



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**

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For the six months ended 30th June, 2022

	<i>Pages</i>
Corporate Information	2
Chairman's Statement	3
Management Discussion and Analysis	5
Interim Results Highlights	9
Condensed Consolidated Statement of Profit or Loss (Unaudited)	10
Condensed Consolidated Statement of Comprehensive Income (Unaudited)	12
Condensed Consolidated Statement of Financial Position (Unaudited)	13
Condensed Consolidated Statement of Changes in Equity (Unaudited)	14
Condensed Consolidated Statement of Cash Flows (Unaudited)	16
Notes to the Interim Financial Statements (Unaudited)	18
Supplementary Financial Information	41
Other Information	45

# Corporate Information

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## Board of Directors

### Executive Directors

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

### Non-Executive Directors

KAWAUCHI Yuji  
OGURA Satoru

### Independent Non-Executive Directors

LAI KO Wing Yee Rebecca  
AU YANG Chi Chun Evan  
NGAN Edith Manling

## Audit Committee

NGAN Edith Manling (*Chairperson*)  
LAI KO Wing Yee Rebecca  
AU YANG Chi Chun Evan

## Compliance Committee

AU YANG Chi Chun Evan (*Chairperson*)  
LAI KO Wing Yee Rebecca  
NGAN Edith Manling  
CHAN Bernard Charnwut  
TAN Stephen

## Remuneration Committee

LAI KO Wing Yee Rebecca (*Chairperson*)  
AU YANG Chi Chun Evan  
NGAN Edith Manling  
CHAN Bernard Charnwut  
WONG Kok Ho

## Nomination Committee

AU YANG Chi Chun Evan (*Chairperson*)  
LAI KO Wing Yee Rebecca  
NGAN Edith Manling  
CHAN Bernard Charnwut  
WONG Kok Ho

## Risk Committee

LAI KO Wing Yee Rebecca (*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

16th Floor, Worldwide House  
19 Des Voeux Road Central  
Hong Kong  
Telephone : (852) 3606 9200  
Fax : (852) 2545 3881  
Website : [www.afh.hk](http://www.afh.hk)  
Email : [contactus@afh.hk](mailto: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”) recorded a net profit attributable to shareholders of HK\$29.8 million in the first half of 2022, representing a 90.8% decrease compared with the same period in 2021. The main contributing factors were lower valuations in portfolio investments, and overall decrease in contributions from our joint ventures and associates. This was slightly offset by underwriting profits from our core insurance business.

In spite of the coronavirus pandemic and its associated economic impact, our core businesses showed reassuring resiliency. With a solid and mature core insurance business, our current underwriting revenue and profits remain stable and growing. 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 continue to face challenges on the path to global economic recovery.

Asia Financial's prospects for the second half of 2022 will continue to be affected by the pandemic crisis, geopolitical conflict, rising inflation and interest rates, and their unpredictable impact on the performance of global equity 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

Normalization of the global economy showed signs of weakness in the first half of 2022. Coming off 5.7% growth in 2021, GDP forecasts have been lowered to 2.9% for 2022. Supply chain disruptions and the Russian-Ukraine war have contributed to rising inflation, compounding damage from the COVID-19 pandemic. The economic slowdown has also been exacerbated by rising interest rates and withdrawal of fiscal and monetary policy accommodation.

Hong Kong's economic recovery was hampered by stringent social distancing measures imposed during the fifth wave of COVID-19 in the first four months of 2022. Unemployment surged to 5.4% for four months ended April, and year-on-year GDP declined 4.0% in the first quarter.

China's economy is projected to slow in 2022 with GDP growth of 4.3% according to the World Bank forecast, as it faces dual challenges of balancing COVID-19 mitigation with supporting economic growth.

The US stock market has seen big declines and remains in negative territory for the first half of the year, with the S&P 500 down 20.6% year-to-June which is an expected adjustment following the recent bottom in the last two years when central banks implemented unprecedented economic stimulus to offset the pandemic impact. The US economy now faces multiple challenges such as high inflation, rising interest rates and growing concerns about corporate profits and economic growth.

The Hang Seng Index is also in negative territory, down 6.6% year-to-June and H-share Index down 6.9%. The H-share Index decline has been due in large part to China's regulatory tightening on industries, which dampened market sentiment.



### Management Approach and Future Prospects

The global and regional economic picture in mid-2022 remains uncertain and difficult to predict due to underlying risks. Asia Financial's prospects for the second half of 2022 will continue to be affected by the pandemic, prolonged border closure and 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 be closely monitoring the risks and maintain a prudent portfolio investment strategy accordingly.

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.

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 to meet the demands of our customers.

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 Bernard Charnwut**

*Chairman and President*

Hong Kong, 26th August, 2022

## Business Review

### *Insurance*

Wholly owned subsidiary, Asia Insurance Company, Limited (“Asia Insurance”) achieved net profit attributable to shareholders of HK\$101.6 million in the first half of 2022, a 41.0% decrease compared with the same period in 2021.

Despite the pandemic’s impact on our clients’ businesses, our turnover for the first half of 2022 rose by 5.0% over the same period in 2021, an extraordinary testimony to our company’s service, reputation and client confidence.

Asia Insurance has been successful in its diversification strategy of developing new business channels, new products and new business partners. We maintained most of our existing profitable businesses, while adding new business from diverse sectors such as reinsurance and online insurance.

Underwriting profit increased by 44.9% over the same period in 2021. 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 2022 was in line with the company’s continued business expansion and investment in user and backend systems. There was no exposure to major catastrophe during the period. Asia Insurance further expanded its distribution network through new agents and brokers and online digital channels. We have smoothly launched novel online platforms with banking and life insurance partners.

The outlook for Asia Insurance’s core underwriting activities in both Hong Kong and Macau looks positive though challenging for the second half of 2022 and beyond. We see risks and issues brought by prolonged border closure, including a contraction in clients’ businesses and elevated client cost-consciousness.

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 wake 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 anticipation of future trends in client needs and market conditions, Asia Insurance is actively working on significant innovations to our product range, ongoing upgrades to employee skills, and enhancing systems and distribution capacity.

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 losses in our investments. Joint ventures and associates in the insurance segment turned a overall higher profit in the first half of 2022. Hong Kong Life Insurance Limited saw an increase in profit, while BC Reinsurance 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.

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.

### **Business Review** (continued)

#### ***Other Portfolio Investment***

Trading investments posted declines in the first half of 2022 due to downturns in major stock markets. We have calibrated 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 high-quality equities and fixed-income investments, 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 shareholders' wealth. At the same time, we will remain alert to potential new long-term opportunities arising from major developments in the global environment and changes in consumer trends post-COVID-19.

#### ***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 2022, the stock price was up 27.0%, but when converted to Hong Kong dollars, this appreciation dropped to around 20.3% due to the weak Thai baht.

Since Thailand reopened to tourists late last year, medical tourism continues to recover and benefit from accommodative travel policies (around 56% of Bumrungrad's patients are from overseas). The outlook for medical tourism remains optimistic 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 continue to rebound in this environment.

#### ***Pension and Asset Management***

The Group's holding in Bank Consortium Holding Limited ("BCH"), one of our joint ventures, generated lower but stable profits in the first half of 2022, 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 4.5% 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 faces stresses with COVID-19 lockdowns, worsening unemployment, and weak economic recovery. However, prices remain stable in first-tier cities and there is still demand among lifestyle-conscious young urbanites for design-forward housing complexes like Jiading. Its Phase 3 is being developed in four stages.

We realised steady profits from this project for Stages One to Three and expected Stage Four to follow the same successful trajectory. Instead, due to the extended COVID-19 lockdown of Shanghai, we were unable to realise sales of Stage Four in the first half of 2022.

**Business Review** (continued)

**Securities Investments Representing More than 5% of Total Assets**

As at 30th June, 2022, two securities investments each represented above 5% of the Group's total assets:

<b>Holding</b>	<b>No. of shares</b> <i>(in thousand)</i>	<b>Fair value as at 30th June, 2022</b> <i>(HK\$'million)</i>	<b>% of total Group assets</b>	<b>Realised and unrealised gain/(loss)</b> <i>(HK\$'million)</i>	<b>Dividends received</b> <i>(HK\$'million)</i>
PICC Life	1,288,055	2,760	18.3%	(360)	Nil
Bumrungrad Hospital	37,214	1,481	9.8%	249	17

Both investments are primarily 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, 2022 amounted to HK\$2,676,909,000 (31st December, 2021: HK\$2,873,685,000).

The Group had no bank borrowing as at 30th June, 2022 and 31st December, 2021.

No gearing ratio was calculated as the Group had no net current debt as at 30th June, 2022. 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, 2022, Asia Insurance charged assets with a carrying value of HK\$126,698,000 (31st December, 2021: HK\$126,670,000) 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, 2022, the Group had no material contingent liabilities.



### Employees and Remuneration Policy

The total number of employees of the Group as at 30th June, 2022 was 320 (31st December, 2021: 314). 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, 2022. 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.

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, 2022 as follows:

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

Profit attributable to equity holders of the Company:	HK\$29.8 million	-90.8%
Earnings per share:	HK3.2 cents	-90.6%
Interim dividend per share:	HK1.5 cents	-62.5%

## 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, 2022 and recommended it for the Board’s approval.

## Interim Dividend

The Board has resolved to declare an interim cash dividend of HK1.5 cents (2021: HK4.0 cents) per ordinary share for the six months ended 30th June, 2022 payable on or about Friday, 7th October, 2022 to shareholders whose names appear on the Register of Members of the Company on Thursday, 22nd September, 2022.

## Closure of Register of Members

The Register of Members of the Company will be closed from Tuesday, 20th September, 2022 to Thursday, 22nd September, 2022, 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 Monday, 19th September, 2022.



# Condensed Consolidated Statement of Profit or Loss (Unaudited)

For the six months ended 30th June, 2022

	Notes	Six months ended 30th June,	
		2022 HK\$'000	2021 HK\$'000 (Restated)#
<b>REVENUE</b>	3	<b>1,143,903</b>	1,090,250
Gross premiums		1,143,903	1,090,250
Reinsurers' share of gross premiums		(394,860)	(412,053)
Change in unearned premiums reserve		(105,212)	(97,001)
Change in life reserve		(7,960)	(12,598)
Net insurance contracts premiums revenue		<b>635,871</b>	568,598
Gross claims paid		(353,740)	(435,604)
Reinsurers' share of gross claims paid		136,659	206,539
Gross change in outstanding claims		96,116	(74,538)
Reinsurers' share of gross change in outstanding claims		(121,304)	42,414
Net claims incurred		<b>(242,269)</b>	(261,189)
Commission income		76,673	83,366
Commission expense		(274,830)	(252,707)
Net commission expense		<b>(198,157)</b>	(169,341)
Management expenses for underwriting business		<b>(59,234)</b>	(44,711)
Underwriting profit		<b>136,211</b>	93,357
Dividend income		60,643	61,342
Realised gain/(loss) on investments		(40,566)	17,301
Unrealised gain/(loss) on investments		(109,836)	110,132
Interest income		29,039	26,230
Other income and gains/(losses), net		(909)	6,691
		<b>74,582</b>	315,053
Operating expenses		<b>(70,275)</b>	(65,573)
Finance costs	4	(52)	(42)
		<b>4,255</b>	249,438
Share of profits and losses of joint ventures		<b>33,520</b>	30,467
Share of profits and losses of associates		<b>11,987</b>	68,603
<b>PROFIT BEFORE TAX</b>	5	<b>49,762</b>	348,508

# Details of the restatement are set out in note 1.2 to the unaudited consolidated financial statements.

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## Condensed Consolidated Statement of Profit or Loss (Unaudited)

For the six months ended 30th June, 2022

	Notes	<b>Six months ended 30th June,</b>	
		<b>2022</b>	2021
		<b>HK\$'000</b>	HK\$'000
			(Restated) <sup>#</sup>
<b>PROFIT BEFORE TAX</b>	5	<b>49,762</b>	348,508
Income tax expense	6	<b>(20,010)</b>	(26,073)
<b>PROFIT FOR THE PERIOD</b>		<b>29,752</b>	322,435
Attributable to:			
Equity holders of the Company		<b>29,752</b>	322,582
Non-controlling interests		–	(147)
		<b>29,752</b>	322,435
<b>INTERIM DIVIDEND</b>	7	<b>14,070</b>	37,642
<b>INTERIM DIVIDEND PER SHARE</b>	7	<b>HK1.5 cents</b>	HK4.0 cents
<b>EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY</b>	8		
Basic and diluted			
– For profit for the period		<b>HK3.2 cents</b>	HK34.2 cents

<sup>#</sup> Details of the restatement are set out in note 1.2 to the unaudited consolidated financial statements.



# Condensed Consolidated Statement of Comprehensive Income (Unaudited)

For the six months ended 30th June, 2022

	Note	Six months ended 30th June,	
		2022	2021
		HK\$'000	HK\$'000 (Restated)#
<b>PROFIT FOR THE PERIOD</b>		<b>29,752</b>	322,435
<b>OTHER COMPREHENSIVE INCOME</b>			
Other comprehensive income that may be reclassified to profit or loss in subsequent periods:			
Share of other comprehensive income of joint ventures		(78,625)	7,115
Share of other comprehensive income of associates		(47,504)	(3,149)
Exchange differences on translation of foreign operations		1,285	365
Net other comprehensive income that may be reclassified to profit or loss in subsequent periods		(124,844)	4,331
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	(213,284)	(866,298)
Income tax effect		49,573	80,364
Net other comprehensive income that will not be reclassified to profit or loss in subsequent periods		(163,711)	(785,934)
<b>OTHER COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX</b>		<b>(288,555)</b>	(781,603)
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>		<b>(258,803)</b>	(459,168)
<b>ATTRIBUTABLE TO:</b>			
Equity holders of the Company		(258,803)	(460,161)
Non-controlling interests		–	993
		<b>(258,803)</b>	(459,168)

# Details of the restatement are set out in note 1.2 to the unaudited consolidated financial statements.



# Condensed Consolidated Statement of Financial Position (Unaudited)

30th June, 2022

	Notes	30th June, 2022 HK\$'000	31st December, 2021 HK\$'000 (Restated)#	1st January, 2021 HK\$'000 (Restated)#
<b>ASSETS</b>				
Property, plant and equipment		185,498	188,702	194,232
Investment properties		264,100	264,100	257,500
Interests in joint ventures		589,672	637,436	515,444
Interests in associates		829,454	870,874	676,692
Due from associates		256,872	256,872	257,997
Held-to-collect debt securities at amortised cost	9	1,183,757	1,124,206	1,040,910
Equity investments designated at fair value through other comprehensive income ("FVOCI")	10	5,061,871	5,275,155	6,698,935
Pledged deposits	14	295,808	295,808	313,357
Loans and advances and other assets	11	173,037	165,468	153,702
Financial assets at fair value through profit or loss	12	1,773,619	1,677,659	1,341,716
Insurance receivables	13	315,020	215,444	231,385
Reinsurance assets		1,495,618	1,593,696	1,531,060
Cash and cash equivalents	14	2,676,909	2,873,685	2,800,240
Total assets		<b>15,101,235</b>	15,439,105	16,013,170
<b>EQUITY AND LIABILITIES</b>				
Equity attributable to equity holders of the Company				
Issued capital	15	938,598	939,966	946,620
Reserves		9,111,150	9,385,165	10,084,401
Proposed dividend		14,070	98,623	65,970
Non-controlling interests		10,063,818	10,423,754	11,096,991
		–	–	54,881
Total equity		<b>10,063,818</b>	10,423,754	11,151,872
Liabilities				
Insurance contracts liabilities		4,248,825	4,208,542	3,935,104
Insurance payables	16	214,299	199,287	169,375
Due to associates		4,222	4,222	4,222
Other liabilities		334,588	328,282	304,552
Tax payable		45,607	33,280	69,637
Deferred tax liabilities		189,876	241,738	378,408
Total liabilities		<b>5,037,417</b>	5,015,351	4,861,298
Total equity and liabilities		<b>15,101,235</b>	15,439,105	16,013,170

# Details of the restatement are set out in note 1.2 to the unaudited consolidated financial statements.

# Condensed Consolidated Statement of Changes in Equity (Unaudited)

For the six months ended 30th June, 2022

	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	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	HK\$'000
At 1st January, 2022 as previously reported	939,966	(2,497)	560,531	5,215	101,367	2,771,843	141,570	30,496	2,427	513,240	118,055	5,099,436	98,623	10,380,272	-	10,380,272
Prior year adjustments	-	-	-	-	-	(202,392)	-	(5,639)	-	-	-	251,513	-	43,482	-	43,482
At 1st January, 2022 as restated	939,966	(2,497)	560,531	5,215	101,367	2,569,451	141,570	24,857	2,427	513,240	118,055	5,350,949	98,623	10,423,754	-	10,423,754
Profit for the period	-	-	-	-	-	-	-	-	-	-	-	29,752	-	29,752	-	29,752
Other comprehensive income for the period:																
Changes in fair value of equity investments at fair value through other comprehensive income, net of tax	-	-	-	-	-	(163,711)	-	-	-	-	-	-	-	(163,711)	-	(163,711)
Share of other comprehensive income of joint ventures	-	-	-	-	-	(78,625)	-	-	-	-	-	-	-	(78,625)	-	(78,625)
Share of other comprehensive income of associates	-	-	-	-	-	(717)	-	(46,787)	-	-	-	-	-	(47,504)	-	(47,504)
Exchange differences on translation of foreign operations	-	-	-	-	-	-	-	1,285	-	-	-	-	-	1,285	-	1,285
Total comprehensive income for the period	-	-	-	-	-	(243,053)	-	(45,502)	-	-	-	29,752	-	(258,803)	-	(258,803)
Final 2021 dividend declared	-	-	-	-	-	-	-	-	-	-	-	70	(98,623)	(98,553)	-	(98,553)
Proposed interim 2022 dividend	-	-	-	-	-	-	-	-	-	-	-	(14,070)	14,070	-	-	-
Repurchase of shares	(1,368)	755	-	-	-	-	-	-	-	-	-	(3,508)	-	(4,121)	-	(4,121)
Transfer to capital redemption reserve	-	-	-	-	-	-	-	-	-	1,368	(1,368)	-	-	-	-	-
Release from contingency reserve	-	-	-	-	(2,615)	-	-	-	-	-	2,615	-	-	-	-	-
Share of share based reserve of a joint venture	-	-	-	1,541	-	-	-	-	-	-	-	-	-	1,541	-	1,541
Share of changes in contingency reserve of a joint venture	-	-	-	-	144	-	-	-	-	-	(144)	-	-	-	-	-
At 30th June, 2022	938,598	(1,742)*	560,531*	6,756*	98,896*	2,326,398*	141,570*	(20,645)*	2,427*	513,240*	119,423*	5,364,296*	14,070	10,063,818	-	10,063,818

\* These reserve accounts comprise the consolidated reserves of HK\$9,111,150,000 (31st December, 2021 restated: HK\$9,385,165,000) 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, 2022

Attributable to equity holders of the Company

	Issued capital	Treasury shares	Share premium account	Share based 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	HK\$'000
At 1st January, 2021 as previously reported	946,620	(1,720)	560,531	2,549	106,187	3,968,703	141,570	11,016	2,427	513,240	111,401	4,585,945	65,970	11,004,439	54,881	11,059,320
Prior year adjustments	-	-	-	-	-	(143,648)	-	(3,123)	-	-	-	239,323	-	92,552	-	92,552
At 1st January, 2021 as restated	946,620	(1,720)	560,531	2,549	106,187	3,815,055	141,570	7,893	2,427	513,240	111,401	4,825,268	65,970	11,096,991	54,881	11,151,872
Profit/(loss) for the period	-	-	-	-	-	-	-	-	-	-	-	322,582	-	322,582	(147)	322,435
Other comprehensive income for the period:																
Changes in fair value of equity investments at fair value through other comprehensive income, net of tax	-	-	-	-	-	(787,074)	-	-	-	-	-	-	-	(787,074)	1,140	(785,934)
Share of other comprehensive income of joint ventures	-	-	-	-	-	7,115	-	-	-	-	-	-	-	7,115	-	7,115
Share of other comprehensive income of associates	-	-	-	-	-	101	-	(3,250)	-	-	-	-	-	(3,149)	-	(3,149)
Exchange differences on translation of foreign operations	-	-	-	-	-	-	-	365	-	-	-	-	-	365	-	365
Total comprehensive income for the period	-	-	-	-	-	(779,858)	-	(2,885)	-	-	-	322,582	-	(460,161)	993	(459,168)
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 as restated	942,180	(2,428)	560,531	3,882	102,549	3,035,197	141,570	5,008	2,427	513,240	115,841	5,096,687	37,642	10,554,326	56,484	10,610,810





# Condensed Consolidated Statement of Cash Flows (Unaudited)

For the six months ended 30th June, 2022

	Six months ended 30th June,	
	2022 HK\$'000	2021 HK\$'000 (Restated)#
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before tax	49,762	348,508
Adjustments for:		
Interest income	(29,039)	(26,230)
Finance costs	52	42
Dividend income from investments	(60,643)	(61,342)
Loss on disposal of held-to-collect debt securities at amortised cost	–	2,854
Depreciation	7,107	6,511
Changes in expected credit losses		
– insurance receivables	4,083	–
– held-to-collect debt securities at amortised cost	(4)	20
Loss/(gain) on disposal/write-off of items of property, plant and equipment	(180)	33
Share of profits and losses of joint ventures	(33,520)	(30,467)
Share of profits and losses of associates	(11,987)	(68,603)
	<b>(74,369)</b>	171,326
Increase in loans and advances and other assets	(7,569)	(3,130)
Increase in financial assets at fair value through profit or loss	(95,960)	(413,085)
Increase in insurance receivables	(103,659)	(84,000)
Decrease/(increase) in reinsurance assets	98,078	(67,356)
Increase in time deposits with original maturity of over three months	(95,600)	(91,841)
Increase in insurance contracts liabilities	40,283	235,346
Increase in insurance payables	15,012	28,785
Increase/(decrease) in other liabilities	6,149	(22,555)
	<b>(217,635)</b>	(246,510)
Cash used in operations	(3,623)	(21,492)
Hong Kong profits tax paid	(6,349)	(6,492)
Overseas withholding tax paid	<b>(227,607)</b>	(274,494)
Net cash flows used in operating activities	<b>(227,607)</b>	(274,494)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest received	29,039	26,230
Dividends received from investments	60,643	61,342
Dividends received from joint ventures	4,200	4,200
Dividends received from associates	5,903	7,010
Purchases of held-to-collect debt securities at amortised cost	(92,005)	(141,486)
Proceeds from redemption/call-back of held-to-collect debt securities at amortised cost	32,458	23,828
Purchases of items of property, plant and equipment	(1,511)	(3,212)
Capital contribution to a joint venture	–	(3,750)
Decrease in amount due from an associate	–	1,125
Proceeds from disposal of items of property, plant and equipment	419	–
Decrease in pledged deposits	–	17,233
	<b>39,146</b>	(7,480)
Net cash flows from/(used in) investing activities	<b>39,146</b>	(7,480)

# Details of the restatement are set out in note 1.2 to the unaudited consolidated financial statements.

.....continued



## Condensed Consolidated Statement of Cash Flows (Unaudited)

For the six months ended 30th June, 2022

	<b>Six months ended 30th June,</b>	
	<b>2022</b>	2021
	<b>HK\$'000</b>	HK\$'000 (Restated)#
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Repurchase of shares	(4,121)	(17,884)
Dividends paid	(98,553)	(65,953)
Principal portion of lease payments	(1,189)	(737)
Interest paid	(52)	(42)
Capital contribution from non-controlling interests	-	610
	(103,915)	(84,006)
<b>Net cash flows used in financing activities</b>	<b>(103,915)</b>	<b>(84,006)</b>
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>		
	<b>(292,376)</b>	<b>(365,980)</b>
Cash and cash equivalents at beginning of period	<b>2,642,739</b>	2,697,479
	<b>2,350,363</b>	2,331,499
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>	<b>2,350,363</b>	<b>2,331,499</b>
<b>ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS</b>		
Cash and bank balances	<b>339,587</b>	268,889
Non-pledged time deposits with original maturity of over three months when acquired	<b>326,546</b>	194,602
Non-pledged time deposits with original maturity of less than three months when acquired	<b>2,010,776</b>	2,062,610
	<b>2,676,909</b>	2,526,101
Cash and cash equivalents as stated in the unaudited condensed consolidated statement of financial position	<b>2,676,909</b>	2,526,101
Less: Non-pledged time deposits with original maturity of over three months when acquired	<b>(326,546)</b>	(194,602)
	<b>2,350,363</b>	2,331,499
Cash and cash equivalents as stated in the unaudited condensed consolidated statement of cash flows	<b>2,350,363</b>	<b>2,331,499</b>

# Details of the restatement are set out in note 1.2 to the unaudited consolidated financial statements.



# Notes to the Interim Financial Statements (Unaudited)

## 1.1 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, 2021 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 3	<i>Reference to the Conceptual Framework</i>
Amendments to HKAS 16	<i>Property, Plant and Equipment: Proceeds before Intended Use</i>
Amendments to HKAS 37	<i>Onerous Contracts – Cost of Fulfilling a Contract</i>
<i>Annual Improvements to HKFRSs 2018-2020</i>	Amendments to HKFRS 1, HKFRS 9, Illustrative Examples accompanying HKFRS 16, and HKAS 41

Amendments to HKFRS 3 are intended to replace a reference to the previous *Framework for the Preparation and Presentation of Financial Statements* with a reference to the *Conceptual Framework for Financial Reporting* issued in June 2018 without significantly changing its requirements. The amendments also add to HKFRS 3 an exception to its recognition principle for an entity to refer to the Conceptual Framework to determine what constitutes an asset or a liability. The exception specifies that, for liabilities and contingent liabilities that would be within the scope of HKAS 37 or HK(IFRIC)-Int 21 if they were incurred separately rather than assumed in a business combination, an entity applying HKFRS 3 should refer to HKAS 37 or HK(IFRIC)-Int 21 respectively instead of the Conceptual Framework. Furthermore, the amendments clarify that contingent assets do not qualify for recognition at the acquisition date. The Group has applied the amendments prospectively to business combinations that occurred on or after 1st January, 2022. As there were no contingent assets, liabilities and contingent liabilities within the scope of the amendments arising in the business combination that occurred during the period, the amendments did not have any impact on the financial position and performance of the Group.

Amendments to HKAS 16 prohibit an entity from deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling any such items, and the cost of those items, in profit or loss. The Group has applied the amendments retrospectively to items of property, plant and equipment made available for use on or after 1st January, 2021. Since there was no sale of items produced while making property, plant and equipment available for use on or after 1st January, 2021, the amendments did not have any impact on the financial position or performance of the Group.

Amendments to HKAS 37 clarify that for the purpose of assessing whether a contract is onerous under HKAS 37, the cost of fulfilling the contract comprises the costs that relate directly to the contract. Costs that relate directly to a contract include both the incremental costs of fulfilling that contract (e.g., direct labour and materials) and an allocation of other costs that relate directly to fulfilling that contract (e.g., an allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract as well as contract management and supervision costs). General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract. The Group has applied the amendments prospectively to contracts for which it has not yet fulfilled all its obligations at 1st January, 2022 and no onerous contracts were identified. Therefore, the amendments did not have any impact on the financial position or performance of the Group.

## 1.1 Accounting Policies (continued)

*Annual Improvements to HKFRSs 2018-2020* sets out amendments to HKFRS 1, HKFRS 9, Illustrative Examples accompanying HKFRS 16, and HKAS 41. Details of the amendments that are expected to be applicable to the Group are as follows:

- HKFRS 9 *Financial Instruments*: clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. The Group has applied the amendment prospectively to financial liabilities that are modified or exchanged on or after 1st January, 2022. As there was no modification of the Group's financial liabilities during the period, the amendment did not have any impact on the financial position or performance of the Group.
- HKFRS 16 *Leases*: removes the illustration of payments from the lessor relating to leasehold improvements in Illustrative Example 13 accompanying HKFRS 16. This removes potential confusion regarding the treatment of lease incentives when applying HKFRS 16.

## 1.2 Restatement

### (i) Correction of classification from equity investments designated at fair value through other comprehensive income ("FVOCI") to interests in associates

In prior periods, the Group classified its investments in PT Asian International Investindo, Robina Manila Hotel Ltd. and Yangon Hotel Holdings Ltd. as equity investments designated at fair value through other comprehensive income. In substance, the Group has taken, and continues to take, the role of a passive investor since inception. Management had no intention, and had not exercised, its rights to participate in the financing or operating policies of these investees. However, in accordance with HKAS 28, the Group is deemed to have, in form, significant influence and therefore these investees should be classified as interests in associates. This has been corrected as a prior period adjustment and the effect of which is summarised below:

Consolidated statement of financial position as at 31st December, 2021:

	As previously stated HK\$'000	Adjustment HK\$'000	Restated HK\$'000
Interests in associates	611,513	259,361	870,874
Due from associates	255,015	1,857	256,872
Held-to-collect debt securities at amortised cost	1,126,063	(1,857)	1,124,206
FVOCI	5,489,020	(213,865)	5,275,155
Retained earnings	5,099,436	251,513	5,350,949
Fair value reserve	2,771,843	(202,392)	2,569,451
Exchange reserve	30,496	(5,639)	24,857
Deferred tax liabilities	239,724	2,014	241,738

## Notes to the Interim Financial Statements (Unaudited)

### 1.2 Restatement (continued)

#### (i) Correction of classification from equity investments designated at fair value through other comprehensive income (“FVOCI”) to interests in associates (continued)

Consolidated statement of financial position as at 1st January, 2021:

	As previously stated HK\$'000	Adjustment HK\$'000	Restated HK\$'000
Interests in associates	427,519	249,173	676,692
Due from associates	256,140	1,857	257,997
Held-to-collect debt securities at amortised cost	1,042,767	(1,857)	1,040,910
FVOCI	6,850,964	(152,029)	6,698,935
Retained earnings	4,585,945	239,323	4,825,268
Fair value reserve	3,958,703	(143,648)	3,815,055
Exchange reserve	11,016	(3,123)	7,893
Deferred tax liabilities	373,816	4,592	378,408

Consolidated statement of profit or loss:

	For the period ended 30th June, 2021 Increase/ (decrease) in profits in HK\$'000
Dividend from unlisted investments	(5,028)
Share of results of associates	7,147
Income tax	269

The restatements resulted from correction of classification from equity investments designated at fair value through other comprehensive income to interests in associates did not have any net impact on the operating, investing and financing cash flows.

#### (ii) The effect of the restatement on the Group’s basic and diluted earnings per share for the six months ended 30th June, 2021 is as follows:

	For the period ended 30th June, 2021 HK Cents
Basic and diluted earnings per share	34.0
Adjustments from classification from FVOCI to interests in associates	0.2
Restated	34.2

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
<b>For the six months ended 30th June, 2022</b>				
<b>Segment revenue:</b>				
External customers	1,143,903	-	-	1,143,903
Other revenue, income and losses, net	(20,664)	(40,965)	-	(61,629)
Intersegment	7,831	-	(7,831)	-
<b>Total</b>	<b>1,131,070</b>	<b>(40,965)</b>	<b>(7,831)</b>	<b>1,082,274</b>
<b>Segment results</b>	<b>70,325</b>	<b>(66,070)</b>	<b>-</b>	<b>4,255</b>
<b>Share of profits and losses of:</b>				
Joint ventures	20,784	12,736	-	33,520
Associates	18,949	(6,962)	-	11,987
<b>Profit before tax</b>				<b>49,762</b>
<b>Income tax expense</b>	<b>(16,895)</b>	<b>(3,115)</b>	<b>-</b>	<b>(20,010)</b>
<b>Profit for the period</b>				<b>29,752</b>

## Notes to the Interim Financial Statements (Unaudited)

### 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, 2021 (Restated)				
Segment revenue:				
External customers	1,090,250	–	–	1,090,250
Other revenue, income and gains, net	108,697	112,999	–	221,696
Intersegment	6,259	–	(6,259)	–
Total	<u>1,205,206</u>	<u>112,999</u>	<u>(6,259)</u>	<u>1,311,946</u>
Segment results	<u>161,585</u>	<u>87,853</u>	<u>–</u>	<u>249,438</u>
Share of profits and losses of:				
Joint ventures	12,559	17,908	–	30,467
Associates	9,259	59,344	–	68,603
Profit before tax				348,508
Income tax expense	(18,288)	(7,785)	–	(26,073)
Profit for the period				<u>322,435</u>
	<b>Insurance HK\$'000</b>	<b>Corporate HK\$'000</b>	<b>Consolidated HK\$'000</b>	
<b>30th June, 2022</b>				
<b>Segment assets</b>	<b>7,438,218</b>	<b>6,243,891</b>	<b>13,682,109</b>	
<b>Interests in joint ventures</b>	<b>462,520</b>	<b>127,152</b>	<b>589,672</b>	
<b>Interests in associates</b>	<b>312,281</b>	<b>517,173</b>	<b>829,454</b>	
<b>Total assets</b>	<b><u>8,213,019</u></b>	<b><u>6,888,216</u></b>	<b><u>15,101,235</u></b>	
<b>Segment liabilities</b>	<b><u>4,535,255</u></b>	<b><u>502,162</u></b>	<b><u>5,037,417</u></b>	

2. Operating Segment Information (continued)

(a) Operating segments (continued)

	Insurance HK\$'000	Corporate HK\$'000	Consolidated HK\$'000
31st December, 2021 (Restated)			
Segment assets	7,272,990	6,657,805	13,930,795
Interests in joint ventures	523,020	114,416	637,436
Interests in associates	309,497	561,377	870,874
	<u>8,105,507</u>	<u>7,333,598</u>	<u>15,439,105</u>
Total assets			
	<u>8,105,507</u>	<u>7,333,598</u>	<u>15,439,105</u>
Segment liabilities	4,464,273	551,078	5,015,351
	<u>4,464,273</u>	<u>551,078</u>	<u>5,015,351</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,	
	2022 HK\$'000	2021 HK\$'000
Interest on lease liabilities	<u>52</u>	<u>42</u>



## Notes to the Interim Financial Statements (Unaudited)

### 5. Profit Before Tax

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

	<b>Six months ended 30th June,</b>	
	<b>2022</b>	2021
	<b>HK\$'000</b>	HK\$'000 (Restated)
Auditor's remuneration	<b>(1,916)</b>	(1,879)
Depreciation	<b>(7,107)</b>	(6,511)
Employee benefits expense (including directors' remuneration)	<b>(87,658)</b>	(79,277)
Expenses of short-term leases and leases of low-value assets	–	(130)
Realised gain/(loss) on:		
– disposal of financial assets at fair value through profit or loss, net	<b>(40,566)</b>	20,155
– disposal of held-to-collect debt securities at amortised cost	–	(2,854)
	<u><b>(40,566)</b></u>	<u>17,301</u>
Total realised gain/(loss) on investments	<b>(40,566)</b>	17,301
Unrealised gain/(loss) on financial assets at fair value through profit or loss, net	<b>(109,836)</b>	110,132
Change in expected credit losses for:		
– insurance receivables	<b>(4,083)</b>	–
– held-to-collect debt securities at amortised cost	4	(20)
Interest income	<b>29,039</b>	26,230
Gain/(loss) on disposal/write-off of items of property, plant and equipment*	<b>180</b>	(33)
Gross rental income*	<b>3,381</b>	3,487
Direct operating expenses (including repairs and maintenance) arising from rental-earning investment properties	<b>(100)</b>	(100)
Subsidies from Government*	<b>1,543</b>	365
Foreign exchange gain/(loss), net*	<b>(6,746)</b>	1,223
Dividend income from:		
– Listed investments	<b>39,648</b>	39,160
– Unlisted investments	<b>20,995</b>	22,182
	<u><b>60,643</b></u>	<u>61,342</u>
Total dividend income	<b>60,643</b>	61,342

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

## 6. Income Tax Expense

Hong Kong profits tax has been provided at the rate of 16.5% (2021: 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,	
	2022 HK\$'000	2021 HK\$'000 (Restated)
Current – Hong Kong		
Charge for the period	10,102	11,287
Current – Elsewhere		
Charge for the period	12,197	12,116
Deferred	(2,289)	2,670
	<hr/>	<hr/>
Total tax charge for the period	20,010	26,073
	<hr/>	<hr/>

## 7. Dividend

	Six months ended 30th June,	
	2022 HK\$'000	2021 HK\$'000
Proposed interim dividend:		
HK1.5 cents (2021: HK4.0 cents) per ordinary share	14,070	37,642
	<hr/>	<hr/>

The Board has resolved to pay an interim dividend of HK1.5 cents per share (2021: HK4.0 cents), which will be paid in cash, for the six months ended 30th June, 2022 payable on or about 7th October, 2022 to shareholders whose names appear on the Register of Members of the Company on 22nd September, 2022.

## 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\$29,752,000 (2021 restated profit: HK\$322,582,000) and the weighted average number of ordinary shares of 938,926,000 (2021: 942,972,000) in issue during the period.

No adjustment has been made to the basic earnings per share amounts presented for the periods ended 30th June, 2022 and 2021 in respect of a dilution as the Group had no potentially dilutive ordinary shares in issue during those periods.

## Notes to the Interim Financial Statements (Unaudited)

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

	<b>30th June, 2022 HK\$'000</b>	31st December, 2021 HK\$'000 (Restated)
Listed debt securities in Hong Kong, at amortised cost	<b>705,771</b>	692,093
Listed debt securities outside Hong Kong, at amortised cost	<b>322,587</b>	278,937
Unlisted debt securities, at amortised cost	<b>156,451</b>	154,232
	<b>1,184,809</b>	1,125,262
Less: Impairment allowance	<b>(1,052)</b>	(1,056)
Held-to-collect debt securities at amortised cost	<b>1,183,757</b>	1,124,206
Fair value of listed and unlisted held-to-collect debt securities	<b>1,106,046</b>	1,152,534

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:

	<b>30th June, 2022 HK\$'000</b>	31st December, 2021 HK\$'000 (Restated)
Public sector entities	<b>46,429</b>	46,400
Banks and other financial institutions	<b>800,720</b>	773,798
Corporate entities	<b>336,608</b>	304,008
	<b>1,183,757</b>	1,124,206

**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:

	<b>30th June, 2022 HK\$'000</b>	31st December, 2021 HK\$'000 (Restated)
With a residual maturity of:		
Three months or less	<b>72,850</b>	97,615
One year or less but over three months	<b>46,673</b>	7,778
Five years or less but over one year	<b>707,562</b>	620,512
Over five years	<b>356,672</b>	398,301
	<b>1,183,757</b>	1,124,206

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, 2022, listed debt securities of the Group amounting to HK\$126,698,000 (31st December, 2021: HK\$126,670,000) were pledged.

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

	<b>30th June, 2022 HK\$'000</b>	31st December, 2021 HK\$'000 (Restated)
<b>Listed equity investments outside Hong Kong, at fair value</b>		
Bangkok Bank Public Company Limited	<b>562,237</b>	538,235
Bumrungrad Hospital Public Company Limited	<b>1,320,594</b>	1,098,711
	<b>1,882,831</b>	1,636,946
<b>Unlisted equity investments, at fair value</b>		
PICC Life Insurance Company Limited	<b>2,760,000</b>	3,120,000
BBL Asset Management Limited	<b>214,000</b>	303,000
The People's Insurance Company of China (Hong Kong), Limited	<b>72,605</b>	80,679
BE Reinsurance Limited	<b>53,955</b>	53,682
Others	<b>78,480</b>	80,848
	<b>3,179,040</b>	3,638,209
Total	<b>5,061,871</b>	5,275,155

### 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\$213,284,000 (2021 restated loss: HK\$866,298,000).

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

	<b>30th June, 2022 HK\$'000</b>	31st December, 2021 HK\$'000
Loans and advances	<b>3,483</b>	5,677
Accrued interest and other assets	<b>169,554</b>	159,791
	<hr/>	<hr/>
Gross loans and advances and other assets	<b>173,037</b>	165,468
	<hr/> <hr/>	<hr/> <hr/>

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.

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

	<b>30th June, 2022 HK\$'000</b>	31st December, 2021 HK\$'000
Repayable on demand	-	-
With a residual maturity of:		
Three months or less	<b>165</b>	324
One year or less but over three months	<b>500</b>	982
Five years or less but over one year	<b>2,818</b>	3,988
Over five years	-	383
	<hr/>	<hr/>
	<b>3,483</b>	5,677
	<hr/> <hr/>	<hr/> <hr/>

12. Financial Assets at Fair Value Through Profit or Loss

	<b>30th June, 2022 HK\$'000</b>	31st December, 2021 HK\$'000
Debt securities:		
– listed in Hong Kong, at fair value	–	15,033
– listed outside Hong Kong, at fair value	<b>31,263</b>	37,648
	<b>31,263</b>	52,681
Equity securities at fair value:		
– listed in Hong Kong	<b>384,569</b>	295,245
– listed outside Hong Kong	<b>635,142</b>	552,107
	<b>1,019,711</b>	847,352
Investment funds:		
– listed outside Hong Kong, at fair value	<b>237,738</b>	268,699
– unlisted, at quoted price	<b>484,907</b>	508,927
	<b>722,645</b>	777,626
Total	<b>1,773,619</b>	1,677,659

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:

	<b>30th June, 2022 HK\$'000</b>	31st December, 2021 HK\$'000
Public sector entities	<b>22,079</b>	15,506
Banks and other financial institutions	<b>282,788</b>	250,530
Corporate entities	<b>1,468,752</b>	1,411,623
	<b>1,773,619</b>	1,677,659

The above securities and investment funds as at 30th June, 2022 and 31st December, 2021 were classified as financial assets at fair value through profit or loss as they were held for trading.

### 13. Insurance Receivables

	<b>30th June, 2022 HK\$'000</b>	31st December, 2021 HK\$'000
Amounts due in respect of:		
Direct underwriting	<b>246,147</b>	110,542
Reinsurance accepted	<b>81,220</b>	113,166
	<b>327,367</b>	223,708
Less: Impairment allowance	<b>(12,347)</b>	(8,264)
	<b>315,020</b>	215,444

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.

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:

	<b>30th June, 2022 HK\$'000</b>	31st December, 2021 HK\$'000
Three months or less	<b>292,373</b>	193,996
Six months or less but over three months	<b>29,028</b>	24,156
One year or less but over six months	<b>5,155</b>	4,787
Over one year	<b>811</b>	769
	<b>327,367</b>	223,708
Less: Impairment allowance	<b>(12,347)</b>	(8,264)
	<b>315,020</b>	215,444

**13. Insurance Receivables** (continued)

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

	<b>30th June, 2022 HK\$'000</b>	31st December, 2021 HK\$'000
At beginning of year	<b>8,264</b>	10,591
Impairment losses/(write back of impairment loss)	<b>4,083</b>	(2,327)
	<b>12,347</b>	8,264

**14. Cash and Cash Equivalents and Pledged Deposits**

	<b>30th June, 2022 HK\$'000</b>	31st December, 2021 HK\$'000
Cash and bank balances	<b>339,587</b>	209,544
Time deposits with original maturity of over three months	<b>326,546</b>	230,946
Time deposits with original maturity of less than three months	<b>2,010,776</b>	2,433,195
	<b>2,676,909</b>	2,873,685
Pledged deposits	<b>295,808</b>	295,808
	<b>2,972,717</b>	3,169,493



## Notes to the Interim Financial Statements (Unaudited)

### 15. Share Capital

	<b>30th June, 2022 HK\$'000</b>	31st December, 2021 HK\$'000
Authorised:		
1,500,000,000 ordinary shares of HK\$1 each	<b>1,500,000</b>	1,500,000
Issued and fully paid:		
938,598,000 (2021: 939,966,000) ordinary shares of HK\$1 each	<b>938,598</b>	939,966

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

	<b>Number of shares in issue</b>	<b>Share capital HK\$'000</b>
At 1st January, 2022	<b>939,966,000</b>	<b>939,966</b>
Shares repurchased and cancelled ( <i>note</i> )	<b>(1,368,000)</b>	<b>(1,368)</b>
At 30th June, 2022	<b>938,598,000</b>	<b>938,598</b>

*Note:*

At 31st December, 2021, 698,000 shares with cost of HK\$2,497,000 were classified as treasury shares, and were subsequently cancelled in January 2022. During the period ended 30th June, 2022, a subsidiary of the Company repurchased 1,174,000 ordinary shares of the Company of HK\$1 each on the Stock Exchange at prices ranging from HK\$3.38 to HK\$3.60 per share at a total consideration of HK\$4,121,000 (including expenses). Out of which, 670,000 repurchased shares were cancelled.

The premium of HK\$3,508,000 paid on the repurchase of such shares was debited to the retained profits account and an amount of HK\$1,368,000 was transferred from retained profits of the company to the capital redemption reserve.

The remaining 504,000 shares with cost of HK\$1,742,000 were classified as treasury shares at 30th June, 2022 and were subsequently cancelled in July 2022.

Subsequent to the end of the reporting period, the Group repurchased and cancelled 92,000 ordinary shares of the Company from the market at prices ranging from HK\$3.36 to HK\$3.40 per share at a total amount of HK\$314,000 (including expenses). As at the date of this report, the number of issued shares of the Company is 938,002,000 shares.

## 16. 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:

	<b>30th June, 2022 HK\$'000</b>	31st December, 2021 HK\$'000
Three months or less	<b>154,634</b>	147,247
Six months or less but over three months	<b>25,207</b>	17,515
One year or less but over six months	<b>13,131</b>	8,423
Over one year	<b>21,327</b>	26,102
	<b>214,299</b>	199,287

## 17. Commitments

The Group had capital commitment as follows:

	<b>30th June, 2022 HK\$'000</b>	31st December, 2021 HK\$'000
Contracted, but not provided for: Acquisition of computer hardware and software	<b>4,567</b>	3,653

## 18. 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, 2022, the Group had total future minimum lease receivables under non-cancellable operating leases with its tenants falling due as follows:

	<b>30th June, 2022 HK\$'000</b>	31st December, 2021 HK\$'000
Within one year	<b>6,908</b>	6,577
After one year but within two years	<b>2,978</b>	6,469
After two years but within three years	<b>47</b>	139
	<b>9,933</b>	13,185

## Notes to the Interim Financial Statements (Unaudited)

### 19. Related Party Transactions

(a)

	30th June, 2022		31st December, 2021 (Restated)	
	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	-	92	-	97
Interbank activities: Deposits placed	-	658,269	-	711,854
	Six months ended 30th June, 2022		Six months ended 30th June, 2021	
	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	-	4,136	-	944
Premium income:				
Gross premiums written	4,337	1,616	249	7,220
Commission expense, net	-	4,629	-	6,128
Compensation:				
Salaries and short-term employee benefits	6,344	-	6,363	-
Pension scheme contributions	280	-	279	-

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

19. Related Party Transactions (continued)

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

	<b>Six months ended 30th June,</b>	
	<b>2022</b>	2021
	<b>HK\$'000</b>	HK\$'000
Reinsurance premium ceded	<b>6</b>	6
Commission expenses paid	<b>858</b>	800
	<u>          </u>	<u>          </u>

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

	<b>30th June,</b>	31st December,
	<b>2022</b>	2021
	<b>HK\$'000</b>	HK\$'000
		(Restated)
Loans and advances granted:		
Aggregate balance at the end of the reporting period	<b>256,872</b>	256,872
Loans and advances received:		
Aggregate balance at the end of the reporting period	<b>4,222</b>	4,222
	<u>          </u>	<u>          </u>

	<b>Six months ended 30th June,</b>	
	<b>2022</b>	2021
	<b>HK\$'000</b>	HK\$'000
Loans and advances granted:		
Interest income	<b>859</b>	859
Commission expense paid	<b>13,590</b>	11,095
	<u>          </u>	<u>          </u>

### 20. 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.

20. 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, 2022:

	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\$292,788,000
		Price to book value multiple	0.31 – 2.05	10% increase/(decrease) in multiple would result in increase/(decrease) in fair value by HK\$18,581,000
		Enterprise value to earnings multiple	1.07 – 38.43	10% increase/(decrease) in multiple would result in increase/(decrease) in fair value by HK\$2,690,000
		Enterprise value to sales multiple	2.19 – 6.40	10% increase/(decrease) in multiple would result in increase/(decrease) in fair value by HK\$1,290,000
		Price to earnings multiple	4.71 – 13.65	15% increase/(decrease) in multiple would result in increase/(decrease) in fair value by HK\$32,100,000
		Price to embedded value multiple	0.12 – 1.79	15% increase/(decrease) in multiple would result in increase/(decrease) in fair value by HK\$414,000,000

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)

### 20. 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, 2021 (Restated):

	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\$332,334,000
		Price to book value multiple	0.33 – 2.07	10% increase/(decrease) in multiple would result in increase/(decrease) in fair value by HK\$19,635,000
		Enterprise value to earnings multiple	1.07 – 34.32	10% increase/(decrease) in multiple would result in increase/(decrease) in fair value by HK\$2,707,000
		Enterprise value to sales multiple	0.16 – 11.83	10% increase/(decrease) in multiple would result in increase/(decrease) in fair value by HK\$1,918,000
		Price to earnings multiple	7.62 – 14.88	15% increase/(decrease) in multiple would result in increase/(decrease) in fair value by HK\$45,450,000
		Price to embedded value multiple	0.39 – 1.87	15% increase/(decrease) in multiple would result in increase/(decrease) in fair value by HK\$468,000,000

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)

### 20. Fair Value Hierarchy of Financial Instruments (continued)

The movements in fair value measurement within level 3 during the period ended 30th June, 2022 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, 2022 (Restated)	193,129	3,638,209
Purchase during the period	22,880	–
Disposal during the period	(5,638)	–
Total loss recognised in profit or loss	(3,118)	–
Total loss recognised in other comprehensive income	–	(459,169)
	<u>207,253</u>	<u>3,179,040</u>
At 30th June, 2022	<u>207,253</u>	<u>3,179,040</u>

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 (Restated)
At 1st January, 2021 (Restated)	117,482	5,086,149
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	–	(803,567)
Transfer to asset held for distribution	–	(56,484)
	<u>144,009</u>	<u>4,226,098</u>
At 30th June, 2021 (Restated)	<u>144,009</u>	<u>4,226,098</u>

During the periods ended 30th June, 2022 and 30th June, 2021, 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, 2022 and as at 31st December, 2021.

## 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 receivables 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 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.

### (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.



### 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, 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, 2022, 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 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, 2022. 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, 2022.

## Directors’ and Chief Executive’s Interests in Shares

As at 30th June, 2022, 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 <sup>(1)</sup>
	Directly beneficially owned	Through spouse or minor children	Through controlled corporation		
CHAN Bernard Charnwut	1,912,680	–	578,829,712 <sup>(2)(3)</sup>	580,742,392	61.87
WONG Kok Ho	810,000	430,000	–	1,240,000	0.13

Notes:

(1) Based on 938,598,000 shares in issue as at 30th June, 2022.

(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 38% held by Mr. CHAN Bernard Charnwut 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, 2022, 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, 2022, 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 <sup>(1)</sup>
Cosmos Investments Inc.	(2), (3)	569,999,712	60.73
Claremont Capital Holdings Ltd	(2)	566,069,712	60.31
Bangkok Bank Public Company Limited		89,988,236	9.59
Sompo Holdings, Inc.	(4)	91,759,753	9.78
Sompo Japan Insurance Inc.	(4)	91,759,753	9.78
Aioi Nissay Dowa Insurance Company, Limited		52,550,175	5.60

Notes:

- (1) Based on 938,598,000 shares in issue as at 30th June, 2022.
- (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, 2022, 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, 2022, a subsidiary of the Company repurchased a total of 1,174,000 ordinary shares of the Company on the Stock Exchange at an aggregate purchase price of approximately HK\$4,110,000 (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 2022	612,000	3.60	3.50	2,172
Apr 2022	58,000	3.45	3.40	199
Jun 2022	504,000	3.49	3.38	1,739
	<u>1,174,000</u>			<u>4,110</u>





**Purchase, Sale or Redemption of the Company's Shares** (continued)

Subsequent to the end of the reporting period and up to the date of this report, a total of 92,000 ordinary shares of the Company were repurchased on the Stock Exchange at an aggregate purchase price of approximately HK\$311,000 (excluding expenses) which was paid wholly out of retained profits. Such repurchased shares were cancelled on 2nd August, 2022. 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 2022	92,000	3.40	3.36	311

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 938,002,000 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 2021 and 2022 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, 2022 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 2021. Details of the changes as required to be disclosed under Rule 13.51B(1) of the Listing Rules are as follows:

In the Annual General Meeting held on 20th May, 2022, the directors proposed and the shareholders resolved that with retrospective effect from 1st January, 2022, the fees for the Chairman of the Board and each director of the Company have been revised from HK\$90,000 and HK\$70,000 per annum to HK\$100,000 and HK\$80,000 per annum respectively for the year ending 31st December, 2022. The fee for each director (including the Chairman of the Board) of Asia Insurance has been revised from HK\$50,000 per annum to HK\$60,000 per annum for the year ending 31st December, 2022 which was approved in the annual general meeting of Asia Insurance held on 20th May, 2022 with retrospective effect from 1st January, 2022. The emoluments of each director (except Ms. NGAN Edith Manling who entitled to the revised director's fees upon her appointment being effected after the conclusion of the annual general meetings of the Company and Asia Insurance respectively) would be changed accordingly, particulars as below:

- (1) Mr. CHAN Bernard Charnwut is entitled to receive the Company's revised director's fee of HK\$80,000 per annum (which will be calculated in proportion to the period from 1st January, 2022 to 19th April, 2022) and also the Company's revised Board Chairman's fee of HK\$100,000 per annum (which will be calculated in proportion to the period from 20th April, 2022 to 31st December, 2022). He is also entitled to receive Asia Insurance's revised director's fee of HK\$60,000 per annum for the year ending 31st December, 2022.



## Other Information

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### Changes in Directors' Information (continued)

- (2) Mr. TAN Stephen, Mr. KAWAUCHI Yuji and Mr. OGURA Satoru are entitled to receive the Company's revised director's fee of HK\$80,000 per annum for the year ending 31st December, 2022.
- (3) Mr. WONG Kok Ho, Mrs. LAI KO Wing Yee Rebecca and Mr. AU YANG Chi Chun Evan are entitled to receive the Company's revised director's fee of HK\$80,000 per annum for the year ending 31st December, 2022. They are also entitled to receive Asia Insurance's revised director's fee of HK\$60,000 per annum for the year ending 31st December, 2022.

Mr. CHAN Bernard Charnwut has been appointed as the Chairman of the Company and the President of Cosmos Investments Inc. He ceased to be Convenor and Non-official members of the Executive Council of the HKSAR.

Mr. TAN Stephen has been appointed as a director of Cosmos Investments Inc. and Claremont Capital Holdings Ltd.

Mr. KAWAUCHI Yuji's position in Sompo Holdings, Inc., which is listed on the Japan Stock Exchange, has been changed to Deputy General Manager of Global Business Department. His position in Sompo Japan Insurance Inc., a wholly owned subsidiary of Sompo Holdings, Inc., has been changed to Managing Executive Officer, Deputy General Manager of Global Business Department.

Ms. NGAN Edith Manling has been appointed as an independent non-executive director of Swire Pacific Limited, which is listed on The Stock Exchange of Hong Kong Limited.

### 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 14 of the Listing Rules throughout the six months ended 30th June, 2022, except a deviation from CG Code C.2.1 which stipulates 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 division of responsibilities between the Chairman and President of the Company had 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.

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.

