

Incorp

(Stock Code: 662)

INTERIM REPORT

For the six months ended 30th June, 2024

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Corporate Information

Board of Directors

Executive Directors

CHAN Bernard Charnwut (*Chairman and President*)
TAN Stephen
WONG Kok Ho

Non-Executive Directors

KAWAUCHI Yuji
TATEGAMI Susumu

Independent Non-Executive Directors

AU YANG Chi Chun Evan
NGAN Edith Manling
LI Lu Jen Laurence

Audit Committee

NGAN Edith Manling (*Chairperson*)
AU YANG Chi Chun Evan
LI Lu Jen Laurence

Compliance Committee

AU YANG Chi Chun Evan (*Chairperson*)
NGAN Edith Manling
LI Lu Jen Laurence
CHAN Bernard Charnwut
TAN Stephen

Remuneration Committee

LI Lu Jen Laurence (*Chairperson*)
AU YANG Chi Chun Evan
NGAN Edith Manling
CHAN Bernard Charnwut
WONG Kok Ho

Nomination Committee

AU YANG Chi Chun Evan (*Chairperson*)
NGAN Edith Manling
LI Lu Jen Laurence
CHAN Bernard Charnwut
WONG Kok Ho

Risk Committee

LI Lu Jen Laurence (*Chairperson*)
AU YANG Chi Chun Evan
NGAN Edith Manling
CHAN Bernard Charnwut
WONG Kok Ho

Company Secretary

CHIANG Yuet Wah Connie

Auditor

Ernst & Young
Certified Public Accountants
Registered Public Interest Entity Auditor

Registered Office

Clarendon House
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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Email : contactus@afh.hk

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

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
Deacons
Gallant
P.C. Woo & Co.

Share Listing

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



Asia Financial Holdings Limited (“Asia Financial”, “The Group”, or “The Company”) posted a net profit attributable to its shareholders of HK\$361.4 million for the first half of 2024, a solid 20.6% growth over the first half of 2023.

Several factors underpinned our resilient performance throughout the year. We achieved positive results and earnings growth from our trading investments year over year. Additionally, our insurance operations delivered satisfactory outcomes. Consistent returns were also generated across our joint venture and associate holdings.

During the first half of 2024, Asia Financial demonstrated its adept portfolio management capabilities, outperforming key benchmark indices through strategic adjustments. Due to escalating geopolitical tensions between the United States and China, we maintained reduced exposure to Hong Kong and China equities and actively increased exposure to developed market equities in the United States, Japan, and Europe. Additionally, we capitalised on the high interest rate environment by bolstering our allocations to investment-grade bonds and cash holdings.

As we look ahead to the second half of 2024, Asia Financial approaches the outlook positively but recognises that the global financial markets and broader economic environment will continue to navigate complex challenges. Ongoing conflicts in Ukraine and the Middle East are anticipated to persist, compounded by the lingering effects of tightened monetary policies, and upcoming elections in many countries.

Despite these challenges, Asia Financial remains steadfast in its commitment to identifying and seizing opportunities that are aligned with our strategic priorities. We will leverage our operational agility and diversified business model to chart a prudent course through the evolving landscape.

By striking the right balance between vigilance and proactive adaptation, we are confident in delivering consistent, responsible performance for our stakeholders while positioning the organisation for long-term sustainable growth.

Economic Background

Although geopolitical challenges remained comparatively high, the global economy stabilised, avoiding a recession in the first half of 2024. According to the latest figures from the IMF, annual global economic growth for 2024 will be unchanged at 3.2% compared to last year. GDP growth forecasts in 2024 for China are 4.6% and Hong Kong 2.9%, compared to the USA's 2.7% and Europe's 1.4%.

Positive trading momentum continued in the US, Japan, and Europe, with the Dow Jones Industrial Average posting a first half gain of 3.8%, the Japanese TOPIX index increasing 18.7%, and the MSCI Europe Index increasing by 6.9%. Equity markets in China and Hong Kong rebounded, with the Hang Seng China Enterprises (H-share) Index rising 9.8% and the Hang Seng Index adding 3.9% due to increased stimulus measures from the Chinese government and buoyant domestic capital fund flows.

After a solid start to the year, China's economic rebound continued in the first six months of 2024, driven by faster growth in exports and industrial production. However, this was tempered by a faltering domestic real estate sector and dampened consumer confidence, which weighed on the overall pace of recovery.

Hong Kong's economy recorded mild growth in the first six months of the year helped by strong exports of goods and services in the first quarter. The commercial and residential property market has been subdued due to high interest rates with sluggish private consumption impacting retail sales.

Key stakeholders in Hong Kong are working hard to attract global enterprises, capital, and talent to drive the city's financial, innovation, technology and trade development while embracing green and digital transformation to propel high-quality economic growth.

The city's unique access to the Guangdong-Hong Kong-Macau Greater Bay Area and One Belt, One Road countries will further boost economic development.



Management Approach and Future Prospects

Despite the global economic headwinds, worldwide economies, particularly those in developed countries, are expected to be resilient during the second half of the year. As inflationary data declines and major regions such as Europe are cutting interest rates while the US is expected to lower interest rates later this year, a sense of stabilisation and cautious optimism emerges.

While maintaining our traditional core market exposure in our diversified investment portfolio over the long term, we will also increase opportunistic positions in selected developed and developing markets in the Asia region, such as India. This strategy aims to mitigate volatility by diversifying geopolitical risk and seizing opportunities across various sectors, including those with high growth potential like generative artificial intelligence, cybersecurity, and robotics. Maintaining a diverse and flexible investment portfolio enables us to navigate economic challenges and prioritise shareholder value.

Our projections for the insurance business remain cautiously optimistic. Despite the challenging economic environment and intense market competition, we are on track to deliver another year of solid growth. While we remain cautiously optimistic about the future, we will continue to exercise patience and diligence in our strategy and execution. By consistently reviewing and perfecting our business model, we are well-positioned to navigate the current challenges and capitalise on emerging opportunities in the insurance sector.

Asia Financial's distinguished brand and outstanding reputation give us a strong competitive edge. Our management is dedicated to ensuring the enduring stability of our enterprises and strategically aligning with economic and societal shifts for consistent growth, capitalising on the significant demographic changes throughout the region. Our commitment lies in expanding services that enhance everyday living, including insurance, retirement planning and healthcare, focusing on Hong Kong, Macau, and Mainland China and the rest of the world for reinsurance business. Our investment strategy is tailored to our strengths, leveraging our extensive client and partnership networks. We maintain a strategy of prudence.

CHAN Bernard Charnwut

Chairman and President

Hong Kong, 20th August, 2024

Business Review

Insurance

The Group's wholly-owned subsidiary, Asia Insurance Company Limited ("Asia Insurance"), achieved a net profit of HK\$249.2 million in the first half of 2024, a 2.7% decrease compared with the same period in 2023.

Despite the prevailing softness in the local market, particularly within Small to Medium Enterprises categories, Asia Insurance has delivered a solid 31.9% increase in insurance revenue over the first half of 2024.

This solid performance underscores the company's resilience and ability to navigate market challenges. By continuing to identify new business opportunities, develop innovative new product areas, leverage our industry expertise, and adopt agile business strategies, we increase our capacity to generate growth even in a relatively soft environment. This reflects our deep understanding of evolving market dynamics and our commitment to delivering innovative solutions that navigate the nuances of the current complex economic climate.

At the heart of our exceptional reputation lies the depth and strength of our client relationships and core business partnerships fostered through our consistently professional and innovative approach. Upholding the highest service standards has been a cornerstone of our success.

Asia Insurance's operating expenses for the current period align with the budgeted allocations and anticipated projections. We have enabled strategic business growth, strengthened our corporate sales and marketing capabilities, onboarded new agents, brokers, and partners, and established robust online digital infrastructures.

Furthermore, we have successfully consolidated our collaborative relationships within the insurance and banking sectors and are actively pursuing the development of additional business distribution avenues.

Our sustained investments in technology, system enhancements, and cybersecurity reflect our continuous commitment to reviewing and upgrading our business processes, boosting operational efficiency and enhancing our capacity for new business development and client acquisition. During the first six months of the year, we successfully migrated to a new digital platform in Macau.

We continue diversifying our reinsurance business into new international markets, and insurance revenue increased by 31.9% in the first half of 2024 over the same period last year. However, a reduction in our insurance service result by 30.3% mainly due to the increase in insurance liability reserves.

All the above figures are before elimination of group transactions.

Our commitment to balanced and sustainable growth is underpinned by our adept risk management practices and steadfast dedication to maintaining a diversified business model. For example, despite significant weather occurrences, the impact on Asia Insurance was minimal.

Given the current climate of intense competition and regional economic volatility, we remain vigilant to risks such as heightened cost sensitivity among clients and the possibility of business contractions due to economic pressures. In response to these evolving market dynamics, we will persist with our rigorous underwriting practices to refine our business composition. This will ensure our risk management framework remains robust and adaptive, enabling us to navigate uncertainties and capitalise on emerging opportunities. The overall performance of our insurance services consistently meets the highest industry standards and is considered satisfactory.

We remain steadfast in investing in our employees' continuous training and development. To further bolster our capabilities, we have proactively recruited some high-calibre personnel who bring specialised expertise and diverse perspectives to our organisation.

Business Review (continued)

Insurance (continued)

Our investments yielded realised and unrealised returns in the first half of 2024. The company's strategic joint ventures and associated entities have provided meaningful contributions that bolstered the insurance segment's overall results. BC Reinsurance Limited and Professional Liability Underwriting Services Limited, have demonstrated commendable and stable profitability throughout the period. Hong Kong Life Insurance Limited and Avo Insurance Company Limited returned a moderate loss.

Asia Insurance's two joint ventures with Fanhua Inc., one of China's preeminent independent financial services providers, have met management's performance expectations. These collaborative ventures include a life insurance brokerage firm and an insurance technology company, in which Asia Insurance maintains a 40% equity stake.

Asia Financial holds a 5% equity interest in PICC Life Insurance Company Limited ("PICC Life"), a financially robust entity with a nationwide license and a prominent footprint in the Chinese Mainland market. PICC Life's expansive network of branch offices plays a pivotal role in sustaining its strong financial standing.

Other Portfolio Investment

Our trading investments generated positive returns in the first half of 2024, driven by strong performance across different asset classes including value-oriented equities, investment grade fixed income bonds, and diversified alternative investments. We have actively adjusted the portfolio from a home-biased allocation to focus on a broader geographic diversification in developed markets and selective developing markets. This has helped our trading investments navigate market changes and volatility while maintaining the flexibility to capitalise on timely opportunities.

Our long-term strategic holdings provided solid dividend income which complemented investment returns. This balanced, active trading and strategic holdings approach has been a key differentiator, enabling us to deliver resilient investment performance. We remain committed to optimising and fine-tuning the portfolio to optimise risk-adjusted returns and sustainable shareholder value.

Health Care and Wellness

Our 4.7% strategic investment in Bumrungrad Hospital Public Company Limited ("Bumrungrad Hospital") is our most significant investment in listed equities. The hospital's long-standing success is a testament to its unwavering commitment to exceptional healthcare services, cutting-edge facilities, and a relentless focus on catering to the needs of international patients.

Headquartered in Bangkok, Bumrungrad Hospital's multilingual workforce and dedicated emphasis on customer satisfaction have been crucial factors in solidifying its position as a leading healthcare provider in the region. In the first half of 2024, Bumrungrad Hospital's share price increased by 11.3% in Thai Baht terms and 3.7% in Hong Kong Dollar terms, driven by the Thai Baht's depreciation against other major currencies.

The outlook for the remainder of the year remains optimistic. Due to the growing global demand for high-quality, culturally tailored medical tourism services, the hospital is poised to build upon its strong momentum and deliver sustained growth.

Business Review (continued)

Pension and Asset Management

In the first half of 2024, our joint venture, Bank Consortium Holding Limited (“BCH”), demonstrated remarkable financial stability and generated consistent profits. Its wholly-owned subsidiary, Bank Consortium Trust Company Limited (“BCT”), has firmly cemented its position as one of the top providers of Mandatory Provident Fund services in the Hong Kong market. Through its outstanding performance, unwavering commitment to service excellence, and innovative product offerings, BCT has consistently attracted and retained a strong client base, contributing significantly to the overall profitability of the BCH joint venture.

The Group maintains a 10% stake in BBL Asset Management Company Limited, a Thailand-based investment management firm. It operates as a multi-faceted investment services provider, offering a comprehensive range of capabilities, including asset management, equities, fixed income, specialised investment strategies, financial planning, and advisory services. The company’s expertise and diversified product suite have enabled it to navigate the dynamic market environment effectively. This strategic holding continues to deliver stable returns consistently.

Property Development

Our real estate ventures in Shanghai have been a steady component of our asset portfolio, comprising 4.4% of our total assets.

Our commitment to excellence and innovation in urban planning is unwavering, as demonstrated by the successful completion of Stage Four in our flagship mixed-use development in the Jiading District. Our group maintains a 27.5% stake in this project, consistently delivering strong sales performance. All prior phases sold out and significantly contributed to our profitability.

Following the approval of the Shanghai Municipal Bureau of Planning and Natural Resources in December 2023, we commenced promoting Stage Four at a selling price of RMB49,000 per square meter. While market conditions have demonstrated moderation in recent months, as potential purchasers adopt a more measured approach in the hope of further favourable government policy adjustments, initial market sales have exceeded market trends, and more than 50% of units have been sold to date. We remain cautiously optimistic about the long-term outlook for the Shanghai real estate sector.

Furthermore, we continue to progress smoothly with our 60,000-square-meter mixed-use project in the Qingpu District. This project includes a 21,000-square-meter land parcel near the Shanghai Hongqiao International Airport. Construction commenced in early 2023, and the first sales phase will commence by the fourth quarter of 2024.

Overall, we remain confident in the stable demand for home ownership within the Shanghai market.

Securities Investments Representing More than 5% of Total Assets

As of the 30th June, 2024, there were two securities investments, each represented above 5% of the Group’s total assets:

Holding	No. of shares (in thousand)	Investment cost (HK\$'million)	Fair value as at 30th June, 2024 (HK\$'million)	% of total Group assets	Realised and unrealised gain/(loss) (HK\$'million)	Dividends received (HK\$'million)
Bumrungrad Hospital	37,419	520	1,962	13.3%	69	25
PICC Life	1,288,055	1,522	1,733	11.7%	(437)	–

Both investments are primarily long-term strategic holdings.

Management Discussion and Analysis

Capital Structure

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

Liquidity, Financial Resources and Gearing Ratio

The Group's cash and bank balances as of 30th June, 2024 amounted to HK\$2,430,883,000 (31st December, 2023: HK\$2,885,402,000).

The Group had no bank borrowing as of 30th June, 2024 and 31st December, 2023.

No gearing ratio was calculated as the Group had no net current debt as of 30th June, 2024. The gearing ratio was based on net current debt divided by total capital plus net current debt. Net current debt includes the current portion of insurance contract liabilities, amounts due to a joint venture and associates, and other liabilities, less cash and bank balances 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 of 30th June, 2024, Asia Insurance Company, Limited ("Asia Insurance") charged assets with a carrying value of HK\$111,036,000 (31st December, 2023: HK\$110,614,000) 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 of 30th June, 2024, the Group had no material contingent liabilities.

Employees and Remuneration Policy

The total number of employees of the Group as of 30th June, 2024 was 363 (31st December, 2023: 352). Employees were remunerated based on their performance, experience and prevailing industry practice. Remuneration of the employees includes salary and discretionary bonus, which are 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 during the six months ended 30th June, 2024. The Group also offers various training and induction programmes to its employees.

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



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, 2024 as follows:

(All changes in % refer to the same period last year)

Profit attributable to equity holders of the Company:	HK\$361.4 million	+20.6%
Earnings per share:	HK38.9 cents	+21.2%
Interim dividend per share:	HK5.5 cents	+37.5%

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, 2024 and recommended it for the Board’s approval.

Interim Dividend

The Board has resolved to declare an interim cash dividend of HK5.5 cents (2023: HK4.0 cents) per ordinary share for the six months ended 30th June, 2024 payable on or about Friday, 4th October, 2024 to shareholders whose names appear on the Register of Members of the Company on Tuesday, 24th September, 2024.

Closure of Register of Members

The Register of Members of the Company will be closed from Friday, 20th September, 2024 to Tuesday, 24th September, 2024, 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 Share 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, 19th September, 2024.



Condensed Consolidated Statement of Profit or Loss (Unaudited)

For the six months ended 30th June, 2024

	Notes	Six months ended 30th June,	
		2024 HK\$'000	2023 HK\$'000
Insurance revenue	3	1,642,356	1,244,434
Insurance service expense		(1,221,842)	(824,767)
Net expenses from reinsurance contracts held		(254,281)	(179,643)
Insurance service result		166,233	240,024
Finance expense from insurance contracts issued		(36,223)	(64,950)
Finance income from reinsurance contracts held		12,133	19,237
Insurance operating result		142,143	194,311
Dividend income		74,901	66,533
Realised gain on investments		22,335	4,855
Unrealised gain on investments		108,084	34,840
Interest income		88,059	72,921
Other income and losses, net		(16,276)	(2,427)
		419,246	371,033
Operating expenses		(79,978)	(67,321)
Finance costs	4	(75)	(12)
		339,193	303,700
Share of profits and losses of joint ventures		9,511	13,122
Share of profits and losses of associates		57,000	21,884
PROFIT BEFORE TAX	5	405,704	338,706

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Condensed Consolidated Statement of Profit or Loss (Unaudited)

For the six months ended 30th June, 2024

	Notes	Six months ended 30th June,	
		2024 HK\$'000	2023 HK\$'000
PROFIT BEFORE TAX	5	405,704	338,706
Income tax expense	6	(44,317)	(38,982)
PROFIT FOR THE PERIOD		361,387	299,724
Attributable to: Equity holders of the Company		361,387	299,724
INTERIM DIVIDEND	7	51,038	37,220
INTERIM DIVIDEND PER SHARE	7	HK5.5 cents	HK4.0 cents
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY	8		
Basic and diluted – For profit for the period		HK38.9 cents	HK32.1 cents



Condensed Consolidated Statement of Comprehensive Income (Unaudited)

For the six months ended 30th June, 2024

	Note	Six months ended 30th June,	
		2024	2023
		HK\$'000	HK\$'000
PROFIT FOR THE PERIOD		361,387	299,724
OTHER COMPREHENSIVE INCOME			
Other comprehensive income that may be reclassified to profit or loss in subsequent periods:			
Share of other comprehensive income of associates		(39,243)	35,596
Exchange differences on translation of foreign operations		(96)	1,288
Net other comprehensive income that may be reclassified to profit or loss in subsequent periods		(39,339)	36,884
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	(558,850)	(240,104)
Income tax effect		48,511	39,498
Net other comprehensive income that will not be reclassified to profit or loss in subsequent periods		(510,339)	(200,606)
OTHER COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX		(549,678)	(163,722)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		(188,291)	136,002
ATTRIBUTABLE TO:			
Equity holders of the Company		(188,291)	136,002



Condensed Consolidated Statement of Financial Position (Unaudited)

30th June, 2024

	Notes	30th June, 2024 HK\$'000	31st December, 2023 HK\$'000
ASSETS			
Property, plant and equipment		183,255	185,593
Investment properties		215,180	231,500
Interests in joint ventures		547,965	538,312
Interests in associates		866,155	846,422
Due from associates		259,390	256,710
Held-to-collect debt securities at amortised cost	9	1,492,045	1,280,125
Equity investments designated at fair value through other comprehensive income	10	4,416,642	4,975,492
Pledged deposits	13	341,440	341,440
Other assets	11	321,303	198,305
Financial assets at fair value through profit or loss	12	2,558,270	2,039,674
Reinsurance contract assets		1,158,915	1,256,419
Cash and bank balances	13	2,430,883	2,885,402
Total assets		14,791,443	15,035,394
EQUITY AND LIABILITIES			
Equity attributable to equity holders of the Company			
Issued capital	14	928,114	929,296
Reserves		9,531,640	9,773,097
Proposed dividend		51,038	46,453
Total equity		10,510,792	10,748,846
Liabilities			
Insurance contract liabilities		3,373,199	3,491,504
Due to a joint venture		38	38
Due to associates		4,222	4,222
Other liabilities		614,704	492,737
Tax payable		65,301	54,733
Deferred tax liabilities		223,187	243,314
Total liabilities		4,280,651	4,286,548
Total equity and liabilities		14,791,443	15,035,394



Condensed Consolidated Statement of Changes in Equity (Unaudited)

For the six months ended 30th June, 2024

	Attributable to equity holders of the Company												
	Issued capital	Treasury shares	Share premium account	Share based reserve	Contingency reserve	Fair value reserve	Asset revaluation reserve	Exchange reserve	Statutory reserve	Capital redemption reserve	Retained profits	Proposed dividend	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
At 1st January, 2024	929,296	(796)	560,531	10,286	142,918	2,374,695	141,570	(74,239)	2,427	128,725	5,973,740	46,453	10,748,846
Profit for the period	-	-	-	-	-	-	-	-	-	-	361,387	-	361,387
Other comprehensive income for the period:													
Changes in fair value of equity investments at fair value through other comprehensive income, net of tax	-	-	-	-	-	(510,339)	-	-	-	-	-	-	(510,339)
Share of other comprehensive income of associates	-	-	-	-	-	(315)	-	(38,928)	-	-	-	-	(39,243)
Exchange differences on translation of foreign operations	-	-	-	-	-	-	-	(96)	-	-	-	-	(96)
Total comprehensive income for the period	-	-	-	-	-	(510,654)	-	(39,024)	-	-	361,387	-	(188,291)
Final 2023 dividend declared	-	-	-	-	-	-	-	-	-	-	47	(46,453)	(46,406)
Proposed interim 2024 dividend	-	-	-	-	-	-	-	-	-	-	(51,038)	51,038	-
Repurchase of shares	(1,182)	527	-	-	-	-	-	-	-	-	(2,844)	-	(3,499)
Transfer to capital redemption reserve	-	-	-	-	-	-	-	-	-	1,182	(1,182)	-	-
Transfer to contingency reserve	-	-	-	-	20,247	-	-	-	-	-	(20,247)	-	-
Release from contingency reserve	-	-	-	-	(5,889)	-	-	-	-	-	5,889	-	-
Share of share based reserve of a joint venture	-	-	-	142	-	-	-	-	-	-	-	-	142
Share of changes in contingency reserve of a joint venture	-	-	-	-	72	-	-	-	-	-	(72)	-	-
At 30th June, 2024	928,114	(269)*	560,531*	10,428*	157,348*	1,864,041*	141,570*	(113,263)*	2,427*	129,907*	6,285,660*	51,038	10,510,792

* These reserve accounts comprise the consolidated reserves of HK\$9,531,640,000 (31st December, 2023: HK\$9,773,097,000) 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, 2024

	Attributable to equity holders of the Company													
	Issued capital	Treasury shares	Share premium account	Share based reserve	Contingency reserve	Fair value reserve	Asset revaluation reserve	Exchange reserve	Statutory reserve	Capital reserve	Capital redemption reserve	Retained profits	Proposed dividend	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
At 1st January, 2023	936,588	(408)	560,531	7,983	119,056	2,761,275	141,570	(66,469)	2,427	513,240	121,433	5,765,313	32,759	10,895,298
Profit for the period	-	-	-	-	-	-	-	-	-	-	-	299,724	-	299,724
Other comprehensive income for the period:														
Changes in fair value of equity investments at fair value through other comprehensive income, net of tax	-	-	-	-	-	(200,606)	-	-	-	-	-	-	-	(200,606)
Share of other comprehensive income of associates	-	-	-	-	-	(866)	-	36,482	-	-	-	-	-	35,596
Exchange differences on translation of foreign operations	-	-	-	-	-	-	-	1,288	-	-	-	-	-	1,288
Total comprehensive income for the period	-	-	-	-	-	(201,492)	-	37,770	-	-	-	299,724	-	136,002
Final 2022 dividend declared	-	-	-	-	-	-	-	-	-	-	-	-	(62,759)	(62,759)
Proposed interim 2023 dividend	-	-	-	-	-	-	-	-	-	-	-	(37,220)	37,220	-
Repurchase of shares	(5,844)	(83)	-	-	-	-	-	-	-	-	(13,973)	-	-	(19,900)
Transfer to capital redemption reserve	-	-	-	-	-	-	-	-	-	-	5,844	(5,844)	-	-
Transfer to contingency reserve	-	-	-	-	11,347	-	-	-	-	-	-	(11,347)	-	-
Share of share based reserve of a joint venture	-	-	-	1,321	-	-	-	-	-	-	-	-	-	1,321
Share of changes in contingency reserve of a joint venture	-	-	-	-	220	-	-	-	-	-	-	(220)	-	-
At 30th June, 2023	930,744	(491)	560,531	9,304	130,623	2,559,783	141,570	(28,699)	2,427	513,240	127,277	5,996,433	37,220	10,979,962



Condensed Consolidated Statement of Cash Flows (Unaudited)

For the six months ended 30th June, 2024

	Six months ended 30th June,	
	2024 HK\$'000	2023 HK\$'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	405,704	338,706
Adjustments for:		
Interest income	(88,059)	(72,921)
Finance costs	75	12
Dividend income from investments	(74,901)	(66,533)
Gain on changes in ownership interest in an associate	(4,316)	–
Gain on redemption/call-back of held-to-collect debt securities	(38)	–
Depreciation	7,853	7,664
Changes in expected credit losses for:		
– held-to-collect debt securities at amortised cost	(512)	392
Change in fair value of an investment property	16,320	–
Loss on write-off of items of property, plant and equipment	13	–
Share of profits and losses of joint ventures	(9,511)	(13,122)
Share of profits and losses of associates	(57,000)	(21,884)
	<u>195,628</u>	<u>172,314</u>
Decrease/(increase) in other assets	(132,755)	52,228
Increase in financial assets at fair value through profit or loss	(518,596)	(201,713)
Decrease in reinsurance contract assets	97,504	43,290
Decrease/(increase) in time deposits with original maturity of over three months	309,055	(165,658)
Decrease in insurance contract liabilities	(118,305)	(151,009)
Increase in other liabilities	122,949	56,979
	<u>(44,520)</u>	<u>(193,569)</u>
Cash used in operations	(44,520)	(193,569)
Hong Kong profits tax refund/(paid)	1,925	(7,011)
Overseas withholding tax paid	(7,303)	(6,051)
	<u>(49,898)</u>	<u>(206,631)</u>
Net cash flows used in operating activities	(49,898)	(206,631)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	97,829	64,604
Dividends received from investments	74,901	66,533
Dividends received from associates	2,340	2,290
Purchases of held-to-collect debt securities at amortised cost	(419,209)	(226,542)
Proceeds from redemption/call-back of held-to-collect debt securities at amortised cost	207,839	97,676
Purchases of items of property, plant and equipment	(5,530)	(3,908)
Increase in amount due from an associate	(4,537)	–
Decrease in amount due from an associate	1,857	162
	<u>(44,510)</u>	<u>815</u>
Net cash flows from/(used in) investing activities	(44,510)	815

.....continued



Condensed Consolidated Statement of Cash Flows (Unaudited)

For the six months ended 30th June, 2024

	Six months ended 30th June,	
	2024	2023
	HK\$'000	HK\$'000
CASH FLOWS FROM FINANCING ACTIVITIES		
Repurchase of shares	(3,499)	(19,900)
Dividends paid	(46,406)	(32,759)
Principal portion of lease payments	(1,076)	(1,447)
Interest paid	(75)	(12)
	(51,056)	(54,118)
NET DECREASE IN CASH AND CASH EQUIVALENTS		
	(145,464)	(259,934)
Cash and cash equivalents at beginning of period	1,130,589	1,657,050
CASH AND CASH EQUIVALENTS AT END OF PERIOD		
	985,125	1,397,116
ANALYSIS OF BALANCES OF CASH AND BANK BALANCES		
Cash and bank balances	361,976	243,805
Non-pledged time deposits with original maturity of over three months when acquired	1,445,758	1,237,493
Non-pledged time deposits with original maturity of less than three months when acquired	623,149	1,153,311
	2,430,883	2,634,609
Less: Non-pledged time deposits with original maturity of over three months when acquired	(1,445,758)	(1,237,493)
Cash and cash equivalents as stated in the unaudited condensed consolidated statement of cash flows	985,125	1,397,116



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, 2023 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 16	<i>Lease Liability in a Sale and Leaseback</i>
Amendments to HKAS 1	<i>Classification of Liabilities as Current or Non-current</i> <i>(the “2020 Amendments”)</i>
Amendments to HKAS 1	<i>Non-current Liabilities with Covenants</i> <i>(the “2022 Amendments”)</i>
Amendments to HKAS 7 and HKFRS 7	<i>Supplier Finance Arrangements</i>

The nature and impact of the revised HKFRSs are described below:

Amendments to HKFRS 16 specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains. Since the Group has no sale and leaseback transactions with variable lease payments that do not depend on an index or a rate occurring from the date of initial application of HKFRS 16, the amendments did not have any impact on the financial position or performance of the Group.

The 2020 Amendments clarify the requirements for classifying liabilities as current or non-current, including what is meant by a right to defer settlement and that a right to defer must exist at the end of the reporting period. Classification of a liability is unaffected by the likelihood that the entity will exercise its right to defer settlement. The amendments also clarify that a liability can be settled in its own equity instruments, and that only if a conversion option in a convertible liability is itself accounted for as an equity instrument would the terms of a liability not impact its classification. The 2022 Amendments further clarify that, among covenants of a liability arising from a loan arrangement, only those with which an entity must comply on or before the reporting date affect the classification of that liability as current or non-current. Additional disclosures are required for non-current liabilities that are subject to the entity complying with future covenants within 12 months after the reporting period. The Group has reassessed the terms and conditions of its liabilities as at 1st January, 2023 and 2024 and concluded that the classification of its liabilities as current or non-current remained unchanged upon initial application of the amendments. Accordingly, the amendments did not have any impact on the financial position or performance of the Group.

Amendments to HKAS 7 and HKFRS 7 clarify the characteristics of supplier finance arrangements and require additional disclosure of such arrangements. The disclosure requirements in the amendments are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity’s liabilities, cash flows and exposure to liquidity risk. The disclosure of relevant information for supplier finance arrangements is not required for any interim reporting period during the first annual reporting period in which an entity applies the amendments. As the Group does not have supplier finance arrangements, the amendments did not have any impact on the interim condensed consolidated financial information.

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, 2024				
Segment revenue:				
External customers	1,642,356	-	-	1,642,356
Other revenue, income and gains, net	143,020	109,993	-	253,013
Intersegment	4,550	-	(4,550)	-
Total	1,789,926	109,993	(4,550)	1,895,369
Segment results	264,861	74,332	-	339,193
Share of profits and losses of:				
Joint ventures	(7,884)	17,395	-	9,511
Associates	25,728	31,272	-	57,000
Profit before tax				405,704
Income tax expense	(38,662)	(5,655)	-	(44,317)
Profit for the period				361,387
For the six months ended 30th June, 2023				
Segment revenue:				
External customers	1,244,434	-	-	1,244,434
Other revenue, income and gains, net	65,368	65,641	-	131,009
Intersegment	4,816	-	(4,816)	-
Total	1,314,618	65,641	(4,816)	1,375,443
Segment results	265,832	37,868	-	303,700
Share of profits and losses of:				
Joint ventures	(1,069)	14,191	-	13,122
Associates	20,858	1,026	-	21,884
Profit before tax				338,706
Income tax expense	(34,847)	(4,135)	-	(38,982)
Profit for the period				299,724

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
30th June, 2024			
Segment assets	7,574,786	5,802,537	13,377,323
Interests in joint ventures	400,571	147,394	547,965
Interests in associates	378,448	487,707	866,155
	<hr/>	<hr/>	<hr/>
Total assets	8,353,805	6,437,638	14,791,443
	<hr/>	<hr/>	<hr/>
Segment liabilities	3,883,668	396,983	4,280,651
	<hr/>	<hr/>	<hr/>
	Insurance HK\$'000	Corporate HK\$'000	Consolidated HK\$'000
31st December, 2023			
Segment assets	7,473,608	6,177,052	13,650,660
Interests in joint ventures	408,313	129,999	538,312
Interests in associates	371,542	474,880	846,422
	<hr/>	<hr/>	<hr/>
Total assets	8,253,463	6,781,931	15,035,394
	<hr/>	<hr/>	<hr/>
Segment liabilities	3,854,290	432,258	4,286,548
	<hr/>	<hr/>	<hr/>

(b) Geographical information

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

3. Insurance Revenue

Insurance revenue represents the amount of expected premium receipts allocated to each period of insurance contract services on the basis of the passage of time.

4. Finance Costs

	Six months ended 30th June,	
	2024 HK\$'000	2023 HK\$'000
Interest on lease liabilities	75	12

5. Profit Before Tax

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

	Six months ended 30th June,	
	2024 HK\$'000	2023 HK\$'000
Auditor's remuneration	(2,548)	(2,026)
Depreciation	(7,853)	(7,664)
Employee benefits expense (including directors' remuneration)	(102,703)	(88,740)
Realised gain on:		
– disposal of financial assets at fair value through profit or loss, net	17,981	4,855
– redemption/call-back of held-to-collect debt securities at amortised cost	38	–
– change in ownership interest in an associate	4,316	–
Total realised gain on investments	22,335	4,855
Unrealised gain on financial assets at fair value through profit or loss, net	108,084	34,840
Change in expected credit losses for:		
– held-to-collect debt securities at amortised cost	512	(392)
Interest income	88,059	72,921
Loss on write-off of items of property, plant and equipment*	(13)	–
Gross rental income*	3,940	3,365
Direct operating expenses (including repairs and maintenance) arising from rental-earning investment properties	(305)	(200)
Changes in fair value of an investment property*	(16,320)	–
Foreign exchange loss, net*	(7,282)	(7,698)
Dividend income from:		
– Listed investments	58,323	44,612
– Unlisted investments	16,578	21,921
Total dividend income	74,901	66,533

* Such amounts were included in "Other income and losses, net" in 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% (2023: 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,	
	2024 HK\$'000	2023 HK\$'000
Current – Hong Kong		
Charge for the period	1,929	1,612
Under provision in prior period	110	–
Current – Elsewhere		
Charge for the period	13,874	12,704
Over provision in prior period	–	(107)
Deferred	28,404	24,773
	<u>44,317</u>	<u>38,982</u>
Total tax charge for the period		

7. Dividend

	Six months ended 30th June,	
	2024 HK\$'000	2023 HK\$'000
Proposed interim dividend:		
HK5.5 cents (2023: HK4.0 cents) per ordinary share	51,038	37,220

The Board has resolved to pay an interim dividend of HK5.5 cents per share (2023: HK4.0 cents), which will be paid in cash, for the six months ended 30th June, 2024 payable on or about 4th October, 2024 to shareholders whose names appear on the Register of Members of the Company on 24th September, 2024.

8. Earnings Per Share Attributable to Ordinary Equity Holders of the Company

The calculation of the basic earnings per share is based on the profit for the period attributable to ordinary equity holders of the Company of HK\$361,387,000 (2023: HK\$299,724,000) and the weighted average number of ordinary shares of 928,677,000 (2023: 934,523,000) in issue during the period.

No adjustment has been made to the basic earnings per share amounts presented for the periods ended 30th June, 2024 and 2023 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, 2024 HK\$'000	31st December, 2023 HK\$'000
Listed debt securities in Hong Kong, at amortised cost	826,942	885,618
Listed debt securities outside Hong Kong, at amortised cost	527,093	256,726
Unlisted debt securities, at amortised cost	140,435	140,718
	<u>1,494,470</u>	<u>1,283,062</u>
Less: Impairment allowance	(2,425)	(2,937)
	<u>1,492,045</u>	<u>1,280,125</u>
Held-to-collect debt securities at amortised cost	<u>1,492,045</u>	<u>1,280,125</u>
Fair value of listed and unlisted held-to-collect debt securities	<u>1,440,169</u>	<u>1,244,135</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, 2024 HK\$'000	31st December, 2023 HK\$'000
Public sector entities	127,070	145,616
Banks and other financial institutions	962,355	768,367
Corporate entities	402,620	366,142
	<u>1,492,045</u>	<u>1,280,125</u>

Notes to the Interim Financial Statements (Unaudited)

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

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, 2024 HK\$'000	31st December, 2023 HK\$'000
With a residual maturity of:		
Three months or less	94,679	163,355
One year or less but over three months	241,587	152,357
Five years or less but over one year	1,086,798	743,349
Over five years	68,981	221,064
	1,492,045	1,280,125

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, 2024, listed debt securities of the Group amounting to HK\$111,036,000 (31st December, 2023: HK\$110,614,000) were pledged.

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

	30th June, 2024 HK\$'000	31st December, 2023 HK\$'000
Listed equity investments outside Hong Kong, at fair value		
Bangkok Bank Public Company Limited	524,641	675,401
Bumrungrad Hospital Public Company Limited	1,739,517	1,678,337
	2,264,158	2,353,738
Unlisted equity investments, at fair value		
PICC Life Insurance Company Limited	1,733,000	2,170,000
BBL Asset Management Company Limited	238,000	271,000
The People's Insurance Company of China (Hong Kong), Limited	53,931	62,509
BE Reinsurance Limited	39,118	33,855
Others	88,435	84,390
	2,152,484	2,621,754
Total	4,416,642	4,975,492

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

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\$558,850,000 (30th June, 2023: gross loss HK\$240,104,000).

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. Other Assets

	30th June, 2024 HK\$'000	31st December, 2023 HK\$'000
Accrued interest and other assets	321,290	198,305
Tax recoverable	13	–
	321,303	198,305

The Group's accrued interest and other assets are current in nature as at 30th June, 2024 and 31st December, 2023.

Where applicable, an impairment analysis is performed on other receivables at each reporting date by considering the probability of default of comparable companies with published credit ratings. In the situation where no comparable companies with credit ratings can be identified, expected credit losses are estimated by applying a loss rate approach with reference to the historical loss record of the Group. The loss rate is adjusted to reflect the current conditions and forecasts of future economic conditions, as appropriate. The expected credit losses associated with other receivables were minimal in view of the fact that these balances are not yet past due.

Notes to the Interim Financial Statements (Unaudited)

12. Financial Assets at Fair Value Through Profit or Loss

	30th June, 2024 HK\$'000	31st December, 2023 HK\$'000
Debt securities:		
– listed in Hong Kong, at fair value	59,724	59,440
– listed outside Hong Kong, at fair value	100,103	100,474
	159,827	159,914
Equity securities at fair value:		
– listed in Hong Kong	306,392	345,998
– listed outside Hong Kong	1,164,591	890,945
	1,470,983	1,236,943
Investment funds:		
– listed outside Hong Kong, at fair value	301,829	138,258
– unlisted, at quoted price	625,631	504,559
	927,460	642,817
Total	2,558,270	2,039,674

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.

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, 2024 HK\$'000	31st December, 2023 HK\$'000
Public sector entities	16,687	31,942
Banks and other financial institutions	450,042	318,921
Corporate entities	2,091,541	1,688,811
	2,558,270	2,039,674

The above securities and investment funds as at 30th June, 2024 and 31st December, 2023 were classified as financial assets at fair value through profit or loss as they were held for trading.

13. Cash and Bank Balances and Pledged Deposits

	30th June, 2024 HK\$'000	31st December, 2023 HK\$'000
Cash at banks	361,976	419,487
Time deposits with original maturity of over three months	1,445,758	1,754,813
Time deposits with original maturity of less than three months	623,149	711,102
	2,430,883	2,885,402
Pledged deposits	341,440	341,440
	2,772,323	3,226,842

14. Share Capital

	30th June, 2024 HK\$'000	31st December, 2023 HK\$'000
Authorised: 1,500,000,000 ordinary shares of HK\$1 each	1,500,000	1,500,000
Issued and fully paid: 928,114,000 (2023: 929,296,000) ordinary shares of HK\$1 each	928,114	929,296

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, 2024	929,296,000	929,296
Shares repurchased and cancelled (note)	(1,182,000)	(1,182)
At 30th June, 2024	928,114,000	928,114

Note:

At 31st December, 2023, 234,000 shares with cost of HK\$796,000 were classified as treasury shares, and were subsequently cancelled in February 2024. During the period ended 30th June, 2024, a subsidiary of the Company repurchased 1,022,000 ordinary shares of the Company of HK\$1 each on the Stock Exchange at prices ranging from HK\$3.30 to HK\$3.70 per share at a total consideration of HK\$3,499,000 (including expenses and dividend). Out of which, 948,000 repurchased shares were cancelled.

Notes to the Interim Financial Statements (Unaudited)

14. Share Capital (continued)

Note: (continued)

The premium of HK\$2,844,000 paid on the repurchase of such shares was debited to the retained profits account and an amount of HK\$1,182,000 was transferred from retained profits of the company to the capital redemption reserve.

The remaining 74,000 shares with cost of HK\$269,000 were classified as treasury shares at 30th June, 2024 and were subsequently cancelled in July 2024.

Subsequent to the end of the reporting period, the Group repurchased and cancelled 84,000 ordinary shares of the Company from the market at prices ranging from HK\$3.60 to HK\$3.70 per share at a total amount of HK\$308,000 (including expenses). As at the date of this report, the number of issued shares of the Company is 927,956,000 shares.

15. Commitments

The Group had capital commitment as follows:

	30th June, 2024 HK\$'000	31st December, 2023 HK\$'000
Contracted, but not provided for:		
Acquisition of computer hardware and software	2,224	5,341

16. 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, 2024, the Group had total future minimum lease receivables under non-cancellable operating leases with its tenants falling due as follows:

	30th June, 2024 HK\$'000	31st December, 2023 HK\$'000
Within one year	7,314	7,340
After one year but within two years	3,385	6,693
After two years but within three years	73	393
	10,772	14,426

17. Related Party Transactions

(a)

	30th June, 2024		31st December, 2023	
	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	-	88	-	95
Interbank activities:				
Deposits placed	-	537,020	-	664,652
	Six months ended 30th June, 2024		Six months ended 30th June, 2023	
	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	-	16,969	-	11,682
Premium income:				
Gross premiums written	253	24,532	205	6,311
Commission expense, net	-	2,042	-	2,913
Compensation:				
Salaries and short-term employee benefits	6,834	-	6,035	-
Pension scheme contributions	273	-	263	-

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

Notes to the Interim Financial Statements (Unaudited)

17. Related Party Transactions (continued)

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

	30th June, 2024 HK\$'000	31st December, 2023 HK\$'000
Loans and advances received:		
Aggregate balance at the end of the reporting period	38	38
	Six months ended 30th June, 2024 HK\$'000	2023 HK\$'000
Reinsurance premium accepted	2,394	4,273
Reinsurance premium ceded out	92,502	26,117
Commission expenses paid	893	1,200
Commission income received	42,038	13,149

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

	30th June, 2024 HK\$'000	31st December, 2023 HK\$'000
Loans and advances granted:		
Aggregate balance at the end of the reporting period	259,390	256,710
Loans and advances received:		
Aggregate balance at the end of the reporting period	4,222	4,222
	Six months ended 30th June, 2024 HK\$'000	2023 HK\$'000
Loans and advances granted:		
Interest income	1,297	848
Reinsurance premium accepted	327	140
Commission expense paid	8,880	3,562

18. Fair Value Hierarchy of Financial Instruments

Management has assessed that the fair values of cash and bank balances, pledged deposits, amounts due from associates, financial assets included in other assets, amounts due to a joint venture and 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.

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.



Notes to the Interim Financial Statements (Unaudited)

18. Fair Value Hierarchy of Financial Instruments (continued)

Below is a summary of significant unobservable inputs to the valuation of principal financial instruments as at 30th June, 2024:

	Valuation technique	Significant unobservable input	Range or weighted average	Sensitivity of fair value to the input
Unlisted equity and fund investments	Valuation multiples	Discount of lack of marketability	0% – 30%	20% increase/(decrease) in discount would result in (decrease)/increase in fair value by HK\$192,711,000
		Price to book value multiple	0.15 – 2.70	10% increase/(decrease) in multiple would result in increase/(decrease) in fair value by HK\$15,483,000
		Enterprise value to earnings multiple	0.21 – 30.21	10% increase/(decrease) in multiple would result in increase/(decrease) in fair value by HK\$2,619,000
		Enterprise value to sales multiple	2.09 – 3.18	10% increase/(decrease) in multiple would result in increase/(decrease) in fair value by HK\$571,000
		Price to earnings multiple	7.50 – 13.09	15% increase/(decrease) in multiple would result in increase/(decrease) in fair value by HK\$35,700,000
		Price to embedded value multiple	0.30 – 1.13	15% increase/(decrease) in multiple would result in increase/(decrease) in fair value by HK\$259,950,000

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.

18. 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, 2023:

	Valuation technique	Significant unobservable input	Range or weighted average	Sensitivity of fair value to the input
Unlisted equity and fund investments	Valuation multiples	Discount of lack of marketability	0% – 30%	20% increase/(decrease) in discount would result in (decrease)/increase in fair value by HK\$232,176,000
		Price to book value multiple	0.14 – 2.73	10% increase/(decrease) in multiple would result in increase/(decrease) in fair value by HK\$15,756,000
		Enterprise value to earnings multiple	1.26 – 33.89	10% increase/(decrease) in multiple would result in increase/(decrease) in fair value by HK\$1,921,000
		Enterprise value to sales multiple	1.58 – 2.36	10% increase/(decrease) in multiple would result in increase/(decrease) in fair value by HK\$1,357,000
		Price to earnings multiple	9.28 – 14.22	15% increase/(decrease) in multiple would result in increase/(decrease) in fair value by HK\$40,650,000
		Price to embedded value multiple	0.09 – 1.46	15% increase/(decrease) in multiple would result in increase/(decrease) in fair value by HK\$325,500,000

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.

18. Fair Value Hierarchy of Financial Instruments (continued)

The movements in fair value measurement within level 3 during the period ended 30th June, 2024 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, 2024	311,180	2,621,754
Purchase during the period	49,302	–
Disposal during the period	(2,270)	–
Total gain recognised in profit or loss	1,021	–
Total loss recognised in other comprehensive income	–	(469,270)
	<u>359,233</u>	<u>2,152,484</u>
At 30th June, 2024	<u>359,233</u>	<u>2,152,484</u>

The movements in fair value measurement within level 3 during the period ended 30th June, 2023 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, 2023	249,964	3,194,052
Purchase during the period	18,343	–
Disposal during the period	(1,258)	–
Total gain recognised in profit or loss	9,511	–
Total loss recognised in other comprehensive income	–	(391,564)
	<u>276,560</u>	<u>2,802,488</u>
At 30th June, 2023	<u>276,560</u>	<u>2,802,488</u>

During the periods ended 30th June, 2024 and 30th June, 2023, 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, 2024 and as at 31st December, 2023.

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 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, intermediaries 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 contracts issued in an asset position are widely dispersed in different intermediaries and direct customers from different sectors and industries.

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

(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 and the projected cash flows from operations.

Financial Risk Management Objectives and Policies (continued)

(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 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, amounts due to a joint venture and associates and other liabilities, less cash and bank balances and financial assets at fair value through profit or loss. Capital represents equity attributable to equity holders of the Company. As at 30th June, 2024, 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.

(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.

Financial Risk Management Objectives and Policies (continued)

(7) Insurance risk management

The business of the Group comprises both life and general insurance contracts, and general insurance contracts represent 99.7% of its total insurance revenue.

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 promptly 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 contract 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, 2024. 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.

Other Information

The Code for Securities Transactions by Directors

The Company has adopted a code for securities transactions by directors (the “Securities Code”) 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 C3 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 Securities Code and the Model Code throughout the six months ended 30th June, 2024.

Directors’ and Chief Executive’s Interests in Shares

As at 30th June, 2024, 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 Bernard Charnwut	1,912,680	–	578,829,712 ⁽²⁾⁽³⁾	580,742,392	62.57
TAN Stephen	–	–	8,830,000 ⁽⁴⁾	8,830,000	0.95
WONG Kok Ho	810,000	430,000	–	1,240,000	0.13

Notes:

(1) Based on 928,114,000 shares in issue as at 30th June, 2024.

(2) Mr. CHAN Bernard Charnwut was deemed to be interested in 569,999,712 shares. Out of which, (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 Mr. CHAN Bernard Charnwut.

(3) Mr. CHAN Bernard Charnwut was also deemed to be interested in 8,830,000 shares that were held through Robinson Enterprise Holdings Limited which was 54.2% held by Mr. CHAN Bernard Charnwut and his spouse.

(4) Mr. TAN Stephen was deemed to be interested in 8,830,000 shares that were held through Robinson Enterprise Holdings Limited which was 33.8% held by Mr. TAN Stephen and his spouse.

In addition to the above, Mr. WONG Kok Ho has non-beneficial personal equity interest in a subsidiary 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, 2024, 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.

Substantial Shareholders' and Other Persons' Interests in Shares

As at 30th June, 2024, 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	61.41
Claremont Capital Holdings Ltd	(2)	566,069,712	60.99
Bangkok Bank Public Company Limited		89,988,236	9.70
Sompo Holdings, Inc.	(4)	91,759,753	9.89
Sompo Japan Insurance Inc.	(4)	91,759,753	9.89
Aioi Nissay Dowa Insurance Company, Limited		52,550,175	5.66

Notes:

- (1) Based on 928,114,000 shares in issue as at 30th June, 2024.
- (2) These shares have been included in the interest disclosure of Mr. CHAN Bernard Charnwut 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, 2024, 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.

Other Information

Purchase, Sale or Redemption of the Company's Shares

During the six months ended 30th June, 2024, a subsidiary of the Company repurchased a total of 1,022,000 ordinary shares of the Company on the Stock Exchange at an aggregate purchase price of approximately HK\$3,493,000 (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\$	
Mar 2024	116,000	3.38	3.30	387
Apr 2024	672,000	3.40	3.30	2,278
May 2024	176,000	3.65	3.40	617
Jun 2024	58,000	3.70	3.50	211
	<u>1,022,000</u>			<u>3,493</u>

Subsequent to the end of the reporting period and up to the date of this report, a total of 84,000 ordinary shares of the Company were repurchased on the Stock Exchange at an aggregate purchase price of approximately HK\$307,000 (excluding expenses) which was paid wholly out of retained profits. Such repurchased shares were cancelled on 18th July, 2024 and 30th July, 2024. 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 2024	<u>84,000</u>	3.70	3.60	<u>307</u>
	<u>84,000</u>			<u>307</u>

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 927,956,000 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 2023 and 2024 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 asset 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, 2024 and up to the date of this report.

Changes in Directors' Information

There have been changes in the information related to directors of the Company since the date of its Annual Report 2023. Details of the changes as required to be disclosed under Rule 13.51B(1) of the Listing Rules are as follows:

The following Committees Fee of Asia Insurance Company, Limited ("AI"), the Company's wholly owned subsidiary, with retrospective effect from 1st January, 2024, was approved by the shareholders of AI in its annual general meeting held on 4th June, 2024:

	AI Committees Fee (per annum)	
	Fee for the year ending 31st December, 2024 ("Revised AI Committees Fee") HK\$	Fee for the year ended 31st December, 2023 HK\$
AI's Risk Committee ("AI RiskC") – Chairperson	20,000	10,000
AI RiskC – Member	20,000	10,000
AI's Audit Committee ("AI AC") – Chairperson	(same as year 2023)	20,000
AI AC – Member	(same as year 2023)	10,000

All executive directors of AI are not entitled to the Revised AI Committees Fee for being a member of each committee of AI. The emoluments of each independent non-executive director of the Company acting as chairperson or member of AI RiskC or AI AC would be changed accordingly, particulars as below:

- (1) Mr. AU YANG Chi Chun Evan is entitled to receive the Revised AI Committees Fee of total HK\$30,000 per annum for being a member of both AI RiskC and AI AC for the year ending 31st December, 2024.
- (2) Ms. NGAN Edith Manling is entitled to receive the Revised AI Committees Fee of total HK\$40,000 per annum for being the chairperson of AI AC and a member of AI RiskC for the year ending 31st December, 2024.
- (3) Mr. LI Lu Jen Laurence is entitled to receive the Revised AI Committees Fee of total HK\$30,000 per annum for being the chairperson of AI RiskC and a member of AI AC for the year ending 31st December, 2024.

Mr. KAWAUCHI Yuji's position in Sompo Holdings, Inc. (a company listed on Japan Stock Exchange) has been changed to Executive Vice President, in charge of Overseas Business, Wellbeing on 1st April, 2024.

Ms. NGAN Edith Manling has been appointed as an independent non-executive director of the board, the chair of the audit committee, a member of the risk committee and the conduct review and ethics committee of Manulife (International) Limited on 25th June, 2024.

Mr. LI Lu Jen Laurence has been appointed as a board member and the HR Committee member of Aviation Security Company Limited on 1st June, 2024.

Corporate Governance Code

The Company has applied the principles and complied with all the applicable code provisions set out in the Corporate Governance Code (“CG Code”) contained in Appendix C1 of the Listing Rules throughout the six months ended 30th June, 2024, except a deviation from CG Code C.2.1 which stipulates, inter alia, that the roles of chairman and chief executive should be separate and should not be performed by the same individual and that the division of responsibilities between the chairman and chief executive should be clearly established and set out in writing.

The Company has appointed a President instead of a Chief Executive. The division of responsibilities between the Chairman and President of the Company has been clearly established and set out in writing. The roles of Chairman and President had been separated until the passing away of Dr. CHAN Yau Hing Robin, the late Chairman of the Company. Mr. CHAN Bernard Charnwut (“Mr. Bernard Chan”) has been appointed as Chairman from 20th April, 2022 and since then concurrently acts as Chairman and President of the Company.

The Board considers that such deviation will not impair the balance of power and authority as it is ensured by the operations and governance of the Board which comprises experienced and high calibre individuals. The Company has policies and guidelines which set out the delegation of authority and Internal Audit will check whether such policies and guidelines have been complied with. Moreover, important decisions will require the approval of the Board which comprises non-executive directors and independent non-executive directors, in addition to executive directors, who can help to provide a check and balance on the exercise of power of the Chairman cum President.

In allowing the two positions to be occupied by the same person, the Board has considered that both positions require in-depth knowledge and considerable experience of the Group’s business. Based on the experience and qualification of Mr. Bernard Chan, the Board believes that the vesting of two roles to Mr. Bernard Chan will continue to provide the Group with stable and consistent leadership and continue to allow for effective and efficient planning and implementation of long term business strategies and is beneficial to the Company and in the interests of its shareholders. The Board will review the structure from time to time and shall adjust the situation when suitable circumstance arises.