



亞洲金融集團(控股)有限公司
ASIA FINANCIAL HOLDINGS LIMITED

Incorporated in Bermuda with limited liability

(Stock Code: 662)

INTERIM REPORT

For the six months ended 30th June, 2021

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Corporate Information

Board of Directors

Executive Directors

CHAN Yau Hing Robin (*Chairman*)
CHAN Bernard Charnwut (*President*)
TAN Stephen
WONG Kok Ho

Non-Executive Directors

KAWAUCHI Yuji
OGURA Satoru

Independent Non-Executive Directors

LAI KO Wing Yee Rebecca
SHUEN LEUNG Lai Sheung Loretta
AU YANG Chi Chun Evan

Audit Committee

SHUEN LEUNG Lai Sheung Loretta (*Chairperson*)
LAI KO Wing Yee Rebecca
AU YANG Chi Chun Evan

Compliance Committee

AU YANG Chi Chun Evan (*Chairperson*)
LAI KO Wing Yee Rebecca
SHUEN LEUNG Lai Sheung Loretta
CHAN Bernard Charnwut
TAN Stephen

Remuneration Committee

LAI KO Wing Yee Rebecca (*Chairperson*)
SHUEN LEUNG Lai Sheung Loretta
AU YANG Chi Chun Evan
CHAN Bernard Charnwut
WONG Kok Ho

Nomination Committee

AU YANG Chi Chun Evan (*Chairperson*)
LAI KO Wing Yee Rebecca
SHUEN LEUNG Lai Sheung Loretta
CHAN Bernard Charnwut
WONG Kok Ho

Risk Committee

LAI KO Wing Yee Rebecca (*Chairperson*)
SHUEN LEUNG Lai Sheung Loretta
AU YANG Chi Chun Evan
CHAN Bernard Charnwut
WONG Kok Ho

Auditor

Ernst & Young
Certified Public Accountants
Registered Public Interest Entity Auditor

Registered Office

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Church Street
Hamilton HM 11
Bermuda

Head Office and Principal Place of Business

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19 Des Voeux Road Central
Hong Kong
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Principal Registrar and Transfer Office

Conyers Corporate Services (Bermuda) Limited
Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

Branch Registrar and Transfer Office

Computershare Hong Kong Investor Services Limited
Shops 1712-1716, 17th Floor
Hopewell Centre
183 Queen's Road East
Wan Chai
Hong Kong

Company Secretary

CHIANG Yuet Wah Connie

Principal Bankers

Bangkok Bank Public Company Limited
Hang Seng Bank Limited
Public Bank (Hong Kong) Limited
Shanghai Commercial Bank Limited

Legal Advisers

Conyers Dill & Pearman
Gallant
Deacons

Share Listing

Main Board of The Stock Exchange of Hong Kong Limited
Stock Code: 662



Asia Financial Holdings Limited ("Asia Financial") recorded a net profit attributable to shareholders of HK\$320.2 million in the first half of 2021, compared to a loss of HK\$29.9 million over the same period in 2020. The main contributing factors were an increase in underwriting profits from the insurance business and healthy returns from investments. Overall contributions from our joint ventures and associates were also positive.

In spite of the coronavirus pandemic and its associated economic impact, our core businesses showed reassuring resiliency. Current insurance underwriting profits remain stable and growing. Our core insurance business is solid and mature. We are fortunate to enjoy customer confidence in the marketplace, due to our long-term and unwavering commitment to the Hong Kong and Macau insurance markets. This will be an asset to us as we face upcoming challenges on the path to global economic recovery.

Asia Financial's prospects for the second half of 2021 will continue to be affected by the pandemic crisis and its unpredictable impact on the performance of global equities markets and on global economies in general. Despite potential economic headwinds, we remain cautiously optimistic about the outlook for our businesses. We will continue with our conservative but flexible core investment approach in the pursuit of long-term growth in shareholder value.

Economic Background

The global economy is on track to show a firm recovery. Coming off of a 3.2% recession in 2020, the IMF is projecting global GDP growth of 6.0% in 2021 and 4.9% in 2022. This is largely a result of economic stimulus, accommodative monetary policy and reopening of economies. Interest rates remained low.

Both the US and Hong Kong benefited from drops in their unemployment rates as businesses and industries gradually reopened. Hong Kong's economic recovery is also on track and forecast to grow by 3.5% to 5.5% in 2021.

China's economy sustained a steady recovery, growing by 12.7% in the first half of the year.

The US stock market has continued to perform well, with the S&P500 up by 14.4% year-to-June. Elsewhere, the market performance was mixed, with the Hang Seng Index up by 5.9%, and the H-share Index down by 0.7%. The H-share Index underperformance was due in large part to Chinese regulatory tightening on big tech, which dampened market sentiment.

Management Approach and Future Prospects

The global and regional economic picture in mid-2021 remains uncertain and difficult to predict due to underlying risks. We will be closely monitoring the development of the pandemic crisis and its impact on the global economic environment. We expect more volatility in markets due to risks of pandemic outbreaks, inflationary pressure, tapering of stimulus, and increased geopolitical tensions. We will maintain a prudent portfolio investment strategy accordingly.

The current outlook for our insurance operations is positive, with our strong distribution network and market positioning helping us to perform well despite the challenging economic situation and a crowded market. We will continue to review and optimize our mix of business segments. We are also further developing our distribution capacity and product range.

At this time of global challenge in our industry and the world, our company's reputation and stability are an advantage in an uncertain and volatile marketplace. The region is undergoing a major transformation involving the rise of large middle classes, gradually ageing societies and greater use of market-based solutions to demographic and other policy challenges. In this changing environment, Asia Financial is well-positioned for steady and successful growth.

This is the long-term environment on which Asia Financial's management focuses. We aim to continue building on our interests in livelihood-related service industries such as insurance, retirement, health and property development, focused on Hong Kong and Greater China. Our investment spheres fit well with our traditional expertise and networks of clients and partners, and as a whole are well-positioned to benefit from long-term economic and social trends. In considering ways to build upon this base, we will adhere to this fundamental approach and exercise patience and caution.

CHAN Yau Hing Robin

Chairman

Hong Kong, 27th August, 2021



Management Discussion and Analysis

Business Review

Insurance

Wholly owned subsidiary, Asia Insurance Company, Limited (“Asia Insurance”) achieved net profit attributable to shareholders of HK\$169.7 million in the first half of 2021, compared to a loss of HK\$29.1 million over the same period in 2020.

Despite the pandemic’s impact on our clients’ businesses, our turnover for the first half of 2021 rose by 14.4% over the same period in 2020, an extraordinary testimony to our company’s service, reputation and client confidence. For 3 years in a row, we have achieved a record high in turnover.

We maintained most of our existing business while adding new business as well, particularly in our core SME market. There was no exposure to major catastrophe during the period. Underwriting profit increased by 45.8% over the same period in 2020. Our fundamental underwriting profit trend remains healthy and stable, and we remain among the top performers in the Hong Kong insurance industry, with a S&P rating of A (All the above figures are before elimination of group transactions.).

The rise in Asia Insurance’s costs in the first half of 2021 was in line with the company’s continuing business expansion and investment in user and backend systems. Asia Insurance further developed its distribution network through new agents and brokers and online digital channels. We have successfully introduced an online platform for business partners. We are also actively working on significant enhancements to our product range, and ongoing upgrades to employee skills, systems and distribution capacity in anticipation of future trends in clients’ needs and market conditions.

The outlook for Asia Insurance’s core underwriting activities in both Hong Kong and Macau looks positive for the second half of 2021 and beyond. We will continue to utilize our risk management expertise to focus on quality business, and to optimize the mix of business segments while spreading risk. We are confident that our strengths in these areas will ensure continued healthy underwriting profitability.

Looking ahead, we also anticipate possible opportunities arising from the central government’s “Greater Bay Area” plan to further integrate Pearl River Delta regions. Additionally, in the aftermath of COVID-19 both individuals and corporates are increasingly aware of the need for insurance coverage, a trend that will add traction to our core business and support our market growth.

In general, Asia Insurance expects to continue to build on its status as a leader in Hong Kong’s general insurance market with an outstanding reputation for service and professionalism.

We recorded both realised and unrealised gains in our investments. However, the pandemic and related economic fallout along with geopolitical risk and trade tensions make the outlook for the rest of the year uncertain. We will maintain a sensible and watchful approach towards portfolio management.

Joint ventures and associates in the insurance segment turned a healthy profit in the first half of 2021. BC Reinsurance Limited, Hong Kong Life Insurance Limited and Professional Liability Underwriting Services Limited enjoyed a stable profit.

PICC Life Insurance Company Limited (“PICC Life”), in which Asia Financial has a 5% stake, continues to take advantage of its opportunities as a company with a nationwide licence. At the time of writing, interim results are still awaited. The company maintains a healthy position in the China market, with a substantial network of offices.

Business Review (continued)

Other Portfolio Investment

Trading investments posted modest growth in the first half of 2021 due to the economic recovery and positive stock market returns. We have adjusted our portfolio in line with market changes, and will continue to monitor and adjust to continuing market fluctuations. Dividend income from long-term strategic investments was stable.

Our portfolio will remain focused on blue chip equities and investment grade fixed-income assets, and our approach will be long-term rather than reactive to year-on-year fluctuations in market valuations. We will continue to place the highest priority on preservation of core shareholder wealth. At the same time, we will remain alert to potential new long-term opportunities arising from major developments in the international environment, and changes in consumer trends in the post-COVID-19 market.

Health Care and Wellness

Our 4.7% holding in Bumrungrad Hospital Public Company Limited (“Bumrungrad”) in Bangkok is our largest listed equity investment. For the first half of 2021, the stock price was up 7.1%, but when converted to Hong Kong dollars, this appreciation dropped to around 0.2% due to the weak Thai baht. Additionally, the company felt the negative effect of coronavirus pandemic restrictions on entry to Thailand (around 46% of Bumrungrad’s patients are from overseas.). The outlook for medical tourism remains uncertain for the second half of the year.

Bumrungrad’s success in attracting patients internationally through the delivery of high-quality medical services is likely to rebound.

Pension and Asset Management

The Group’s holding in Bank Consortium Holding Limited (“BCH”), one of our joint ventures, generated healthy returns in the first half of 2021, in spite of the economic situation. Bank Consortium Trust Company Limited (“BCT”), a wholly owned subsidiary of BCH, remains one of the major providers of Mandatory Provident Fund services in Hong Kong.

Property Development

The Group’s interests in real estate are focused on Shanghai and represent 3.8% of our total assets. The main project is a residential and commercial complex in Jiading District in Shanghai, in which we have a 27.5% stake.

China’s property market remains strong, and there is high demand among lifestyle-conscious young urbanites for design-forward housing complexes like Jiading. Its Phase 3 is being developed in four stages, and in the first half of 2021 we took a healthy profit from residential sales of Stages Two and Three mainly. Despite the COVID-19 pandemic, there was enthusiastic demand for residential sales of Stage Three, which is now 100% sold. We expect to realise steady profits from this project in the second half of 2021. We anticipate that Stage Four will be put up for sale in late 2021, and that it will follow the successful trajectory of the project’s previous stages.



Management Discussion and Analysis

Business Review (continued)

Securities Investments Representing More than 5% of Total Assets

As at 30th June, 2021, two securities investments each represented above 5% of the Group's total assets:

Holding	No. of shares (in thousand)	Fair value as at 30th June, 2021 (HK\$'million)	% of total Group assets	Realised and unrealised gain/(loss) (HK\$'million)	Dividends received (HK\$'million)
PICC Life	1,288,055	3,525	22.7%	(795)	Nil
Bumrungrad Hospital	37,214	1,158	7.4%	2	19

Both investments are mainly long-term strategic holdings.

Capital Structure

The Group finances its own working capital requirement through funds generated from operations.

Liquidity, Financial Resources and Gearing Ratio

The Group's cash and cash equivalents as at 30th June, 2021 amounted to HK\$2,526,101,000 (31st December, 2020: HK\$2,800,240,000).

The Group had no bank borrowing as at 30th June, 2021 and 31st December, 2020.

No gearing ratio was calculated as the Group had no net current debt as at 30th June, 2021. The gearing ratio was based on net current debt divided by total capital plus net current debt. Net current debt includes net current portion of insurance contracts liabilities, insurance payables, amounts due to associates and other liabilities, less cash and cash equivalents and financial assets at fair value through profit or loss. Capital represents equity attributable to equity holders of the Company.

The Group's liquidity position remains strong and the Group has sufficient financial resources to satisfy its commitment and working capital requirements.

Charge on Assets

As at 30th June, 2021, Asia Insurance charged assets with a carrying value of HK\$119,042,000 (31st December, 2020: HK\$119,030,000) in favour of a cedant to secure the performance of Asia Insurance's obligations to the cedant under certain pecuniary loss reinsurance contracts.

Contingent Liabilities

As at 30th June, 2021, the Group had no material contingent liabilities.

Employees and Remuneration Policy

The total number of employees of the Group as at 30th June, 2021 was 303 (31st December, 2020: 299). Employees were remunerated on the basis of their performance, experience and prevailing industry practice. Remuneration of the employees includes salary and discretionary bonus which is based on the Group's results and individual performance. Medical and retirement benefit schemes are made available to all levels of personnel. There was no share option scheme in operation during the six months ended 30th June, 2021. The Group also offers various training and induction programmes to its employees.

The remuneration policy of the Group is formulated and recommended by the Remuneration Committee of the Company for the Board's approval. The Remuneration Committee's responsibilities include reviewing and approving the management's remuneration proposals, and making recommendations to the Board on the adjustments to remuneration packages payable to directors, senior management and employees of the Group.

Interim Results Highlights

The board of directors (the “Board”) of Asia Financial Holdings Limited (the “Company”) is pleased to announce the unaudited interim results of the Company and its subsidiaries (the “Group”) for the six months ended 30th June, 2021 as follows:

Profit attributable to equity holders of the Company: HK\$320.2 million

Earnings per share: HK34.0 cents

Interim dividend per share: HK4.0 cents

Review of Interim Financial Statements

The Audit Committee of the Company has reviewed the unaudited condensed consolidated interim financial statements of the Group for the six months ended 30th June, 2021 and recommended it for the Board’s approval.

Interim Dividend

The Board has resolved to declare an interim cash dividend of HK4.0 cents (2020: HK1.0 cent) per ordinary share for the six months ended 30th June, 2021 payable on or about Friday, 8th October, 2021 to shareholders whose names appear on the Register of Members of the Company on Tuesday, 28th September, 2021.

Closure of Register of Members

The Register of Members of the Company will be closed from Friday, 24th September, 2021 to Tuesday, 28th September, 2021, both days inclusive, during which period no transfer of shares will be effected. In order to qualify for the interim dividend, all transfers accompanied by the relevant share certificates must be lodged with the Company’s Hong Kong Branch Registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wan Chai, Hong Kong, for registration not later than 4:30 p.m. on Thursday, 23rd September, 2021.



Condensed Consolidated Statement of Profit or Loss (Unaudited)

For the six months ended 30th June, 2021

	Notes	Six months ended 30th June,	
		2021 HK\$'000	2020 HK\$'000
REVENUE	3	1,090,250	953,378
Gross premiums		1,090,250	953,378
Reinsurers' share of gross premiums		(412,053)	(340,696)
Change in unearned premiums reserve		(97,001)	(76,116)
Change in life reserve		(12,598)	(11,157)
Net insurance contracts premiums revenue		568,598	525,409
Gross claims paid		(435,604)	(376,965)
Reinsurers' share of gross claims paid		206,539	220,320
Gross change in outstanding claims		(74,538)	(144,723)
Reinsurers' share of gross change in outstanding claims		42,414	41,058
Net claims incurred		(261,189)	(260,310)
Commission income		83,366	67,637
Commission expense		(252,707)	(211,556)
Net commission expense		(169,341)	(143,919)
Management expenses for underwriting business		(44,711)	(57,781)
Underwriting profit		93,357	63,399
Dividend income		66,370	55,192
Realised gain/(loss) on investments		17,301	(76,664)
Unrealised gain/(loss) on investments		110,132	(54,981)
Interest income		26,230	47,732
Other income and gains/(losses), net		6,691	(38,516)
		320,081	(3,838)
Operating expenses		(65,573)	(60,066)
Finance costs	4	(42)	(336)
		254,466	(64,240)
Share of profits and losses of joint ventures		30,467	(21,232)
Share of profits and losses of associates		61,456	64,388
PROFIT/(LOSS) BEFORE TAX	5	346,389	(21,084)

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Condensed Consolidated Statement of Profit or Loss (Unaudited)

For the six months ended 30th June, 2021

	Notes	Six months ended 30th June,	
		2021 HK\$'000	2020 HK\$'000
PROFIT/(LOSS) BEFORE TAX	5	346,389	(21,084)
Income tax expense	6	(26,342)	(7,060)
PROFIT/(LOSS) FOR THE PERIOD		320,047	(28,144)
Attributable to:			
Equity holders of the Company		320,194	(29,894)
Non-controlling interests		(147)	1,750
		320,047	(28,144)
INTERIM DIVIDEND	7	37,642	9,493
INTERIM DIVIDEND PER SHARE	7	HK4.0 cents	HK1.0 cent
EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY	8		
Basic – For profit/(loss) for the period		HK34.0 cents	(HK3.1 cents)
Diluted – For profit/(loss) for the period		N/A	N/A

Condensed Consolidated Statement of Comprehensive Income (Unaudited)

For the six months ended 30th June, 2021

	Note	Six months ended 30th June,	
		2021 HK\$'000	2020 HK\$'000
PROFIT/(LOSS) FOR THE PERIOD		320,047	(28,144)
OTHER COMPREHENSIVE INCOME			
Other comprehensive income that may be reclassified to profit or loss in subsequent periods:			
Share of other comprehensive income of joint ventures		7,115	(16,391)
Share of other comprehensive income of associates		4,418	(6,544)
Exchange differences on translation of foreign operations		365	(942)
Net other comprehensive income that may be reclassified to profit or loss in subsequent periods		11,898	(23,877)
Other comprehensive income that will not be reclassified to profit or loss in subsequent periods:			
Equity investments designated at fair value through other comprehensive income:			
Changes in fair value	10	(857,912)	(1,241,964)
Income tax effect		79,945	77,336
Net other comprehensive income that will not be reclassified to profit or loss in subsequent periods		(777,967)	(1,164,628)
OTHER COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX		(766,069)	(1,188,505)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		(446,022)	(1,216,649)
ATTRIBUTABLE TO:			
Equity holders of the Company		(447,015)	(1,219,486)
Non-controlling interests		993	2,837
		(446,022)	(1,216,649)



Condensed Consolidated Statement of Financial Position (Unaudited)

30th June, 2021

	Notes	30th June, 2021 HK\$'000	31st December, 2020 HK\$'000
ASSETS			
Property, plant and equipment		191,563	194,232
Investment properties		257,500	257,500
Interests in joint ventures		553,909	515,444
Interests in associates		491,411	427,519
Due from associates		255,015	256,140
Held-to-collect debt securities at amortised cost	9	1,157,551	1,042,767
Equity investments designated at fair value through other comprehensive income ("FVOCI")	10	5,936,568	6,850,964
Pledged deposits	14	296,124	313,357
Loans and advances and other assets	11	157,123	153,702
Financial assets at fair value through profit or loss	12	1,754,801	1,341,716
Insurance receivables	13	315,385	231,385
Reinsurance assets		1,598,416	1,531,060
Cash and cash equivalents	14	2,526,101	2,800,240
		15,491,467	15,916,026
Asset held for distribution	15	56,484	–
		15,547,951	15,916,026
EQUITY AND LIABILITIES			
Equity attributable to equity holders of the Company			
Issued capital	16	942,180	946,620
Reserves		9,495,098	9,991,849
Proposed dividend		37,642	65,970
		10,474,920	11,004,439
Non-controlling interests		56,484	54,881
		10,531,404	11,059,320
Liabilities			
Insurance contracts liabilities		4,170,450	3,935,104
Insurance payables	17	198,160	169,375
Due to associates		4,222	4,222
Other liabilities		281,558	304,552
Tax payable		65,347	69,637
Deferred tax liabilities		296,810	373,816
		5,016,547	4,856,706
Total equity and liabilities		15,547,951	15,916,026

Condensed Consolidated Statement of Changes in Equity (Unaudited)

For the six months ended 30th June, 2021

	Attributable to equity holders of the Company															
	Issued capital HK\$'000	Treasury shares HK\$'000	Share premium account HK\$'000	Share based reserve HK\$'000	Contingency reserve HK\$'000	Fair value reserve HK\$'000	Asset revaluation reserve HK\$'000	Exchange reserve HK\$'000	Statutory reserve HK\$'000	Capital reserve HK\$'000	Capital redemption reserve HK\$'000	Retained profits HK\$'000	Proposed dividend HK\$'000	Total HK\$'000	Non-controlling interests HK\$'000	Total HK\$'000
At 1st January, 2021	946,620	(1,720)	560,531	2,549	106,187	3,958,703	141,570	11,016	2,427	513,240	111,401	4,585,945	65,970	11,004,439	54,881	11,059,320
Profit/(loss) for the period	-	-	-	-	-	-	-	-	-	-	-	320,194	-	320,194	(147)	320,047
Other comprehensive income for the period:																
Changes in fair value of equity investments at fair value through other comprehensive income, net of tax	-	-	-	-	-	(779,107)	-	-	-	-	-	-	-	(779,107)	1,140	(777,967)
Share of other comprehensive income of joint ventures	-	-	-	-	-	7,115	-	-	-	-	-	-	-	7,115	-	7,115
Share of other comprehensive income of associates	-	-	-	-	-	101	-	4,317	-	-	-	-	-	4,418	-	4,418
Exchange differences on translation of foreign operations	-	-	-	-	-	-	-	365	-	-	-	-	-	365	-	365
Total comprehensive income for the period	-	-	-	-	-	(771,891)	-	4,682	-	-	-	320,194	-	(447,015)	993	(446,022)
Final 2020 dividend declared	-	-	-	-	-	-	-	-	-	-	-	17	(65,970)	(65,953)	-	(65,953)
Proposed interim 2021 dividend	-	-	-	-	-	-	-	-	-	-	-	(37,642)	37,642	-	-	-
Repurchase of shares	(4,440)	(708)	-	-	-	-	-	-	-	-	-	(12,736)	-	(17,884)	-	(17,884)
Transfer to capital redemption reserve	-	-	-	-	-	-	-	-	-	-	4,440	(4,440)	-	-	-	-
Release from contingency reserve	-	-	-	-	(3,722)	-	-	-	-	-	-	3,722	-	-	-	-
Share of share based reserve of a joint venture	-	-	-	1,333	-	-	-	-	-	-	-	-	-	1,333	-	1,333
Capital contribution from non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	-	-	610	610
Share of changes in contingency reserve of a joint venture	-	-	-	-	84	-	-	-	-	-	-	(84)	-	-	-	-
At 30th June, 2021	942,180	(2,428)*	560,531*	3,882*	102,549*	3,186,812*	141,570*	15,698*	2,427*	513,240*	115,841*	4,854,976*	37,642	10,474,920	56,484	10,531,404

* These reserve accounts comprise the consolidated reserves of HK\$9,495,098,000 (31st December, 2020: HK\$9,991,849,000) in the unaudited condensed consolidated statement of financial position.

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Condensed Consolidated Statement of Changes in Equity (Unaudited)

For the six months ended 30th June, 2021

	Attributable to equity holders of the Company														
	Issued capital	Treasury shares	Share premium account	Contingency reserve	Fair value reserve	Asset revaluation reserve	Exchange reserve	Statutory reserve	Capital reserve	Capital redemption reserve	Retained profits	Proposed dividend	Total	Non-controlling interests	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1st January, 2020	960,840	(593)	560,531	54,603	3,493,600	141,570	(22,783)	2,427	513,240	97,181	4,427,267	47,968	10,275,851	47,329	10,323,180
Profit/(loss) for the period	-	-	-	-	-	-	-	-	-	-	(29,894)	-	(29,894)	1,750	(28,144)
Other comprehensive income for the period:															
Changes in fair value of equity investments at fair value through other comprehensive income, net of tax	-	-	-	-	(1,164,628)	-	-	-	-	-	-	-	(1,164,628)	-	(1,164,628)
Share of other comprehensive income of joint ventures	-	-	-	-	(16,391)	-	-	-	-	-	-	-	(16,391)	-	(16,391)
Share of other comprehensive income of associates	-	-	-	-	2,480	-	(10,111)	-	-	-	-	-	(7,631)	1,087	(6,544)
Exchange differences on translation of foreign operations	-	-	-	-	-	-	(942)	-	-	-	-	-	(942)	-	(942)
Total comprehensive income for the period	-	-	-	-	(1,178,539)	-	(11,053)	-	-	-	(29,894)	-	(1,219,486)	2,837	(1,216,649)
Final 2019 dividend declared	-	-	-	-	-	-	-	-	-	-	4	(47,968)	(47,964)	-	(47,964)
Proposed interim 2020 dividend	-	-	-	-	-	-	-	-	-	-	(9,493)	9,493	-	-	-
Repurchase of shares	(1,546)	(9,530)	-	-	-	-	-	-	-	-	(4,445)	-	(15,521)	-	(15,521)
Transfer to capital redemption reserve	-	-	-	-	-	-	-	-	-	1,546	(1,546)	-	-	-	-
Transfer to contingency reserve	-	-	-	13,161	-	-	-	-	-	-	(13,161)	-	-	-	-
At 30th June, 2020	959,294	(10,123)	560,531	67,764	2,315,061	141,570	(33,836)	2,427	513,240	98,727	4,368,732	9,493	8,992,880	50,166	9,043,046



Condensed Consolidated Statement of Cash Flows (Unaudited)

For the six months ended 30th June, 2021

	Six months ended 30th June,	
	2021 HK\$'000	2020 HK\$'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit/(loss) before tax	346,389	(21,084)
Adjustments for:		
Interest income	(26,230)	(47,732)
Finance costs	42	336
Dividend income from investments	(66,370)	(55,192)
Loss on disposal of held-to-collect debt securities at amortised cost	2,854	–
Depreciation	6,511	5,191
Changes in expected credit losses	20	4,640
Changes in fair value of investment properties	–	32,905
Gain on change in interest of a joint venture	–	(5,563)
Loss on disposal/write-off of items of property, plant and equipment	33	4
Share of profits and losses of joint ventures	(30,467)	21,232
Share of profits and losses of associates	(61,456)	(64,388)
	171,326	(129,651)
Increase in loans and advances and other assets	(3,130)	(36,120)
Decrease/(increase) in financial assets at fair value through profit or loss	(413,085)	242,902
Increase in insurance receivables	(84,000)	(77,895)
Increase in reinsurance assets	(67,356)	(40,943)
Decrease/(increase) in time deposits with original maturity of over three months	(91,841)	893
Increase in insurance contracts liabilities	235,346	231,880
Increase/(decrease) in insurance payables	28,785	(24,188)
Decrease in other liabilities	(22,555)	(10,562)
	(246,510)	156,316
Cash generated from/(used in) operations	(21,492)	(1,014)
Hong Kong profits tax paid	(6,492)	–
Overseas withholding tax paid	–	–
	(274,494)	155,302
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	26,230	47,732
Dividends received from investments	66,370	55,192
Dividends received from joint ventures	4,200	2,100
Dividends received from associates	1,982	1,014
Purchases of held-to-collect debt securities at amortised cost	(141,486)	(48,988)
Purchases of equity investments designated at fair value through other comprehensive income	–	(37,645)
Proceeds from disposal of held-to-collect debt securities at amortised cost	23,828	41,041
Purchases of items of property, plant and equipment	(3,212)	(8,619)
Capital contribution to a joint venture	(3,750)	–
Purchases of investment property	–	(12,094)
Decrease in amount due from an associate	1,125	–
Decrease in pledged deposits	17,233	–
	(7,480)	39,733
Net cash flows from/(used in) investing activities	–	–

.....continued



Condensed Consolidated Statement of Cash Flows (Unaudited)

For the six months ended 30th June, 2021

	Six months ended 30th June,	
	2021 HK\$'000	2020 HK\$'000
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of bank borrowing	–	(100,000)
Repurchase of shares	(17,884)	(15,521)
Dividends paid	(65,953)	(47,964)
Principal portion of lease payments	(737)	(446)
Interest paid	(42)	(336)
Capital contribution from non-controlling interests	610	–
	<u>(84,006)</u>	<u>(164,267)</u>
Net cash flows used in financing activities	(84,006)	(164,267)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	(365,980)	30,768
Cash and cash equivalents at beginning of period	<u>2,697,479</u>	<u>3,321,674</u>
CASH AND CASH EQUIVALENTS AT END OF PERIOD	<u>2,331,499</u>	<u>3,352,442</u>
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Cash and bank balances	268,889	168,285
Non-pledged time deposits with original maturity of over three months when acquired	194,602	44,035
Non-pledged time deposits with original maturity of less than three months when acquired	<u>2,062,610</u>	<u>3,184,157</u>
Cash and cash equivalents as stated in the unaudited condensed consolidated statement of financial position	2,526,101	3,396,477
Less: Non-pledged time deposits with original maturity of over three months when acquired	<u>(194,602)</u>	<u>(44,035)</u>
Cash and cash equivalents as stated in the unaudited condensed consolidated statement of cash flows	<u>2,331,499</u>	<u>3,352,442</u>

Notes to the Interim Financial Statements (Unaudited)

1. Accounting Policies

The condensed consolidated interim financial statements are prepared in accordance with Hong Kong Accounting Standard No. 34 “Interim Financial Reporting”. The accounting policies and basis of preparation adopted are consistent with those adopted in the Company’s financial statements for the year ended 31st December, 2020 except for the adoption of the following revised Hong Kong Financial Reporting Standards (“HKFRSs”) and Hong Kong Accounting Standards (“HKASs”) for the first time for the current period’s financial information and as disclosed below.

Amendments to HKFRS 9, HKAS 39 and HKFRS 7, HKFRS 4 and HKFRS 16

Interest Rate Benchmark Reform – Phase 2

Amendments to HKFRS 16

COVID-19-Related Rent Concessions beyond 30th June, 2021 (early adopted)

Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16 address issues not dealt with in the previous amendments which affect financial reporting when an existing interest rate benchmark is replaced with an alternative risk-free rate (“RFR”). The Phase 2 amendments provide a practical expedient to allow the effective interest rate to be updated without adjusting the carrying amount when accounting for changes in the basis for determining the contractual cash flows of financial assets and liabilities, if the change is a direct consequence of the interest rate benchmark reform and the new basis for determining the contractual cash flows is economically equivalent to the previous basis immediately preceding the change. In addition, the amendments permit changes required by the interest rate benchmark reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued. Any gains or losses that could arise on transition are dealt with through the normal requirements of HKFRS 9 to measure and recognise hedge ineffectiveness. The amendments also provide a temporary relief to entities from having to meet the separately identifiable requirement when an RFR is designated as a risk component. The relief allows an entity, upon designation of the hedge, to assume that the separately identifiable requirement is met, provided the entity reasonably expects the RFR risk component to become separately identifiable within the next 24 months. Furthermore, the amendments require an entity to disclose additional information to enable users of financial statements to understand the effect of interest rate benchmark reform on an entity’s financial instruments and risk management strategy.

Amendment to HKFRS 16 issued in 1st April, 2021 extends the availability of the practical expedient for lessees to elect not to apply lease modification accounting for rent concessions arising as a direct consequence of the COVID-19 pandemic by 12 months. Accordingly, the practical expedient applies to rent concessions for which any reduction in lease payments affects only payments originally due on or before 30th June, 2022, provided the other conditions for applying the practical expedient are met. The amendment is effective retrospectively for annual periods beginning on or after 1st April, 2021 with any cumulative effect of initially applying the amendment recognised as an adjustment to the opening balance of retained profits at the beginning of the current accounting period. Earlier application is permitted.

Adoption of these revised HKFRSs and HKASs did not have any material effect on the financial position or performance of the Group, nor resulted in restatement of comparative figures.



Notes to the Interim Financial Statements (Unaudited)

2. Operating Segment Information

(a) Operating segments

The following tables present revenue, profit and certain asset and liability information for the Group's operating segments.

	Insurance HK\$'000	Corporate HK\$'000	Eliminations HK\$'000	Consolidated HK\$'000
For the six months ended 30th June, 2021				
Segment revenue:				
External customers	1,090,250	–	–	1,090,250
Other revenue, income and gains, net	113,725	112,999	–	226,724
Intersegment	6,259	–	(6,259)	–
Total	1,210,234	112,999	(6,259)	1,316,974
Segment results	166,613	87,853	–	254,466
Share of profits and losses of:				
Joint ventures	12,559	17,908	–	30,467
Associates	2,112	59,344	–	61,456
Profit before tax				346,389
Income tax expense	(18,557)	(7,785)	–	(26,342)
Profit for the period				320,047

2. Operating Segment Information (continued)

(a) Operating segments (continued)

	Insurance HK\$'000	Corporate HK\$'000	Eliminations HK\$'000	Consolidated HK\$'000
For the six months ended 30th June, 2020				
Segment revenue:				
External customers	953,378	–	–	953,378
Other revenue, income and losses, net	(31,701)	(35,536)	–	(67,237)
Intersegment	4,723	–	(4,723)	–
Total	926,400	(35,536)	(4,723)	886,141
Segment results	(5,229)	(59,011)	–	(64,240)
Share of profits and losses of:				
Joint ventures	(36,842)	15,610	–	(21,232)
Associates	15,313	49,075	–	64,388
Loss before tax				(21,084)
Income tax expense	(5,921)	(1,139)	–	(7,060)
Loss for the period				(28,144)
	Insurance HK\$'000	Corporate HK\$'000	Consolidated HK\$'000	
30th June, 2021				
Segment assets	7,573,716	6,872,431	14,446,147	
Interests in joint ventures	430,412	123,497	553,909	
Interests in associates	49,838	441,573	491,411	
Asset held for distribution	56,484	–	56,484	
Total assets	8,110,450	7,437,501	15,547,951	
Segment liabilities	4,427,322	589,225	5,016,547	

Notes to the Interim Financial Statements (Unaudited)

2. Operating Segment Information (continued)

(a) Operating segments (continued)

	Insurance HK\$'000	Corporate HK\$'000	Consolidated HK\$'000
31st December, 2020			
Segment assets	7,359,635	7,613,428	14,973,063
Interests in joint ventures	409,855	105,589	515,444
Interests in associates	49,607	377,912	427,519
	<u>7,819,097</u>	<u>8,096,929</u>	<u>15,916,026</u>
Total assets			
	<u>7,819,097</u>	<u>8,096,929</u>	<u>15,916,026</u>
Segment liabilities	<u>4,189,996</u>	<u>666,710</u>	<u>4,856,706</u>

(b) Geographical information

Over 90% of the Group's revenue and results are derived from operations carried out in Hong Kong, Macau and Mainland China.

3. Revenue

Revenue represents gross premiums net of discounts, from the direct and reinsurance business underwritten during the period.

4. Finance Costs

	Six months ended 30th June,	
	2021 HK\$'000	2020 HK\$'000
Interest on a bank loan	–	304
Interest on lease liabilities	42	32
	<u>42</u>	<u>336</u>



5. Profit/(Loss) Before Tax

The Group's profit/(loss) before tax is arrived at after crediting/(charging):

	Six months ended 30th June,	
	2021 HK\$'000	2020 HK\$'000
Auditor's remuneration	(1,879)	(1,838)
Depreciation	(6,511)	(5,191)
Employee benefits expense (including directors' remuneration)	(79,277)	(75,088)
Expenses of short-term leases and leases of low-value assets	(130)	(156)
Realised gain/(loss) on:		
– disposal of financial assets at fair value through profit or loss, net	20,155	(82,227)
– disposal of held-to-collect debt securities at amortised cost	(2,854)	–
– change in interest in a joint venture	–	5,563
Total realised gain/(loss) on investments	17,301	(76,664)
Unrealised gain/(loss) on financial assets at fair value through profit or loss, net	110,132	(54,981)
Change in expected credit losses	(20)	(4,640)
Interest income	26,230	47,732
Loss on disposal/write-off of items of property, plant and equipment*	(33)	(4)
Gross rental income*	3,487	3,380
Direct operating expenses (including repairs and maintenance) arising from rental-earning investment properties	(100)	(96)
Change in fair value of investment properties*	–	(32,905)
Foreign exchange gain/(loss), net*	1,223	(11,423)
Dividend income from:		
Listed investments	39,160	37,844
Unlisted investments	27,210	17,348
Total dividend income	66,370	55,192

* Such amount was included in "Other income and gains/(losses), net" on the face of the unaudited condensed consolidated statement of profit or loss.

Notes to the Interim Financial Statements (Unaudited)

6. Income Tax Expense

Hong Kong profits tax has been provided at the rate of 16.5% (2020: 16.5%) on the estimated assessable profits arising in Hong Kong during the period. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the locations in which the Group operates.

	Six months ended 30th June,	
	2021 HK\$'000	2020 HK\$'000
Current – Hong Kong		
Charge for the period	11,287	398
Current – Elsewhere		
Charge for the period	12,116	5,918
Deferred tax charge	2,939	744
	<hr/>	<hr/>
Total tax charge for the period	26,342	7,060
	<hr/>	<hr/>

7. Dividend

	Six months ended 30th June,	
	2021 HK\$'000	2020 HK\$'000
Proposed interim dividend:		
HK4.0 cents (2020: HK1.0 cent) per ordinary share	37,642	9,493
	<hr/>	<hr/>

The Board has resolved to pay an interim dividend of HK4.0 cents per share (2020: HK1.0 cent), which will be paid in cash, for the six months ended 30th June, 2021 payable on or about 8th October, 2021 to shareholders whose names appear on the Register of Members of the Company on 28th September, 2021.

8. Earnings/(Loss) Per Share Attributable to Ordinary Equity Holders of the Company

The calculation of the basic earnings/(loss) per share is based on the profit for the period attributable to ordinary equity holders of the Company of HK\$320,194,000 (2020: loss of HK\$29,894,000) and the weighted average number of ordinary shares of 942,972,000 (2020: 959,351,000) in issue during the period.

No adjustment has been made to the basic earnings/(loss) per share amounts presented for the periods ended 30th June, 2021 and 2020 in respect of a dilution as the Group had no potentially dilutive ordinary shares in issue during those periods.

9. Held-to-collect Debt Securities at Amortised Cost

	30th June, 2021 HK\$'000	31st December, 2020 HK\$'000
Listed debt securities in Hong Kong, at amortised cost	738,264	611,533
Listed debt securities outside Hong Kong, at amortised cost	264,201	274,854
Unlisted debt securities, at amortised cost	156,343	157,617
	<u>1,158,808</u>	<u>1,044,004</u>
Less: Impairment allowance	(1,257)	(1,237)
	<u>1,157,551</u>	<u>1,042,767</u>
Held-to-collect debt securities at amortised cost	<u>1,157,551</u>	<u>1,042,767</u>
Fair value of listed and unlisted held-to-collect debt securities	<u>1,195,348</u>	<u>1,090,139</u>

The fair values of the listed and unlisted held-to-collect debt securities at amortised cost are based on quoted market prices and quoted prices from brokers and fund managers, respectively.

The held-to-collect debt securities at amortised cost, net of impairment allowance, analysed by issuers as at the end of the reporting period are as follows:

	30th June, 2021 HK\$'000	31st December, 2020 HK\$'000
Banks and other financial institutions	831,229	764,460
Corporate entities	326,322	278,307
	<u>1,157,551</u>	<u>1,042,767</u>

The maturity profile of held-to-collect debt securities at amortised cost, net of impairment allowance, as at the end of the reporting period is as follows:

	30th June, 2021 HK\$'000	31st December, 2020 HK\$'000
With a residual maturity of:		
Three months or less	75,957	87,062
One year or less but over three months	46,766	38,977
Five years or less but over one year	548,385	436,353
Over five years	486,443	480,375
	<u>1,157,551</u>	<u>1,042,767</u>

9. Held-to-collect Debt Securities at Amortised Cost (continued)

During the period, a cedant of certain pecuniary loss reinsurance contracts requested the Group to provide security in favour of the cedant to secure the performance of the Group's obligations to the cedant under those pecuniary loss reinsurance contracts. Accordingly, at 30th June, 2021, listed debt securities of the Group amounting to HK\$119,042,000 (31st December, 2020: HK\$119,030,000) were pledged.

10. Equity Investments Designated at Fair Value Through Other Comprehensive Income

	30th June, 2021 HK\$'000	31st December, 2020 HK\$'000
Listed equity investments outside Hong Kong, at fair value		
Bangkok Bank Public Company Limited	518,055	582,971
Bumrungrad Hospital Public Company Limited	1,032,000	1,029,815
	<u>1,550,055</u>	<u>1,612,786</u>
Unlisted equity investments, at fair value		
PICC Life Insurance Company Limited	3,525,000	4,320,000
BBL Asset Management Limited	436,000	442,000
The People's Insurance Company of China (Hong Kong), Limited	128,710	181,455
PT Asian International Investindo	160,415	152,029
BE Reinsurance Limited	55,833	55,075
Others	80,555	87,619
	<u>4,386,513</u>	<u>5,238,178</u>
Total	<u>5,936,568</u>	<u>6,850,964</u>

During the period, the gross loss in respect of the Group's equity investments designated at fair value through other comprehensive income amounted to HK\$857,912,000 (2020: HK\$1,241,964,000).

The above equity investments were irrevocably designated at fair value through other comprehensive income at initial recognition as the Group considers these investments to be strategic in nature.

The fair values of listed equity investments are based on quoted market prices. The fair value of unlisted equity investments designated at fair value through other comprehensive income have been estimated using market-based valuation techniques.

11. Loans and Advances and Other Assets

	30th June, 2021 HK\$'000	31st December, 2020 HK\$'000
Loans and advances	6,321	8,553
Accrued interest and other assets	148,536	143,249
Tax recoverable	2,266	1,900
	<u>157,123</u>	<u>153,702</u>
Gross loans and advances and other assets	<u>157,123</u>	<u>153,702</u>

The Group's accrued interest and other assets are current in nature. None of the loans and advances and other assets is either past due or impaired. The financial assets included in the loans and advances and other assets relate to receivables for which there was no recent history of default.

11. Loans and Advances and Other Assets (continued)

The maturity profile of the loans and advances as at the end of the reporting period is as follows:

	30th June, 2021 HK\$'000	31st December, 2020 HK\$'000
Repayable on demand	–	–
With a residual maturity of:		
Three months or less	321	310
One year or less but over three months	973	939
Five years or less but over one year	4,286	5,251
Over five years	741	2,053
	6,321	8,553

12. Financial Assets at Fair Value Through Profit or Loss

	30th June, 2021 HK\$'000	31st December, 2020 HK\$'000
Debt securities:		
– listed in Hong Kong, at fair value	21,048	40,853
– listed outside Hong Kong, at fair value	38,006	37,981
	59,054	78,834
Equity securities at fair value:		
– listed in Hong Kong	244,209	216,473
– listed outside Hong Kong	665,840	440,141
	910,049	656,614
Investment funds:		
– listed outside Hong Kong, at fair value	293,420	249,305
– unlisted, at quoted price	492,278	356,963
	785,698	606,268
Total	1,754,801	1,341,716

The fair values of the listed and unlisted financial assets at fair value through profit or loss are based on quoted market prices and quoted prices from brokers and fund managers, respectively.

Notes to the Interim Financial Statements (Unaudited)

12. Financial Assets at Fair Value Through Profit or Loss (continued)

The financial assets at fair value through profit or loss as at the end of the reporting period, analysed by the sector of the issuers, are as follows:

	30th June, 2021 HK\$'000	31st December, 2020 HK\$'000
Public sector entities	4,022	2,731
Banks and other financial institutions	102,262	87,765
Corporate entities	1,648,517	1,251,220
	1,754,801	1,341,716

The above securities and investment funds as at 30th June, 2021 and 31st December, 2020 were classified as financial assets at fair value through profit or loss as they were held for trading.

13. Insurance Receivables

	30th June, 2021 HK\$'000	31st December, 2020 HK\$'000
Amounts due in respect of:		
Direct underwriting	216,197	99,795
Reinsurance accepted	109,779	142,181
	325,976	241,976
Less: Impairment allowance	(10,591)	(10,591)
	315,385	231,385

The Group grants credit terms of three months to six months on billed policies. The past settlement history of these receivables indicates that certain debtors settle in arrears subsequent to the credit period, which may also involve settlement subsequent to 12 months from the end of the reporting period.

The Group's insurance receivables relate to a large number of diversified customers, and therefore, there is no significant concentration of credit risk. Insurance receivables are non-interest-bearing.

13. Insurance Receivables (continued)

An aging analysis of the insurance receivables based on the issuance date of policies, as at the end of the reporting period, is as follows:

	30th June, 2021 HK\$'000	31st December, 2020 HK\$'000
Three months or less	279,979	195,413
Six months or less but over three months	41,182	37,406
One year or less but over six months	4,129	8,807
Over one year	686	350
	325,976	241,976
Less: Impairment allowance	(10,591)	(10,591)
	315,385	231,385

The movements in the loss allowance for impairment of insurance receivables are as follows:

	30th June, 2021 HK\$'000	31st December, 2020 HK\$'000
At beginning of year	10,591	5,577
Impairment losses	–	5,014
	10,591	10,591

14. Cash and Cash Equivalents and Pledged Deposits

	30th June, 2021 HK\$'000	31st December, 2020 HK\$'000
Cash and bank balances	268,889	201,165
Time deposits with original maturity of over three months	194,602	102,761
Time deposits with original maturity of less than three months	2,062,610	2,496,314
	2,526,101	2,800,240
Pledged deposits	296,124	313,357
	2,822,225	3,113,597

15. Asset Held for Distribution

The Group has been applying for the liquidation of a 69.5% owned subsidiary, Asia Insurance (Investments) Limited (“All”). All is holding approximately 10.64% of the People’s Insurance Company of China (Hong Kong), Ltd. (“PICC(HK)”), which is classified as equity investments designated at fair value through other comprehensive income (“FVOCI investment”).

Management expects that the FVOCI investment will be distributed to owners of All (i.e. the Group and non-controlling interest) within one year. The classification of 69.5% of the FVOCI investment, which would be distributed to the Group, remains unchanged from the Group’s perspective. In accordance with HKFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*, the Group has reclassified the remaining 30.5% amounted to HK\$56,484,000 of the FVOCI investment, which would be distributed to non-controlling interests, to an asset held for distribution in the Interim Financial Statements.

The cumulative change in fair value recognised in other comprehensive income of non-controlling interests relating to the above asset held for distribution amounted to HK\$2,040,000.

16. Share Capital

	30th June, 2021 HK\$’000	31st December, 2020 HK\$’000
Authorised:		
1,500,000,000 ordinary shares of HK\$1 each	1,500,000	1,500,000
Issued and fully paid:		
942,180,000 (2020: 946,620,000) ordinary shares of HK\$1 each	942,180	946,620

A summary of movements in the Company’s share capital is as follows:

	Number of shares in issue	Share capital HK\$’000
At 1st January, 2021	946,620,000	946,620
Shares repurchased and cancelled (<i>note</i>)	(4,440,000)	(4,440)
At 30th June, 2021	942,180,000	942,180

Note:

At 31st December, 2020, 470,000 shares with cost of HK\$1,720,000 were classified as treasury shares, and were subsequently cancelled in January 2021. During the period ended 30th June, 2021, a subsidiary of the Company repurchased 4,634,000 ordinary shares of the Company of HK\$1 each on the Stock Exchange at prices ranging from HK\$3.56 to HK\$4.10 per share at a total consideration of HK\$17,884,000 (including expenses). Out of which, 3,970,000 repurchased shares were cancelled and an amount of HK\$3,970,000 was transferred from retained profits of the Company to the capital redemption reserve, as set out in the unaudited condensed consolidated statement of changes in equity.

16. Share Capital (continued)

The premium of HK\$12,736,000 paid on the repurchase of such shares was debited to the retained profits account. The remaining 664,000 shares with cost of HK\$2,428,000 were classified as treasury shares at 30th June, 2021 and were subsequently cancelled in July 2021.

Subsequent to the end of the reporting period, the Group repurchased and cancelled 470,000 ordinary shares of the Company from the market at prices ranging from HK\$3.62 to HK\$3.74 per share at a total amount of HK\$1,751,000 (including expenses). As at the date of this report, the number of issued shares of the Company is 941,046,000 shares.

17. Insurance Payables

An aging analysis of the insurance payables based on the invoice date, as at the end of the reporting period, is as follows:

	30th June, 2021 HK\$'000	31st December, 2020 HK\$'000
Three months or less	143,380	107,562
Six months or less but over three months	11,754	17,684
One year or less but over six months	17,513	22,952
Over one year	25,513	21,177
	198,160	169,375

18. Commitments

The Group had capital commitment as follows:

	30th June, 2021 HK\$'000	31st December, 2020 HK\$'000
Contracted, but not provided for:		
Acquisition of computer hardware and software	223	345

Notes to the Interim Financial Statements (Unaudited)

19. Operating Lease Arrangements

As Lessor

The Group leases its investment properties under operating lease arrangements, with leases negotiated for terms ranging from two to three years. The terms of the leases generally also require the tenants to pay security deposits.

At 30th June, 2021, the Group had total future minimum lease receivables under non-cancellable operating leases with its tenants falling due as follows:

	30th June, 2021 HK\$'000	31st December, 2020 HK\$'000
Within one year	6,416	6,566
After one year but within two years	6,705	6,389
After two years but within three years	2,792	6,283
	15,913	19,238

20. Related Party Transactions

(a)

	30th June, 2021		31st December, 2020	
	Directors and key management personnel HK\$'000	Enterprises and individuals related to directors and key management personnel HK\$'000	Directors and key management personnel HK\$'000	Enterprises and individuals related to directors and key management personnel HK\$'000
Loans and advances granted:				
Aggregate balance at the end of the reporting period	–	1,957	–	1,963
Interbank activities:				
Deposits placed	–	435,239	–	516,531

20. Related Party Transactions (continued)

(a) (continued)

	Six months ended 30th June, 2021		Six months ended 30th June, 2020	
	Directors and key management personnel HK\$'000	Enterprises and individuals related to directors and key management personnel HK\$'000	Directors and key management personnel HK\$'000	Enterprises and individuals related to directors and key management personnel HK\$'000
Interbank activities:				
Interest income	–	944	–	7,141
Premium income:				
Gross premiums written	249	7,220	256	6,648
Commission expense, net	–	6,128	–	2,264
Compensation:				
Salaries and short-term employee benefits	6,363	–	6,498	–
Pension scheme contributions	279	–	275	–

Note: The key management personnel were solely the directors of the Company.

(b) The Group had the following transactions with certain of its joint ventures during the period:

	Six months ended 30th June,	
	2021	2020
	HK\$'000	HK\$'000
Commission expenses paid	800	360

Notes to the Interim Financial Statements (Unaudited)

20. Related Party Transactions (continued)

(c) The Group had the following transactions with certain of its associates during the period:

	30th June, 2021 HK\$'000	31st December, 2020 HK\$'000
Loans and advances granted:		
Aggregate balance at the end of the reporting period	255,015	256,140
Loans and advances received:		
Aggregate balance at the end of the reporting period	4,222	4,222
	Six months ended 30th June, 2021 HK\$'000	2020 HK\$'000
Loans and advances granted:		
Interest income	859	873
Commission expense paid	11,095	5,139

21. Fair Value Hierarchy of Financial Instruments

Management has assessed that the fair values of cash and cash equivalents, pledged deposits, amounts due from associates, financial assets included in loans and advances and other assets, insurance receivables, insurance payables, amounts due to associates and other liabilities approximate to their carrying amounts.

Management is responsible for determining the policies and procedures for the fair value measurement of financial instruments. At each reporting date, management analyses the movements in the values of financial instruments and determines the major inputs applied in the valuation. The valuation is reviewed and approved twice a year for interim and annual financial reporting.

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values of those financial assets and liabilities measured at fair value:

The fair values of listed equity investments are based on quoted market prices. The fair values of the unlisted fund investments at fair value through profit or loss are based on fund house quotations when the open market quotation is not available. The fair values of unlisted equity investments designated at fair value through other comprehensive income and certain unlisted fund investments at fair value through profit or loss have been estimated using market-based valuation techniques based on assumptions that are not supported by observable market prices or rates. The valuation requires management to determine comparable public companies (peers) based on industry, size, leverage and strategy, and calculates an appropriate price multiple, such as price to earnings ("P/E") multiple, price to book value multiple and price to embedded value multiple, for each comparable company identified. The multiple is calculated by dividing the price of the comparable company by an earnings or book/embedded value measure. The trading multiple is then discounted for considerations such as illiquidity and size differences between the comparable companies based on company-specific facts and circumstances. The discounted multiple is applied to the corresponding earnings measure of the unlisted equity investments to measure the fair value. Management believes that the estimated fair values resulting from the valuation technique, which are recorded in the unaudited condensed consolidated statement of financial position, and the related changes in fair values, which are recorded in other comprehensive income, are reasonable, and that they were the most appropriate values at the end of the reporting period.

21. Fair Value Hierarchy of Financial Instruments (continued)

For the fair value of the unlisted equity investments at fair value through other comprehensive income and certain unlisted fund investments at fair value through profit or loss, management has estimated the potential effect of using reasonably possible alternatives as inputs to the valuation model.

Below is a summary of significant unobservable inputs to the valuation of principal financial instruments as at 30th June, 2021:

	Valuation technique	Significant unobservable input	Range	Sensitivity of fair value to the input
Unlisted equity and fund investments	Valuation multiples	Discount of lack of marketability	0% – 38%	20% increase/(decrease) in discount would result in (decrease)/increase in fair value by HK\$378,884,000
		Price to book value multiple	0.21 – 19.70	10% increase/(decrease) in multiple would result in increase/(decrease) in fair value by HK\$37,969,000
		Enterprise value to earnings multiple	1.21 – 36.70	10% increase/(decrease) in multiple would result in increase/(decrease) in fair value by HK\$2,300,000
		Enterprise value to sales multiple	1.79 – 21.26	10% increase/(decrease) in multiple would result in increase/(decrease) in fair value by HK\$831,000
		Price to earnings multiple	11.57 – 17.25	15% increase/(decrease) in multiple would result in increase/(decrease) in fair value by HK\$61,000,000
		Price to embedded value multiple	0.19 – 2.31	15% increase/(decrease) in multiple would result in increase/(decrease) in fair value by HK\$529,000,000

The discount for lack of marketability represents the amounts of discounts determined by the Group that market participants would take into account when pricing the investments.

Notes to the Interim Financial Statements (Unaudited)

21. Fair Value Hierarchy of Financial Instruments (continued)

Below is a summary of significant unobservable inputs to the valuation of principal financial instruments as at 31st December, 2020:

	Valuation technique	Significant unobservable input	Range	Sensitivity of fair value to the input
Unlisted equity and fund investments	Valuation multiples	Discount of lack of marketability	0% – 39%	20% increase/(decrease) in discount would result in (decrease)/increase in fair value by HK\$498,465,000
		Price to book value multiple	0.21 – 19.70	10% increase/(decrease) in multiple would result in increase/(decrease) in fair value by HK\$41,621,000
		Enterprise value to earnings multiple	8.30 – 36.70	10% increase/(decrease) in multiple would result in increase/(decrease) in fair value by HK\$1,130,000
		Enterprise value to sales multiple	0.35 – 13.37	10% increase/(decrease) in multiple would result in increase/(decrease) in fair value by HK\$1,085,000
		Price to earnings multiple	13.87 – 21.75	15% increase/(decrease) in multiple would result in increase/(decrease) in fair value by HK\$62,900,000
		Price to embedded value multiple	0.24 – 2.49	15% increase/(decrease) in multiple would result in increase/(decrease) in fair value by HK\$648,000,000

The discount for lack of marketability represents the amounts of discounts determined by the Group that market participants would take into account when pricing the investments.

21. Fair Value Hierarchy of Financial Instruments (continued)

Fair value hierarchy

The following tables illustrate the fair value measurement hierarchy of the Group's financial instruments:

Assets measured at fair value:

	Fair value measurement using			Total HK\$'000
	Quoted prices in active markets (Level 1) HK\$'000	Significant observable inputs (Level 2) HK\$'000	Significant unobservable inputs (Level 3) HK\$'000	
At 30th June, 2021				
Equity investments designated at fair value through other comprehensive income	518,055	1,032,000	4,386,513	5,936,568
Financial assets at fair value through profit or loss	1,136,802	473,990	144,009	1,754,801
	1,654,857	1,505,990	4,530,522	7,691,369

	Fair value measurement using			Total HK\$'000
	Quoted prices in active markets (Level 1) HK\$'000	Significant observable inputs (Level 2) HK\$'000	Significant unobservable inputs (Level 3) HK\$'000	
At 31st December, 2020				
Equity investments designated at fair value through other comprehensive income	582,971	1,029,815	5,238,178	6,850,964
Financial assets at fair value through profit or loss	859,298	364,936	117,482	1,341,716
	1,442,269	1,394,751	5,355,660	8,192,680

During the periods ended 30th June, 2021 and 30th June 2020, there were no transfers of fair value measurements between Level 1 and Level 2 for both financial assets and financial liabilities.

Notes to the Interim Financial Statements (Unaudited)

21. Fair Value Hierarchy of Financial Instruments (continued)

The movements in fair value measurement within level 3 during the period ended 30th June, 2021 are as follow:

	Financial assets at fair value through profit or loss –unlisted HK\$'000	Equity investment at fair value through other comprehensive income –unlisted HK\$'000
At 1st January, 2021	117,482	5,238,178
Purchase during the period	13,750	–
Disposal during the period	(5,335)	–
Total gain recognised in profit or loss	18,112	–
Total loss recognised in other comprehensive income	–	(795,181)
Transfer to asset held for distribution	–	(56,484)
	<hr/>	<hr/>
At 30th June, 2021	144,009	4,386,513

The movements in fair value measurement within level 3 during the period ended 30th June, 2020 are as follow:

	Equity investment at fair value through other comprehensive income –unlisted HK\$'000
At 1st January, 2020	4,142,407
Purchase during the period	22,867
Total loss recognised in other comprehensive income	(754,315)
	<hr/>
At 30th June, 2020	3,410,959

During the periods ended 30th June, 2021 and 30th June, 2020, there were no transfers of fair value measurements into or out of Level 3 for both financial assets and financial liabilities.

The Group did not have any financial liabilities measured at fair value through profit or loss as at the periods ended 30th June, 2021 and as at 31st December, 2020.

Financial Risk Management Objectives and Policies

The Group has established policies and procedures for identifying, evaluating, monitoring and controlling the various types of risks pertaining to the Group's businesses, which are approved and endorsed by the board of directors and reviewed regularly by the Group's management, executive committee, investment committee, fund management committee and other designated committees or working groups. Material risks are identified and measured by designated committees and/or working groups before the launch of new products or business activities, and monitored, documented and controlled against applicable risk limits after the introduction of new products or services or implementation of new business activities. Internal auditors of the Group also perform regular audits to ensure compliance with the policies and procedures. The key risks include credit risk, liquidity risk, capital management risk, interest rate risk, foreign exchange risk, insurance risk, operational risk and equity price risk.

The outbreak of COVID-19 since early 2020 has continued impacting the business environment in Hong Kong, Mainland China and elsewhere. The economic disruption may impact parts of the Group's client base. The Group is exposing to the changes in fair value affected by deteriorating economic market under COVID-19 as most of the Group's financial assets are marked to market measured at fair value.

In response to uncertainties associated with the COVID-19 pandemic, the Group has taken and is continuing to maintain a sensible and watchful approach towards portfolio management; and tightening credit control procedures by following up with status of the outstanding balances and financial conditions of the business counterparties actively.

The Group is implementing contingency and business continuity measures to protect the health and safety of all staff while ensuring that business continuous as normal as possible.

The overall internal control environment and the management policies for the major types of risks are as follows:

(1) Internal control environment

The internal control framework of the Group comprises comprehensive control policies and standards. The areas of responsibilities of each business and operational unit are clearly defined. Internal control procedures have been established based on the risk inherent in the individual business unit.

The internal audit department, together with internal audit outsourcing professionals, play an important role in the Group's internal control framework. They monitor the effectiveness of the internal control procedures and ensure compliance with the policies and standards across the whole group. A direct reporting line to the audit committee under the board of directors safeguards its independence. The audit committee meets periodically to review and discuss financial performance, internal control, compliance issues and matters raised by the external auditors to ensure that all audit recommendations are implemented.

(2) Credit risk management

Credit risk is the risk that a customer or counterparty in a transaction may default. It arises from the credit terms which extend to clients, intermediates and reinsurers, and other activities undertaken by the Group. To manage credit risk, the Group has considered the underlying security and the long-established business relationship with the counterparty.

There are no significant concentrations of credit risk within the Group as the customer bases of the Group's insurance receivables are widely dispersed in different intermediates and direct customers from different sectors and industries.

The credit risk of the Group's other financial assets, which comprise cash and cash equivalents, pledged deposits, held-to-collect debt securities at amortised cost, loans and advances and other assets, amounts due from associates and insurance receivables, arises from default of the counterparty, with a maximum exposure equal to the carrying amounts of these instruments.



Financial Risk Management Objectives and Policies (continued)

(3) Liquidity risk management

Liquidity risk is the risk that the Group cannot meet its current obligations as they fall due. To manage liquidity risk, the Group has established liquidity management policies that are pertinent to the operations of business units.

The Group monitors its risk to a shortage of funds using a recurring liquidity planning tool. This tool considers the maturity of both its financial instruments and financial assets (e.g. insurance receivables) and the projected cash flows from operations.

(4) Capital management

Externally imposed capital requirements are mainly set and regulated by the Hong Kong Insurance Authority. These requirements are put in place to ensure sufficient solvency margins. Further objectives are set by the Group to maintain a strong credit rating and healthy capital ratios in order to support its business objectives and maximise shareholders' value.

The Group manages its capital requirements by assessing any shortfalls between the reported and required Relevant Amount, as defined in section 10 of the Hong Kong Insurance Companies Ordinance, on a regular basis. Adjustments to current capital levels are made in light of changes in economic conditions and risk characteristics of the Group's activities. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid or return capital to ordinary shareholders.

The Group fully complied with the externally imposed requirements of the Relevant Amount during the reported financial periods and no changes were made to its capital base, objectives, policies and processes for managing capital from the previous year.

The required Relevant Amount is determined by the application of a formula that contains variables for premiums and claims, expenses and reserve items. It also takes into account distribution of assets and investment returns.

In addition, the Group monitors capital using a gearing ratio, which is net current debt divided by total capital plus net current debt. Net current debt includes current portion of insurance contracts liabilities, insurance payables, amounts due to associates and other liabilities, less cash and cash equivalents and financial assets at fair value through profit or loss. Capital represents equity attributable to equity holders of the Company. As at 30th June, 2021, the Group has no net current debt.

(5) Interest rate risk management

Interest rate risk is the risk that the value/future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

Floating rate instruments expose the Group to cash flow interest rate risk, whereas fixed interest rate instruments expose the Group to fair value interest rate risk.

The Group's interest rate risk policy requires it to manage interest rate risk by maintaining an appropriate mix of fixed and variable rate instruments. The policy also requires it to manage the maturities of interest-bearing financial assets. Interest on floating rate instruments is repriced at intervals of less than one year. Interest on fixed interest rate instruments is priced at inception of the financial instruments and is fixed until maturity.

Financial Risk Management Objectives and Policies (continued)

(6) Foreign exchange risk management

Foreign exchange risk is the risk that the holding of foreign currencies will affect the Group's position as a result of a change in foreign currency exchange rates. The Group's foreign exchange risk primarily arises from its overseas operations, reinsurance and investment activities.

The Group currently does not have a foreign currency hedging policy. However, the management monitors the foreign exchange positions and will consider hedging those significant foreign currency exposures should the need arise.

(7) Insurance risk management

The business of the Group comprises both life and general insurance contracts, and general insurance contracts represent 97% of its total gross premiums written.

The risk under an insurance contract is the risk that an insured event will occur including the uncertainty of the amount and timing of any resulting claim. The principal risk the Group faces under such contracts is that the actual claims and benefit payments may exceed the carrying amount of insurance liabilities. This is influenced by the frequency of claims, severity of claims, actual benefits paid which are greater than originally estimated and subsequent development of long tail claims.

The variability of risks is improved by diversification of risk of loss to a large portfolio of insurance contracts as a more diversified portfolio is less likely to be affected across the board by change in any subset of the portfolio, as well as unexpected outcomes.

The variability of risks is also improved by careful selection and implementation of underwriting strategies, which are designed to ensure that risks are diversified in terms of type of risk and level of insured benefits. This is largely achieved through diversification across industry sectors and geographical area. Furthermore, strict claim review policies to assess all new and ongoing claims, regular detailed review of claims handling procedures and frequent investigation of possible fraudulent claims are all policies and procedures put in place to reduce the risk exposure of the Group. The Group further enforces a policy of actively managing and prompt pursuing of claims, in order to reduce its exposure to unpredictable future developments that can negatively impact the Group.

The majority of reinsurance business ceded is placed on both the proportional and excess of loss basis with retention limits varying by product line and territory. Excess-of-loss reinsurance is designed to mitigate the Group's net exposure to catastrophic losses. Amounts recoverable from reinsurers are estimated in a manner consistent with the assumptions used for ascertaining the underlying policy benefits and are presented in the unaudited condensed consolidated statement of financial position as reinsurance assets.

Although the Group has reinsurance arrangements, it is not relieved of its direct obligations to its policyholders and thus a credit exposure exists with respect to reinsurance ceded, to the extent that any reinsurer is unable to meet its obligations assumed under such reinsurance agreements.

The Group's placement of reinsurance is diversified such that it is neither dependent on a single reinsurer nor are the operations of the Group substantially dependent upon any single reinsurance contract. The Group also considers the long-established business relationship with the reinsurers.

The Group also has limited its exposure to a certain level by imposing maximum claim amounts on certain contracts as well as the use of reinsurance arrangements in order to limit exposure to catastrophic events, such as hurricanes, earthquakes and flood damages. The purpose of these underwriting and reinsurance strategies is to limit the exposure to catastrophes to a pre-determined maximum amount based on the Group's risk appetite as decided by management. For a single realistic catastrophic event, this maximum amount is less than 5% of the shareholders' equity of the wholly-owned subsidiary, Asia Insurance Company, Limited, on a net basis. In the event of such a catastrophe, counterparty exposure to a single reinsurer is estimated not to exceed 5% of the shareholders' equity of the wholly-owned subsidiary, Asia Insurance Company, Limited.



Financial Risk Management Objectives and Policies (continued)

(8) Operational risk management

Operational risk is the risk of financial loss resulting from procedural errors, system failures, frauds and other events.

The Group manages operational risk by maintaining adequate documentation of its operating procedures to facilitate training and quality performance. A proper internal control system is incorporated in the operation workflow to minimise the risk of losses caused by human errors. To reduce the interruptions to business activities caused by system failures or natural disasters, back-up systems and contingency business resumption plans are in place for critical business and back-office functions. Detailed recovery procedures are properly documented, with periodic drills conducted to ensure that the procedures are current and correct.

(9) Equity price risk management

Equity price risk is the risk that the fair values of equity securities decrease as a result of changes in the levels of equity indices and the values of individual securities. The Group is exposed to equity price risk arising from individual equity investments classified as financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income as at 30th June, 2021. The Group's listed investments are mainly listed on the stock exchanges of Hong Kong, the United States, and Thailand and are valued at quoted market prices at the end of the reporting period.

The Group monitors market risk by establishing limits for transactions, open positions and stop-loss. These limits are reviewed and approved by the Investment Committee periodically and are monitored on a daily basis.

The Code for Securities Transactions by Directors

The Company has adopted a code for securities transactions by directors (the “Code of Conduct”) on terms no less exacting than the required standard in the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) as set out in Appendix 10 to the Rules Governing the Listing of Securities (the “Listing Rules”) on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

All directors have confirmed, following specific enquiry by the Company, that they have complied with the required standard as set out in the Code of Conduct and the Model Code throughout the six months ended 30th June, 2021.

Directors’ and Chief Executive’s Interests in Shares

As at 30th June, 2021, the interests of the Company’s directors and chief executive in the shares and underlying shares of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong (the “SFO”) as recorded in the register required to be kept by the Company under section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code, were as follows:

Name of director	Number of ordinary shares held, capacity and nature of interest			Total	Approximate % of the Company’s issued share capital ⁽¹⁾
	Directly beneficially owned	Through spouse or minor children	Through controlled corporation		
CHAN Yau Hing Robin	–	–	569,999,712 ⁽²⁾	569,999,712	60.50
CHAN Bernard Charnwut	1,912,680	–	8,830,000 ⁽³⁾	10,742,680	1.14
WONG Kok Ho	810,000	430,000	–	1,240,000	0.13

Notes:

(1) Based on 942,180,000 shares in issue as at 30th June, 2021.

(2) Dr. CHAN Yau Hing Robin was deemed to be interested in 569,999,712 shares. Out of the 569,999,712 shares, (i) 566,069,712 shares were held through Claremont Capital Holdings Ltd (“Claremont Capital”), (ii) 3,097,000 shares were held through Asia Panich Investment Company (Hong Kong) Limited (“Asia Panich”) and (iii) 833,000 shares were held through Man Tong Company Limited (“Man Tong”). More than one-third of the issued share capital of Claremont Capital, Asia Panich and Man Tong are held by Cosmos Investments Inc. These corporations or their directors are accustomed to act in accordance with the directions or instructions of Dr. CHAN Yau Hing Robin.

(3) Mr. CHAN Bernard Charnwut was deemed to be interested in 8,830,000 shares that were held through Robinson Enterprise Holdings Limited which was 38% held by Mr. CHAN Bernard Charnwut and his spouse.

In addition to the above, Dr. CHAN Yau Hing Robin and Mr. WONG Kok Ho have non-beneficial personal equity interests in certain subsidiaries held for the benefit of the Company solely for the purpose of complying with the minimum company membership requirements.

Save as disclosed above, as at 30th June, 2021, none of the Company’s directors and chief executive had registered an interest or a short position in the shares or underlying shares of the Company or any of its associated corporations that was required to be recorded pursuant to section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

Other Information

Substantial Shareholders' and Other Persons' Interests in Shares

As at 30th June, 2021, the following persons (other than the directors or chief executive of the Company) had interests in the shares and underlying shares of the Company as recorded in the register required to be kept by the Company pursuant to section 336 of the SFO, or as otherwise notified to the Company:

Name of shareholder	Notes	Number of ordinary shares held	Approximate % of the Company's issued share capital ⁽¹⁾
Cosmos Investments Inc.	(2), (3)	569,999,712	60.50
Claremont Capital Holdings Ltd	(2)	566,069,712	60.08
Bangkok Bank Public Company Limited		89,988,236	9.55
Sompo Holdings, Inc.	(4)	91,759,753	9.74
Sompo Japan Insurance Inc.	(4)	91,759,753	9.74
Aioi Nissay Dowa Insurance Company, Limited		52,550,175	5.58

Notes:

- (1) Based on 942,180,000 shares in issue as at 30th June, 2021.
- (2) These shares have been included in the interest disclosure of Dr. CHAN Yau Hing Robin as set out in the section "Directors' and Chief Executive's Interests in Shares" above.
- (3) Cosmos Investments Inc. was deemed to be interested in 569,999,712 shares in which 566,069,712 shares were held by Claremont Capital, 3,097,000 shares were held by Asia Panich and 833,000 shares were held by Man Tong since Cosmos Investments Inc. holds more than one-third of the issued share capital of Claremont Capital, Asia Panich and Man Tong, respectively.
- (4) Sompo Japan Insurance Inc. ("SJII") is a wholly-owned subsidiary of Sompo Holdings, Inc. ("SHI") and accordingly, the shares in which SJII is shown as interested are included in the shares in which SHI is shown as interested.

Save as disclosed above, as at 30th June, 2021, no other persons had registered an interest or a short position in the shares or underlying shares of the Company that was required to be recorded pursuant to section 336 of the SFO.



Purchase, Sale or Redemption of the Company's Shares

During the six months ended 30th June, 2021, a subsidiary of the Company repurchased a total of 4,634,000 ordinary shares of the Company on the Stock Exchange at an aggregate purchase price of approximately HK\$17,843,000 (excluding expenses) which was paid wholly out of retained profits. Such repurchased shares were cancelled during the reporting period and after the end of the reporting period. Details of the ordinary shares repurchased on the Stock Exchange during the reporting period are as follows:

Month of repurchase	Number of ordinary shares repurchased	Price per share		Aggregate purchase price (excluding expenses) HK\$'000
		Highest HK\$	Lowest HK\$	
Jan 2021	244,000	3.95	3.80	949
Feb 2021	3,482,000	4.10	3.80	13,504
Mar 2021	88,000	3.98	3.98	350
Apr 2021	156,000	3.95	3.95	616
Jun 2021	664,000	3.73	3.56	2,424
	<u>4,634,000</u>			<u>17,843</u>

Subsequent to the end of the reporting period and up to the date of this report, a total of 470,000 ordinary shares of the Company were repurchased on the Stock Exchange at an aggregate purchase price of approximately HK\$1,745,000 (excluding expenses) which was paid wholly out of retained profits. Such repurchased shares were cancelled on 4th August, 2021. Details of the ordinary shares repurchased on the Stock Exchange after the end of the reporting period are as follows:

Month of repurchase	Number of ordinary shares repurchased	Price per share		Aggregate purchase price (excluding expenses) HK\$'000
		Highest HK\$	Lowest HK\$	
Jul 2021	470,000	3.74	3.62	1,745

As a result of the above share repurchases, the issued share capital of the Company was accordingly reduced by the par value of the aforesaid repurchased ordinary shares which were cancelled during the reporting period and after the end of the reporting period. As at the date of this report, the number of issued ordinary shares of the Company is 941,046,000 shares.

The purchase of the Company's shares during the reporting period and after the end of the reporting period was effected by the directors, pursuant to the mandate from shareholders received at the annual general meetings held in 2020 and 2021 respectively. The directors believe that the above share repurchases were exercised in the best interests of the Company and its shareholders and that such share repurchases would lead to an enhancement of the net assets value and/or earnings per share of the Company.

Save as disclosed above, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's ordinary shares during the six months ended 30th June, 2021 and up to the date of this report.

Change in Director's Information

There has been change in the information related to a director of the Company since the date of its Annual Report 2020. Details of the change as required to be disclosed under Rule 13.51B(1) of the Listing Rules are as follows:

Mr. WONG Kok Ho has been appointed as a director of The People's Insurance Company of China (Hong Kong), Limited on 27th April, 2021.

Corporate Governance Code

The Company has applied the principles and complied with all the applicable code provisions set out in the Corporate Governance Code contained in Appendix 14 of the Listing Rules throughout the six months ended 30th June, 2021.