

[For immediate release]



China Taiping Achieved Another Historical High in the Key Development Indicators in 2016 Substantial Success in the “Boutique Strategy”

23 March 2017, Hong Kong, China Taiping Insurance Holdings Company Limited (“CTIH”; stock code: HK 00966) announced its annual results for the twelve months ended 31 December 2016.

In 2016, following the China Taiping’s “Boutique Strategy” operating guidelines, the key development indicators of China Taiping including annual total premium, total assets and assets under management, have achieved another historical high, with the total premium reaching approximately HK\$150 billion and the total assets exceeding HK\$500 billion for the Year. Benefiting from the continued strong momentum of “Three Year Rebuilding”, China Taiping outperformed the market average for the fifth consecutive years since it has been listed as a central enterprise. In 2016, both quality and efficiency of business of China Taiping increased, with the business quality continuously leading the industry, the increase of New Business Value was kept higher than market average, and the persistency ratios of the individual agents and bancassurance lines being industry-leading, the overseas business developed rapidly, with continuous increase in underwriting profitability. China Taiping’s asset allocation structure was further optimized by focusing on value investing, and risk management achieved sound results. The features of strategic alliance with Large Clients are strengthening significantly.

Substantial Success in the “Boutique Strategy”, Significant Increase in Business Value, Business Scale Continued to Grow Steadily

- Total premium reached HK\$149.3 billion, increased by 7.8% over the Last Year
- Total assets were over HK\$505.4 billion, increased by 3.6% over the last year-end
- Profit attributable to owners was HK\$4.774 billion, decreased by 24.7% over the Last Year, better than industry average
- Calculated in accordance with the C-ROSS assessment standard, Life insurance’s new business value was HK\$9.115 billion, increased by 28.8% over the Last Year (increased by 37.6% in terms of RMB); under the same assumption, life insurance’s new business value increased by 49.9% over the Last Year (increased by 60.1% in terms of RMB)
- Calculated in accordance with the C-ROSS assessment standard, Group embedded value per share attributable to owners was HK\$28.5, increased by 4.6% over the last year-end figure of HK\$27.3, while TPL’s embedded value increased by 5.3% over the end of Last Year (increased by 12.4% in terms of RMB); under the same assumption, TPL’s embedded value increased by 11.7% over the last year-end (increased by 19.2% in terms of RMB)
- The Board recommended the payment of a final dividend of HK10 cents per share
- The combined ratio of property and casualty insurance and reinsurance business remained stable, continued in making underwriting profit

PRC Insurance Businesses (Calculated in RMB) Grew Steadily, Quality of Business Continued to Improve

- Total premium of the PRC life insurance (Including TPL and TPP) increased by 15.3% over the Last Year, direct premium increased by 18.2% over the Last Year
- First year premium from individual insurance increased by 39.1% over the Last Year; high productivity (RMB300,000 regular premium and above) agents increased by 36.5% over the Last Year
- First year premium from bancassurance increased by 37% over the Last Year, in which nearly 70% were payment terms of 10 years or above
- Persistency ratios of the individual and bancassurance channels continued to be industry-leading; loss ratio of short-term group insurance was kept in a satisfactory range
- Total premium of PRC property and casualty insurance increased by 13.4% over the Last Year, direct premium increased by 16.4% over the Last Year, which is 6.4 percentage point above industry average, continued to achieve underwriting profit
- Balance of pension assets under management was over RMB130.0 billion, increased by 28.3% over the Last Year

Overseas Insurance Businesses Developed Rapidly, with Continuous Increase in Profitability

- Overseas premium scale continued to grow, with a direct premium of HK\$3.056 billion for the whole property and casualty business. TP Macau maintained its leading market position, TP UK and TP Indonesia market share increased steadily; TPL (HK) achieved a premium of over HK\$1.1 billion in the first full financial year; the premium of the reinsurance business (excluding universal life) achieved HK\$9.175 billion and increased by 14.6% over the Last Year; among them, the premium of life reinsurance business maintained a rapid growth, with an increase of 24.1% over the Last Year
- Overseas property and casualty insurance and reinsurance companies further enhanced their underwriting profitability. The overall combined ratio decreased by 0.8 percentage point, and all companies achieved underwriting profitability, with the underwriting profit increased by 12.1% over the Last Year. The combined ratio for TP Macau, TP Singapore, TP Indonesia and TPRE remained at a relatively low level

Steady Development of the Investment Business

- The asset scale grew steadily. At the end of 2016, the total investment assets of the Group is HK\$425.2 billion, increased by 14.1% over the beginning of the Year; the third-party entrusted investment assets amounted to HK\$296.0 billion, increased by 26.6% over the beginning of the Year
- Reinforced investment income base. In 2016, the Group recorded an investment income of HK\$20.018 billion and a net investment income of HK\$17.656 billion, representing an increase of 13.1%, which indicates that the Group has well coped with the market fluctuations and laid the foundation of its income base
- Traditional investments were prudent and active. As at the end of 2016, the allocation of equity securities and investment funds is 8.1%, 5.2 percentage point lower than the industrial average; domestic available for sale debt investments outperformed the Total Wealth Index of ChinaBond by 95 bp and the Wind Bond Fund Index by 185 bp; the Group's assets credit risk screening shows sound risk management results

Effective Implementation of Strategic Cooperation and Cross-selling Initiatives with Large Clients

- In 2016, China Taiping signed Group Strategic Cooperation Agreements with 16 large clients, including China Everbright Group, Ant Financial and CRRC Group. As at the end of 2016, China Taiping had established strategic cooperation relationships with 68 large clients
- Our cross-selling initiatives achieved HK\$4.543 billion insurance sales, including HK\$3.826 billion of property insurance sales through TPL, HK\$0.620 billion of pension sales through TPL, and HK\$97 million of property insurance sales through TPP
- The Sinopec gas station project achieved rapid development, achieving HK\$1.756 billion of insurance sales for the full year of 2016, increased by 51.4% over the Last Year. 5,160 outlets had been stationed by the end of 2016

Mr. LI Jinfu, Vice Chairman and General Manager of CTIH, said that 2016 was the beginning year of China's 13th Five-year Plan, and also an important year of China Taiping's implementation of "Boutique Strategy". Faced with the complex economic situation and fierce competition of the industry, China Taiping overcame the barriers and challenges with an innovative and pragmatic attitude in building "the most unique and high potential boutique insurance company". Guided by the "Boutique Strategy", we made great efforts to promote our featured operation and innovative development through the approach of "adjusting structure, boosting development, reinforcing management, stabilizing efficiency, obtaining innovation, achieving breakthroughs, focusing on reform and controlling risks", realizing favorable results in the beginning year of China's 13th Five-year Plan, with our various business maintaining rapid development, business quality improving continuously, business structure optimizing constantly and the "Boutique Strategy" being promoted solidly.

China Taiping management indicated that currently, the Chinese economy developed stably at a slower pace and trended positively in general. Along with the positive effect of the measures focusing on structural reform of the supply side, economic structure has been optimized, and real economy has further recovered, which will provide strong support for the sustainable development of the insurance industry. Meanwhile, with the increasing needs for risk protection of countrymen and the enhancing support on the development of insurance industry from the country in recent years, there will be substantial development potential for the industry. However, we also clearly see that, the domestic economy improved stably and the effect of international outbreak intensified. Amid the complicated and changeable operating situation, it is expected that the growth of annual premiums written within the whole industry will slow down, putting more pressures on profitability. Besides, the industry has accelerated its shift back to risk protection business and the competition was still intensified, all of which will bring great challenges to us. Nevertheless, we will ride on the momentum and actively deal with the situation.

2017 marks a crucial year for implementing the Boutique Strategy. In line with the main theme of advancing work by seeking improvement in stability, China Taiping will firmly stick to the supply-side reform, risk control and the promotion of Boutique Strategy, so as to balance various works. Adhering to the working policy of "Steady Growth, Innovation-driven, Lower Cost and Higher Efficiency, Strictly Controlling Risks", we will ensure the steady and rapid development of our businesses and prevent from systematic financial risks through sound operation, ensure generally stable returns from investments by facilitating the balanced development between insurance and investment, promote new breakthroughs in business innovation, new layout for featured operation, new improvement for management level and better responsibility assumption of state-owned enterprises, and stimulate a significant progress of the Boutique Strategy, and thereby create more values for shareholders, clients and communities.

Company Background:

CTIH is a member of the group of companies under China Taiping Insurance Group Ltd., which is a large scale insurance enterprise incorporated in the People's Republic of China ("PRC"). The principal activity of CTIH is investment holding. The principal activities of CTIH's subsidiaries are the underwriting of direct life insurance business in the PRC and Hong Kong, direct property and casualty insurance business in the PRC, Hong Kong and overseas, pension and group life business, and all classes of global reinsurance business. CTIH's subsidiaries also carry on operations in asset management, insurance intermediary, E-commerce for insurance, financial leasing, property investment, senior living investment, securities dealing and broking business.

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