民安（控股）有限公司

The Ming An (Holdings) Company Limited

(incorporated in the Cayman Islands with limited liability)

(Stock code: 1389)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2008

FINANCIAL HIGHLIGHTS

- Gross written premiums amounted to HK$960 million
- Profit attributable to shareholders amounted to HK$20 million
- Earnings per share amounted to HK$0.007

OVERVIEW OF FINANCIAL RESULTS

As a leading general insurance company headquartered in Hong Kong, The Ming An (Holdings) Company Limited (the "Company") and its subsidiaries (the "Group") provide a variety of general insurance products to a broad range of customers in Hong Kong and the People's Republic of China (the "PRC").

Performance highlights of the Group for the periods indicated below are as follows:

	Six months ended 30 June	
	2008	2007
	(HK$ in millions)	
Gross written premiums	**960**	631
Underwriting (loss)/profit	**(111)**	18
Investment income	**114**	84
Net realized and unrealized gains on investments	**45**	564
Profit for the period	**20**	541

	At 30 June	At 31 December
	2008	2007
	(HK$ in millions, except percentages)	
Total assets	**7,770**	7,521
ROAE	**0.5%**	20.5%

The Group recorded a net profit of HK$20 million for the six months ended 30 June 2008, representing a decrease of 96.3% as compared with HK$541 million for the corresponding period last year. Our Hong Kong operations recorded a net profit of HK$171 million (2007: HK$554 million), whereas, our PRC operations recorded a net loss of HK$151 million (2007: HK$13 million), which was mainly due to the expansion of the PRC operations and the occurrence of natural disasters. There were four new provincial branches and twelve sub-branches established in the PRC and hence the administrative and operating expenses increased substantially. In addition, the rain storms disaster intensified the loss as it incurred a considerable amount of claims.

Gross written premiums increased by 52.1% to HK$960 million for the six months ended 30 June 2008 as compared with HK$631 million for the corresponding period last year. Our PRC operations recorded a significant growth and contributed 49.9% (2007: 27.7%) to the total gross written premiums of the Group, whereas Hong Kong operations contributed 50.1% (2007: 72.3%). For the six months ended 30 June 2008, the Group's five business lines, namely, motor, property, marine, liability and accident and health insurance represented 42.7%, 24.1%, 15.4%, 11.6% and 6.2% (2007: 28.7%, 28.5%, 20.2%, 16.1% and 6.5%) of the Group's total gross written premiums respectively.

Our three primary distribution channels are intermediaries such as agents and brokers, direct sales and other financial institutions. For the six months ended 30 June 2008, the Group's direct written premiums through agents, brokers, direct sales and other financial institutions accounted for approximately 59.5%, 27.7%, 9.1% and 3.7% (2007: 35.8%, 41.9%, 13.8% and 8.5%) respectively of the Group's direct written premiums.

The Group recorded an underwriting loss of HK$111 million (2007: profit of HK$18 million) and a combined ratio of 122.0% (2007: 94.4%) for the six months ended 30 June 2008. For our Hong Kong operations, the underwriting profit was HK$14 million (2007: HK$30 million) with a combined ratio of 95.1% (2007: 88.0%). Our PRC operations recorded an underwriting loss of HK$125 million (2007: HK$12 million) with a combined ratio of 156.8% (2007: 116.2%).

For details of our insurance operations, please refer to the section "Results of insurance operations" below.

During the six months ended 30 June 2008, investment return of the Group was HK$159 million (2007: HK$648 million). Investment income of the Group recorded an increase of 35.7% to HK$114 million for the six-month period as compared with HK$84 million for the corresponding period last year. The increase was primarily due to the increase in dividend and interest income from equity securities and debt securities. The net realized and unrealized gains on investments recorded a decrease of 92.0% to HK$45 million for the six-month period as compared with HK$564 million for the corresponding period last year. The significant decline was primarily due to a one-off gain of HK$555 million from the disposal of the Group's entire shareholding in Pacific Century Insurance Holdings Limited in the corresponding period of 2007 and the adverse changes in global financial and economic environment as well as the steep decline in the local and the PRC equity markets in the first half of 2008.

As at 30 June 2008, our total assets were HK$7,770 million, representing an increase of 3.3% as compared with HK$7,521 million as at 31 December 2007. Stable assets level has been maintained for the period.

RESULTS OF INSURANCE OPERATIONS

The following tables highlight selected results of our insurance operations for the periods indicated below:

HONG KONG OPERATIONS

	Six months ended 30 June	
	2008	2007
	(HK$ in millions, except percentages)	
Gross written premiums	**481**	456
Net earned premiums	**284**	249
Net claims incurred	**(131)**	(88)
Net commission expenses	**(73)**	(72)
Management and other operating expenses	**(72)**	(66)
Change in net provision for unexpired risks	**6**	7
Underwriting profit	**14**	30
Operating ratios:		
Loss ratio	**44.0%**	32.5%
Expense ratio	**51.1%**	55.5%
Combined ratio	**95.1%**	88.0%

Gross Written Premiums

Gross written premiums increased by 5.5% to HK$481 million for the six months ended 30 June 2008 as compared with HK$456 million for the corresponding period last year.

Underwriting Profit

Underwriting profit decreased by 53.3% to HK$14 million for the six months ended 30 June 2008 as compared with HK$30 million for the corresponding period last year. The decrease was resulted from the increase in net claims incurred in employee compensation segment during the period and a huge amount of claim recovery from marine segment in the corresponding period last year.

PRC OPERATIONS

	Six months ended 30 June	
	2008	2007
	(HK$ in millions, except percentages)	
Gross written premiums	**479**	175
Net earned premiums	**220**	74
Net claims incurred	**(137)**	(37)
Net commission expenses	**(46)**	(1)
Management and other operating expenses	**(162)**	(48)
Change in net provision for unexpired risks	**0**	0
Underwriting loss	**(125)**	(12)
Operating ratios:		
Loss ratio	**62.3%**	50.0%
Expense ratio	**94.5%**	66.2%
Combined ratio	**156.8%**	116.2%

Gross Written Premiums

Gross written premiums increased significantly by 173.7% to HK$479 million for the six months ended 30 June 2008 as compared with $175 million for the corresponding period last year. The substantial growth was mainly contributed by the establishment of the comprehensive network of our PRC operations and the expansion of business since the number of branches was increased from eight to fourteen in the PRC compared to the six months ended 30 June 2007. The motor and non-motor business segments of our PRC operations contributed approximately 63.7% (2007: 47.4%) and 36.3% (2007: 52.6%) of the Group's PRC gross written premiums respectively.

Underwriting Loss

Our PRC operations recorded an underwriting loss of HK$125 million for the six months ended 30 June 2008 when compared with HK$12 million for the corresponding period last year. Such loss was mainly due to the newly established four branches in Hubei, Anhui, Tianjin and Liaoning and twelve sub-branches which substantially increased administrative and operating expenses to HK$162 million during the six-month period as compared with HK$48 million for the corresponding period last year. In addition, a considerable amount of claims were incurred by the catastrophic rain storms which happened during the period. The net claims incurred increased by HK$100 million to HK$137 million for the six months ended 30 June 2008 as compared with HK$37 million of the corresponding period last year.

INVESTMENT PERFORMANCE

The following table summarises the Group's investment portfolio by investment category for the periods indicated below:

	At 30 June 2008 *(HK $ in millions)*	**% of Total** *%*	At 31 December 2007 *(HK $ in millions)*	% of Total *%*
Equity securities:				
Listed	**451**	**8.4%**	510	9.5%
Unlisted	**200**	**3.8%**	64	1.2%
Debt securities:				
Listed	**1,354**	**25.4%**	664	12.4%
Unlisted	**447**	**8.4%**	329	6.2%
Certificate of deposits	**101**	**1.9%**	93	1.7%
Cash and bank deposits	**1,638**	**30.8%**	2,690	50.2%
Investment properties	**1,129**	**21.2%**	1,000	18.7%
Other investment assets[1]	**5**	**0.1%**	5	0.1%
Total invested assets	**5,325**	**100.0%**	5,355	100.0%

(1) Other investment assets primarily consist of investments in associate, investments in gold and club debentures.

Investment in listed equities decreased to HK$451 million as at 30 June 2008 compared to HK$510 million as at 31 December 2007. The decline was mainly due to the substantial downturn of the Hong Kong equity market in the first half of 2008. On the other hand, by adopting a prudent investment approach aiming at generating stable cash inflows while earning competitive market rate of return, the listed and unlisted debt securities were increased by HK$690 million and HK$118 million respectively. All debt securities held by the Group are rated BBB- or above by Standard & Poor's (or equivalent rating by other recognized international rating agencies).

The following table sets forth the performance of the Group's investment portfolio for the period indicated below:

	Investment Returns		Investment Yields (Annualized)	
	Six months ended 30 June			
	2008	2007	**2008**	2007
	(HK$ in millions)		%	
Investment income				
Interest and dividend income				
Dividend income from listed and unlisted equity securities	**28**	2	**9.1%**	1.4%
Interest income from debt securities	**42**	5	**5.6%**	5.7%
Interest income from bank balances	**22**	59	**2.1%**	4.3%
Rental income	**22**	18	**4.2%**	3.8%
	114	84	**4.3%**	4.0%
Net realized and unrealized gains on investments	**45**	564	**N/A**	N/A
	159	648	**6.0%**	17.7%

The total investment return of the Group decreased by 75.5% to HK$159 million for the six months ended 30 June 2008 as compared with HK$648 million for the corresponding period last year.

PROFIT FOR THE PERIOD

Total investment return for the six months ended 30 June 2008 was HK$159 million, while the underwriting loss for the six-month period was HK$111 million. Income tax charge for the period was HK$0.1 million, representing a tax provision in the PRC. After deducting the expenses of HK$28 million, the profit for the six-month period was HK$20 million.

OUTLOOK

In the second half of the year 2008, the Hong Kong insurance market is expected to remain stable. The Group, as in the past, will maintain its leading position in the Hong Kong general insurance market.

With the steady growth of the Chinese economy, the Chinese insurance market will continue to prosper. Currently, the Group has established seventeen provincial branches in major coastal cities and provinces on the mainland and in developed areas in the central part of China. During the first half of the year 2008, the Group opened new provincial branch offices in Hubei, Anhui, Tianjin and Liaoning. In July 2008, the Group opened provincial branch offices in Sichuan, Hunan and Henan. The Group plans to open a branch office in Fujian in September 2008. By the end of the year 2008, the number of provincial branches of the Group will increase to eighteen and the number of sub-branches will increase from thirty-one to around sixty. Investment of substantial resources and capital in these operations is essential. It will create a position of advantage for the long-term development of the Group.

The ability to take advantage of effective sales network is very important to the Group's success in an increasingly competitive insurance market. The Group will continue to strengthen and develop the present sales network by establishing stronger cooperation with banks, life insurance companies and strategic business partners. The Group will further strengthen corporate risk management and the competitiveness of the core business. Furthermore, the Group will continue to improve its insurance products to satisfy the diverse insurance requirements of its customers. The Group places considerable importance on the development of new insurance products and has recently introduced the Mingan travel insurance card and the first cross-border motor vehicle owner's liability insurance in Hong Kong. To enhance the performance of the management team and employees, the Group will continue to provide training for employees and encourage exchange of knowledge in the insurance industry. The Group is committed to the provision of high standard insurance services to its customers.

In the first half of the year 2008, the international financial market environment was volatile and this affected the insurance industry. In the second half of the year 2008, the Group will adopt a conservative investment policy, establish a sound assets management plan and avoid high risk investment projects to ensure stable investment returns to shareholders and minimise investment risk.

The Group will maintain a prudent management approach, explore opportunities in the Chinese insurance market and further expand sales network. It is the medium to long-term strategy of the Group to build stronger teams to strengthen its competitive advantage. The Group is committed to fulfilling its corporate social responsibility, building a good reputation, implementing a sustainable business development strategy, strengthening competitiveness and increasing shareholder value.

The board of directors of the Company (the "Board") has pleasure in presenting the consolidated results of the Group for the six months ended 30 June 2008 with comparative figures for the previous corresponding period as follows:

CONSOLIDATED INCOME STATEMENT
For the six months ended 30 June 2008-unaudited
(Expressed in Hong Kong dollars)

	Note	**Six months ended 30 June** **2008** $	2007 $
Gross written premiums	*4*	**960,024,030**	631,084,658
Change in gross provision for unearned premiums		**(210,070,663)**	(85,417,344)
Gross earned premiums		**749,953,367**	545,667,314
Reinsurers' share of earned premiums	*5*	**(245,664,712)**	(222,541,164)
Net earned premiums		**504,288,655**	323,126,150
Net commission expenses	*5*	**(119,365,195)**	(73,156,951)
Gross claims paid		**(377,126,826)**	(646,606,139)
Change in gross provision for outstanding claims		**(66,163,382)**	561,875,532
Gross claims incurred		**(443,290,208)**	(84,730,607)
Reinsurers' share of claims incurred	*5*	**174,909,712**	(39,990,591)
Net claims incurred		**(268,380,496)**	(124,721,198)
Change in net provision for unexpired risks	*5*	**6,120,000**	7,240,000
Management and other operating expenses		**(234,046,567)**	(114,048,693)
Underwriting (loss)/profit		**(111,383,603)**	18,439,308
Investment income	*6*	**114,347,535**	84,417,833
Net realised and unrealised gains on investments	*7*	**45,138,044**	563,891,493
Other net loss	*7*	**(17,007,732)**	(7,917,046)
Administrative and other expenses		**(11,361,257)**	(1,925,469)

	Note	Six months ended 30 June 2008	2007
		$	$
Profit from operations		**19,732,987**	656,906,119
Share of profits of an associate		**136,135**	26,518
Profit before taxation	*8*	**19,869,122**	656,932,637
Income tax charge	*9(a)*	**(100,221)**	(116,221,948)
Profit for the period		**19,768,901**	540,710,689
Attributable to:			
Equity shareholders of the Company		**19,768,901**	540,710,689
Interim dividend declared after the balance sheet date	*10*	**–**	58,127,680
Earnings per share attributable to the equity shareholders of the Company			
Basic	*11*	**0.007**	0.186

CONSOLIDATED BALANCE SHEET

At as 30 June 2008 – unaudited

(Expressed in Hong Kong dollars)

	Note	At 30 June 2008 $	At 31 December 2007 $
Assets			
Statutory deposits		**265,258,054**	111,628,620
Fixed assets			
– Investment properties		**1,129,152,500**	1,000,350,000
– Interests in leasehold land held for own use under operating leases		**250,609,853**	227,016,609
– Property and equipment		**160,567,011**	140,208,161
Interests in an associate		**4,309,377**	4,173,242
Deferred tax assets		**69,200,000**	69,200,000
Investments in securities		**2,552,359,126**	1,660,663,876
Insurance receivables	*12*	**384,926,424**	286,322,144
Other receivables		**191,962,181**	123,698,127
Reinsurers' share of insurance funds		**1,347,619,972**	1,269,723,745
Amounts due from fellow subsidiaries		**6,581,701**	20,019,718
Amounts due from affiliated companies		**32,604,294**	29,274,215
Amounts due from shareholders		**1,559,432**	552,152
Deposits with banks with original maturity more than three months		**54,260,159**	835,722,675
Cash and cash equivalents		**1,318,879,119**	1,742,755,765
		7,769,849,203	7,521,309,049
Liabilities			
Insurance funds		**3,312,183,923**	3,008,502,852
Insurance protection fund		**3,121,720**	2,245,683
Insurance payables	*13*	**522,046,804**	417,614,220
Other payables		**103,536,739**	93,188,720
Amounts due to shareholders		**74,888**	-
Amounts due to fellow subsidiaries		**24,469,915**	23,519,536
Current taxation	*9(b)*	**121,468,537**	121,468,537
		4,086,902,526	3,666,539,548
Net assets		**3,682,946,677**	3,854,769,501
Capital and reserves			
Share capital	*14*	**290,638,400**	290,638,400
Share premium		**2,292,071,992**	2,292,071,992
Reserves		**1,100,236,285**	1,272,059,109
Total equity		**3,682,946,677**	3,854,769,501

NOTES:

1 Status of the Company

The Ming An (Holdings) Company Limited ("the Company") was incorporated in the Cayman Islands on 5 September 2006 as an exempted company with limited liability in the Cayman Islands under the Companies Law, Chapter 22 (Law 3 of 1961, as consolidated and revised).

The consolidated interim financial report of the Company as at and for the six months ended 30 June 2008 comprises the Company and its subsidiary (collectively referred to as the "Group") and the Group's investment in an associate.

2 Basis of preparation

The interim financial report has been prepared in accordance with the applicable requirements of The Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited, including compliance with Hong Kong Accounting Standard 34 "Interim financial reporting" ("HKAS 34") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). It was authorised for issuance on 28 August 2008.

The accounting policies and methods of computation adopted in the 2007 annual financial statements have been applied consistently to this interim financial report.

The preparation of an interim financial report in conformity with HKAS 34 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses as well as the related disclosures. Actual results may differ from these estimates.

In preparing this interim financial report, the significant judgements made by management in applying the Group's accounting policies and key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 31 December 2007.

This interim financial report contains condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the 2007 annual financial statements. The condensed consolidated interim financial statements and notes thereon do not include all of the information required for full set of financial statements prepared in accordance with the Hong Kong Financial Reporting Standards ("HKFRSs").

The financial information relating to the year ended 31 December 2007 included in the interim financial report does not constitute the Company's statutory financial statements for that financial year but is derived from those financial statements. Statutory financial statements for the year ended 31 December 2007 are available from the Company's registered office. The auditors have expressed an unqualified opinion on those financial statements in their report dated 20 March 2008.

For the purpose of the interim financial report, the People's Republic of China ("the PRC") does not include Taiwan, Hong Kong and Macau.

3 Segment information

Segment information is presented in respect of the Group's business and geographical segments. Business segment information is chosen as the primary reporting format because this is more relevant to the Group's internal financial reporting.

(i) Business segments

The Group comprises the following main business segments:

Motor	:	Own damage and third party insurance of motor vehicles
Property	:	Loss of or damage to property (including fire) and pecuniary loss insurance
Liability	:	Employees' compensation and other liability insurance
Marine	:	Cargo, logistic, hull and aircraft insurance
Accident and health	:	Accident and medical insurance

	Six months ended 30 June 2008						
	Motor	**Property**	**Liability**	**Marine**	**Accident and health**	**Unallocated**	**Total**
	$	$	$	$	$	$	$
Direct businesses	410,262,238	231,042,492	110,869,713	147,230,493	59,398,974	–	958,803,910
Reinsurance businesses accepted	47,300	348,912	54,303	185,104	584,501	–	1,220,120
Gross written premiums from external customers	410,309,538	231,391,404	110,924,016	147,415,597	59,983,475	–	960,024,030
Net earned premiums	265,934,325	59,230,758	90,802,102	51,157,953	37,163,517	–	504,288,655
Net claims incurred	(136,827,525)	(51,567,644)	(50,014,929)	(14,211,197)	(15,759,201)	–	(268,380,496)
Change in net provision for unexpired risks	–	–	5,070,000	1,640,000	(590,000)	–	6,120,000
Net commission expenses	(79,219,940)	(4,203,362)	(19,003,487)	(6,252,504)	(10,685,902)	–	(119,365,195)
Management and other operating expenses	(129,385,759)	(43,121,969)	(22,697,681)	(22,449,115)	(16,392,043)	–	(234,046,567)
Segment results	(79,498,899)	(39,662,217)	4,156,005	9,885,137	(6,263,629)	–	(111,383,603)
Unallocated operating income and expenses	–	–	–	–	–	131,116,590	131,116,590
(Loss)/profit from operations	(79,498,899)	(39,662,217)	4,156,005	9,885,137	(6,263,629)	131,116,590	19,732,987
Share of profits of an associate	–	–	–	–	–	136,135	136,135
(Loss)/profit before taxation	(79,498,899)	(39,662,217)	4,156,005	9,885,137	(6,263,629)	131,252,725	19,869,122
Income tax charge	–	–	–	–	–	(100,221)	(100,221)
(Loss)/profit for the period	(79,498,899)	(39,662,217)	4,156,005	9,885,137	(6,263,629)	131,152,504	19,768,901

	Six months ended 30 June 2007						
	Motor $	Property $	Liability $	Marine $	Accident and health $	Unallocated $	Total $
Direct businesses	181,382,008	179,538,645	101,215,331	127,172,642	41,001,354	–	630,309,980
Reinsurance businesses accepted	–	384,595	67,857	249,392	72,834	–	774,678
Gross written premiums from external customers	181,382,008	179,923,240	101,283,188	127,422,034	41,074,188	–	631,084,658
Net earned premiums	140,701,490	42,415,294	74,482,964	36,568,902	28,957,500	–	323,126,150
Net claims (incurred)/recovered	(64,056,087)	(8,210,419)	(43,377,536)	2,053,047	(11,130,203)	–	(124,721,198)
Change in net provision for unexpired risks	–	872,000	3,714,000	2,654,000	–	–	7,240,000
Net commission (expenses)/ income	(47,808,893)	5,312,160	(15,752,613)	(6,896,176)	(8,011,429)	–	(73,156,951)
Management and other operating expenses	(36,167,005)	(31,730,685)	(19,038,429)	(17,779,289)	(9,333,285)	–	(114,048,693)
Segment results	(7,330,495)	8,658,350	28,386	16,600,484	482,583	–	18,439,308
Unallocated operating income and expenses	–	–	–	–	–	638,466,811	638,466,811
(Loss)/profit from operations	(7,330,495)	8,658,350	28,386	16,600,484	482,583	638,466,811	656,906,119
Share of profits of an associate	–	–	–	–	–	26,518	26,518
(Loss)/profit before taxation	(7,330,495)	8,658,350	28,386	16,600,484	482,583	638,493,329	656,932,637
Income tax charge	–	–	–	–	–	(116,221,948)	(116,221,948)
(Loss)/profit for the period	(7,330,495)	8,658,350	28,386	16,600,484	482,583	522,271,381	540,710,689

Revenue and expenses that are not attributable to particular classes of business are not allocated. Unallocated segment revenue and expenses mainly comprise revaluation surplus of investment properties, investment income, interest income and non-insurance related expenses.

(ii) Geographical segments

The Group's business participates in two principal economic environments, namely Hong Kong and the PRC.

In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of customers.

	Six months ended 30 June 2008		
	Hong Kong	**The PRC**	**Total**
	$	*$*	*$*
Direct businesses	**479,655,755**	**479,148,155**	**958,803,910**
Reinsurance businesses accepted	**1,220,120**	**–**	**1,220,120**
Gross written premiums from external customers	**480,875,875**	**479,148,155**	**960,024,030**
Net earned premiums	**283,816,436**	**220,472,219**	**504,288,655**
Net claims incurred	**(131,488,701)**	**(136,891,795)**	**(268,380,496)**
Change in net provision for unexpired risks	**6,120,000**	**–**	**6,120,000**
Net commission expenses	**(72,920,849)**	**(46,444,346)**	**(119,365,195)**
Management and other operating expenses	**(71,620,060)**	**(162,426,507)**	**(234,046,567)**
Segment results	**13,906,826**	**(125,290,429)**	**(111,383,603)**
Other operating income and expenses (net)	**157,360,016**	**(26,243,426)**	**131,116,590**
Profit/(loss) from operations	**171,266,842**	**(151,533,855)**	**19,732,987**
Share of profits of an associate	**136,135**	**–**	**136,135**
Profit/(loss) before taxation	**171,402,977**	**(151,533,855)**	**19,869,122**
Income tax charge	**–**	**(100,221)**	**(100,221)**
Profit/(loss) for the period	**171,402,977**	**(151,634,076)**	**19,768,901**

	Six months ended 30 June 2007		
	Hong Kong	The PRC	Total
	$	*$*	*$*
Direct businesses	455,791,733	174,518,247	630,309,980
Reinsurance businesses accepted	655,229	119,449	774,678
Gross written premiums from external customers	456,446,962	174,637,696	631,084,658
Net earned premiums	248,900,019	74,226,131	323,126,150
Net claims incurred	(87,446,905)	(37,274,293)	(124,721,198)
Change in net provision for unexpired risks	7,240,000	–	7,240,000
Net commission expenses	(71,849,715)	(1,307,236)	(73,156,951)
Management and other operating expenses	(65,999,658)	(48,049,035)	(114,048,693)
Segment results	30,843,741	(12,404,433)	18,439,308
Other operating income and expenses (net)	639,769,154	(1,302,343)	638,466,811
Profit/(loss) from operations	670,612,895	(13,706,776)	656,906,119
Share of profits of an associate	26,518	–	26,518
Profit/(loss) before taxation	670,639,413	(13,706,776)	656,932,637
Income tax (charge)/credit	(116,922,558)	700,610	(116,221,948)
Profit/(loss) for the period	553,716,855	(13,006,166)	540,710,689

4 Turnover

The principal activities of the Group are the underwriting of all classes of general insurance business in Hong Kong and in the PRC.

Turnover represents gross written premiums, net of discounts and returns, from direct and inward reinsurance businesses during the period.

5 Reinsurers' share of earned premiums, net commission expenses, reinsurers' share of claims incurred and change in net provision for unexpired risks

	Six months ended 30 June	
	2008	2007
	$	*$*
Premiums ceded to reinsurers	**(276,687,677)**	(262,073,924)
Change in reinsurers' share of provision for unearned premiums	**31,022,965**	39,532,760
Reinsurers' share of earned premiums	**(245,664,712)**	(222,541,164)
Gross commission income	**69,366,398**	60,703,239
Gross commission expenses	**(188,731,593)**	(133,860,190)
Net commission expenses	**(119,365,195)**	(73,156,951)

	Six months ended 30 June	
	2008	2007
	$	*$*
Reinsurers' share of claims paid	**135,278,518**	456,496,925
Reinsurers' share of change in provision for outstanding claims	**39,631,194**	(496,487,516)
Reinsurers' share of claims incurred	**174,909,712**	(39,990,591)
Change in gross provision for unexpired risks	**13,170,000**	3,166,000
Change in reinsurers' share of provision for unexpired risks	**(7,050,000)**	4,074,000
Change in net provision for unexpired risks	**6,120,000**	7,240,000

6 Investment income

	Six months ended 30 June	
	2008	2007
	$	*$*
Interest income on financial assets not at fair value through profit or loss		
– Debt securities	**34,921,404**	–
– Bank balances	**22,249,794**	58,984,635
Interest income from securities held for trading	**6,864,923**	4,696,305
Rental income	**22,490,127**	18,369,336
Dividend income		
– Listed equity securities	**6,245,629**	627,557
– Unlisted equity securities	**21,575,658**	1,740,000
	114,347,535	84,417,833

7 Net realised and unrealised gains on investments and other net loss

	Six months ended 30 June	
	2008	2007
	$	*$*
(i) Net realised and unrealised gains on investments		
Property related income		
– Revaluation surplus of investment properties	**128,802,500**	–
Investment related income/(losses)		
– Net gains/(losses) on disposal of available-for-sale securities		
– transfer from equity	**53,489,499**	233,088,641
– arising in current period	**(105,259,019)**	321,496,383
– Impairment losses on available-for-sale securities	**(31,880,076)**	–
– Net gains on disposal of securities held for trading	**2,755,045**	6,945,944
– Net unrealised (losses)/gains on securities held for trading	**(2,769,905)**	2,360,525
	45,138,044	563,891,493
(ii) Other net loss		
Fee and commission income		
– Handling fee income	**2,426,402**	457,988
– Management fee income	**350,000**	350,000
– Miscellaneous commission income	**437,885**	401,550
Use of land and buildings		
– Impairment losses of interest in leasehold land held for own use under operating leases written back	**23,729,263**	–
– Net losses on disposal of property and equipment	**–**	(233,308)
Others		
– Net foreign exchange losses	**(43,975,581)**	(9,092,168)
– Sundry income	**5,362**	185,499
– Bad debts recovered	**18,937**	13,393
	(17,007,732)	(7,917,046)

8 Profit before taxation

Profit before taxation is arrived at after charging/(crediting):

	Six months ended 30 June	
	2008	2007
	$	*$*
(a) Staff costs:		
Contributions to defined contribution retirement plan	**11,136,890**	5,461,582
Salaries, wages and other benefits	**112,689,753**	66,366,132
	123,826,643	71,827,714
(b) Other items:		
Auditors' remuneration	**1,243,165**	1,280,000
Depreciation	**8,589,453**	3,832,281
Operating lease charges in respect of land and buildings	**11,131,745**	2,486,813
Net impairment losses written back		
– fixed assets	**(23,729,263)**	–
– insurance receivables	**(2,449,163)**	(3,552,441)
Rentals receivable from investment properties less direct outgoings	**(21,801,159)**	(17,638,166)
– direct outgoings	**688,969**	731,170
Share of associate's taxation	**12,235**	21,587

9 Income tax

(a) Taxation in the consolidated income statements represents:

	Six months ended 30 June	
	2008	2007
	$	*$*
Current tax-Hong Kong Profits Tax		
Provision for the period *(note (i))*	**–**	116,922,558
Current tax-the PRC *(note (ii))*		
Under/(over)-provision in respect of prior years	**100,221**	(700,610)
	100,221	(700,610)
Income tax charge	**100,221**	116,221,948

Notes:

(i) The provision for Hong Kong Profits Tax is calculated at 16.5% (2007:17.5%) of the estimated assessable profits for the six months ended 30 June 2008.

(ii) Taxation outside Hong Kong is calculated at rates prevailing in the respective jurisdictions.

(b) Taxation in the consolidated balance sheets represents:

	At 30 June 2008 $	At 31 December 2007 $
Provision for Hong Kong Profits Tax for the period	–	116,867,078
Balance of Hong Kong Profits Tax provision relating to prior years	**121,468,537**	4,601,459
	121,468,537	121,468,537

10 Dividend

No interim dividend has been declared by the Board of Directors for the six months ended 30 June 2008 (30 June 2007: 2 cents per share).

A final dividend of 3 cents per share (2007: Nil) in respect of the previous financial year, was approved and paid during the period.

11 Earnings per share

(a) Basic earnings per share

The calculation of basic earnings per share for the six months ended 30 June 2008 is based on the profit attributable to equity shareholders of the Company for the period of $19,768,901 (2007: $540,710,689) and the weighted average number of shares in issue of 2,906,384,000 (2007: 2,902,321,293) during the period.

(b) Diluted earnings per share

There were no dilutive potential ordinary shares as at 30 June 2008 and 30 June 2007.

12 Insurance receivables

	At 30 June 2008 $	At 31 December 2007 $
Premiums receivable under direct business	**347,245,091**	211,641,604
Amounts due under reinsurance contracts	**64,326,075**	139,673,057
Less: allowance for doubtful debt	**(26,919,111)**	(65,239,999)
	384,652,055	286,074,662
Deposits retained by cedants	**274,369**	247,482
	384,926,424	286,322,144
Amounts expected to be settled within 1 year		
– Premiums receivable under direct business	**328,670,718**	197,012,575
– Amounts due under reinsurance contracts	**39,633,088**	78,018,662
	368,303,806	275,031,237

An ageing analysis of the insurance receivables excluding deposits retained by cedants (net of impairment losses for bad and doubtful debts) is as follows:

	At 30 June 2008	At 31 December 2007
	$	*$*
Current	**301,260,111**	242,427,974
1 to 3 months past due	**37,653,042**	19,183,114
More than 3 months past due but less than 12 months past due	**29,390,653**	13,420,149
Over 1 year past due	**16,348,249**	11,043,425
	384,652,055	286,074,662

The Group normally allows a credit period ranging from 0-90 days for premiums receivable under direct business and 50-90 days for the amounts due from reinsurance contracts after the quarterly statements have been sent.

13 Insurance payables

	At 30 June 2008	At 31 December 2007
	$	*$*
Amounts due under direct business	**192,257,902**	148,740,991
Amounts due under reinsurance contracts accepted	**994,411**	1,007,133
Amounts due under reinsurance contracts ceded	**250,757,117**	148,075,912
	444,009,430	297,824,036
Deposits retained from reinsurers	**78,037,374**	119,790,184
	522,046,804	417,614,220
Amounts expected to be settled within 1 year:		
– Amounts due under direct business	**183,427,550**	134,849,101
– Amounts due under reinsurance contracts accepted	**231,435**	224,307
– Amounts due under reinsurance contracts ceded	**203,571,761**	84,084,754
	387,230,746	219,158,162

An ageing analysis of the insurance payables excluding deposits retained from reinsurers is analysed as follows:

	At 30 June 2008	At 31 December 2007
	$	*$*
Current or on demand	**369,262,824**	210,495,683
1 to 3 months overdue	**39,526,456**	30,608,748
More than 3 months overdue but less than 12 months overdue	**20,369,267**	26,925,036
Over 1 year overdue	**14,850,883**	29,794,569
	444,009,430	297,824,036

14 Capital

Share capital

	At 30 June 2008		At 31 December 2007	
	Number of shares	**Amount**	Number of shares	Amount
		$		*$*
Authorised:				
Ordinary shares of $0.1 each	**5,000,000,000**	**500,000,000**	5,000,000,000	500,000,000
Issued and fully paid:				
At 1 January	**2,906,384,000**	**290,638,400**	2,801,334,000	280,133,400
Issuance of new shares upon exercise of the Over-allotment Option	–	–	105,050,000	10,505,000
At 30 June 2008/31 December 2007	**2,906,384,000**	**290,638,400**	2,906,384,000	290,638,400

FINANCIAL RESOURCES REVIEW

LIQUIDITY AND FINANCIAL RESOURCES

Our major sources of funds generated from our insurance business are insurance premiums received and claims recoveries. Other sources of fund include rental, interest and dividend income from investment activities as well as proceeds from disposal of investments. We aim to maintain adequate cash to meet claim payments and other obligations in relation to our insurance business, capital expenditures, operating expenses and tax payments. Our liquidity needs will be affected depending on the timing, frequency and severity of losses under our outstanding policies. We closely monitor and maintain a minimum cash level, taking into account the possibility of infrequent large claims arising from catastrophic events that could affect our general insurance business.

The Group's cash and bank deposits (excluding statutory deposits) as at 30 June 2008 amounted to HK$1,373 million (31 December 2007: HK$2,578 million). Decrease is mainly caused by the increase of investments in debt securities at HK$808 million during the period. We believe that we have sufficient working capital to meet our present requirement. There was no bank borrowing during the six-month period.

CONTINGENT LIABILITIES

In the normal course of business, we provide guarantees to insured parties and banks as part of our claims and underwriting processes. As of 30 June 2008, we had a contingent liability of HK$30 million (2007: HK$30 million) in respect of potential Hong Kong tax exposure relating to certain realized and unrealized gains on the disposal of listed investments for the 2001, 2002 and 2003 tax years. Considering that such gains were capital in nature, the Directors believe that the Group has good prospect to support its tax position, and therefore no provision for a potential tax exposure of approximately HK$30 million (2007: HK$30 million) was made in the interim financial report.

HEDGING INSTRUMENTS

The Group does not use any financial instruments for hedging purposes. The Group's functional and reporting currency are Hong Kong dollar ("HKD"). Other than HKD, the Group transacts business mainly in the United States dollar ("USD") and Renminbi ("RMB"). USD and RMB assets mainly comprise cash and cash equivalents whereas USD and RMB liabilities mainly comprise provision for claims liabilities and insurance payables. At present, the market exchange rate of HKD against USD is set within a fixed trading range from HK$7.75 to HK$7.85 against US$1.00. The Group periodically monitors the currency position of assets and liabilities.

OTHER INFORMATION

CORPORATE GOVERNANCE PRACTICES

The Company strives to attain the highest standards of corporate governance. Throughout the six months ended 30 June 2008, the Company is fully compliant with all code provisions of the Code on Corporate Governance Practices contained in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

AUDIT COMMITTEE

The Company has established an audit committee (the "Audit Committee") in compliance with Rule 3.21 of the Listing Rules of Hong Kong.

The Audit Committee, along with the management, has reviewed the accounting standards, principles and methods adopted by the Group, and considered matters regarding auditing, internal control and financial reporting, including the unaudited interim report for the six months ended 30 June 2008.

PURCHASE, SALE OR REDEMPTION OF OWN SHARES

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities during the six months ended 30 June 2008.

By Order of the Board
Feng Xiao Zeng
Chairman

Hong Kong, 28 August 2008

As at the date of this announcement, the executive Directors of the Company are PENG Wei, CHENG Kwok Ping, CHAN Pui Leung, and LEE Wai Kun; the non-executive Directors of the Company are FENG Xiao Zeng, LIN Fan, WU Chi Hung, IP Tak Chuen, Edmond, MA Lai Chee, Gerald, and HONG Kam Cheung; and the independent non-executive Directors of the Company are YUEN Shu Tong, DONG Juan, WONG Hay Chih, YU Ziyou, and LEE Yim Hong, Lawrence.