



亞洲金融集團(控股)有限公司

ASIA FINANCIAL HOLDINGS LIMITED

Incorporated in Bermuda with limited liability

(Stock Code: 662)

INTERIM REPORT

For the six months ended 30th June, 2023

	<i>Pages</i>
Corporate Information	2
Chairman's Statement	3
Management Discussion and Analysis	5
Interim Results Highlights	8
Condensed Consolidated Statement of Profit or Loss (Unaudited)	9
Condensed Consolidated Statement of Comprehensive Income (Unaudited)	11
Condensed Consolidated Statement of Financial Position (Unaudited)	12
Condensed Consolidated Statement of Changes in Equity (Unaudited)	13
Condensed Consolidated Statement of Cash Flows (Unaudited)	15
Notes to the Interim Financial Statements (Unaudited)	17
Supplementary Financial Information	38
Other Information	42



Board of Directors

Executive Directors

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

Non-Executive Directors

KAWAUCHI Yuji
TATEGAMI Susumu

Independent Non-Executive Directors

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

Audit Committee

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

Compliance Committee

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

Remuneration Committee

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

Nomination Committee

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

Risk Committee

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

Company Secretary

CHIANG Yuet Wah Connie

Auditor

Ernst & Young
Certified Public Accountants
Registered Public Interest Entity Auditor

Registered Office

Clarendon House
Church Street
Hamilton HM 11
Bermuda

Head Office and Principal Place of Business

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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\$299.7 million in the first half of 2023, representing a healthy 494.0% increase compared with the same period in 2022. Several critical factors fuelled our success, including satisfactory insurance service result in our core insurance business, positive returns from our trading investments, and increased contributions from our joint ventures and associates.

Post-pandemic, the onset of early-stage economic recovery has been evident in Hong Kong, Macau, and regional and global markets. Although economic conditions have remained challenging, our insurance service result have been healthy, reflecting strong customer loyalty, new product launches, carefully targeted business development and our focus on strategic livelihood-related business streams.

Asia Financial's prospects for the second half of 2023 are comparatively optimistic. Global economies should remain buoyant with some volatility, inflation levels will abate, and interest rates will peak. Conflict and tight monetary policies will remain constant with increasing geopolitical tensions, particularly between China and the US.

As always, Asia Financial will maintain our conservative long-term strategy. We closely monitor market conditions while retaining the flexibility to take advantage of appropriate opportunities. We will continue to identify complementary new business streams in line with our overall objectives in the pursuit of long-term growth and shareholder value.

Economic Background

The first half of 2023 remained uncertain for the global economy, and according to the latest figures from the IMF, annual global economic growth will fall to 2.8% from last year's 3.4% due to the sluggish growth of developed economies like the USA and Europe. Actual GDP growth forecasts in 2023 for China are 5.2% and Hong Kong 3.5%, in contrast to the USA's 1.6% and Europe's 0.8%.

The equity markets in the US and Europe rebounded, with the Dow Jones Industrial Average posting a first-half gain of 3.8% and the MSCI Europe Index an increase of 9.0%, compared with declines in Hang Seng China Enterprises (H-share) Index -4.2% and the Hang Seng Index -4.4%, as a result of subdued investor sentiment and the slower pace of reopening to the world, post-pandemic.

After a solid start to the year, China's economic rebound slowed during the second quarter due to diminishing external demand, a weak domestic housing market, and generally subdued market sentiment. The Hong Kong economy improved visibly in the first six months of the year, led by the strong recovery of inbound tourism and domestic demand.



Management Approach and Future Prospects

Regional and international economies should remain buoyant in the year's second half as interest rates peak and inflation levels subside. The travel and tourism sectors are recovering, and disruption to supply chains is easing, which should support overall recovery.

Our diversified investment portfolio is structured to deal with the economic challenges that undoubtedly lie ahead and will continue to provide shareholder value based on our long track record of prudent investment management.

The outlook for our insurance operations is positive, and we remain on target for a sixth year of consecutive record growth despite challenging economic and competitive market conditions. Improved operating efficiencies, solid product and new business development have been supplemented by the expansion and quality of our distribution channels and increased direct sales. We remain committed to regularly evaluating and improving our mix of business channels. Additionally, we will continue expanding our distribution capacity and enhancing our product range to serve our customers' needs better.

Asia Financial's long-established brand identity reflects an excellent reputation and gives us a market advantage across our customer base. The management team remains focused on long-term stability across our businesses, is well-positioned for steady growth in line with economic and social trends, and takes advantage of the massive demographic transformation across the region. We will continue to develop livelihood-related service industries such as insurance, retirement, health and property development, focusing on Hong Kong, Macau and Mainland China. Our investment thesis complements our expertise and fully utilises our client and partner networks. Our approach is to continue to exercise patience and caution.

CHAN Bernard Charnwut

Chairman and President

Hong Kong, 25th August, 2023

Business Review

Insurance

The Group's wholly owned subsidiary, Asia Insurance Company, Limited ("Asia Insurance") achieved net profit of HK\$256.2 million in the first half of 2023, a 109.5% increase compared with the same period in 2022.

Following 5 years of record growth in a competitive and complex economic environment, Asia Insurance's insurance revenue once again increased by a solid 21.5% during the first half of the year compared to the same period last year. This continued success is a reflection of the exceptional reputation which has been gained through our professional approach, high standards of client service, our focus on key growth areas, matched with carefully targeted and well executed new business development strategies.

Strong progress has been made particularly in the areas of the health, life and property insurance sectors. Reinsurance and our online platforms continue to perform well and in line with management expectations. Our Asia (Northbound Travel) Private Car insurance was developed to provide statutory motor insurance in Hong Kong, Macau and Guangdong Province and has been very successful since its launch. Overall insurance service result is satisfactory.

The increase in Asia Insurance's operating costs over the same period last year was in line with budgeted expenditure, supporting strategic business expansion through direct sales, the appointment of new agents, brokers and robust online digital channels. We have consolidated our insurance and banking partnerships and remain active in developing further business distribution channels.

Investment in improved technology, cyber security and new online insurance trading platforms have been developed to better serve customers in Hong Kong and Macau and remains central to our digital transformation while increasing our overall operating efficiency. The forecast for Asia Insurance's core underwriting activities remain positive for the second half of 2023 and beyond. We remain among the top 5 performers in the Hong Kong insurance industry with a S&P rating of A. (All the above figures are before elimination of group transactions.)

Looking ahead we have identified and factored into our strategy areas of potential risk which remain elevated by global and regional economic uncertainties, with the potential for contraction in certain areas of the market. Our risk management expertise will remain focused on balanced growth from a quality business portfolio, with disciplined underwriting optimising the business mix.

We recorded both realised and unrealised gains in our investments during the first half of the year. Joint ventures and associates in the insurance segment yielded an overall profit during this period. BC Reinsurance Limited, Hong Kong Life Insurance Limited and Professional Liability Underwriting Services Limited enjoyed stable profit. PICC Life Insurance Company Limited ("PICC Life"), in which Asia Financial has a 5% stake, continues to take advantage of its nationwide license. The company maintains a healthy position in the Mainland market through a substantial network of offices. At the time of writing, interim results are still awaited.

Other Portfolio Investment

Trading investments posted an increase in the first half of 2023, mainly backed by returns from stock holdings and higher-yielding fixed income investments. Our portfolio has been actively adjusted to market changes and volatility while allowing flexibility to take advantage of timely opportunities and trends as they arise. Dividend income from long-term strategic investments was notably stable over the period.

Global economies are expected to remain buoyant as interest rates peak and inflation levels subside, which should be constructive for financial markets for the second half of this year. Our long-term focus on the US, Hong Kong, and Thai stock markets is unchanged, but we are actively exploring other opportunities in new regional markets and promising themes. We will continue to maintain a diversified investment portfolio covering a range of asset classes, including blue-chip stocks, investment-grade bonds, and established alternative investments, which prioritizes our investment strategy to preserve and grow shareholder wealth over the long term.



Business Review (continued)

Health Care and Wellness

Our 4.7% holding in Bumrungrad Hospital Public Company Limited (“Bumrungrad”) in Bangkok is our most significant listed equity investment. Its continued success reflects the high quality of healthcare, state-of-the-art facilities, international patient services, multilingual staff and its strong focus on customer service.

For the first half of 2023, its share price rose 6.6% in Thai Baht terms and 4.1% in Hong Kong Dollar terms due to the weak Thai Baht. The outlook for the remainder of the year is positive, as increasing demand for medical tourism services will continue to drive growth.

Pension and Asset Management

The Group’s holding in Bank Consortium Holding Limited (“BCH”), one of our joint ventures, generated healthy profits in the first half of 2023. Bank Consortium Trust Company Limited (“BCT”), a wholly owned subsidiary of BCH, remains one of the significant providers of Mandatory Provident Fund services in Hong Kong.

Property Development

The Group’s interests in real estate remain focused on Shanghai and represent 4.3% of our total assets.

Stage Four of our central residential and commercial complex in Jiading District, Shanghai, has been completed. We retain a 27.5% stake in the project. All previous phases and stages have sold, generating robust profits for the Group. We anticipate strong demand for the premium residential units in Stage Four, primarily among lifestyle-conscious young city dwellers.

As previously reported, we obtained master planning approval on a 21,000 sqm parcel of land conveniently located to Shanghai Hongqiao International Airport; the foundation work on our 60,000 sqm mixed-use development in Qingpu District is nearing completion. Construction will commence imminently and is scheduled to complete in 2025 in line with expectations.

Our outlook remains favourable as demand for home ownership in Shanghai remains stable, and post-pandemic economic recovery is gathering pace.

Securities Investments Representing More than 5% of Total Assets

As at 30th June, 2023, two securities investments each represented above 5% of the Group’s total assets:

Holding	No. of shares (in thousand)	Investment cost (HK\$’million)	Fair value as at 30th June, 2023 (HK\$’million)	% of total Group assets	Realised and unrealised gain/(loss) (HK\$’million)	Dividends received (HK\$’million)
PICC Life	1,288,055	1,522	2,294	15.6%	(456)	-
Bumrungrad Hospital	37,409	519	1,866	12.7%	75	20

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 bank balances as at 30th June, 2023 amounted to HK\$2,634,609,000 (31st December, 2022: HK\$2,728,885,000).

The Group had no bank borrowing as at 30th June, 2023 and 31st December, 2022.

No gearing ratio was calculated as the Group had no net current debt as at 30th June, 2023. 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, amounts due to associates and other liabilities, less cash and bank balances and financial assets at fair value through profit or loss. Capital represents equity attributable to equity holders of the Company.

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

Charge on Assets

As at 30th June, 2023, Asia Insurance charged assets with a carrying value of HK\$110,196,000 (31st December, 2022: HK\$126,954,000) 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, 2023, the Group had no material contingent liabilities.

Employees and Remuneration Policy

The total number of employees of the Group as of 30th June, 2023 was 338 (31st December, 2022: 329). 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 during the six months ended 30th June, 2023. The Group also offers various training and induction programmes to its employees.

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



Interim Results Highlights

The board of directors (the “Board”) of Asia Financial Holdings Limited (the “Company”) is pleased to announce the unaudited interim results of the Company and its subsidiaries (the “Group”) for the six months ended 30th June, 2023 as follows:

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

Profit attributable to equity holders of the Company:	HK\$299.7 million	+494.0%
Earnings per share:	HK32.1 cents	+494.4%
Interim dividend per share:	HK4.0 cents	+166.7%

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, 2023 and recommended it for the Board’s approval.

Interim Dividend

The Board has resolved to declare an interim cash dividend of HK4.0 cents (2022: HK1.5 cents) per ordinary share for the six months ended 30th June, 2023 payable on or about Friday, 6th October, 2023 to shareholders whose names appear on the Register of Members of the Company on Monday, 25th September, 2023.

Closure of Register of Members

The Register of Members of the Company will be closed from Thursday, 21st September, 2023 to Monday, 25th September, 2023, both days inclusive, during which period no transfer of shares will be effected. In order to qualify for the interim dividend, all transfers accompanied by the relevant share certificates must be lodged with the Company’s Hong Kong Branch Share Registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wan Chai, Hong Kong, for registration not later than 4:30 p.m. on Wednesday, 20th September, 2023.

Condensed Consolidated Statement of Profit or Loss (Unaudited)

For the six months ended 30th June, 2023

	Notes	Six months ended 30th June, 2023 HK\$'000	2022 HK\$'000 (Restated) [#]
Insurance revenue	3	1,244,434	1,023,936
Insurance service expense		(824,767)	(541,691)
Net expenses from reinsurance contracts held		(179,643)	(313,205)
Insurance Service Result		240,024	169,040
Finance income/(expense) from insurance contracts issued		(64,950)	67,116
Finance income/(expense) from reinsurance contracts held		19,237	(26,155)
		194,311	210,001
Dividend income		66,533	60,643
Realised gain/(loss) on investments		4,855	(40,566)
Unrealised gain/(loss) on investments		34,840	(109,836)
Interest income		72,921	29,039
Other income and losses, net		(2,427)	(909)
		371,033	148,372
Operating expenses		(67,321)	(60,250)
Finance costs	4	(12)	(52)
		303,700	88,070
Share of profits and losses of joint ventures		13,122	(15,759)
Share of profits and losses of associates		21,884	11,987
PROFIT BEFORE TAX	5	338,706	84,298

[#] 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, 2023

	Notes	Six months ended 30th June, 2023 HK\$'000	2022 HK\$'000 (Restated) [#]
PROFIT BEFORE TAX	5	338,706	84,298
Income tax expense	6	(38,982)	(33,840)
PROFIT FOR THE PERIOD		299,724	50,458
Attributable to: Equity holders of the Company		299,724	50,458
INTERIM DIVIDEND	7	37,220	14,070
INTERIM DIVIDEND PER SHARE	7	HK4.0 cents	HK1.5 cents
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY	8		
Basic and diluted – For profit for the period		HK32.1 cents	HK5.4 cents

[#] 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, 2023

	Note	Six months ended 30th June, 2023 HK\$'000	2022 HK\$'000 (Restated) [#]
PROFIT FOR THE PERIOD		299,724	50,458
OTHER COMPREHENSIVE INCOME			
Other comprehensive income that may be reclassified to profit or loss in subsequent periods:			
Share of other comprehensive income of associates		35,596	(47,504)
Exchange differences on translation of foreign operations		1,288	1,285
Net other comprehensive income that may be reclassified to profit or loss in subsequent periods		36,884	(46,219)
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	(240,104)	(213,284)
Income tax effect		39,498	49,573
Net other comprehensive income that will not be reclassified to profit or loss in subsequent periods		(200,606)	(163,711)
OTHER COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX		(163,722)	(209,930)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		136,002	(159,472)
ATTRIBUTABLE TO:			
Equity holders of the Company		136,002	(159,472)

[#] 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, 2023

	Notes	30th June, 2023 HK\$'000	31st December, 2022 HK\$'000 (Restated) [#]	1st January, 2022 HK\$'000 (Restated) [#]
ASSETS				
Property, plant and equipment		183,066	187,249	188,702
Investment properties		243,100	243,100	264,100
Interests in joint ventures		625,180	610,737	737,385
Interests in associates		848,858	793,668	870,874
Due from associates		256,710	256,872	256,872
Held-to-collect debt securities at amortised cost	9	1,316,088	1,187,614	1,124,206
Equity investments designated at fair value through other comprehensive income ("FVOCI")	10	5,184,286	5,424,390	5,275,155
Pledged deposits	13	295,808	295,808	295,808
Loans and advances and other assets	11	165,885	209,449	209,902
Financial assets at fair value through profit or loss	12	1,998,204	1,796,491	1,677,659
Reinsurance assets		957,160	1,000,450	1,133,798
Cash and bank balances	13	2,634,609	2,728,885	2,873,685
Total assets		14,708,954	14,734,713	14,908,146
EQUITY AND LIABILITIES				
Equity attributable to equity holders of the Company				
Issued capital	14	930,744	936,588	939,966
Reserves		10,011,998	9,925,951	9,753,477
Proposed dividend		37,220	32,759	98,623
Total equity		10,979,962	10,895,298	10,792,066
Liabilities				
Insurance contracts liabilities		3,069,211	3,220,220	3,353,750
Due to associates		4,222	4,222	4,222
Other liabilities		365,242	311,425	430,060
Tax payable		35,247	33,753	33,280
Deferred tax liabilities		255,070	269,795	294,768
Total liabilities		3,728,992	3,839,415	4,116,080
Total equity and liabilities		14,708,954	14,734,713	14,908,146

[#] 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, 2023

	Attributable to equity holders of the Company												
	Issued capital HK\$'000	Treasury shares HK\$'000	Share premium account HK\$'000	Share based reserve HK\$'000	Contingency reserve HK\$'000	Fair value reserve HK\$'000	Asset revaluation reserve HK\$'000	Exchange reserve HK\$'000	Statutory reserve HK\$'000	Capital redemption reserve HK\$'000	Retained profits HK\$'000	Proposed dividend HK\$'000	Total HK\$'000
At 1st January, 2023 as previously reported	936,588	(408)	560,531	7,983	119,056	2,649,142	141,570	(66,469)	2,427	513,240	5,474,914	32,759	10,492,766
Prior year adjustments	-	-	-	-	-	112,133	-	-	-	-	290,399	-	402,532
At 1st January, 2023 as restated	936,588	(408)	560,531	7,983	119,056	2,761,275	141,570	(66,469)	2,427	513,240	5,765,313	32,759	10,895,298
Profit for the period	-	-	-	-	-	-	-	-	-	-	299,724	-	299,724
Other comprehensive income for the period:													
Changes in fair value of equity investments at fair value through other comprehensive income, net of tax	-	-	-	-	-	(200,606)	-	-	-	-	-	-	(200,606)
Share of other comprehensive income of associates	-	-	-	-	-	(886)	-	36,482	-	-	-	-	35,596
Exchange differences on translation of foreign operations	-	-	-	-	-	-	-	1,288	-	-	-	-	1,288
Total comprehensive income for the period	-	-	-	-	-	(201,492)	-	37,770	-	-	299,724	-	136,002
Final 2022 dividend declared	-	-	-	-	-	-	-	-	-	-	-	(32,759)	(32,759)
Proposed interim 2023 dividend	-	-	-	-	-	-	-	-	-	-	(37,220)	37,220	-
Repurchase of shares	(5,844)	(83)	-	-	-	-	-	-	-	-	(13,973)	-	(19,900)
Transfer to capital redemption reserve	-	-	-	-	-	-	-	-	-	5,844	(5,844)	-	-
Transfer to contingency reserve	-	-	-	-	11,347	-	-	-	-	-	(11,347)	-	-
Share of share based reserve of a joint venture	-	-	-	1,321	-	-	-	-	-	-	-	-	1,321
Share of changes in contingency reserve of a joint venture	-	-	-	-	220	-	-	-	-	-	(220)	-	-
At 30th June, 2023	930,744	(491)*	560,531*	9,304*	130,623*	2,559,783*	141,570*	(28,699)*	2,427*	513,240*	5,996,433*	37,220	10,979,962

* These reserve accounts comprise the consolidated reserves of HK\$10,011,998,000 (31st December, 2022 restated: HK\$9,925,951,000) in the unaudited condensed consolidated statement of financial position.

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For the six months ended 30th June, 2023

亞洲金融集團(控股)有限公司
ASIA FINANCIAL HOLDINGS LIMITED
Incorporated in Hong Kong with limited liability

Condensed Consolidated Statement of Cash Flows (Unaudited)

For the six months ended 30th June, 2023

	Six months ended 30th June,	
	2023 HK\$'000	2022 HK\$'000 (Restated) [#]
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	338,706	84,298
Adjustments for:		
Interest income	(72,921)	(29,039)
Finance costs	12	52
Dividend income from investments	(66,533)	(60,643)
Depreciation	7,664	7,107
Changes in expected credit losses		
– held-to-collect debt securities at amortised cost	392	(4)
Gain on disposal/write-off of items of property, plant and equipment	–	(180)
Share of profits and losses of joint ventures	(13,122)	15,759
Share of profits and losses of associates	(21,884)	(11,987)
	172,314	5,363
Decrease/(increase) in loans and advances and other assets	52,228	(81,901)
Increase in financial assets at fair value through profit or loss	(201,713)	(95,960)
Decrease in reinsurance assets	43,290	243,877
Increase in time deposits with original maturity of over three months	(165,658)	(95,600)
Decrease in insurance contracts liabilities	(151,009)	(152,998)
Increase/(decrease) in other liabilities	56,979	(40,416)
	(193,569)	(217,635)
Cash used in operations	(7,011)	(3,623)
Hong Kong profits tax paid	(6,051)	(6,349)
Overseas withholding tax paid		
	(206,631)	(227,607)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	64,604	29,039
Dividends received from investments	66,533	60,643
Dividends received from joint ventures	–	4,200
Dividends received from associates	2,290	5,903
Purchases of held-to-collect debt securities at amortised cost	(226,542)	(92,005)
Proceeds from redemption/call-back of held-to-collect debt securities at amortised cost	97,676	32,458
Purchases of items of property, plant and equipment	(3,908)	(1,511)
Decrease in amount due from associates	162	–
Proceeds from disposal of items of property, plant and equipment	–	419
	815	39,146

[#] 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 Cash Flows (Unaudited)

For the six months ended 30th June, 2023

	Six months ended 30th June,	
	2023 HK\$'000	2022 HK\$'000 (Restated) [#]
CASH FLOWS FROM FINANCING ACTIVITIES		
Repurchase of shares	(19,900)	(4,121)
Dividends paid	(32,759)	(98,553)
Principal portion of lease payments	(1,447)	(1,189)
Interest paid	(12)	(52)
	<u>(54,118)</u>	<u>(103,915)</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(259,934)	(292,376)
Cash and cash equivalents at beginning of period	<u>1,657,050</u>	<u>2,642,739</u>
CASH AND CASH EQUIVALENTS AT END OF PERIOD	<u>1,397,116</u>	<u>2,350,363</u>
ANALYSIS OF BALANCES OF CASH AND BANK BALANCES		
Cash and bank balances	243,805	339,587
Non-pledged time deposits with original maturity of over three months when acquired	1,237,493	326,546
Non-pledged time deposits with original maturity of less than three months when acquired	<u>1,153,311</u>	<u>2,010,776</u>
Cash and bank balances as stated in the unaudited condensed consolidated statement of financial position	2,634,609	2,676,909
Less: Non-pledged time deposits with original maturity of over three months when acquired	<u>(1,237,493)</u>	<u>(326,546)</u>
Cash and cash equivalents as stated in the unaudited condensed consolidated statement of cash flows	<u>1,397,116</u>	<u>2,350,363</u>

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



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, 2022 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.

HKFRS 17	<i>Insurance Contracts</i>
Amendments to HKFRS 17	<i>Insurance Contracts</i>
Amendment to HKFRS 17	<i>Initial Application of HKFRS 17 and HKFRS 9 - Comparative Information</i>
Amendments to HKAS 1 and HKFRS Practice Statement 2	<i>Disclosure of Accounting Policies</i>
Amendments to HKAS 8	<i>Definition of Accounting Estimates</i>
Amendments to HKAS 12	<i>Deferred Tax related to Assets and Liabilities arising from a Single Transaction</i>
Amendments to HKAS 12	<i>International Tax Reform – Pillar Two Model Rules</i>

The nature and impact of the new and revised HKFRSs that are applicable to the Group are described below:

Amendments to HKAS 1 require entities to disclose their material accounting policy information rather than their significant accounting policies. Accounting policy information is material if, when considered together with other information included in an entity’s financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. Amendments to HKFRS Practice Statement 2 provide non-mandatory guidance on how to apply the concept of materiality to accounting policy disclosures. The Group has applied the amendments since 1st January, 2023. The amendments did not have any impact on the Group’s interim condensed consolidated financial information but are expected to affect the accounting policy disclosures in the Group’s annual consolidated financial statements.

Amendments to HKAS 8 clarify the distinction between changes in accounting estimates and changes in accounting policies. Accounting estimates are defined as monetary amounts in financial statements that are subject to measurement uncertainty. The amendments also clarify how entities use measurement techniques and inputs to develop accounting estimates. The Group has applied the amendments to changes in accounting policies and changes in accounting estimates that occur on or after 1st January, 2023. Since the Group’s policy of determining accounting estimates aligns with the amendments, the amendments did not have any impact on the financial position or performance of the Group.

Amendments to HKAS 12 *Deferred Tax related to Assets and Liabilities arising from a Single Transaction* narrow the scope of the initial recognition exception in HKAS 12 so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences, such as leases and decommissioning obligations. Therefore, entities are required to recognise a deferred tax asset (provided that sufficient taxable profit is available) and a deferred tax liability for temporary differences arising from these transactions. The Group has applied the amendments on temporary differences related to leases as at 1st January, 2022, with any cumulative effect recognised as an adjustment to the balance of retained profits or other component of equity as appropriate at that date. In addition, the Group has applied the amendments prospectively to transactions other than leases that occurred on or after 1st January, 2022, if any.

1.1 Accounting Policies (continued)

Amendments to HKAS 12 *International Tax Reform – Pillar Two Model Rules* introduce a mandatory temporary exception from the recognition and disclosure of deferred taxes arising from the implementation of the Pillar Two model rules published by the Organisation for Economic Co-operation and Development. The amendments also introduce disclosure requirements for the affected entities to help users of the financial statements better understand the entities' exposure to Pillar Two income taxes, including the disclosure of current tax related to Pillar Two income taxes separately in the periods when Pillar Two legislation is effective and the disclosure of known or reasonably estimable information of their exposure to Pillar Two income taxes in periods in which the legislation is enacted or substantively enacted but not yet in effect. Entities are required to disclose the information relating to their exposure to Pillar Two income taxes in annual periods beginning on or after 1st January, 2023, but are not required to disclose such information for any interim periods ending on or before 31st December, 2023. The Group has applied the amendments retrospectively. Since the Group did not fall within the scope of the Pillar Two model rules, the amendments did not have any impact to the Group.

The impact of adopting HKFRS 17 *Insurance Contract* and its amendments; and HKFRS 9 *Financial Instruments* are described in details in note 1.2 Restatement.

1.2 Restatement

- (i) **HKFRS 17 *Insurance Contracts* and its amendments; and HKFRS 9 *Financial Instruments* have been adopted for the current period and the effect of which is summarised as below:**

Condensed consolidated statement of financial position as at 31st December, 2022:

	As previously stated HK\$'000	Adjustment HK\$'000	Restated HK\$'000
Interests in joint ventures	587,347	23,390	610,737
Loans and advances and other assets	256,237	(46,788)	209,449
Insurance receivables	231,788	(231,788)	–
Reinsurance assets	1,651,379	(650,929)	1,000,450
Fair value reserve	2,649,142	112,133	2,761,275
Retained earnings	5,474,914	290,399	5,765,313
Insurance contracts liabilities	4,499,512	(1,279,292)	3,220,220
Insurance payables	129,768	(129,768)	–
Other liabilities	285,933	25,492	311,425
Deferred tax liabilities	194,874	74,921	269,795

1.2 Restatement (continued)

- (i) **HKFRS 17 *Insurance Contracts* and its amendments; and HKFRS 9 *Financial Instruments* have been adopted for the current period and the effect of which is summarised as below:** (continued)

Condensed consolidated statement of financial position as at 1st January, 2022:

	As previously stated HK\$'000	Adjustment HK\$'000	Restated HK\$'000
Interests in joint ventures	637,436	99,949	737,385
Loans and advances and other assets	165,468	44,434	209,902
Insurance receivables	215,444	(215,444)	–
Reinsurance assets	1,593,696	(459,898)	1,133,798
Fair value reserve	2,569,451	1,200	2,570,651
Retained earnings	5,350,949	367,112	5,718,061
Insurance contracts liabilities	4,208,542	(854,792)	3,353,750
Insurance payables	199,287	(199,287)	–
Other liabilities	328,282	101,778	430,060
Deferred tax liabilities	241,738	53,030	294,768

Condensed consolidated statement of profit or loss:

	For the period ended 30th June, 2022 Increase/ (decrease) in profits HK\$'000
Underwriting profit	(136,211)
Insurance services result	169,040
Finance income from insurance contracts issued	67,116
Finance expense from reinsurance contracts held	(26,155)
Operating expenses	10,025
Share of profits and losses of joint ventures	(49,279)
Income tax	(13,830)

The restatements did not have any net impact on the Group's 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, 2022 is as follows:**

	For the period ended 30th June, 2022 HK Cents
Basic and diluted earnings per share	3.2
Adjustment from adoption of HKFRS 17 and HKFRS 9	2.2
Restated	5.4

2. Operating Segment Information

(a) Operating segments

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

	Insurance HK\$'000	Corporate HK\$'000	Eliminations HK\$'000	Consolidated HK\$'000
For the six months ended 30th June, 2023				
Segment revenue:				
External customers	1,244,434	–	–	1,244,434
Other revenue, income and losses, net	65,368	65,641	–	131,009
Intersegment	4,816	–	(4,816)	–
Total	1,314,618	65,641	(4,816)	1,375,443
Segment results	265,832	37,868	–	303,700
Share of profits and losses of:				
Joint ventures	(1,069)	14,191	–	13,122
Associates	20,858	1,026	–	21,884
Profit before tax				338,706
Income tax expense	(34,847)	(4,135)	–	(38,982)
Profit for the period				299,724

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, 2022 (Restated)				
Segment revenue:				
External customers	1,023,936	–	–	1,023,936
Other revenue, income and losses, net	20,297	(40,965)	–	(20,668)
Intersegment	7,831	–	(7,831)	–
Total	1,052,064	(40,965)	(7,831)	1,003,268
Segment results	154,140	(66,070)	–	88,070
Share of profits and losses of:				
Joint ventures	(28,495)	12,736	–	(15,759)
Associates	18,949	(6,962)	–	11,987
Profit before tax				84,298
Income tax expense	(30,725)	(3,115)	–	(33,840)
Profit for the period				50,458
	Insurance HK\$'000	Corporate HK\$'000	Consolidated HK\$'000	
30th June, 2023				
Segment assets	6,989,328	6,245,588		13,234,916
Interests in joint ventures	487,869	137,311		625,180
Interests in associates	380,853	468,005		848,858
Total assets	7,858,050	6,850,904		14,708,954
Segment liabilities	3,274,463	454,529		3,728,992

Notes to the Interim Financial Statements (Unaudited)

2. Operating Segment Information (continued)

(a) Operating segments (continued)

	Insurance HK\$'000	Corporate HK\$'000	Consolidated HK\$'000
31st December, 2022 (Restated)			
Segment assets	6,734,395	6,595,913	13,330,308
Interests in joint ventures	487,617	123,120	610,737
Interests in associates	299,090	494,578	793,668
	<u> </u>	<u> </u>	<u> </u>
Total assets	7,521,102	7,213,611	14,734,713
	<u> </u>	<u> </u>	<u> </u>
Segment liabilities	3,344,644	494,771	3,839,415
	<u> </u>	<u> </u>	<u> </u>

(b) Geographical information

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

3. Insurance Revenue

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

4. Finance Costs

	Six months ended 30th June,	
	2023	2022
	HK\$'000	HK\$'000
Interest on lease liabilities	<u>12</u>	<u>52</u>

5. Profit Before Tax

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

	Six months ended 30th June,	
	2023	2022
	HK\$'000	HK\$'000
		(Restated)
Auditor's remuneration	(2,026)	(1,916)
Depreciation	(7,664)	(7,107)
Employee benefits expense (including directors' remuneration)	(88,740)	(83,774)
Realised gain/(loss) on disposal of financial assets at fair value through profit or loss, net	4,855	(40,566)
Unrealised gain/(loss) on financial assets at fair value through profit or loss, net	34,840	(109,836)
Change in expected credit losses for:		
– held-to-collect debt securities at amortised cost	(392)	4
Interest income	72,921	29,039
Gain on disposal/write-off of items of property, plant and equipment*	–	180
Gross rental income*	3,365	3,381
Direct operating expenses (including repairs and maintenance) arising from rental-earning investment properties	(200)	(100)
Subsidies from Government*	–	1,543
Foreign exchange loss, net*	(7,698)	(6,746)
Dividend income from:		
– Listed investments	44,612	39,648
– Unlisted investments	21,921	20,995
Total dividend income	66,533	60,643

* Such amount was included in "Other income and 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% (2022: 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,	
	2023	2022
	HK\$'000	HK\$'000
		(Restated)
Current – Hong Kong		
Charge for the period	1,612	10,102
Current – Elsewhere		
Charge for the period	12,704	12,197
Over provision in prior period	(107)	–
Deferred	24,773	11,541
Total tax charge for the period	38,982	33,840

7. Dividend

	Six months ended 30th June,	
	2023	2022
	HK\$'000	HK\$'000
Proposed interim dividend:		
HK4.0 cents (2022: HK1.5 cents) per ordinary share	37,220	14,070

The Board has resolved to pay an interim dividend of HK4.0 cents per share (2022: HK1.5 cents), which will be paid in cash, for the six months ended 30th June, 2023 payable on or about 6th October, 2023 to shareholders whose names appear on the Register of Members of the Company on 25th September, 2023.

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\$299,724,000 (2022 restated profit: HK\$50,458,000) and the weighted average number of ordinary shares of 934,523,000 (2022: 938,926,000) in issue during the period.

No adjustment has been made to the basic earnings per share amounts presented for the periods ended 30th June, 2023 and 2022 in respect of a dilution as the Group had no potentially dilutive ordinary shares in issue during those periods.

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

	30th June, 2023 HK\$'000	31st December, 2022 HK\$'000
Listed debt securities in Hong Kong, at amortised cost	889,860	679,753
Listed debt securities outside Hong Kong, at amortised cost	271,754	352,690
Unlisted debt securities, at amortised cost	155,947	156,252
	1,317,561	1,188,695
Less: Impairment allowance	(1,473)	(1,081)
Held-to-collect debt securities at amortised cost	1,316,088	1,187,614
Fair value of listed and unlisted held-to-collect debt securities	1,258,238	1,124,975

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

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

	30th June, 2023 HK\$'000	31st December, 2022 HK\$'000
Public sector entities	144,716	46,465
Banks and other financial institutions	800,619	785,608
Corporate entities	370,753	355,541
	1,316,088	1,187,614

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

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

	30th June, 2023 HK\$'000	31st December, 2022 HK\$'000
With a residual maturity of:		
Three months or less	91,704	172,242
One year or less but over three months	149,528	34,231
Five years or less but over one year	853,293	737,791
Over five years	221,563	243,350
	1,316,088	1,187,614

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, 2023, listed debt securities of the Group amounting to HK\$110,196,000 (31st December, 2022: HK\$126,954,000) were pledged.

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

	30th June, 2023 HK\$'000	31st December, 2022 HK\$'000
Listed equity investments outside Hong Kong, at fair value		
Bangkok Bank Public Company Limited	727,201	641,668
Bumrungrad Hospital Public Company Limited	1,654,597	1,588,670
	2,381,798	2,230,338
Unlisted equity investments, at fair value		
PICC Life Insurance Company Limited	2,294,000	2,750,000
BBL Asset Management Company Limited	306,000	268,000
The People's Insurance Company of China (Hong Kong), Limited	72,831	62,974
BE Reinsurance Limited	35,746	30,971
Others	93,911	82,107
	2,802,488	3,194,052
Total	5,184,286	5,424,390

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\$240,104,000 (2022 loss: HK\$213,284,000).

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

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

11. Loans and Advances and Other Assets

	30th June, 2023 HK\$'000	31st December, 2022 HK\$'000 (Restated)
Loans and advances	2,822	3,152
Accrued interest and other assets	162,234	205,815
Tax Recoverable	829	482
Gross loans and advances and other assets	165,885	209,449

The Group's accrued interest and other assets are current in nature as at 30th June, 2023 and 31st December, 2022.

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

	30th June, 2023 HK\$'000	31st December, 2022 HK\$'000
Repayable on demand	—	—
With a residual maturity of:		
Three months or less	166	166
One year or less but over three months	503	502
Five years or less but over one year	2,153	2,484
Over five years	—	—
	2,822	3,152

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

12. Financial Assets at Fair Value Through Profit or Loss

	30th June, 2023 HK\$'000	31st December, 2022 HK\$'000
Debt securities:		
– listed in Hong Kong, at fair value	58,550	–
– listed outside Hong Kong, at fair value	93,209	76,908
	151,759	76,908
Equity securities at fair value:		
– listed in Hong Kong	413,482	393,698
– listed outside Hong Kong	783,570	695,767
	1,197,052	1,089,465
Investment funds:		
– listed outside Hong Kong, at fair value	159,540	175,438
– unlisted, at quoted price	489,853	454,680
	649,393	630,118
Total	1,998,204	1,796,491

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

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

	30th June, 2023 HK\$'000	31st December, 2022 HK\$'000
Public sector entities	34,011	20,820
Banks and other financial institutions	327,769	282,903
Corporate entities	1,636,424	1,492,768
	1,998,204	1,796,491

The above securities and investment funds as at 30th June, 2023 and 31st December, 2022 were classified as financial assets at fair value through profit or loss as they were held for trading.

13. Cash and Bank Balances and Pledged Deposits

	30th June, 2023 HK\$'000	31st December, 2022 HK\$'000
Cash and bank balances	243,805	248,735
Time deposits with original maturity of over three months	1,237,493	1,071,835
Time deposits with original maturity of less than three months	1,153,311	1,408,315
	2,634,609	2,728,885
Pledged deposits	295,808	295,808
	2,930,417	3,024,693

14. Share Capital

	30th June, 2023 HK\$'000	31st December, 2022 HK\$'000
Authorised: 1,500,000,000 ordinary shares of HK\$1 each	1,500,000	1,500,000
Issued and fully paid: 930,744,000 (2022: 936,588,000) ordinary shares of HK\$1 each	930,744	936,588

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

	Number of shares in issue	Share capital HK\$'000
At 1st January, 2023	936,588,000	936,588
Shares repurchased and cancelled (note)	(5,844,000)	(5,844)
At 30th June, 2023	930,744,000	930,744

Note:

At 31st December, 2022, 118,000 shares with cost of HK\$408,000 were classified as treasury shares, and were subsequently cancelled in January 2023. During the period ended 30th June, 2023, a subsidiary of the Company repurchased 5,866,000 ordinary shares of the Company of HK\$1 each on the Stock Exchange at prices ranging from HK\$3.24 to HK\$3.50 per share at a total consideration of HK\$19,899,000 (including expenses and dividend). Out of which, 5,726,000 repurchased shares were cancelled.

14. Share Capital (continued)

Note: (continued)

The premium of HK\$13,973,000 paid on the repurchase of such shares was debited to the retained profits account and an amount of HK\$5,844,000 was transferred from retained profits of the company to the capital redemption reserve.

The remaining 140,000 shares with cost of HK\$491,000 were classified as treasury shares at 30th June, 2023 and were subsequently cancelled in August 2023.

Subsequent to the end of the reporting period, the Group repurchased and cancelled 98,000 ordinary shares of the Company from the market at prices ranging from HK\$3.35 to HK\$3.41 per share at a total amount of HK\$332,000 (including expenses). As at the date of this report, the number of issued shares of the Company is 930,506,000 shares.

15. Commitments

The Group had capital commitment as follows:

	30th June, 2023 HK\$'000	31st December, 2022 HK\$'000
Contracted, but not provided for:		
Acquisition of computer hardware and software	5,184	9,689

16. Operating Lease Arrangements

As Lessor

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

At 30th June, 2023, the Group had total future minimum lease receivables under non-cancellable operating leases with its tenants falling due as follows:

	30th June, 2023 HK\$'000	31st December, 2022 HK\$'000
Within one year	3,060	6,539
After one year but within two years	216	251
After two years but within three years	47	125
	3,323	6,915

17. Related Party Transactions

(a)

	30th June, 2023		31st December, 2022	
	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	–	91	–	93
Interbank activities:				
Deposits placed	–	740,234	–	619,436
	Six months ended 30th June, 2023		Six months ended 30th June, 2022 (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
Interbank activities:				
Interest income	–	11,682	–	4,136
Premium income:				
Gross premiums written	205	6,311	220	5,733
Commission expense, net	–	2,913	–	4,629
Compensation:				
Salaries and short-term employee benefits	6,035	–	6,344	–
Pension scheme contributions	263	–	280	–

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



17. Related Party Transactions (continued)

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

	Six months ended 30th June,	
	2023	2022
	HK\$'000	HK\$'000
Commission expenses paid	1,200	858

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

	30th June, 2023	31st December, 2022
	HK\$'000	HK\$'000
Loans and advances granted:		
Aggregate balance at the end of the reporting period	256,710	256,872
Loans and advances received:		
Aggregate balance at the end of the reporting period	4,222	4,222

	Six months ended 30th June,	
	2023	2022
	HK\$'000	HK\$'000
Loans and advances granted:		
Interest income	848	859
Commission expense paid	3,562	13,590

18. Fair Value Hierarchy of Financial Instruments

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

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.

18. Fair Value Hierarchy of Financial Instruments (continued)

Below is a summary of significant unobservable inputs to the valuation of principal financial instruments as at 30th June, 2023:

	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% – 30%	20% increase/(decrease) in discount would result in (decrease)/increase in fair value by HK\$240,807,000
		Price to book value multiple	0.18 – 3.11	10% increase/(decrease) in multiple would result in increase/(decrease) in fair value by HK\$14,975,000
		Enterprise value to earnings multiple	1.63 – 48.05	10% increase/(decrease) in multiple would result in increase/(decrease) in fair value by HK\$1,857,000
		Enterprise value to sales multiple	2.04 – 3.89	10% increase/(decrease) in multiple would result in increase/(decrease) in fair value by HK\$2,289,000
		Price to earnings multiple	8.00 – 15.76	15% increase/(decrease) in multiple would result in increase/(decrease) in fair value by HK\$45,900,000
		Price to embedded value multiple	0.11 – 1.71	15% increase/(decrease) in multiple would result in increase/(decrease) in fair value by HK\$344,100,000

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

18. Fair Value Hierarchy of Financial Instruments (continued)

Below is a summary of significant unobservable inputs to the valuation of principal financial instruments as at 31st December, 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% – 30%	20% increase/(decrease) in discount would result in (decrease)/increase in fair value by HK\$273,115,000
		Price to book value multiple	0.21 – 3.26	10% increase/(decrease) in multiple would result in increase/(decrease) in fair value by HK\$14,461,000
		Enterprise value to earnings multiple	1.25 – 40.89	10% increase/(decrease) in multiple would result in increase/(decrease) in fair value by HK\$3,080,000
		Enterprise value to sales multiple	1.25 – 2.33	10% increase/(decrease) in multiple would result in increase/(decrease) in fair value by HK\$938,000
		Price to earnings multiple	4.24 – 17.09	15% increase/(decrease) in multiple would result in increase/(decrease) in fair value by HK\$40,200,000
		Price to embedded value multiple	0.14 – 1.87	15% increase/(decrease) in multiple would result in increase/(decrease) in fair value by HK\$412,500,000

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

18. Fair Value Hierarchy of Financial Instruments (continued)

Fair value hierarchy

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

Assets measured at fair value:

	Fair value measurement using			Total HK\$'000
	Quoted prices in active markets (Level 1) HK\$'000	Significant observable inputs (Level 2) HK\$'000	Significant unobservable inputs (Level 3) HK\$'000	
At 30th June, 2023				
Equity investments designated at fair value through other comprehensive income	727,201	1,654,597	2,802,488	5,184,286
Financial assets at fair value through profit or loss	1,297,057	424,587	276,560	1,998,204
	2,024,258	2,079,184	3,079,048	7,182,490
	Fair value measurement using			Total HK\$'000
	Quoted prices in active markets (Level 1) HK\$'000	Significant observable inputs (Level 2) HK\$'000	Significant unobservable inputs (Level 3) HK\$'000	
At 31st December, 2022				
Equity investments designated at fair value through other comprehensive income	641,668	1,588,670	3,194,052	5,424,390
Financial assets at fair value through profit or loss	1,139,415	407,112	249,964	1,796,491
	1,781,083	1,995,782	3,444,016	7,220,881

During the periods ended 30th June, 2023 and 30th June, 2022, there were no transfers of fair value measurements between Level 1 and Level 2 for both financial assets and financial liabilities.

18. Fair Value Hierarchy of Financial Instruments (continued)

The movements in fair value measurement within level 3 during the period ended 30th June, 2023 are as follow:

	Financial assets at fair value through profit or loss – unlisted HK\$'000	Equity investment at fair value through other comprehensive income – unlisted HK\$'000
At 1st January, 2023	249,964	3,194,052
Purchase during the period	18,343	–
Disposal during the period	(1,258)	–
Total gain recognised in profit or loss	9,511	–
Total loss recognised in other comprehensive income	–	(391,564)
At 30th June, 2023	276,560	2,802,488

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	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)
At 30th June, 2022	207,253	3,179,040

During the periods ended 30th June, 2023 and 30th June, 2022, 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, 2023 and as at 31st December, 2022.

Financial Risk Management Objectives and Policies

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

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

(1) Internal control environment

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

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

(2) Credit risk management

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

There are no significant concentrations of credit risk within the Group as the customer bases of the Group's insurance contracts issued in an asset position are widely dispersed in different intermediaries and direct customers from different sectors and industries.

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

(3) Liquidity risk management

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

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

Financial Risk Management Objectives and Policies (continued)**(4) Capital management**

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

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

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

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

In addition, the Group monitors capital using a gearing ratio, which is net current debt divided by total capital plus net current debt. Net current debt includes current portion of insurance contracts liabilities, amounts due to associates and other liabilities, less cash and bank balances and financial assets at fair value through profit or loss. Capital represents equity attributable to equity holders of the Company. As at 30th June, 2023, 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 98% 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, 2023. The Group's listed investments are mainly listed on the stock exchanges of Hong Kong, the United States, and Thailand and are valued at quoted market prices at the end of the reporting period.

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

Other Information

The Code for Securities Transactions by Directors

The Company has adopted a code for securities transactions by directors (the “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, 2023.

Directors’ and Chief Executive’s Interests in Shares

As at 30th June, 2023, the interests of the Company’s directors and chief executive in the shares and underlying shares of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong (the “SFO”) as recorded in the register required to be kept by the Company under section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code, were as follows:

Name of director	Number of ordinary shares held, capacity and nature of interest			Total	Approximate % of the Company’s issued share capital ⁽¹⁾
	Directly beneficially owned	Through spouse or minor children	Through controlled corporation		
CHAN Bernard Charnwut	1,912,680	–	578,829,712 ⁽²⁾⁽³⁾	580,742,392	62.40
WONG Kok Ho	810,000	430,000	–	1,240,000	0.13

Notes:

(1) Based on 930,744,000 shares in issue as at 30th June, 2023.

(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, 2023, none of the Company’s directors and chief executive had registered an interest or a short position in the shares or underlying shares of the Company or any of its associated corporations that was required to be recorded pursuant to section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

Substantial Shareholders' and Other Persons' Interests in Shares

As at 30th June, 2023, the following persons (other than the directors or chief executive of the Company) had interests in the shares and underlying shares of the Company as recorded in the register required to be kept by the Company pursuant to section 336 of the SFO, or as otherwise notified to the Company:

Name of shareholder	Notes	Number of ordinary shares held	Approximate % of the Company's issued share capital ⁽¹⁾
Cosmos Investments Inc.	(2), (3)	569,999,712	61.24
Claremont Capital Holdings Ltd	(2)	566,069,712	60.82
Bangkok Bank Public Company Limited		89,988,236	9.67
Sompo Holdings, Inc.	(4)	91,759,753	9.86
Sompo Japan Insurance Inc.	(4)	91,759,753	9.86
Aioi Nissay Dowa Insurance Company, Limited		52,550,175	5.65

Notes:

- (1) Based on 930,744,000 shares in issue as at 30th June, 2023.
- (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, 2023, 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, 2023, a subsidiary of the Company repurchased a total of 5,866,000 ordinary shares of the Company on the Stock Exchange at an aggregate purchase price of approximately HK\$20,011,000 (excluding expenses) which was paid wholly out of retained profits. Such repurchased shares were cancelled during the reporting period and after the end of the reporting period. Details of the ordinary shares repurchased on the Stock Exchange during the reporting period are as follows:

Month of repurchase	Number of ordinary shares repurchased	Price per share		Aggregate purchase price (excluding expenses) HK\$'000
		Highest HK\$	Lowest HK\$	
Jan 2023	486,000	3.49	3.47	1,691
Mar 2023	54,000	3.39	3.24	178
Apr 2023	250,000	3.46	3.35	858
May 2023	4,584,000	3.43	3.30	15,586
Jun 2023	492,000	3.50	3.40	1,698
	<u>5,866,000</u>			<u>20,011</u>

Subsequent to the end of the reporting period and up to the date of this report, a total of 98,000 ordinary shares of the Company were repurchased on the Stock Exchange at an aggregate purchase price of approximately HK\$331,000 (excluding expenses) which was paid wholly out of retained profits. Such repurchased shares were cancelled on 9th August, 2023. 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 2023	98,000	3.41	3.35	331
	<u>98,000</u>			<u>331</u>

As a result of the above share repurchases, the issued share capital of the Company was accordingly reduced by the par value of the aforesaid repurchased ordinary shares which were cancelled during the reporting period and after the end of the reporting period. As at the date of this report, the number of issued ordinary shares of the Company is 930,506,000 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 2022 and 2023 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, 2023 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 2022. Details of the changes as required to be disclosed under Rule 13.51B(1) of the Listing Rules are as follows:

The following Committees Fee of Asia Insurance Company, Limited ("AI"), the Company's wholly owned subsidiary, with retrospective effect from 1st January, 2023, was approved by the shareholders of AI in its annual general meeting held on 19th May, 2023:

	AI Committees Fee (per annum)	
	Fee for the year ending 31st December, 2023 ("New AI Committees Fee") HK\$	Fee for the year ended 31st December, 2022 HK\$
AI's Risk Committee ("AI RiskC") – Chairperson	10,000	Nil
AI RiskC – Member	10,000	Nil
AI's Audit Committee ("AI AC") – Chairperson	20,000	Nil
AI AC – Member	10,000	Nil

All executive directors of AI are not entitled to the New AI Committees Fee for being a member of each committee of AI. The emoluments of each independent non-executive director of the Company acting as chairperson or member of AI RiskC or AI AC (except Mr. LI Lu Jen Laurence, the newly appointed director, who is entitled to receive the New AI Committees Fee upon his appointment being effected after the conclusion of the annual general meeting of AI) would be changed accordingly, particulars as below:

- (1) Mr. AU YANG Chi Chun Evan is entitled to receive the New AI Committees Fee of total HK\$20,000 per annum for being a member of both AI RiskC and AI AC for the year ending 31st December, 2023.
- (2) Ms. NGAN Edith Manling is entitled to receive the New AI Committees Fee of total HK\$30,000 per annum for being the chairperson of AI AC and a member of AI RiskC for the year ending 31st December, 2023.

Mr. CHAN Bernard Charnwut has been appointed as a member of the Chief Executive's Council of Advisers on 17th March, 2023.

Mr. TAN Stephen has been appointed as the Honorary President of Federation of Hong Kong Shantou Community Organizations on 24th May, 2023.

Ms. NGAN Edith Manling has been appointed as a member of the audit committee of Swire Pacific Limited, which is listed on The Stock Exchange of Hong Kong Limited, on 11th May, 2023. She has also been appointed as a member of Innovation and Technology Venture Fund Advisory Committee on 15th June, 2023.



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, 2023, 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.