes in fair value to profit or loss	–	(14,783)
Effect of deferred tax arising from changes in fair value	–	(3,675)
Net movement in fair value of available-for-sale financial assets	–	18,524
<b>Other comprehensive (loss) income for the period, net of tax</b>	<b>(22,772)</b>	18,524
<b>Total comprehensive (loss) income for the period, attributable to owners of the Company</b>	<b>(70,602)</b>	38,410

# CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2018

	Note	At 30 June 2018 (Unaudited) HK\$'000	At 31 December 2017 (Audited) HK\$'000
<b>Assets</b>			
Property, plant and equipment	11	413,590	421,158
Intangible assets		6,240	3,545
Financial assets at fair value through other comprehensive income	12	365,796	–
Available-for-sale financial assets	12	–	308,501
Certificates of deposit	12	24,388	34,551
Deferred tax assets		6,084	6,084
Insurance and other receivables	13	114,324	138,719
Reinsurance assets	14	107,168	89,381
Deferred acquisition costs		23,976	21,256
Tax recoverable		6,115	6,115
Financial assets at fair value through profit or loss	12	128,050	814
Statutory deposit		100,000	100,000
Time deposits with original maturity over 3 months		31,963	31,946
Bank balances and cash		307,086	493,286
<b>TOTAL ASSETS</b>		<b>1,634,780</b>	<b>1,655,356</b>
<b>Liabilities</b>			
Deferred tax liabilities		23,389	23,389
Insurance liabilities	14	1,023,876	944,258
Interest-bearing borrowings	11	93,373	96,313
Deferred commission income		2,990	2,663
Reinsurance premium payable		6,566	8,777
Insurance and other payables		14,755	14,041
Dividend payable		–	26,071
Tax payable		911	332
<b>TOTAL LIABILITIES</b>		<b>1,165,860</b>	<b>1,115,844</b>
<b>EQUITY</b>			
Share capital	15	368,159	368,159
Other reserves		112,260	134,137
Accumulated (losses) profits		(11,499)	37,216
<b>TOTAL EQUITY</b>		<b>468,920</b>	<b>539,512</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>1,634,780</b>	<b>1,655,356</b>

# CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2018

	Share capital (Unaudited) HK\$'000	Property revaluation reserve (Unaudited) HK\$'000	Investment revaluation reserve (Unaudited) HK\$'000	Merger relief reserve (Unaudited) HK\$'000	Other reserve (Unaudited) HK\$'000	Share option reserve (Unaudited) HK\$'000	Accumulated profits (Unaudited) HK\$'000	Total (Unaudited) HK\$'000
At 1 January 2017	367,375	12,160	(3,078)	24,936	(24,936)	1,623	43,189	421,269
Profit for the period	-	-	-	-	-	-	19,886	19,886
Other comprehensive income								
Net movement in fair value of available-for-sale financial assets	-	-	18,524	-	-	-	-	18,524
<b>Total comprehensive income for the period</b>	-	-	18,524	-	-	-	19,886	38,410
<b>Transactions with equity owners</b>								
<i>Contributions and distribution</i>								
Shares issued under share option scheme (Note 15)	784	-	-	-	-	(91)	-	693
Equity-settled share-based transaction (Note 16)	-	-	-	-	-	131	-	131
	784	-	-	-	-	40	-	824
At 30 June 2017	368,159	12,160	15,446	24,936	(24,936)	1,663	63,075	460,503
	Share capital (Unaudited) HK\$'000	Property revaluation reserve (Unaudited) HK\$'000	Investment revaluation reserve (Unaudited) HK\$'000	Merger relief reserve (Unaudited) HK\$'000	Other reserve (Unaudited) HK\$'000	Share option reserve (Unaudited) HK\$'000	Accumulated profits (losses) (Unaudited) HK\$'000	Total (Unaudited) HK\$'000
At 1 January 2018	368,159	128,037	4,307	24,936	(24,936)	1,793	37,216	539,512
Adjustment on initial application of HKFRS 9, net of tax	-	-	885	-	-	-	(885)	-
As adjusted	368,159	128,037	5,192	24,936	(24,936)	1,793	36,331	539,512
Loss for the period	-	-	-	-	-	-	(47,830)	(47,830)
Other comprehensive loss								
Net movement in fair value of financial assets at fair value through other comprehensive income	-	-	(22,772)	-	-	-	-	(22,772)
<b>Total comprehensive loss for the period</b>	-	-	(22,772)	-	-	-	(47,830)	(70,602)
<b>Transactions with equity owners</b>								
<i>Contributions and distribution</i>								
Equity-settled share-based transaction (Note 16)	-	-	-	-	-	10	-	10
<b>At 30 June 2018</b>	<b>368,159</b>	<b>128,037</b>	<b>(17,580)</b>	<b>24,936</b>	<b>(24,936)</b>	<b>1,803</b>	<b>(11,499)</b>	<b>468,920</b>

# CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2018

	For the six months ended 30 June	
	2018 (Unaudited) HK\$'000	2017 (Unaudited) HK\$'000
<b>OPERATING ACTIVITIES</b>		
Cash generated from operations	50,308	25,544
Income tax refunded	–	47
<b>Net cash from operating activities</b>	<b>50,308</b>	<b>25,591</b>
<b>INVESTING ACTIVITIES</b>		
Interest received	10,263	9,331
Dividend received	2,036	2,249
Proceeds from disposal of financial assets	166,950	122,764
Purchase of financial assets	(381,199)	(48,311)
Maturity of statutory deposit and time deposits with original maturity over 3 months	129,983	30,000
Placement of statutory deposit and time deposits with original maturity over 3 months	(130,000)	(30,824)
Others	(4,653)	(4,070)
<b>Net cash (used in) from investing activities</b>	<b>(206,620)</b>	<b>81,139</b>
<b>FINANCING ACTIVITIES</b>		
Dividend paid	(26,071)	–
New bank loan raised	–	50,000
Others	(3,817)	(562)
<b>Net cash (used in) from financing activities</b>	<b>(29,888)</b>	<b>49,438</b>
<b>Net (decrease) increase in cash and cash equivalents</b>	<b>(186,200)</b>	<b>156,168</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>493,286</b>	<b>130,633</b>
<b>Cash and cash equivalents at end of period, represented by bank balances and cash</b>	<b>307,086</b>	<b>286,801</b>

# NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2018

## 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 subsidiaries (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 (the “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 ended 30 June 2018. 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 2017.

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

The consolidated statement of financial position as at 31 December 2017 that is included in the condensed interim financial information for the six months ended 30 June 2018 as comparative information does not constitute the Company’s specified financial statements for the financial year ended 31 December 2017 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 2017, except for the adoption of the new/revised Hong Kong Financial Reporting Standards (“HKFRSs”) that are relevant to the Group and effective for the Group’s financial year beginning on 1 January 2018 as described below.

Amendments to HKFRS 2  
Amendments to HKFRS 4

HKFRS 9  
HKFRS 15  
HK(IFRIC)-Int 22

Classification and Measurement of Share-based Payment Transactions  
Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance  
Contracts  
Financial Instruments  
Revenue from Contracts with Customers  
Foreign Currency Transactions and Advance Consideration

# NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2018

## 1. BASIS OF PREPARATION AND ACCOUNTING POLICIES (Continued)

The adoption of these amendments to HKFRSs did not result in substantial changes to the Group's accounting policies and amounts reported for the current period and prior years except for HKFRS 9.

### HKFRS 9: FINANCIAL INSTRUMENTS

HKFRS 9 replaces the provisions of HKAS 39 "Financial Instruments: Recognition and Measurement" in relation to (i) recognition, classification and measurement of financial assets and financial liabilities, (ii) derecognition of financial instruments, (iii) impairment of financial assets, and (iv) hedge accounting. HKFRS 9 also amends other standards dealing with financial instruments such as HKFRS 7 "Financial Instruments: Disclosure". In the Amendments to HKFRS 4, the Group is permitted, but is not required, to apply for a temporary exemption from the application of HKFRS 9 for annual periods beginning before 1 January 2021; and to apply an overlay approach to recognise in other comprehensive income, rather than profit or loss, the volatility that could arise when HKFRS 9 is applied. However, the Group has not applied the temporary exemption or overlay approach, and adopted HKFRS 9 on 1 January 2018.

Key requirements of HKFRS 9 which are relevant to the Group are:

- all recognised financial assets that are within the scope of HKFRS 9 are required to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms that give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are generally measured at fair value through other comprehensive income. All other debt investments and equity investments are measured at their fair value at the end of subsequent accounting periods and the fair value changes are recognised in profit or loss. In addition, under HKFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading or contingent consideration in a business combination) in other comprehensive income, with only dividend income generally recognised in profit or loss.
- in relation to the impairment of financial assets, HKFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under HKAS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

The Group has applied HKFRS 9 retrospectively to items that existed as at 1 January 2018 in accordance with the transition requirements. The Group has recognised the cumulative effect of initial application as an adjustment to the opening accumulated profits as at 1 January 2018. Therefore, comparative information continues to be reported under HKAS 39 and thus may not be comparable with the current period.



# NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2018

## 1. BASIS OF PREPARATION AND ACCOUNTING POLICIES (Continued)

### HKFRS 9: FINANCIAL INSTRUMENTS (Continued)

On 1 January 2018, the Company has assessed which business models apply to the financial assets held by the Group at the date of initial application of HKFRS 9 and has classified its financial instruments into the appropriate HKFRS 9 categories. The main effects resulting from this reclassification are as follows:

		Measurement category		Carrying amount	
		Original (HKAS 39)	New (HKFRS 9)	Original HK\$'000	New HK\$'000
<b>Financial assets</b>					
Equity securities	(a)	Available-for-sale, at fair value	Financial assets at fair value through profit or loss ("FVPL")	38,762	38,762
Equity securities		Financial assets at FVPL	Financial assets at FVPL	814	814
Debt securities	(b)	Available-for-sale, at fair value	Financial assets at fair value through other comprehensive income ("FVOCI")	269,739	269,739
Certificates of deposit	(b)	Available-for-sale, at fair value	Financial assets at FVOCI	34,551	34,551
Other receivables	(b)	Amortised cost	Amortised cost	54,938	54,938
Bank balances and cash and bank deposits	(b)	Amortised cost	Amortised cost	625,232	625,232

Note (a): The accumulated investment revaluation reserve of HK\$885,000 at 1 January 2018 relevant to these investments have been reclassified to accumulated profits.

Note (b): Impairment based on expected credit loss model on these financial assets has no significant financial impacts.

### 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 2018. The directors are in the process of assessing the possible impact on the future adoption of these new/revised HKFRSs, but are not yet in a position to reasonably estimate their impact on the Group's results and financial position.

## 2. SEGMENT INFORMATION

The Group is principally engaged in the writing of general 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, and 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")
- Other motor vehicles
- Others

# NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2018

## 2. SEGMENT INFORMATION (Continued)

### SEGMENT RESULTS

	For the six months ended 30 June 2018				
	Taxi (Unaudited) HK\$'000	PLB (Unaudited) HK\$'000	Other motor vehicles (Unaudited) HK\$'000	Others (Unaudited) HK\$'000	Consolidated (Unaudited) HK\$'000
Net insurance premium revenue	103,263	35,397	28,135	1,745	168,540
Net insurance claims and loss adjustment expenses	(97,152)	(25,923)	(39,824)	(710)	(163,609)
Acquisition costs and other underwriting expenses, net	(8,466)	(2,856)	(5,329)	(333)	(16,984)
Segment results	(2,355)	6,618	(17,018)	702	(12,053)
Unallocated investment income and other income					6,206
Unallocated corporate expenses and finance costs					(41,404)
<b>Loss before tax</b>					(47,251)
Income tax expense					(579)
<b>Loss for the period</b>					(47,830)

	For the six months ended 30 June 2017				
	Taxi (Unaudited) HK\$'000	PLB (Unaudited) HK\$'000	Other motor vehicles (Unaudited) HK\$'000	Others (Unaudited) HK\$'000	Consolidated (Unaudited) HK\$'000
Net insurance premium revenue	115,480	40,586	26,077	84	182,227
Net insurance claims and loss adjustment expenses	(92,220)	(21,391)	(22,444)	(22)	(136,077)
Acquisition costs and other underwriting expenses, net	(9,447)	(3,082)	(5,941)	(38)	(18,508)
Segment results	13,813	16,113	(2,308)	24	27,642
Unallocated investment income and other income					32,601
Unallocated corporate expenses and finance costs					(36,665)
<b>Profit before tax</b>					23,578
Income tax expense					(3,692)
<b>Profit for the period</b>					19,886

# NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2018

## 2. SEGMENT INFORMATION (Continued)

### SEGMENT ASSETS AND LIABILITIES

	At 30 June 2018				
	Taxi (Unaudited) HK\$'000	PLB (Unaudited) HK\$'000	Other motor vehicles (Unaudited) HK\$'000	Others (Unaudited) HK\$'000	Consolidated (Unaudited) HK\$'000
<b>Assets</b>					
Segment assets	135,819	32,779	59,624	3,607	231,829
Unallocated assets					1,402,951
Total assets					1,634,780
<b>Liabilities</b>					
Segment liabilities	635,457	215,538	188,057	6,091	1,045,143
Unallocated liabilities					120,717
Total liabilities					1,165,860

	At 31 December 2017				
	Taxi (Audited) HK\$'000	PLB (Audited) HK\$'000	Other motor vehicles (Audited) HK\$'000	Others (Audited) HK\$'000	Consolidated (Audited) HK\$'000
<b>Assets</b>					
Segment assets	108,343	36,773	48,709	593	194,418
Unallocated assets					1,460,938
Total assets					1,655,356
<b>Liabilities</b>					
Segment liabilities	587,925	217,519	156,430	1,584	963,458
Unallocated liabilities					152,386
Total liabilities					1,115,844

# NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2018

## 3. NET INSURANCE PREMIUM REVENUE

	For the six months ended 30 June	
	2018 (Unaudited) HK\$'000	2017 (Unaudited) HK\$'000
Gross premium written	213,256	198,836
Reinsurance premium ceded	(25,788)	(20,902)
Net premium written	187,468	177,934
Change in provision for unearned premium	(19,205)	(1,923)
Change in unearned premium on reinsurance ceded	277	6,216
Change in net provision for unearned premium	(18,928)	4,293
<b>Net insurance premium revenue</b>	<b>168,540</b>	<b>182,227</b>

## 4. INVESTMENT INCOME

	For the six months ended 30 June	
	2018 (Unaudited) HK\$'000	2017 (Unaudited) HK\$'000
Interest income	12,742	9,656
Dividend income	2,036	2,249
Gain on disposal of financial assets	786	14,783
Loss on financial assets at FVPL	(11,490)	–
Net foreign exchange gains	1,270	1,785
<b>Net investment income</b>	<b>5,344</b>	<b>28,473</b>

# NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2018

## 5. NET INSURANCE CLAIMS AND LOSS ADJUSTMENT EXPENSES

	For the six months ended 30 June	
	2018 (Unaudited) HK\$'000	2017 (Unaudited) HK\$'000
Gross claims paid	132,440	110,978
Claims recovered	(11,734)	(14,508)
Net claims paid	120,706	96,470
Change in provision for gross outstanding claims and incurred but not reported claims ("IBNR")	57,787	45,162
Change in claims recoverable (including IBNR recoveries)	(17,510)	(5,555)
Change in provision for unexpired risk	2,626	–
Change in net outstanding claims	42,903	39,607
<b>Net insurance claims</b>	<b>163,609</b>	<b>136,077</b>

## 6. ACQUISITION COSTS AND OTHER UNDERWRITING EXPENSES, NET

	For the six months ended 30 June	
	2018 (Unaudited) HK\$'000	2017 (Unaudited) HK\$'000
<b>Acquisition costs and other underwriting expenses</b>		
Insurance commission	18,499	15,113
Other underwriting expenses	4,595	4,639
Change in deferred acquisition costs	(2,720)	(763)
Acquisition costs and other underwriting expenses, gross	20,374	18,989
<b>Commission income</b>		
Insurance commission from reinsurers	(3,717)	(2,352)
Change in deferred commission income	327	1,871
Commission income	(3,390)	(481)
<b>Acquisition costs and other underwriting expenses, net</b>	<b>16,984</b>	<b>18,508</b>

# NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2018

## 7. (LOSS) PROFIT BEFORE TAX

This is stated after charging (crediting):

	For the six months ended 30 June	
	2018 (Unaudited) HK\$'000	2017 (Unaudited) HK\$'000
<b>Finance costs</b>		
Interest on bank loan	877	269
<b>Other items</b>		
Employee benefit expenses (including directors' emoluments)		
Salaries, bonus and allowances	17,398	17,430
Equity-settled share-based payment expenses	10	131
Contributions to defined contribution plan	695	662
	<b>18,103</b>	18,223
Auditor's remuneration	842	805
Depreciation	8,590	5,024
Amortisation (included in other operating expenses)	933	190
Loss (Gain) on disposal of property, plant and equipment	3	(20)
Operating lease payments for premises	–	2,953

## 8. TAXATION

The Company and its subsidiaries are domiciled and operated 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 2018 and 2017.

	For the six months ended 30 June	
	2018 (Unaudited) HK\$'000	2017 (Unaudited) HK\$'000
<b>Current tax</b>		
Hong Kong Profits Tax		
Current period	579	560
<b>Deferred taxation</b>		
Origination and reversal of temporary difference	–	3,132
<b>Tax expenses for the period</b>	<b>579</b>	<b>3,692</b>



# NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2018

## 9. DIVIDEND

The Board of Directors resolved not to declare any interim dividend for the six months ended 30 June 2018 (six months ended 30 June 2017: Nil).

## 10. (LOSS) EARNINGS PER SHARE

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

### (A) BASIC (LOSS) EARNINGS PER SHARE

	For the six months ended 30 June	
	2018 (Unaudited)	2017 (Unaudited)
(Loss) Profit attributable to ordinary equity owners (HK\$'000)	(47,830)	19,886
Weighted average number of ordinary shares ('000)	521,410	521,265
Basic (loss) earnings per share (HK cents)	(9.17)	3.81

### (B) DILUTED (LOSS) EARNINGS PER SHARE

	For the six months ended 30 June	
	2018 (Unaudited)	2017 (Unaudited)
(Loss) Profit attributable to ordinary equity owners (HK\$'000)	(47,830)	19,886
<i>Weighted average number of ordinary shares (diluted) ('000)</i>		
Weighted average number of ordinary shares	521,410	521,265
Effect of the Company's share option scheme	–	3,232
Weighted average number of ordinary shares for the purpose of calculating diluted (loss) earnings per share	521,410	524,497
Diluted (loss) earnings per share (HK cents)	(9.17)	3.79

The computation of diluted loss per share for the period ended 30 June 2018 does not assume the exercise of the Company's share options as the exercise of the share options will give rise to an anti-dilutive effect.

# NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2018

## 11. PROPERTY, PLANT AND EQUIPMENT AND INTEREST-BEARING BORROWINGS

The Group's leasehold land and buildings are stated at valuation less accumulated depreciation and accumulated impairment loss. The leasehold land and buildings were last revalued by an independent professional qualified valuer at 31 December 2017 with reference to recent market transaction prices of similar properties. As at 30 June 2018, the directors of the Company considered that the carrying amount of the Group's leasehold land and buildings did not differ significantly from their fair values.

The carrying amount of the leasehold land and buildings at the end of the reporting period would have been HK\$252,549,000 (31 December 2017: HK\$256,979,000) had they been stated at cost less accumulated depreciation and accumulated impairment losses.

The leasehold land and buildings with a carrying amount of HK\$400,966,000 (31 December 2017: HK\$408,000,000) were pledged to secure the bank loan of the Group. At the end of the reporting period, the Group had an outstanding bank loan of HK\$93,373,000 (31 December 2017: HK\$96,313,000) and the principal plus accrued interest are repayable by 180 equal monthly instalments.

# NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2018

## 12. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME, AVAILABLE-FOR-SALE FINANCIAL ASSETS, CERTIFICATES OF DEPOSIT AND FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	At 30 June 2018 (Unaudited) HK\$'000	At 31 December 2017 (Audited) HK\$'000
<b>At fair value</b>		
Financial assets at FVOCI		
Listed debt securities		
Bonds listed in Hong Kong	210,241	–
Bonds listed outside Hong Kong	139,515	–
Unlisted debt securities		
Bonds with fixed maturity dates	16,040	–
	<b>365,796</b>	–
Available-for-sale financial assets		
Equity securities		
Listed in Hong Kong	–	23,264
Listed outside Hong Kong	–	15,498
Listed debt securities		
Bonds listed in Hong Kong	–	146,906
Bonds listed outside Hong Kong	–	116,437
Unlisted debt securities		
Bonds with fixed maturity dates	–	6,396
	–	308,501
Certificates of deposit	24,388	34,551
Financial assets at FVPL		
Equity securities		
Listed in Hong Kong	116,054	814
Listed outside Hong Kong	11,996	–
	128,050	814
	<b>518,234</b>	343,866

# NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2018

## 13. INSURANCE AND OTHER RECEIVABLES

	Note	At 30 June 2018 (Unaudited) HK\$'000	At 31 December 2017 (Audited) HK\$'000
<b>Insurance receivables</b>			
Premium receivables			
From third parties		77,479	61,536
From related parties		794	673
	13(A)	78,273	62,209
Claims receivable from reinsurers and others		22,412	21,572
		100,685	83,781
<b>Other receivables</b>			
Sales proceeds receivable from securities brokers and financial institutions		–	39,181
Deposits, prepayments and other receivables		13,639	15,757
		13,639	54,938
		114,324	138,719

### 13(A) PREMIUM RECEIVABLES

No credit term is given to direct policyholders. The premium receivables from intermediaries are repayable on the effective date of the corresponding insurance contract (2017: credit periods ranged from 10 days to 90 days from the month end date of issuance of invoices). At the end of the reporting period, premium receivables from intermediaries, based on the invoice date, are aged as follows:

	At 30 June 2018 (Unaudited) HK\$'000	At 31 December 2017 (Audited) HK\$'000
Within 30 days	33,321	26,631
31 – 60 days	28,069	28,193
61 – 90 days	14,069	7,262
91 – 120 days	2,814	123
	78,273	62,209

# NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2018

## 13. INSURANCE AND OTHER RECEIVABLES (Continued)

### 13(A) PREMIUM RECEIVABLES (Continued)

The premium receivables from related parties are unsecured, interest-free and repayable on the effective date of the corresponding insurance contract (2017: credit periods ranged from 10 days to 90 days from the month end date of issuance of invoices). 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:

	<b>At 30 June 2018 (Unaudited) HK\$'000</b>	At 31 December 2017 (Audited) HK\$'000
Balances exceed normal credit period		
Within 30 days	<b>23,664</b>	25,225
31 – 60 days	<b>21,679</b>	4,188
61 – 90 days	<b>9,823</b>	116
Over 90 days	<b>5,815</b>	–
	<b>60,981</b>	29,529

# NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2018

## 14. INSURANCE LIABILITIES AND REINSURANCE ASSETS

	At 30 June 2018 (Unaudited) HK\$'000	At 31 December 2017 (Audited) HK\$'000
<b>Gross</b>		
Outstanding claims	633,651	584,135
IBNR	162,373	154,102
	796,024	738,237
Provision for unearned premium	225,226	206,021
Provision for unexpired risk	2,626	–
<b>Total gross insurance liabilities</b>	<b>1,023,876</b>	944,258
<b>Recoverable from reinsurers</b>		
Claims reported and loss adjustment expenses	48,056	35,724
Provision for IBNR recoveries	49,989	44,811
	98,045	80,535
Provision for unearned premium	9,123	8,846
<b>Total insurance liabilities recoverable</b>	<b>107,168</b>	89,381
<b>Net</b>		
Outstanding claims	585,595	548,411
IBNR	112,384	109,291
	697,979	657,702
Provision for unearned premium	216,103	197,175
Provision for unexpired risk	2,626	–
<b>Total net insurance liabilities</b>	<b>916,708</b>	854,877

# NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2018

## 15. SHARE CAPITAL

	At 30 June 2018 (Unaudited)		At 31 December 2017 (Audited)	
	No. of shares	HK\$'000	No. of shares	HK\$'000
Issued and fully paid				
At beginning of the period/year	521,410,000	368,159	520,872,000	367,375
Issue of shares under share option scheme (Note 16)	–	–	538,000	784
<b>At end of the reporting period</b>	<b>521,410,000</b>	<b>368,159</b>	521,410,000	368,159

## 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 the “Interest in Share Options” section of the Directors’ Report in 2017 Annual Report.

On 7 October 2014, options to subscribe for an aggregate of 13,390,000 ordinary shares were conditionally granted by the Company to the eligible participants of the Scheme and the estimated fair value of the options granted on that date was 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 (HK\$)	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

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



# NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2018

## 16. SHARE OPTION SCHEME (Continued)

Movements of share options during the six months ended 30 June 2018 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	1,640	–	–	1,640
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	436	–	–	436
Other employees	7 October 2014	15 January 2016 – 6 October 2024	1,288	0.167	4,998	–	(60)	4,938

Movements of share options during the six months ended 30 June 2017 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	1,640	–	–	1,640
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	894	(270)	(188)	436
Other employees	7 October 2014	15 January 2016 – 6 October 2024	1,288	0.167	5,434	(268)	(38)	5,128

# NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2018

## 17. RELATED PARTY TRANSACTIONS

In addition to the transactions/information disclosed elsewhere in this condensed interim financial information, during the period, the Group had the following transactions with related parties:

		For the six months ended 30 June	
		2018 (Unaudited) HK\$'000	2017 (Unaudited) HK\$'000
Related party relationship	Nature of transaction		
Key management personnel, excluding directors	Short-term employee benefits	3,185	2,568
	Post-employment benefits	114	102
		<b>3,299</b>	2,670
The Oscar Motors Company Limited, a company controlled by Lai Bing Leung, a director of the Company	Commission paid	465	441
Head & Shoulders Securities Limited, a company controlled by Choi Chiu Fai Stanley, a director of the Company	Brokerage paid	63	23

## 18. FAIR VALUE MEASUREMENT

The following presents the assets and liabilities measured at fair value or required to disclose their fair value in this condensed interim financial information on a recurring basis 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.

# NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2018

## 18. FAIR VALUE MEASUREMENT (Continued)

### 18(A) ASSETS AND LIABILITIES MEASURED AT FAIR VALUE

	At 30 June 2018 (Unaudited) HK\$'000	At 31 December 2017 (Audited) HK\$'000
<b>Assets measured at fair value</b>		
<b>Level 1</b>		
Available-for-sale financial assets		
Listed equity securities	–	38,762
Listed debt securities	–	263,343
Financial assets at FVOCI		
Listed debt securities	<b>349,756</b>	–
Financial assets at FVPL		
Listed equity securities:		
– Financial services	<b>42,394</b>	814
– Telecommunications	<b>19,212</b>	–
– Consumer goods	<b>16,921</b>	–
– Utilities	<b>15,753</b>	–
– Information technology	<b>12,840</b>	–
– Others	<b>20,930</b>	–
	<b>477,806</b>	302,919
<b>Level 2</b>		
Available-for-sale financial assets		
Unlisted debt securities	–	6,396
Certificates of deposit	–	34,551
Financial assets at FVOCI		
Unlisted debt securities	<b>16,040</b>	–
Certificates of deposit	<b>24,388</b>	–
	<b>40,428</b>	40,947
<b>Level 3</b>		
Leasehold land and buildings		
Commercial properties and car parking spaces located in Hong Kong	<b>400,966</b>	408,000

During the six months ended 30 June 2018 and 2017, 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.

# NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2018

## **18. FAIR VALUE MEASUREMENT** (Continued)

### **18(A) ASSETS AND LIABILITIES MEASURED AT FAIR VALUE** (Continued)

#### **(I) FAIR VALUE OF FINANCIAL ASSETS AT FVOCI AND FINANCIAL ASSETS AT FVPL**

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 and certificates of deposit are determined with reference to over-the-counter quotations from brokers, bid prices from the Central Moneymarkets Unit of the Hong Kong Monetary Authority or Depository Trust Company.

### **18(B) FAIR VALUES OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES CARRIED AT OTHER THAN FAIR VALUE**

The financial assets and financial liabilities of the Group are carried at amounts not materially different from their fair values as at 30 June 2018 and 31 December 2017.

## **19. APPROVAL OF CONDENSED INTERIM FINANCIAL INFORMATION**

The condensed interim financial information was approved by the Board of Directors on 24 August 2018.