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中国太平
CHINA TAIPING

中國太平保險控股有限公司

China Taiping Insurance Holdings Company Limited

(Incorporated in Hong Kong with limited liability)

(Stock Code: 966)

ANNOUNCEMENT

INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2017

The Board of Directors of China Taiping Insurance Holdings Company Limited is pleased to announce the unaudited interim financial results of the Company and its subsidiaries for the six months ended 30 June 2017 as follows, which should be read in conjunction with the Management Discussion and Analysis set out below:

MANAGEMENT DISCUSSION AND ANALYSIS

2017 First Half Business Operations and Consolidated Results

Continuous Improvement in Business Quality and Fast Development in Core Business

- Life insurance's new business value was HK\$8.115 billion, increased by 63.4% over the Last Period¹
- Total premiums written and policy fees reached HK\$114.0 billion, increased by 21.4% over the Last Period
- Total assets were HK\$587.3 billion, increased by 16.2% over the 2016 year-end
- Group embedded value per share attributable to owners was HK\$31.9, increased by 11.8% over the 2016 year-end figure of HK\$28.5, while TPL's embedded value increased by 13.6% over the 2016 year-end¹
- Owners' equity was HK\$56.1 billion, increased by 9.0% over the 2016 year-end
- Profit attributable to owners was HK\$2.370 billion, decreased by 23.5% over the Last Period
- The combined ratio of property and casualty insurance and reinsurance business maintained stable, and continued achieving underwriting profit

PRC Insurance Businesses² Continued to Develop Steadily

- Direct premium of the life insurance³ increased by 29.1% over the Last Period, higher than market average by 3.2 percentage points
- First year premium from individual insurance increase by 39.7% over the Last Period; high productivity (RMB300,000 regular premium above) agents increased by 39.0% over the Last Period
- First year regular premium from bancassurance increased by 68.9% over the Last Period, with more than 60% were payment terms of 10 years or above
- Long term group staff benefit business increased by 52.3% over the Last Period, with regular premium increased by 142.0% over the Last Period
- Four persistency ratios of the individual agency and bancassurance channels were industry-leading; loss ratio of short-term group insurance was kept in a satisfactory level
- Total premium of the PRC property and casualty insurance increased by 20.1% over the Last Period. Direct premium increased by 17.5% over the Last Period, higher than market average by 3.6 percentage points
- Pension assets under management was over RMB144.8 billion, increased by 8.3% over the 2016 year-end

¹ Calculated in accordance with the C-ROSS

² Calculated in RMB

³ Including TPL and TPP

2017 First Half Business Operations and Consolidated Results (Continued)

Strength of International Operations Continued to Enhance

- Property and casualty insurance business in Hong Kong sustained its steady growth, with CTPI (HK) continuously increasing its market share and achieving underwriting profit
- Life insurance business in Hong Kong experienced swift development, TPL (HK) achieved a premium income of HK\$1.033 billion
- TP Macau's premium income sustained its market leadership, with combined ratio of 74.9% and continuous outstanding underwriting result
- TP Singapore achieved underwriting profitability, in offshore business, it achieved rapid premium growth
- TP UK's overall combined ratio declined by 4.3 percentage points over the Last Period and sustained underwriting profitability
- TP Indonesia's direct premium increased by 17.8% over the Last Period, with rapid growth in Chinese interests business; its combined ratio decreased over the Last Period, and the underwriting profitability maintained at a good level
- TPRe ranked top for the fifth consecutive year in the Hong Kong reinsurance market, with a growth of 39.1% in the property and casualty reinsurance business over the Last Period, a stable combined ratio, and good profitability

Steady Development of the Investment Business, Asset Under Management Continued to Achieve a Fast Growth

- The asset scale achieved a rapid growth. At the end of June 2017, the total investment assets of the Group is HK\$476.6 billion, increased by 12.1% over the 2016 year-end; asset under management from third-party asset management business amounted to HK\$373.6 billion, increased by 26.2%
- Reinforced net investment income base. During the first half of 2017, the Group recorded a net investment income of HK\$9.685 billion, representing an increase of 18.0% over the Last Period, which indicates that the Group has properly coped with market fluctuations and maintained the stability of investment income
- Traditional investments were prudent and active. For the six months ended 2017, domestic available-for-sale debt securities investments outperformed the Total Wealth Index of China Bond by 174 bp; the Group's assets credit risk screening shows sound results
- Proactive development of alternative investment. In response to national strategies, proactive efforts were made on the development of alternative investment, with active exploration in areas such as public-private partnership (PPP), the Belt and Road Initiative, pension health layout and opportunities in supporting the supply-side structural reform. Through these efforts, the Group gained good returns and brand effect.

2017 First Half Business Operations and Consolidated Results *(Continued)*

Notable success achieved through Group Strategic Cooperation and Cross-selling Initiatives

- In the first half of 2017, China Taiping signed Group Strategic Cooperation Agreements with 6 large clients. As at the end of June, China Taiping had established strategic cooperation relationships with 73 large clients
- By the end of June 2017, our cross-selling initiatives achieved HK\$3.134 billion insurance sales, including HK\$2.574 billion of property insurance sales through TPL, HK\$482 million of pension sales through TPL, and HK\$78 million of property insurance sales through TPP

Continuous Improvement in Brand Influence and Reputation

- China Taiping attained continuous growth in its brand influence and value. In 2017, the Group was listed in the “Insurance 100 2017” by Brand Finance, its ranking advancement was the top among the seven insurers; China Taiping had a brand value of RMB4.228 billion among the Best Chinese Brands 2017 assessed by Interbrand, ranking among the top five players within the industry
- China Taiping further boosted its brand image. In the first half of 2017 there were continuous improvements in China Taiping’s brand reputation, as the Group was awarded titles such as “2016 Top 100 Hong Kong Share” and “Top 100 in Overall Strength” as well as the “Award for the Highest Investment Value”

CONSOLIDATED FINANCIAL RESULTS

The financial highlights of the Group for the Period were as follows:

<i>HK\$ million</i>	1H 2017	1H 2016	Change
Total premiums written and policy fees	113,994.44	93,929.63	+21.4%
Profit from operations before taxation	5,015.31	6,078.30	-17.5%
Profit from operations after taxation	3,098.43	4,048.97	-23.5%
Net profit attributable to the owners	2,370.38	3,099.31	-23.5%
Basic earnings per share (<i>HK\$</i>)	0.624	0.827	-0.203 dollar
Interim dividend proposed	-	-	-

<i>HK\$ million</i>	At 30 June 2017	At 31 December 2016	Change
Total assets	587,278.87	505,405.76	+16.2%
Total equity	72,695.98	67,002.66	+8.5%
Owners' equity	56,071.91	51,462.12	+9.0%
- Per share (<i>HK\$</i>)	15.601	14.319	+1.282 dollars
Group embedded value	144,391.53	128,847.00	+12.1%
Owners' group embedded value	114,559.34	102,474.00	+11.8%
- Per share (<i>HK\$</i>)	31.875	28.512	+3.363 dollars

CONSOLIDATED FINANCIAL RESULTS *(Continued)*

The figures below are the results of the respective companies from their operations, before intra-group eliminations.

The net operating profit/(loss) by each business line is summarised below:

<i>HK\$ million</i>	1H2017	1H2016	Change
Life insurance	1,673.99	3,328.42	-49.7%
Pension and group life insurance	60.87	22.35	+1.7 times
PRC property and casualty insurance	202.11	345.77	-41.5%
Overseas property and casualty insurance	242.92	241.54	+0.6%
Reinsurance	478.00	203.80	+1.3 times
Asset management business	249.68	132.09	+89.0%
Others ¹	190.86	(225.00)	N/A
Net profit from operations	3,098.43	4,048.97	-23.5%
Non-controlling interests	(728.05)	(949.66)	-23.3%
Net profit attributable to the owners	2,370.38	3,099.31	-23.5%

¹ Others mainly include the operating results of the holding company, TPeC, TPIH (HK), TPFH and consolidation adjustments.

CONSOLIDATED FINANCIAL RESULTS *(Continued)*

The following analysis shows the movement of the total equity of the Group.

HK\$ million

	2017	2016
Total equity as at 1 January	67,002.66	71,798.63
Net profit recognised in statement of profit or loss	3,098.43	4,048.97
Net changes in AFS investment reserve	1,982.72	(5,421.44)
Revaluation gain arising from reclassification of own-use properties into investment properties	5.67	13.02
Exchange gain/(loss) arising from translation of financial statements of foreign operations	1,544.09	(1,058.57)
Distribution to holders of perpetual subordinated capital securities	(126.84)	(127.38)
Capital injection to subsidiaries by its non-controlling shareholder	-	48.56
Dividend declared by subsidiaries to non-controlling interests	(451.35)	(594.57)
Dividend approved in respect of previous year	(359.40)	-
Total equity as at 30 June	72,695.98	68,707.22
Attributable to:		
Owners of the Company (including capital securities)	60,779.06	57,726.63
Non-controlling interests	11,916.92	10,980.59
	72,695.98	68,707.22

CONSOLIDATED INVESTMENT PERFORMANCE

Assets Management Business

I. Investment Assets of the Group

During the first half of 2017, the global economy continued to grow steadily, showing a simultaneous recovery situation. The US economy maintained its upward trend, as the consumer confidence index kept climbing and peaked at above 120 points while the unemployment rate continued to decline and reached 4.4%. The China's economy retained its moderate to high-speed growth and kept a GDP growth of 6.9%; the manufacturing PMI stood at 51.7% in June, representing a month-on-month increase of 0.5%.

Owing to global economic recovery, the global stock market was on the rise during the first half of 2017. Specifically, there was an increase of 2.9% in Shanghai Composite Index, 17.1% in Hang Seng Index, and 8.4% in MSCI USA Index.

In respect of bond markets, terminal interest rates were rising for both domestic and overseas bonds. As for overseas bonds, the investment yield grew substantially over the Last Period with the impact of US economic growth, better employment and the interest hikes by the US Federal Reserve. As for domestic bonds, the investment yield increased as a result of an overall increase in interest rate caused by two factors, i.e. the central bank's monetary policy that returned to a steady and neutral status and the deleveraging efforts in the financial system.

The Company conducted in-depth study in the macroeconomic changes, positively prevented market risks and optimised its asset allocation structure. In the first half of 2017, the Company reduced the proportion of its cash-related assets and raised the proportion of its fixed-income assets. In respect of equity investment, the Company placed more emphasis on the concept of value investment, continued to optimise its position structure. In respect of fixed-income investment, the Company strengthened its prevention of credit default risks and achieved stable investment results.

Investment Income

The total investment income and investment yield of the Group are summarised below:

<i>HK\$ million</i>	1H 2017	1H 2016	Change
Net investment income ¹	9,684.93	8,206.59	+18.0%
Net realised and unrealised investment gains ²	(1,324.99)	1,144.88	N/A
Total investment income ³	8,359.94	9,351.47	-10.6%
Annualised investment yield ⁴	4.02%	4.69%	-0.67 pt

¹ Including the interest income from deposit, interest income from bonds, dividends from equity investments, rental income from investment properties and deducting interest expense on securities sold under resale agreements.

² Including the income from the spread of investment securities, gain or loss on changes in fair value and impairment loss.

³ Also including the interest income generated from funds for daily operations, excluding income generated from insurance asset management products, investment funds, equity investments that has been classified as share of results of associates and joint ventures.

⁴ In the calculation of investment yield, as the denominator, the average investment assets takes into account the effect of securities purchased under resale agreements and securities sold under repurchase agreements. When annualising the investment yield, the interest income from deposit, interest income from bonds and rental income from investment properties and deduction of interest expense on securities sold under resale agreements were multiplied by two, while the dividend from equity investments remained unchanged.

CONSOLIDATED INVESTMENT PERFORMANCE (Continued)

Investment Income (Continued)

Net investment income increased by 18.0% from HK\$8.207 billion in the first half of 2016 to HK\$9.685 billion in the first half of 2017, mainly because of better responds to market volatility, stabilised the income base. The realised and unrealised investment gains decreased from HK\$1.145 billion in the first half of 2016 to a loss of HK\$1.325 billion in the first half of 2017, mainly because of the relatively higher unrealised loss from equity securities and investment funds.

Under the combined influence of the above factors, the total income of investment assets of the Group amounted to HK\$8.360 billion in the first half of 2017, decreased by 10.6% over the HK\$9.351 billion in the first half of 2016; the annualised investment yield decreased from 4.69% in the first half of 2016 to 4.02% in the first half of 2017.

Investment Portfolio

The assets allocation of the investment portfolio of the Group is as follows:

<i>HK\$ million</i>	At 30 June 2017	% of Total	At 31 December 2016	% of Total
By investment category				
Fixed income				
Debt securities	213,526.87	44.8%	164,699.38	38.7%
Term deposits ²	43,415.28	9.1%	46,347.29	10.9%
Debt products	85,135.99	17.9%	74,645.84	17.6%
Other fixed income investments	32,777.31	6.9%	27,259.52	6.4%
Equity investments				
Equity securities	32,542.33	6.8%	22,221.78	5.2%
Investment funds	11,399.36	2.4%	12,211.23	2.9%
Other equity investments ¹	34,422.08	7.2%	22,292.45	5.2%
Investment properties	18,984.64	4.0%	19,337.67	4.6%
Cash, cash equivalents and others ²	4,412.36	0.9%	36,164.48	8.5%
Total invested asset	476,616.22	100.0%	425,179.64	100.0%

¹ Including HK\$2.9 billion equity investment in Taiping & Sinopec Financial Leasing Co. Ltd. being accounted for at a cost basis.

² Excluding HK\$8.0 billion of funds for daily operations (HK\$2.8 billion for the end of 2016), which includes cash, saving deposits and term deposits.

The Company took the initiative in improving its investment portfolio to respond to the new market situation, the proportion of cash, cash equivalents to total investment assets decreased from 8.5% in 2016 year-end to 0.9% in the first half of 2017. The proportion of fixed income investments to total investment assets increased from 73.6% in 2016 year-end to 78.7% in the first half of 2017, from which the debt securities increased by 6.1 percentage points. The proportion of equity investments to total investment assets was 16.4%, as a result of the main addition of the allocation of other equity investments by 2.0 percentage points.

CONSOLIDATED INVESTMENT PERFORMANCE (Continued)

Analysis of investment in securities

Credit risk of debt securities manageable

As at the end of the first half of 2017, debt securities held by the Group amounted to HK\$213.5 billion, representing approximately 36.4% of the total assets, of which 86.6% were domestic bonds investment. Within the domestic bonds, 98.6% were bonds with AAA ratings, government bonds and financial policy bonds, interbank deposits, A-1 ratings short term bonds. Investment grade bonds with BBB ratings or higher reached 100%, with Ministry of Finance for government bonds, and other issuers such as China Development Bank, China Railway, Agricultural Bank of China, Agricultural Development Bank of China, Industrial and Commercial Bank of China and The Export-Import Bank of China. Foreign bonds investment constitutes 13.4% of debt securities held by the Group, about 70% of them were investment grade bonds with international ratings of BBB or higher.

Alternative investments

As at the end of June 2017, alternative investments held by the Group amounted to HK\$138.5 billion, representing approximately 23.6% of the total assets. From which the ration of trust products and assets management products significantly increased, reflecting the investments has been further diversified. The credit ratings of the domestic financial investment debt products has been continually optimised, products rated AAA accounted for 93.1%, representing an increase of 1.4 percentage point over the 2016 year-end.

Real Estate Financial Investment Debt Products

As at the end of June 2017, real estate financial investment debt products of approximately HK\$16.3 billion, represented only 2.8% of the total assets, the ratio decreased over the 2016 year-end, mainly due to fewer new projects. All projects had bank guarantees or large enterprises guarantees or various forms of mortgages/pledges or hybrid credit enhancements, with effective credit enhancement coverage.

Purchased External Financial Products

As at the end of June 2017, purchased external financial products of about HK\$31.7 billion represented 5.4% of the total assets, the ratio increased by 0.7 percentage point over the 2016 year-end. Financial products related to real estate were approximately HK\$8.8 billion, representing about 1.5% of the total assets. The overall credit risk of the assets were in good condition, risk exposure were kept at a relatively low level.

II. Third-party Assets under Management

As at the end of June 2017, the total third-party entrusted investment assets managed by the Group amounted to HK\$373.6 billion, increased by 26.2% over the 2016 year-end, with discretionary assets of HK\$214.3 billion, increased by 32.8% over the 2016 year-end.

In the first half of 2017, TPAM (including TP Fund) recorded a total management fee income (including consultancy fee) of HK\$538 million, including HK\$380 million derived from assets outside of the Group, which accounted for 70% of total fee income. There were fast growth in the scale of the asset management entrusted by other insurance companies and the external assets managed by TP Fund, increased by 993% and 30% respectively as compared with the beginning of the year.

As at the end of June 2017, TPAM's investment-linked accounts recorded satisfactory performance. In particular, the yield was 1.82% for fixed-income accounts and 8.51% for equity accounts.

LIFE INSURANCE BUSINESS

The Group's life insurance segment is operated by TPL and TPL (HK), which are engaged in the underwriting of life insurance policies in Mainland China and Hong Kong, respectively. TPL resumed business in PRC in December 2001 and 75.1% owned by the Group since November 2013, while TPL (HK) is a Hong Kong-incorporated company established in July 2015 and is wholly-owned by the Group.

During the Period, the direct premiums written by TPL (HK) achieved HK\$1,033 million (2016: HK\$73.96 million), representing an increase of 13.0 times compared with Last Period. Number of individual agent increased by 26 to 135 from 109 over the 2016 year-end.

The results under life insurance business for the Period was mainly contributed by TPL. The figures below were focus on the analysis of TPL performance.

The figures below were the results of TPL from its operations, before intra-group eliminations.

The key financial data of the life insurance business operated by TPL was summarised below:

HK\$ million

	1H2017	1H2016	Change
Direct premiums written and premium deposits	92,615.96	75,271.35	+23.0%
Less: Premium deposits of universal life products	3,143.74	2,737.10	+14.9%
Premium deposits of unit-linked products	31.81	56.87	-44.1%
Premium deposits of other products	173.53	132.33	+31.1%
Direct premiums written recognised in statement of profit or loss	89,266.88	72,345.05	+23.4%
Inward reinsurance premiums	18.99	36.36	-47.8%
Policy fees	41.27	66.47	-37.9%
Net premiums written and policy fees	88,879.15	71,670.15	+24.0%
Net earned premiums and policy fees	88,588.14	71,487.22	+23.9%
Net policyholders' benefits	(32,404.85)	(10,633.64)	+2.0 times
Net commission expenses	(10,479.26)	(7,367.76)	+42.2%
Change in life insurance contract liabilities, net of reinsurance	(42,597.88)	(52,185.23)	-18.4%
Total investment income	5,902.29	7,956.55	-25.8%
Administrative and other expenses	(7,641.43)	(5,317.32)	+43.7%
Finance costs	-	(2.58)	-100.0%
Profit from operation before taxation	3,216.30	4,847.07	-33.6%
Profit from operation after taxation	1,869.54	3,329.87	-43.9%
Profit from operation attributable to the owners	1,404.03	2,500.74	-43.9%

HK\$ million

	At 30 June 2017	At 31 December 2016	Change
Total assets	421,440.35	359,457.63	+17.2%
Total equity	32,654.73	29,655.53	+10.1%

LIFE INSURANCE BUSINESS *(Continued)*

The key operational data of the life insurance business operated by TPL was summarised below:

	At 30 June 2017	At 31 December 2016	Change
Market share ¹	4.4%	4.4%	-
Number of provincial branches	37	37	-
Number of sub-branches and marketing centers	1,188	1,125	+63
Number of customers			
- Individual	9,011,786	8,199,960	+811,826
- Corporate	1,295	1,304	-9
Distribution network			
- Number of individual agents	390,668	261,922	+128,746
- Number of bancassurance outlets	39,424	29,673	+9,751
Agent monthly premiums (RMB)	28,161	19,233	+8,928 dollars
Persistency ratios – 13th month ²			
- Individual	96.6%	95.0%	+1.6 pts
- Bancassurance	95.9%	94.0%	+1.9 pts
Compound persistency ratios – 25th month ²			
- Individual	92.4%	88.6%	+3.8 pts
- Bancassurance	91.2%	89.1%	+2.1 pts

¹ Based on premiums as published by the CIRC.

² Based on the amount of premiums.

LIFE INSURANCE BUSINESS (Continued)

Operating Profit

The life insurance business operated by TPL produced a net operating profit of HK\$1,870 million during the Period (2016: HK\$3,330 million), representing a decrease of 43.9% compared to Last Period mainly due to the impact of realised loss and impairment on equity investments during the Last Period.

Direct Premiums Written and Premium Deposits

TPL's direct premiums written recognised in the consolidated statement of profit or loss increased by 23.4% to HK\$89,267 million from HK\$72,345 million in the Last Period. This growth was primarily driven by continued strength in the individual agency force channel, and higher levels of regular premium sales in the individual channel.

TPL's direct premiums written and premium deposits by line of business were as follows:

For the six months ended 30 June 2017, HK\$ million

	Direct premiums written recognised in the consolidated statement of profit or loss	Premium deposits of universal life products	Premium deposits of unit-linked products	Premium deposits of other products	Total	% of Total
Individual	55,537.72	2,610.78	20.00	72.33	58,240.83	62.9%
Bancassurance	32,370.93	532.96	11.81	0.97	32,916.67	35.5%
Group	104.92	-	-	100.23	205.15	0.2%
Other Channels ¹	1,253.31	-	-	-	1,253.31	1.4%
	89,266.88	3,143.74	31.81	173.53	92,615.96	100.0%

For the six months ended 30 June 2016, HK\$ million

	Direct premiums written recognised in the consolidated statement of profit or loss	Premium deposits of universal life products	Premium deposits of unit-linked products	Premium deposits of other products	Total	% of Total
Individual	37,067.04	2,359.30	20.75	77.25	39,524.34	52.5%
Bancassurance	33,988.30	377.80	36.12	1.17	34,403.39	45.7%
Group	217.02	-	-	53.91	270.93	0.4%
Other Channels ¹	1,072.69	-	-	-	1,072.69	1.4%
	72,345.05	2,737.10	56.87	132.33	75,271.35	100.0%

¹ Other Channels mainly consisted of telemarketing.

LIFE INSURANCE BUSINESS *(Continued)*

During the Period, premiums distributed through the individual agency force channel increased to HK\$55,538 million from HK\$37,067 million in the Last Period, representing an increase of 49.8%. TPL's initiative to increase its agent numbers over the recent years has established a strong foundation for the agency force channel. The agents number and their productivity is stable continuously (monthly per capita premiums of RMB28,161 during the Period (31 December 2016: RMB19,233)).

In the bancassurance channel, premium decreased to HK\$32,371 million from HK\$33,988 million in the Last Period, representing a slightly decrease 4.8%. Within this, first year bancassurance regular premium increased to HK\$4,377 million from HK\$2,727 million in the Last Period, representing an increase of 60.5%, while bancassurance single premium decreased by 21.3%.

The persistency ratios remained stable and at the forefront of the industry. The persistency ratios were 96.6% and 95.9% at the 13th month, and the compound persistency ratios were 92.4% and 91.2% at the 25th month, for the individual agency and bancassurance channels, respectively.

LIFE INSURANCE BUSINESS (Continued)

The detailed breakdown of TPL's single premium products and regular premium products by line of business was summarised as follows:

HK\$ million

Individual

	1H2017	% of Total	1H2016	% of Total
Single Premium	59.63	0.1%	72.55	0.2%
Regular Premium				
– First Year	22,354.26	40.3%	16,800.04	45.3%
– Renewal Year	33,123.83	59.6%	20,194.44	54.5%
	55,537.72	100.0%	37,067.04	100.0%

Bancassurance

	1H2017	% of Total	1H2016	% of Total
Single Premium	16,863.94	52.1%	21,439.55	63.1%
Regular Premium				
– First Year	4,376.93	13.5%	2,727.44	8.0%
– Renewal Year	11,130.06	34.4%	9,821.31	28.9%
	32,370.93	100.0%	33,988.30	100.0%

Group

	1H2017	% of Total	1H2016	% of Total
Employee Benefit (“EB”)	104.92	100.0%	217.02	100.0%

Other Channels

	1H2017	% of Total	1H2016	% of Total
Single Premium	5.04	0.4%	9.10	0.8%
Regular Premium				
– First Year	342.22	27.3%	244.52	22.8%
– Renewal Year	906.05	72.3%	819.07	76.4%
	1,253.31	100.0%	1,072.69	100.0%

LIFE INSURANCE BUSINESS (Continued)

For the individual first year regular premium, the premium by payment term and feature were as follows:

HK\$ million

Individual first year regular premium - by payment term

	1H2017	% of Total	1H2016	% of Total
1-9 years	12,575.86	56.3%	9,187.88	54.7%
10-19 years	3,631.14	16.2%	3,720.10	22.1%
20-29 years	5,391.98	24.1%	3,530.19	21.0%
30 years+	755.28	3.4%	361.88	2.2%
	22,354.26	100.0%	16,800.04	100.0%

Individual first year regular premium - by feature

	1H2017	% of Total	1H2016	% of Total
Short term savings	11.63	0.1%	24.74	0.1%
Long term savings	14,853.16	66.4%	11,726.40	69.9%
Long term protection	6,564.76	29.4%	4,507.84	26.8%
Others	924.71	4.1%	541.06	3.2%
	22,354.26	100.0%	16,800.04	100.0%

For the bancassurance first year regular premium, the premium by payment term was as follows:

Bancassurance first year regular premium - by payment term

	1H2017	% of Total	1H2016	% of Total
5 - 9 years	1,526.31	34.9%	824.37	30.2%
10 - 14 years	2,779.67	63.5%	1,770.01	64.9%
Others	70.95	1.6%	133.06	4.9%
	4,376.93	100.0%	2,727.44	100.0%

LIFE INSURANCE BUSINESS (Continued)

TPL's direct premiums written by product structure were as follows:

HK\$ million

	1H2017	% of Total	1H2016	% of Total
Participating Annuity	55,527.59	62.3%	41,797.36	57.8%
Long-term health	5,734.74	6.4%	23,525.77	32.5%
Traditional life	6,904.86	7.7%	3,685.66	5.1%
Accident and short-term health	18,837.06	21.1%	1,763.58	2.4%
Universal life	2,259.25	2.5%	1,575.18	2.2%
Investment-linked	2.81	0.0%	(3.04)	0.0%
	0.57	0.0%	0.54	0.0%
Total	89,266.88	100.0%	72,345.05	100.0%

TPL's direct premiums written by region were as follows:

HK\$ million

	1H2017	% of Total		1H2016	% of Total
Sichuan	9,425.19	10.6%	Sichuan	6,598.29	9.1%
Shandong	8,083.77	9.1%	Shandong	5,292.92	7.3%
Beijing	4,992.13	5.6%	Beijing	4,050.14	5.6%
Guangdong	4,794.10	5.4%	Guangdong	3,489.02	4.8%
Jiangsu	4,402.69	4.9%	Jiangsu	3,192.09	4.4%
Others	57,569.00	64.4%	Others	49,722.59	68.8%
Total	89,266.88	100.0%	Total	72,345.05	100.0%

Highlights on Embedded Value

Under C-ROSS, the embedded value of TPL (expressed in terms of HKD) increased 13.6% to HK\$104,598 million from HK\$92,049 million at the end of Last Year. The new business value after cost of capital for the Period increased to HK\$8,115 million from HK\$4,965 million of the Last Period, representing a growth of 63.4%. These latest actuarial figures of TPL are disclosed below in the section titled "Embedded Value of TPL".

LIFE INSURANCE BUSINESS *(Continued)*

Net Policyholders' Benefits

The net policyholders' benefits of TPL are summarised as follows:

HK\$ million

	1H2017	1H2016	Change
Surrenders and net claims	23,118.12	973.14	+22.8 times
Annuity, dividends and maturity payments	8,753.81	9,291.11	-5.8%
Interest allocated to investment and reinsurance contracts	532.92	369.39	+44.3%
	32,404.85	10,633.64	+2.0 times

During the Period, surrenders and net claims increased to HK\$23,118 million from HK\$973 million in the Last Period, representing a significant increase of 22.8 times. It was mainly due to the termination of financial reinsurance contract during the Last Period, which increased the reinsurers' share of net claims for the Last Period by about HK\$22,493 million.

Financial Strength and Solvency Margin

The comprehensive solvency ratios of TPL under the CIRC regulations were as follows:

RMB million

	At 30 June 2017	At 31 December 2016
Available Capital	101,457	86,756
Minimum Capital	41,522	34,627
Comprehensive Solvency Ratio	244%	251%

PENSION AND GROUP LIFE INSURANCE BUSINESSES

The Group's pension and group life insurance businesses are operated by TPP. TPP is a PRC-incorporated company and is 100% owned by the Group. TPP is principally engaged in corporate and personal retirement insurance and annuity businesses, and group life insurance business in Mainland China.

The figures below were the results of TPP from its operations, before intra-group eliminations.

The key financial data of the pension and group life insurance businesses was summarised below:

<i>HK\$ million</i>	1H2017	1H2016	Change
Direct premiums written	3,144.83	2,961.00	+6.2%
Net premiums written	2,863.45	2,680.09	+6.8%
Net earned premiums	2,666.06	2,489.24	+7.1%
Net policyholders' benefits	(1,585.81)	(1,470.09)	+7.9%
Net commission expenses	(182.01)	(327.84)	-44.5%
Change in insurance contract liabilities, net of reinsurance	(203.55)	(281.50)	-27.7%
Total investment income	149.96	179.86	-16.6%
Pension administration fee income	168.10	174.16	-3.5%
Agency fee income	2.21	2.20	+0.5%
Administrative and other expenses	(979.63)	(719.70)	+36.1%
Profit from operation before taxation	58.92	51.06	+15.4%
Profit from operation after taxation and attributable to the owners	60.87	22.35	+1.7 times

<i>HK\$ million</i>	At 30 June 2017	At 31 December 2016	Change
Total assets	10,274.79	9,495.68	+8.2%
Total equity	2,666.75	2,528.26	+5.5%

The key operational data of the pension business was summarised below:

	At 30 June 2017	At 31 December 2016	Change
Annuity invested assets (<i>HK\$ million</i>)	81,324	70,381	+15.5%
Annuity entrusted assets (<i>HK\$ million</i>)	65,885	60,530	+8.8%
Number of enterprises in funds and schemes	8,034	7,211	+823
Number of branches	28	28	-

PENSION AND GROUP LIFE INSURANCE BUSINESSES (Continued)

Operating Result

The pension and group life insurance businesses incurred a net operating profit of HK\$61 million during the Period (2016: HK\$22 million). After breaking even and producing an operating profit in 2013, TPP continued to build its scale and maintain the profitability of its operations.

Direct Premiums Written

TPP's direct premiums written for the Period increased by 6.2% to HK\$3,145 million from HK\$2,961 million in the Last Period.

Financial Strength and Solvency Margin

The comprehensive solvency ratios of TPP under the CIRC regulations were as follows:

<i>RMB million</i>	At 30 June 2017	At 31 December 2016
Available Capital	2,356	2,231
Minimum Capital	808	690
Comprehensive solvency ratio	291%	324%

PRC PROPERTY AND CASUALTY INSURANCE BUSINESS

The Group's property and casualty insurance segment in the PRC is operated by TPI. TPI is a PRC-incorporated company and has been 100% owned by the Group since November 2013. TPI is principally engaged in the underwriting of motor, marine and non-marine policies in Mainland China.

The figures below were the results of TPI from its operations, before intra-group eliminations.

The key financial data of the property and casualty insurance business operated by TPI was summarised below:

<i>HK\$ million</i>	1H2017	1H2016	Change
Direct premiums written	12,082.48	10,819.68	+11.7%
Net premiums written	10,733.04	10,084.99	+6.4%
Net earned premiums	9,865.54	9,471.01	+4.2%
Net claims incurred	(4,825.17)	(4,774.01)	+1.1%
Underwriting expenses	(3,296.35)	(3,010.48)	+9.5%
Net commission expenses	(1,622.75)	(1,649.31)	-1.6%
Underwriting profit	121.27	37.21	+2.3 times
Total investment income	249.63	504.58	-50.5%
Share of results of associates	53.41	33.12	+61.3%
Other gain	59.58	46.47	+28.2%
Other miscellaneous expenses	(85.57)	(38.75)	+1.2 times
Finance costs	(37.01)	(39.17)	-5.5%
Profit from operation before taxation	361.31	543.46	-33.5%
Profit from operation after taxation and attributable to the owners	202.11	345.77	-41.5%
Retained ratio	88.8%	93.2%	-4.4 pts
Loss ratio ¹	48.9%	50.4%	-1.5 pts
Expense ratio ¹	49.9%	49.2%	+0.7 pt
Combined ratio ²	98.8%	99.6%	-0.8 pt

<i>HK\$ million</i>	At 30 June 2017	At 31 December 2016	Change
Total assets	29,942.42	25,710.33	+16.5%
Total equity	6,929.55	6,486.82	+6.8%

¹ Both the loss ratio and expense ratio were based on net earned premiums.

² The combined ratio was the sum of the loss ratio and the expense ratio.

PRC PROPERTY AND CASUALTY INSURANCE BUSINESS *(Continued)*

The key operational data of the property and casualty insurance business operated by TPI was summarised below:

	At 30 June 2017	At 31 December 2016	Change
Market share ¹	2.0%	2.0%	-
Number of provincial branches	31	31	-
Number of sub-branches and marketing centers	616	595	+21
Number of customers			
- Individual	5,306,425	4,673,598	+632,827
- Corporate	281,026	249,246	+31,780
Number of direct sales representatives	9,977	10,185	-208

¹ Based on premiums published by the CIRC.

Operating Profit

The property and casualty insurance business operated by TPI produced a net operating profit of HK\$202 million during the Period (2016: HK\$346 million), representing a decrease of 41.5%, mainly due to the higher investment return in the Last Period. During the Period TPI was able to continue expanding the scale of its business and its market share, while maintaining solid underwriting results.

PRC PROPERTY AND CASUALTY INSURANCE BUSINESS (Continued)

Direct Premiums Written

TPI's direct premiums written increased by 11.7% to HK\$12,082 million from HK\$10,820 million in the Last Period. The detailed breakdown of TPI's direct premiums written was as follows:

HK\$ million

Business Line	1H2017	% of Total	1H2016	% of Total
Motor	9,502.00	78.6%	8,246.10	76.2%
Marine	297.93	2.5%	216.94	2.0%
Non-marine	2,282.55	18.9%	2,356.64	21.8%
	12,082.48	100.0%	10,819.68	100.0%

TPI's direct premiums written by region were as follows:

HK\$ million

	1H2017	% of Total		1H2016	% of Total
Shandong	1,145.81	9.5%	Shenzhen	1,085.72	10.0%
Sichuan	1,132.71	9.4%	Sichuan	1,072.13	9.9%
Hebei	812.28	6.7%	Shandong	922.92	8.5%
Guangdong	803.56	6.7%	Hebei	655.07	6.1%
Shenzhen	717.49	5.9%	Shanghai	629.04	5.8%
Others	7,470.63	61.8%	Others	6,454.80	59.7%
Total	12,082.48	100.0%	Total	10,819.68	100.0%

Combined Ratio

TPI's loss ratio improved by 1.5 percentage points to 48.9% from 50.4% in the Last Period. The expense ratio increased to 49.9% from 49.2% in the Last Period. TPI's combined ratio remained stable at 98.8% during the Period. TPI's loss ratios, expense ratios and combined ratios were as follows:

	1H2017	1H2016
Loss ratio	48.9%	50.4%
Expense ratio	49.9%	49.2%
Combined ratio	98.8%	99.6%

PRC PROPERTY AND CASUALTY INSURANCE BUSINESS (Continued)

Financial Strength and Solvency Margin

The comprehensive solvency ratios of TPI under the CIRC regulations were as follows:

RMB million

	At 30 June 2017	At 31 December 2016
Available Capital	7,033	6,358
Minimum Capital	3,254	3,083
Comprehensive Solvency Ratio	216%	206%

OVERSEAS PROPERTY AND CASUALTY INSURANCE BUSINESS

The Group's property and casualty insurance segment cover Hong Kong, Macau, Singapore, UK and Indonesia, and is operated by CTPI (HK), TP Macau, TP Singapore, TP UK and TP Indonesia respectively. CTPI (HK), TP Macau, TP Singapore and TP UK are wholly-owned by the Group. TP Indonesia is 55% owned by the Group.

The figures below are the results of these companies from its operations, before intra-group eliminations.

The key financial data of the overseas property and casualty insurance business is summarised below:

<i>HK\$ million</i>	1H2017	1H2016	Change
Direct premiums written			
CTPI (HK)	837.35	809.25	+3.5%
TP Macau	374.54	313.45	+19.5%
TP Singapore	232.80	256.30	-9.2%
TP UK	198.53	251.25	-21.0%
TP Indonesia	92.82	78.77	+17.8%
Underwriting profit			
CTPI (HK)	16.06	27.01	-40.5%
TP Macau	49.26	48.25	+2.1%
TP Singapore	12.27	37.30	-67.1%
TP UK	12.23	4.40	+1.8 times
TP Indonesia	3.13	1.26	+1.5 times
Profit/(loss) from operation after taxation			
CTPI (HK)	153.76	139.82	+10.0%
TP Macau	63.63	56.72	+12.2%
TP Singapore	17.34	29.42	-41.1%
TP UK	2.51	16.93	-85.2%
TP Indonesia	3.93	(0.42)	N/A
Combined ratio			
CTPI (HK)	98.5%	96.7%	+1.8 pts
TP Macau	74.9%	73.7%	+1.2 pts
TP Singapore	94.1%	81.3%	+12.8 pts
TP UK	92.7%	97.0%	-4.3 pts
TP Indonesia	75.4%	89.2%	-13.8 pts

Compared with the Last Period, the combined ratios of TP UK and TP Indonesia improved due to the further improvement on business quality.

OVERSEAS PROPERTY AND CASUALTY INSURANCE BUSINESS (Continued)

	At 30 June 2017	At 31 December 2016	Change
Regulatory solvency margin ratio ¹			
CTPI (HK)	725%	725%	-
TP Macau	259%	267%	-8 pts
TP Singapore	212%	210%	+2 pts
TP UK	181%	194%	-13 pts
TP Indonesia	184%	245%	-61 pts

¹ Based on the local regulations.

REINSURANCE BUSINESS

The Group's reinsurance business is operated by TPRe, a Hong Kong-incorporated company and wholly-owned by the Group, and its wholly owned subsidiary TPRe (China). TPRe mainly engaged in the underwriting of all classes of non-life reinsurance business around the globe, consisting mainly of short-tail, property reinsurance business in the Asia Pacific region. TPRe also engages in the underwriting of certain classes of long term (life) reinsurance business. TPRe (China) incorporated in PRC in December 2015, which commenced its operation during the last year.

The figures below were the consolidated results of TPRe from its operations, before intra-group eliminations.

The key financial data and key performance indicators of the reinsurance business operated by TPRe were summarised below:

HK\$ million

	1H2017	1H2016	Change
Direct premiums written	6,564.79	5,907.49	+11.1%
Underwriting profit (non-life)	153.59	145.69	+5.4%
Profit from operation after taxation	478.00	203.80	+1.3 times
Non-life reinsurance business Combined ratio	94.0%	92.7%	+1.3 pts
	At 30 June 2017	At 31 December 2016	Change
Regulatory solvency margin ratio ¹	364%	394%	-30 pts

¹ Based on Hong Kong local regulations.

REINSURANCE BUSINESS (Continued)

Operating Profit

The reinsurance business produced a net operating profit after tax of HK\$478 million during the Period (2016: HK\$204 million), representing an increase of 1.3 times. The increase was mainly due to the investment gain and exchange gain.

Direct Premiums Written

TPre's direct premiums written for the Period increased by 11.1% to HK\$6,565 million from HK\$5,907 million in the Last Period. Although the life business had been affected to a certain extent due to the changes in the market conditions, TPre was able to maintain its core business portfolio with overall premium growth, to maintain the leading position in Hong Kong and Macau, to optimize the business portfolio continuously, and strengthen the development of Europe, United States of America, Japan and other overseas markets. TPre's life reinsurance business achieved premiums of HK\$2,555 million (2016: HK\$3,026 million), mostly from Hong Kong. The life reinsurance business line complements TPre's short tail property reinsurance portfolio. The underwriting profit of the non-life reinsurance business was HK\$154 million, representing an increase of 5.4% from HK\$146 million in the Last Period.

The figures below were the results of TPre (China) from its operations, before intra-group eliminations.

The key financial data of the reinsurance business operated by TPre (China) was summarised below:

HK\$ million

	1H2017	1H2016	Change
Direct premiums written	1,895.65	1,260.31	+50.4%
Net profit	59.78	57.26	+4.4%
	At 30 June 2017	At 31 December 2016	Change
Net assets	1,581.67	1,471.88	+7.5%

Financial Strength and Solvency Margin

The comprehensive solvency ratios of TPre (China) under the CIRC regulations were as follows:

RMB million

	At 30 June 2017	At 31 December 2016
Available capital	1,370	1,314
Minimum capital	485	570
Comprehensive solvency ratio	282%	230%

ASSET MANAGEMENT BUSINESS

The Group's asset management business is mainly operated by TPAM and its subsidiary, named Taiping Fund Management Company Limited (collectively known as the "TPAM Group") and TPA (HK), which are engaged in the provision of asset management services to the Group in managing its RMB and non-RMB investment portfolios, respectively. TPAM is a PRC-incorporated company and is 80% owned by the Group, while TPA (HK) is a Hong Kong-incorporated company and is wholly-owned by the Group. Taiping Fund Management Company Limited was acquired by the Group in September 2016.

The figures below were the results of TPAM Group and TPA (HK) from their operations, before intra-group eliminations.

The key financial data of the asset management business operated in the PRC by TPAM Group and in Hong Kong by TPA (HK) were summarised below:

HK\$ million

	1H2017	1H2016	Change
Management fee income	489.18	353.38	+38.4%
Profit from operating	249.68	132.09	+89.0%
Profit from operating attributable to the owners	210.02	112.35	+86.9%

HK\$ million

	At 30 June 2017	At 31 December 2016	Change
Assets under management	668,221	538,805	+24.0%

Operating Profit

The asset management business produced a net operating profit of HK\$250 million during the Period (2016: HK\$132 million), representing an increase of 89.0% compared to Last Period.

LIQUIDITY AND FINANCIAL RESOURCES

The Group's cash and bank deposits as at 30 June 2017 amounted to HK\$68,375 million (31 December 2016: HK\$74,279 million).

FINANCIAL LEVERAGE

The interest-bearing notes and bank facilities drawn as at 30 June 2017 amounted to HK\$5,903 million and HK\$42,924 million (31 December 2016: HK\$5,835 million and HK\$41,706 million). As of 30 June 2017, CTIH's consolidated financial leverage ratio (calculated by debt over the summation of debt plus equity) was 40.2% (31 December 2016: 41.5%).

CAPITAL STRUCTURE

CTIH did not issue new Shares during the Period and in 2016.

STAFF AND STAFF REMUNERATION

As at 30 June 2017, the Group had a total of 64,699 employees (2016: 56,256 employees), representing an increase of 8,443 employees. Total remuneration for the Period amounted to HK\$7,343 million (2016: HK\$6,177 million), an increase of 18.9%. Bonuses are linked to both the performance of the Group and the performance of the individual.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the Period, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

OUTLOOK

Continue to Promote the “Top-quality Strategy” to Create the “Most Unique and Highest Potential Top-quality Insurance Company”

- 2017 is the third year of implementing the “Top-quality Strategy”. In the first half of the year, China Taiping has been sticking to the “Top-quality Strategy” as its guidance, and seeking progress along with stability. The Company continued to surpass the market average in terms of business operation, with much greater capabilities in risk management, internal control and compliance. In innovative development, fresh highlights and achievements emerged constantly. China Taiping saw its integrated operation “One Customer, One Taiping” play a more effective role, made significant progress in cost reduction and efficiency improvement, and further enhanced its overall strength and brand image
- In the second half of 2017 and the subsequent period, China Taiping will continue to intensify its Top-quality Strategy and further boost its awareness of responsibility, service, risk, reform and openness. The Company will focus on developing its insurance business, and make solid efforts to its international development and integrated financial layout. Solid efforts will also be made to enhance risk prevention and control, reform and innovation, cost reduction and efficiency improvement, to pursue further progress under the Top-quality Strategy, so as to create greater value to country, investors and customers

PRC Life Insurance Business – TPL

- To further optimise business structure, to continuously enhance new business value, achieve healthy and rapid growth of main business
- In respect of individual insurance, TPL will maintain its core orientation of value growth, with continuous focus on agent development and more intensive project operation, to help achieve breakthroughs in various indicators
- In respect of bancassurance, TPL will focus on the function of insurance protection, accelerate its transformation into the protection business, stick to value growth, and further expand the regular premium business
- TPL will speed up its innovative development, and obtain fresh breakthroughs in key areas, channels and innovative projects

PRC Property and Casualty Insurance Business – TPI

- Reinforce motor insurance business while accelerate the development of non-motor insurance business. Improve the professional channel construction and actively promote the front line staffs. Intensify cost control to reduce combined ratio
- Further improve market reactive mechanism and risk pricing ability, actively respond to the market competition pressure brought by the second motor insurance premium rate marketisation

Group Insurance and Pension Business – TPP

- To boost the pension business, actively deploy the occupational annuity business, and strive to achieve the strategy of “Competing at an advanced level”
- To further expand the core business of group insurance, optimise business structure, and take steps to reduce the proportion of business that features high handling fees and high claims

Overseas Life Insurance Business –TPL (HK)

- To further enhance the business management capability and channel productivity, and actively promote the collaboration with Chinese financial institutions in Hong Kong

Overseas Property and Casualty Business – CTPI (HK), TP Macau, TP Singapore, TP UK and TP Indonesia

- CTPI (HK) will keep the foothold in Hong Kong and intensively explore the potential for local business; seize the opportunities brought by the market and national strategies; pursue innovative breakthroughs and look for opportunities to develop subdivided international markets; and reinforce refined management, and deliver cost reduction and efficiency improvement
- TP Macau will expand business with greater efforts, actively build the online insurance platform, and raise core competitiveness; secure the opportunities under the policies of Hengqin Free Trade Zone, actively explore new growth potential, and ensure market leadership
- TP Singapore will seize the opportunity of “The Belt and Road”, strive for greater market competitiveness with both quantity and quality, and further expand the Southeast Asia insurance market
- TP UK will intensively develop Chinese interests enterprises and local Chinese markets, expand sales channels, seek further penetration in the local Chinese market, improve the professionalism and operational service level, and maintain growth in business and efficiency
- TP Indonesia will steadily develop onshore profitable business; intensively explore Chinese interests business, seize the opportunities brought by “The Belt and Road”, and serve the national strategy of “Going Global”

Reinsurance Business – TPRE and TPRB

- TPRE will practice the Group’s Top-quality Strategy with its international features highlighted, accelerate the globalisation process, transform itself from a market follower to a market leader, achieve the scale and efficiency growth simultaneously and pursue comprehensive development in both P&C and life insurance
- TPRE (China) will keep improving corporate establishment, enhance corporate governance and risk prevention level; consolidate its position as leading reinsurer and continue to boost market influence
- TPRB will further strengthen its professionalism, enhance core competitiveness, improve intra-group coordination; keep exploring new customers, actively explore new business areas and new markets

Investments

The second half of the year will witness continuous recovery of the global economy, including a Chinese economy that features a more prominent trend of steady and positive development. In this context, the Group will place more emphasis on equity value investment, long-term investment, as well as stable and healthy investment, and seek opportunities for long-term equity investment. In respect of bond investment, the Group will keep increasing the allocation proportion, optimise allocation structure, and strive for an effective balance between the carrying amount gains and market value gains.

In respect of alternative investment, the Group will fully capitalise on its layout in integrated finance and its cross-border advantages to invest in national initiatives and major construction projects, such as the “Belt and Road Initiative” and Beijing-Tianjin-Hebei coordinated development. The Group will also leverage its insurance business to identify quality targets in pension service, healthcare and automobile industrial chain. In respect of real estate investment, the Group will closely follow national policies and stay attentive to regional opportunities, with investment priorities to the regions that boast significant development potential such as Xiong An New Area and Guangdong-Hong Kong-Macau Bay Area. As for overseas real estate investment, the focus will be the well-established properties in developed countries and such regions that enjoy active investment activities.

Meanwhile, the Group will actively build its credit rating capacity, enhance the risk screening of existing assets, keep perfecting the mechanism for handling investment risks, and develop a system for risk prevention and control that covers the whole investment process.

Embedded Value

BASIS OF PREPARATION

The Group has appointed PricewaterhouseCoopers (“PwC”), an international firm of consulting actuaries, to examine whether the methodology and assumptions used by TPL in the preparation of the Embedded Value and the New Business Value as at 30 June 2017 are consistent with standards generally adopted by insurance companies in the PRC. PwC has also examined the methodologies used by the Group in preparing the Group Embedded Value.

CAUTIONARY STATEMENT

The calculations of Embedded Value and the New Business Value of TPL are based on certain assumptions with respect to future experience. Thus, the actual results could differ significantly from what is envisioned when these calculations were made. In addition, the Group Embedded Value is also based on certain assumptions, and should not be viewed as the only benchmark for evaluating and valuing the businesses and operations of the Group. From an investor’s perspective, the valuation of CTIH is measured by the stock market price of the Company’s shares on any particular day. In valuing CTIH’s shares, investors should take into account not only the Embedded Value and the New Business Value of TPL and the Group Embedded Value, but also various other considerations. In addition, TPL is 75.1%-owned by the Company. The Embedded Value and the New Business Value of TPL as at 30 June 2017 as disclosed below should therefore not be applied 100% in valuing CTIH. Investors are advised to pay particular attention to this factor, as well as the other assumptions underlying the calculations of the Embedded Value and New Business Value of TPL and the Group Embedded Value, if they believe such calculations are important and material to the valuation of the Company.

Group Embedded Value

HK\$ million

	At 30 June 2017	At 31 December 2016
	C-ROSS ¹	C-ROSS
Adjusted net worth ²	83,544	80,928
Value of in-force business before cost of capital for TPL	62,892	49,116
Cost of Capital for TPL	(2,044)	(1,197)
Group embedded value	144,392	128,847
Attributable to:		
Owners of the Company	114,559	102,474
Non-controlling interests	29,833	26,373
Group embedded value	144,392	128,847

¹ Embedded value under C-ROSS is calculated in accordance with “Actuarial practice standard: Assessment standard for embedded value of life insurance” (《精算實踐標準：人身保險內含價值評估標準》) published by the China Association of Actuaries (“Assessment Standard”). Unless otherwise specified, the remaining results of this part were presented on the above basis.

² The adjusted net worth is based on CTIH’s net asset value, after making the following major adjustments:

- i TPL’s net asset is calculated on the PRC GAAP basis and adjusted the reserve to the commensurate liability required by Assessment Standard. The accumulated surplus/loss from par business is also taken into account.;
- ii Goodwill and intangible assets produced during consolidation have been deducted.
- iii Fair value adjustments to HTM assets.

Embedded Value of TPL

1. EMBEDDED VALUE

HK\$ million

	At 30 June 2017	At 31 December 2016
	C-ROSS	C-ROSS
Adjusted net worth	43,750	44,130
Value of in-force business before cost of capital	62,892	49,116
Cost of Capital	(2,044)	(1,197)
Embedded Value	104,598	92,049
Attributable to:		
Owners of the Company	78,553	69,129
Non-controlling interests	26,045	22,920
Embedded Value	104,598	92,049

2. NEW BUSINESS VALUE

HK\$ million

	For the Past 6 Months as of 30 June 2017	For the Past 6 Months as of 30 June 2016 ¹
	C-ROSS	C-ROSS
New business value before cost of capital	11,087	6,917
Cost of capital	(2,972)	(1,952)
New business value after cost of capital	8,115	4,965

¹ The assumptions and methodology used in the calculation of the new business value for the first half of 2016 were consistent with the current assessment assumptions and methodology. Unless otherwise stated, the remainder of this part was presented based on the above basis. If the assumptions and methodology used in the 2016 interim assessment is applied, the new business value for the first half of 2016 was HK\$5,985 million,

The overall new business margin of TPL for the first half of 2017 under C-ROSS was 27.7% (first half of 2016 under C-ROSS: 23.0%); from which the new business margin for individual business was 34.6% (first half of 2016 under C-ROSS: 30.7%); new business margin for bancassurance regular business was 18.1% (first half of 2016 under C-ROSS: 24.1%).

Embedded Value of TPL (Continued)

New business value by line of business were as follows:

HK\$ million

	For the Past 6 Months as of 30 June 2017	For the Past 6 Months as of 30 June 2016
	C-ROSS	C-ROSS
Individual	7,872	5,079
Bancassurance – Regular premium products	816	647
Others ¹	(573)	(761)
	8,115	4,965

¹ Others mainly includes the single premium products under bancassurance, other channels (mainly consists of telemarketing) etc.

Condensed Consolidated Statement of Profit or Loss
for the six months ended 30 June 2017 - unaudited
(Expressed in Hong Kong dollars)

	Notes	Six months ended 30 June	
		2017 \$'000	2016 \$'000
Income			
Total premiums written and policy fees	3	113,994,443	93,929,625
Less: Premiums ceded to reinsurers		<u>(2,817,513)</u>	<u>(2,678,908)</u>
Net premiums written and policy fees		111,176,930	91,250,717
Change in unearned premium provisions, net of reinsurance		<u>(2,385,017)</u>	<u>(1,445,530)</u>
Net earned premiums and policy fees		108,791,913	89,805,187
Net investment income	4(a)	9,684,933	8,385,919
Net realised investment gains/(losses)	4(b)	(614,146)	1,276,210
Net unrealised investment gains/(losses) and impairment	4(c)	(710,843)	187,814
Other income	5	2,267,677	1,267,079
Total income		<u>119,419,534</u>	<u>100,922,209</u>
Benefits, losses and expenses			
Net policyholders' benefits	6(a)	(41,256,099)	(18,995,712)
Net commission expenses	6(b)	(13,259,520)	(9,879,762)
Administrative and other expenses		(13,040,481)	(9,965,618)
Change in life insurance contract liabilities, net of reinsurance	6(c)	<u>(46,186,994)</u>	<u>(55,387,856)</u>
Total benefits, losses and expenses		<u>(113,743,094)</u>	<u>(94,228,948)</u>
Profit from operations			
		5,676,440	6,693,261
Share of results of associates and joint ventures		261,888	5,044
Finance costs	7(a)	<u>(923,021)</u>	<u>(620,010)</u>
Profit before taxation			
	7	5,015,307	6,078,295
Income tax charges	8	<u>(1,916,876)</u>	<u>(2,029,327)</u>
Profit after taxation			
		<u>3,098,431</u>	<u>4,048,968</u>
Attributable to:			
Owners of the Company		2,370,383	3,099,308
Non-controlling interests		<u>728,048</u>	<u>949,660</u>
		<u>3,098,431</u>	<u>4,048,968</u>
		<i>dollars</i>	<i>dollars</i>
Earnings per share attributable to the owners of the Company			
	10		
Basic		<u>0.624</u>	<u>0.827</u>
Diluted		<u>0.624</u>	<u>0.827</u>

The accompanying notes form an integral part of these interim financial statements.

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income
for the six months ended 30 June 2017 - unaudited
(Expressed in Hong Kong dollars)

	Six months ended 30 June	
	2017	2016
	\$'000	\$'000
Profit after taxation	3,098,431	4,048,968
Other comprehensive income:		
Items that will not be reclassified to profit or loss:		
Revaluation gain arising from reclassification of own-use properties to investment properties		
- Revaluation gain arising during the period	5,689	17,359
- Net deferred tax	(22)	(4,340)
Exchange differences on translation of the financial statements of subsidiaries, associates and joint ventures which are not foreign operations	1,470,012	(1,067,178)
Items that may be subsequently reclassified to profit or loss:		
Exchange differences on translation of the financial statements of foreign operations	74,077	8,616
Available-for-sale securities		
- Net fair value changes during the period including the impact of impairment and disposal	2,655,056	(7,234,197)
- Net deferred tax	(672,339)	1,812,755
Total comprehensive income for the period	6,630,904	(2,418,017)
Attributable to:		
Owners of the Company	5,096,238	(1,873,990)
Non-controlling interests	1,534,666	(544,027)
	6,630,904	(2,418,017)

Condensed Consolidated Statement of Financial Position
at 30 June 2017 – unaudited
(Expressed in Hong Kong dollars)

	Notes	At 30 June 2017 \$'000	At 31 December 2016 \$'000
Assets			
Statutory deposits	15	5,836,515	5,643,348
Fixed assets	11		
- Property and equipment		8,548,053	8,321,111
- Investment properties		18,984,641	18,447,196
- Prepaid lease payments		633,788	621,689
		28,166,482	27,389,996
Goodwill		764,906	762,041
Intangible assets		263,102	261,668
Interests in associates and joint ventures		5,767,887	1,184,297
Deferred tax assets		786,212	687,189
Investments in debt and equity securities	12	375,695,309	305,489,307
Securities purchased under resale agreements	18	3,803,153	5,497,736
Amounts due from group companies		25,198	21,434
Insurance debtors	13	10,380,760	6,693,635
Reinsurers' share of insurance contract provisions		7,116,711	5,835,514
Policyholder account assets in respect of unit-linked products		1,316,107	1,206,983
Finance lease receivables	14A	41,360,756	37,788,259
Other assets	14	43,457,144	38,308,453
Pledged deposits at banks		567,565	535,452
Deposits at banks with original maturity more than three months		28,394,370	29,555,963
Cash and cash equivalents	16	33,576,696	38,544,484
		587,278,873	505,405,759
Liabilities			
Life insurance contract liabilities		347,636,907	291,843,971
Unearned premium provisions		15,246,415	11,815,453
Provision for outstanding claims		17,910,743	16,716,058
Investment contract liabilities		26,948,792	22,436,805
Deferred tax liabilities		2,037,574	1,576,076
Interest-bearing notes		5,902,726	5,835,209
Bank borrowings	19	42,923,658	41,706,427
Securities sold under repurchase agreements	18	18,888,536	732,217
Amounts due to group companies		33,929	25,401
Insurance creditors	17	16,973,628	29,465,086
Other payables and accruals		17,267,855	13,628,007
Current taxation		2,638,385	2,488,109
Insurance protection fund		173,745	134,276
		514,582,893	438,403,095
Net assets		72,695,980	67,002,664

Condensed Consolidated Statement of Financial Position (Continued)
at 30 June 2017 – unaudited
(Expressed in Hong Kong dollars)

	<i>Notes</i>	At 30 June 2017 \$'000	At 31 December 2016 \$'000
Capital and reserves attributable to the owners of the Company			
Share capital	20	40,771,408	40,771,408
Reserves	23	15,300,506	10,690,707
		56,071,914	51,462,115
Perpetual subordinated capital securities	21	4,707,149	4,706,947
		60,779,063	56,169,062
Non-controlling interests	23	11,916,917	10,833,602
Total equity		72,695,980	67,002,664

The accompanying notes form an integral part of these interim financial statements.

Condensed Consolidated Statement of Changes in Equity
for the six months ended 30 June 2017 - unaudited
(Expressed in Hong Kong dollars)

Note	Share capital \$'000	Capital reserve \$'000	Merger reserve \$'000	Exchange reserve \$'000	Fair value reserve \$'000	Employee share-based compensation reserve \$'000	Shares held for Share Award Scheme \$'000	Revaluation reserve \$'000	Retained profits \$'000	Perpetual subordinated capital securities \$'000	Attributable to owners of the Company \$'000	Non- controlling interests \$'000	Total \$'000
Balance at 1 January 2017	40,771,408	(6,396,801)	(4,932,468)	(3,914,113)	(217,824)	4,077	(19,438)	672,253	25,495,021	4,706,947	56,169,062	10,833,602	67,002,664
Profit for the period	-	-	-	-	-	-	-	-	2,243,346	127,037	2,370,383	728,048	3,098,431
Other comprehensive income for the period, net of deferred tax	-	-	-	1,207,821	1,512,384	-	-	5,650	-	-	2,725,855	806,618	3,532,473
Total comprehensive income	-	-	-	1,207,821	1,512,384	-	-	5,650	2,243,346	127,037	5,096,238	1,534,666	6,630,904
Dividends declared to shareholders	-	-	-	-	-	-	-	-	(359,402)	-	(359,402)	-	(359,402)
Dividends declared by subsidiaries to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	(451,351)	(451,351)
Distributions to holders of perpetual subordinated capital securities	-	-	-	-	-	-	-	-	-	(126,835)	(126,835)	-	(126,835)
Share options lapsed	-	-	-	-	-	(4,077)	-	-	4,077	-	-	-	-
Balance at 30 June 2017	40,771,408	(6,396,801)	(4,932,468)	(2,706,292)	1,294,560	-	(19,438)	677,903	27,383,042	4,707,149	60,779,063	11,916,917	72,695,980

Condensed Consolidated Statement of Changes in Equity (Continued)
for the six months ended 30 June 2016 - unaudited
(Expressed in Hong Kong dollars)

	Share capital	Capital reserve	Merger reserve	Exchange reserve	Fair value reserve	Employee share-based compensation reserve	Shares held for Share Award Scheme	Revaluation reserve	Retained profits	Perpetual subordinated capital securities	Attributable to owners of the Company	Non-controlling interests	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at 1 January 2016	40,771,408	(6,396,801)	(4,932,468)	(1,080,446)	5,060,733	4,077	(19,438)	639,021	20,974,570	4,707,349	59,728,005	12,070,628	71,798,633
Profit for the period	-	-	-	-	-	-	-	-	2,972,330	126,978	3,099,308	949,660	4,048,968
Other comprehensive income for the period, net of deferred tax	-	-	-	(816,187)	(4,170,130)	-	-	13,019	-	-	(4,973,298)	(1,493,687)	(6,466,985)
Total comprehensive income	-	-	-	(816,187)	(4,170,130)	-	-	13,019	2,972,330	126,978	(1,873,990)	(544,027)	(2,418,017)
Dividends declared by subsidiaries to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	(594,570)	(594,570)
Distributions to holders of perpetual subordinated capital securities	-	-	-	-	-	-	-	-	-	(127,384)	(127,384)	-	(127,384)
Capital injections made to subsidiaries	-	-	-	-	-	-	-	-	-	-	-	48,557	48,557
Balance at 30 June 2016	40,771,408	(6,396,801)	(4,932,468)	(1,896,633)	890,603	4,077	(19,438)	652,040	23,946,900	4,706,943	57,726,631	10,980,588	68,707,219

The accompanying notes form an integral part of these interim financial statements.

Condensed Consolidated Statement of Cash Flows
for the six months ended 30 June 2017 - unaudited
(Expressed in Hong Kong dollars)

	Six months ended 30 June	
	2017	2016
	\$'000	\$'000
Net cash from operating activities	27,077,418	19,798,812
Net cash used in investing activities	(30,577,800)	(21,435,451)
Net cash used in financing activities	(1,467,406)	(2,112,245)
Net decrease in cash and cash equivalents	(4,967,788)	(3,748,884)
Cash and cash equivalents at 1 January	38,544,484	47,619,452
Cash and cash equivalents at 30 June	33,576,696	43,870,568
Analysis of the balances of cash and cash equivalents:		
Deposits with banks and other financial institutions with original maturity less than three months	11,789,312	18,650,081
Money market funds	332	689,146
Cash at bank and on hand	21,787,052	24,531,341
	33,576,696	43,870,568

The accompanying notes form an integral part of these interim financial statements.

Notes to the Unaudited Condensed Consolidated Financial Results

(Expressed in Hong Kong dollars)

1 BASIS OF PREPARATION

The unaudited condensed consolidated financial statements have been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”), and with HKAS 34 *Interim financial reporting* issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”). It was authorised for issuance on 24 August 2017.

The financial statements relating to the year ended 31 December 2016 that is included in the condensed consolidated interim financial statements for the six months ended 30 June 2017 as comparative information does not constitute the Company’s statutory annual consolidated financial statements for that year but is derived from those financial statements. Further information relating to these statutory financial statements required to be disclosed in accordance with section 436 of the Hong Kong Companies Ordinance (Cap. 622) is as follows:

The Company has delivered the financial statements for the year ended 31 December 2016 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Hong Kong Companies Ordinance (Cap. 622).

The Company’s auditor has reported on those financial statements. The auditor’s report was unqualified; did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its report; and did not contain a statement under sections 406(2), 407(2) or (3) of the Hong Kong Companies Ordinance (Cap. 622).

The presentation of financial statement in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group’s accounting policies.

The measurement basis used in the preparation of the financial statements is the historical cost basis except that the following assets and liabilities are stated at fair value or measured primarily based on actuarial methods as explained in the accounting policies set out below:

Stated at fair value

- (i) investment properties;
- (ii) investments in debt and equity securities classified as available-for-sale, other than those carried at cost less impairment;
- (iii) investments in debt and equity securities classified as held-for-trading and designated at fair value through profit or loss;
- (iv) policyholder account assets in respect of unit-linked products; and
- (v) investment contract liabilities in respect of unit-linked products.

1 BASIS OF PREPARATION (Continued)

Measured primarily based on actuarial methods

- (i) life insurance contract liabilities;
- (ii) unearned premium provisions; and
- (iii) provision for outstanding claims.

The accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2017 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2016.

In the current interim period, the Group has applied the following new and revised Hong Kong Financial Reporting Standards ("new and revised HKFRSs") issued by the HKICPA.

Amendments to HKAS 12

Income taxes

Amendments to HKAS 7

Statement of cash flows

The application of the new and revised HKFRSs in the current interim period has had no material impact on the Group's financial performance and positions for the current and prior years and/or on the disclosures set out in these condensed consolidated financial statements.

2 SEGMENT INFORMATION

The Group is organised primarily based on different types of businesses. The information reported to the Board, being the chief operating decision maker, for the purpose of resources allocation and performance assessment, are prepared and reported on such basis. Accordingly, the Group's operating segments are detailed as follows:

- Life insurance business;
- PRC property and casualty insurance business;
- Overseas property and casualty insurance business;
- Reinsurance business;
- Pension and group life insurance business; and
- Other businesses which comprised the asset management business, insurance intermediary business, E-commerce for insurance, financial leasing, property investment business, securities dealing and broking business.

Information regarding the above segments is reported below.

Management monitors the operating results of the Group's business units separately for the purpose of performance assessment.

2 SEGMENT INFORMATION (Continued)

(a) Segmental statement of profit or loss for the six months ended 30 June 2017

	For the six months ended 30 June 2017							Total \$'000
	Life insurance \$'000	PRC property and casualty insurance \$'000	Overseas property and casualty insurance \$'000	Reinsurance \$'000	Pension and group life insurance \$'000	Other businesses \$'000	Inter- segment elimination and adjustment \$'000	
Income								
Total premiums written and policy fees	90,366,893	12,632,595	2,523,704	6,564,789	3,144,829	-	(1,238,367)	113,994,443
Less: Premiums ceded to reinsurers	(448,006)	(1,899,550)	(694,266)	(611,761)	(281,380)	-	1,117,450	(2,817,513)
Net premiums written and policy fees	89,918,887	10,733,045	1,829,438	5,953,028	2,863,449	-	(120,917)	111,176,930
Change in unearned premium provisions, net of reinsurance	(291,010)	(867,502)	(164,958)	(865,798)	(197,394)	-	1,645	(2,385,017)
Net earned premiums and policy fees	89,627,877	9,865,543	1,664,480	5,087,230	2,666,055	-	(119,272)	108,791,913
Net investment income (note (i))	7,612,523	411,258	224,808	573,906	170,746	556,952	134,740	9,684,933
Net realised investment gains/(losses) (note (ii))	(801,558)	41,613	2,544	7,239	(40,630)	61,777	114,869	(614,146)
Net unrealised investment gains/(losses) and impairment (note (iii))	(876,371)	(203,239)	46,938	(42,345)	19,845	72,969	271,360	(710,843)
Other income	1,171,332	59,580	22,137	250,685	179,260	2,337,139	(1,752,456)	2,267,677
Segment income	96,733,803	10,174,755	1,960,907	5,876,715	2,995,276	3,028,837	(1,350,759)	119,419,534
Benefits, losses and expenses								
Net policyholders' benefits	(32,405,647)	(4,825,171)	(795,549)	(1,703,183)	(1,585,815)	-	59,266	(41,256,099)
Net commission expenses	(10,540,273)	(1,622,746)	(615,719)	(1,190,200)	(182,013)	-	891,431	(13,259,520)
Administrative and other expenses	(7,711,543)	(3,381,928)	(249,106)	(114,025)	(979,630)	(1,406,967)	802,718	(13,040,481)
Change in life insurance contract liabilities, net of reinsurance	(43,711,538)	-	-	(2,271,907)	(203,549)	-	-	(46,186,994)
Total benefits, losses and expenses	(94,369,001)	(9,829,845)	(1,660,374)	(5,279,315)	(2,951,007)	(1,406,967)	1,753,415	(113,743,094)
Profit from operations	2,364,802	344,910	300,533	597,400	44,269	1,621,870	402,656	5,676,440
Share of results of associates and joint ventures	664,247	53,412	-	-	34,110	2,447	(492,328)	261,888
Finance costs	(41,633)	(37,013)	(5,107)	-	(19,459)	(841,272)	21,463	(923,021)
Profit before taxation	2,987,416	361,309	295,426	597,400	58,920	783,045	(68,209)	5,015,307
Income tax credit/(charges)	(1,313,422)	(159,195)	(52,509)	(119,396)	1,947	(267,020)	(7,281)	(1,916,876)
Profit after taxation	1,673,994	202,114	242,917	478,004	60,867	516,025	(75,490)	3,098,431
Non-controlling interests								(728,048)
Profit attributable to owners of the Company								<u>2,370,383</u>

Segment revenue (including total premiums written and policy fees) and segment profit/(loss) represent the revenue and profit/(loss) earned by each segment which is the measure reported to the Board for the purpose of resource allocation and assessment of segment performance.

2 SEGMENT INFORMATION (Continued)

(a) Segmental statement of profit or loss for the six months ended 30 June 2017 (Continued)

	For the six months ended 30 June 2017							Total \$'000
	Life insurance \$'000	PRC property and casualty insurance \$'000	Overseas property and casualty insurance \$'000	Reinsurance \$'000	Pension and group life insurance \$'000	Other businesses \$'000	Inter- segment elimination and adjustment \$'000	
<i>Note (i): Net investment income</i>								
Interests income from debt securities								
- Held-to-maturity	2,957,476	71,358	51,054	398,122	-	58,127	(978)	3,535,159
- Available-for-sale	664,974	53,062	17,219	39,155	48,399	23,854	20	846,683
- Held-for-trading	17,591	166	13,074	8,748	1	6,371	54,441	100,392
- Designated at fair value through profit or loss	-	-	10,923	-	-	-	-	10,923
Interests income from debt products								
- Loans and receivables	1,694,231	174,576	-	26,211	64,972	35,633	356,634	2,352,257
Dividend income from equity securities								
- Available-for-sale	402,625	29,383	5,838	13,806	4,439	7,114	(141,339)	321,866
- Held-for-trading	-	-	1,470	-	-	146	49,694	51,310
Dividend income from investment funds								
- Available-for-sale	325,220	15,317	481	760	29,215	902	(56,614)	315,281
- Held-for-trading	120,311	2,760	2	14	2,695	4,098	(69,427)	60,453
- Loans and receivables	45,177	-	64,085	64,992	-	41,791	-	216,045
Bank deposits and other interests income	1,395,396	54,763	13,323	21,290	19,336	131,738	(55,987)	1,579,859
Rental income receivable from investment properties	124,413	12,424	47,339	604	-	246,150	(50,953)	379,977
Net interest income/(expenses) on securities sold/purchased under repurchase/resale agreements	(134,891)	(2,551)	-	204	1,689	1,028	49,249	(85,272)
	7,612,523	411,258	224,808	573,906	170,746	556,952	134,740	9,684,933

2 SEGMENT INFORMATION (Continued)

(a) Segmental statement of profit or loss for the six months ended 30 June 2017 (Continued)

	For the six months ended 30 June 2017							Total \$'000
	Life insurance \$'000	PRC property and casualty insurance \$'000	Overseas property and casualty insurance \$'000	Reinsurance \$'000	Pension and group life insurance \$'000	Other businesses \$'000	Inter- segment elimination and adjustment \$'000	
Note (ii): Net realised investment gains/(losses)								
Debt securities								
- Held-to-maturity	-	-	942	-	-	(176)	-	766
- Available-for-sale	987	(519)	2,561	4,764	-	(1,589)	-	6,204
- Held-for-trading	1,963	792	79	264	266	1,165	(8,625)	(4,096)
- Designated at fair value through profit or loss	-	-	520	-	-	-	-	520
Equity securities								
- Available-for-sale	(242,596)	37,798	(3,549)	947	(40,896)	25,762	(60)	(222,594)
- Held-for-trading	-	-	1,219	-	-	(93)	194,935	196,061
Investment funds								
- Available-for-sale	(561,910)	3,542	686	1,264	-	30,685	(30,936)	(556,669)
- Held-for-trading	(2)	-	86	-	-	12,855	(40,445)	(27,506)
Derivative financial instruments	-	-	-	-	-	(6,832)	-	(6,832)
	(801,558)	41,613	2,544	7,239	(40,630)	61,777	114,869	(614,146)
Note (iii): Net unrealised investment gains/(losses) and impairment								
Debt securities								
- Held-for-trading	(24,467)	(2,907)	18,652	(36,078)	-	(35,925)	(13,627)	(94,352)
- Designated at fair value through profit or loss	-	-	4,348	-	-	-	-	4,348
Equity securities								
- Held-for-trading	-	-	4,608	-	-	(1,479)	306,478	309,607
- Designated at fair value through profit or loss	16,155	-	-	-	-	-	-	16,155
Investment funds								
- Held-for-trading	19,361	-	(2,190)	-	19,845	27,370	(19,588)	44,798
Surplus on revaluation of investment properties	24,575	3,562	32,012	840	-	84,998	(1,906)	144,081
Impairment loss recognised:								
- Available-for-sale debt securities	-	-	(2,042)	-	-	-	-	(2,042)
- Available-for-sale equity securities and investment funds	(911,995)	(203,894)	(8,450)	(7,107)	-	(1,995)	3	(1,133,438)
	(876,371)	(203,239)	46,938	(42,345)	19,845	72,969	271,360	(710,843)

2 SEGMENT INFORMATION (Continued)

(b) Segmental statement of financial position as at 30 June 2017

	At 30 June 2017							Total \$'000
	Life insurance \$'000	PRC property and casualty insurance \$'000	Overseas property and casualty insurance \$'000	Reinsurance \$'000	Pension and group life insurance \$'000	Other businesses \$'000	Inter- segment elimination and adjustment \$'000	
Statutory deposits	3,456,540	1,246,387	121,015	308,637	691,308	12,628	-	5,836,515
Fixed assets								
- Property and equipment	4,206,879	921,806	817,778	58,170	191,097	560,497	1,791,826	8,548,053
- Investment properties	4,837,750	442,218	2,322,733	41,100	-	14,428,540	(3,087,700)	18,984,641
- Prepaid lease payments	52,632	51,649	-	-	-	480,465	49,042	633,788
Investments in debt and equity securities								
- Debt securities (note (i))	180,712,694	6,189,596	4,052,522	17,416,995	2,090,460	4,543,283	4,743,436	219,748,986
- Equity securities (note (ii))	39,919,765	2,808,563	536,761	736,266	645,682	879,881	3,503,708	49,030,626
- Investment funds (note (iii))	20,912,408	1,863,748	2,554,332	3,804,728	1,705,428	4,648,340	(13,900,186)	21,588,798
- Debt products (note (iv))	65,842,967	5,991,336	-	896,344	1,944,880	1,518,076	9,133,296	85,326,899
Cash and bank deposits	38,462,383	3,507,819	1,123,884	2,454,141	626,574	14,068,028	2,295,802	62,538,631
Goodwill	-	-	-	-	-	96,389	668,517	764,906
Intangible assets	-	-	-	-	-	260	262,842	263,102
Interests in associates and joint ventures	10,929,522	1,373,030	-	-	808,369	181,620	(7,524,654)	5,767,887
Reinsurers' share of insurance contract provisions	511,325	2,239,588	1,779,526	2,241,109	345,163	-	-	7,116,711
Policyholder account assets in respect of unit-linked products	1,316,107	-	-	-	-	-	-	1,316,107
Other segment assets	47,373,337	3,306,677	2,192,790	4,867,204	1,225,833	43,618,858	(2,771,476)	99,813,223
Segment assets	418,534,309	29,942,417	15,501,341	32,824,694	10,274,794	85,036,865	(4,835,547)	587,278,873
Life insurance contract liabilities	333,492,610	-	-	11,208,738	2,935,559	-	-	347,636,907
Unearned premium provisions	1,079,255	8,796,436	1,933,473	2,574,813	862,438	-	-	15,246,415
Provision for outstanding claims	291,977	6,081,591	4,949,075	5,947,170	640,930	-	-	17,910,743
Investment contract liabilities	22,447,246	-	-	3,156,433	1,345,113	-	-	26,948,792
Deferred tax liabilities	486,302	-	58,519	634	-	1,628,654	(136,535)	2,037,574
Interest-bearing notes	-	1,267,398	-	-	-	4,683,198	(47,870)	5,902,726
Bank borrowings	-	-	600,000	-	-	42,323,658	-	42,923,658
Securities sold under repurchase agreements	18,134,632	691,225	-	-	57,609	-	5,070	18,888,536
Other segment liabilities	18,547,835	6,176,212	1,420,791	2,342,488	1,766,398	9,190,206	(2,356,388)	37,087,542
Segment liabilities	394,479,857	23,012,862	8,961,858	25,230,276	7,608,047	57,825,716	(2,535,723)	514,582,893
Non-controlling interests								(11,916,917)
Net assets attributable to the owners of the Company								60,779,063

Segment assets and segment liabilities represent the assets/liabilities recorded by each segment which is the measure reported to the Board for the purpose of resource allocation and assessment of segment performance.

2 SEGMENT INFORMATION (Continued)

(b) Segmental statement of financial position as at 30 June 2017 (Continued)

	At 30 June 2017							
	Life insurance \$'000	PRC property and casualty insurance \$'000	Overseas property and casualty insurance \$'000	Reinsurance \$'000	Pension and group life insurance \$'000	Other businesses \$'000	Inter-segment elimination and adjustment \$'000	Total \$'000
Note (i): Debt securities								
By category:								
- Held-to-maturity	138,754,496	3,480,158	2,161,293	15,227,039	-	3,104,541	(47,870)	162,679,657
- Available-for-sale	39,463,410	2,690,598	873,379	1,961,533	2,090,460	1,230,771	-	48,310,151
- Held-for-trading	2,494,788	18,840	627,681	228,423	-	207,971	4,791,306	8,369,009
- Designated at fair value through profit or loss	-	-	390,169	-	-	-	-	390,169
	180,712,694	6,189,596	4,052,522	17,416,995	2,090,460	4,543,283	4,743,436	219,748,986
Note (ii): Equity securities								
By category:								
- Available-for-sale	38,901,427	2,808,563	344,995	736,266	645,682	863,024	(1,548,051)	42,751,906
- Held-for-trading	-	-	191,766	-	-	16,857	5,051,759	5,260,382
- Designated at fair value through profit or loss	1,018,338	-	-	-	-	-	-	1,018,338
	39,919,765	2,808,563	536,761	736,266	645,682	879,881	3,503,708	49,030,626
Note (iii): Investment funds								
By category:								
- Available-for-sale	11,725,170	1,608,631	48,508	177,340	585,789	649,674	(7,699,976)	7,095,136
- Held-for-trading	7,676,780	255,117	248,688	34,565	1,119,639	2,721,236	(6,200,210)	5,855,815
- Loans and receivables	1,510,458	-	2,257,136	3,592,823	-	1,277,430	-	8,637,847
	20,912,408	1,863,748	2,554,332	3,804,728	1,705,428	4,648,340	(13,900,186)	21,588,798
Note (iv): Debt products								
By category:								
- Loans and receivables	65,842,967	5,991,336	-	896,344	1,944,880	1,518,076	9,133,296	85,326,899

2 SEGMENT INFORMATION (Continued)

(c) Segmental statement of profit or loss for the six months ended 30 June 2016

For the six months ended 30 June 2016

	Life insurance \$'000	PRC property and casualty insurance \$'000	Overseas property and casualty insurance \$'000	Reinsurance \$'000	Pension and group life insurance \$'000	Other businesses \$'000	Inter- segment elimination and adjustment \$'000	Total \$'000
Income								
Total premiums written and policy fees	72,521,846	11,071,349	2,108,099	5,907,485	2,960,999	-	(640,153)	93,929,625
Less: Premiums ceded to reinsurers	(777,732)	(986,358)	(689,764)	(500,992)	(280,907)	-	556,845	(2,678,908)
Net premiums written and policy fees	71,744,114	10,084,991	1,418,335	5,406,493	2,680,092	-	(83,308)	91,250,717
Change in unearned premium provisions, net of reinsurance	(182,931)	(613,985)	(62,070)	(399,156)	(190,853)	-	3,465	(1,445,530)
Net earned premiums and policy fees	71,561,183	9,471,006	1,356,265	5,007,337	2,489,239	-	(79,843)	89,805,187
Net investment income (note (i))	6,653,775	394,766	196,423	405,291	133,477	465,244	136,943	8,385,919
Net realised investment gains/(losses) (note (ii))	1,328,651	124,022	(49,957)	(9,991)	25,246	22,423	(164,184)	1,276,210
Net unrealised investment gains/(losses) and impairment (note (iii))	(47,725)	(14,204)	71,640	16,384	21,136	206,766	(66,183)	187,814
Other income	844,720	46,474	(3,873)	(4,907)	185,890	1,388,857	(1,190,082)	1,267,079
Segment income	80,340,604	10,022,064	1,570,498	5,414,114	2,854,988	2,083,290	(1,363,349)	100,922,209
Benefits, losses and expenses								
Net policyholders' benefits	(10,633,641)	(4,774,012)	(716,088)	(1,453,473)	(1,470,089)	-	51,591	(18,995,712)
Net commission expenses	(7,370,547)	(1,649,314)	(375,183)	(759,695)	(327,837)	-	602,814	(9,879,762)
Administrative and other expenses	(5,347,361)	(3,049,232)	(207,631)	(88,188)	(719,704)	(1,183,989)	630,487	(9,965,618)
Change in life insurance contract liabilities, net of reinsurance	(52,258,225)	-	-	(2,848,131)	(281,500)	-	-	(55,387,856)
Total benefits, losses and expenses	(75,609,774)	(9,472,558)	(1,298,902)	(5,149,487)	(2,799,130)	(1,183,989)	1,284,892	(94,228,948)
Profit from operations	4,730,830	549,506	271,596	264,627	55,858	899,301	(78,457)	6,693,261
Share of results of associates and joint ventures	65,637	33,115	-	-	12,266	(532)	(105,442)	5,044
Finance costs	(2,576)	(39,165)	-	-	(17,067)	(589,473)	28,271	(620,010)
Profit before taxation	4,793,891	543,456	271,596	264,627	51,057	309,296	(155,628)	6,078,295
Income tax credit/(charges)	(1,517,026)	(197,687)	(30,061)	(60,826)	(28,708)	(199,355)	4,336	(2,029,327)
Profit after taxation	3,276,865	345,769	241,535	203,801	22,349	109,941	(151,292)	4,048,968
Non-controlling interests								(949,660)
Profit attributable to owners of the Company								<u>3,099,308</u>

Segment revenue (including total premiums written and policy fees) and segment profit/(loss) represent the revenue and profit/(loss) earned by each segment which is the measure reported to the Board for the purpose of resource allocation and assessment of segment performance.

2 SEGMENT INFORMATION (Continued)

(c) Segmental statement of profit or loss for the six months ended 30 June 2016 (Continued)

	For the six months ended 30 June 2016							Total \$'000
	Life insurance \$'000	PRC property and casualty insurance \$'000	Overseas property and casualty insurance \$'000	Reinsurance \$'000	Pension and group life insurance \$'000	Other businesses \$'000	Inter- segment elimination and adjustment \$'000	
Note (i): Net investment income								
Interests income from debt securities								
- Held-to-maturity	2,439,919	56,873	47,773	268,475	-	59,232	(972)	2,871,300
- Available-for-sale	504,981	61,238	22,005	50,655	49,551	34,451	-	722,881
- Held-for-trading	4,081	28	10,008	8,496	-	5,294	23,127	51,034
- Designated at fair value through profit or loss	-	-	13,728	-	-	-	-	13,728
- Loans and receivables	813	3,478	-	656	-	283	-	5,230
Interests income from debt products								
- Loans and receivables	1,441,766	105,131	-	8,330	39,440	51,484	434,384	2,080,535
Dividend income from equity securities								
- Available-for-sale	272,293	21,914	4,735	2,189	3,304	6,178	2,782	313,395
- Held-for-trading	-	-	901	-	-	79	12,364	13,344
- Designated at fair value through profit or loss	-	-	575	-	-	-	-	575
Dividend income from investment funds								
- Available-for-sale	495,409	56,263	-	2,243	10,615	1,825	(269,525)	296,830
- Held-for-trading	56,281	13,721	-	-	-	1,404	3,584	74,990
- Designated at fair value through profit or loss	-	-	1,324	-	-	-	-	1,324
- Loans and receivables	-	-	34,152	39,325	-	-	-	73,477
Bank deposits and other interests income	1,353,025	75,387	13,059	25,409	33,464	48,962	(26,287)	1,523,019
Rental income receivable from investment properties	116,844	6,090	48,163	517	-	256,281	(49,801)	378,094
Net interest income/(expenses) on securities sold/purchased under repurchase/resale agreements	(31,637)	(5,357)	-	(1,004)	(2,897)	(229)	7,287	(33,837)
	<u>6,653,775</u>	<u>394,766</u>	<u>196,423</u>	<u>405,291</u>	<u>133,477</u>	<u>465,244</u>	<u>136,943</u>	<u>8,385,919</u>

2 SEGMENT INFORMATION (Continued)

(c) Segmental statement of profit or loss for the six months ended 30 June 2016 (Continued)

	For the six months ended 30 June 2016							
	Life insurance \$'000	PRC property and casualty insurance \$'000	Overseas property and casualty insurance \$'000	Reinsurance \$'000	Pension and group life insurance \$'000	Other businesses \$'000	Inter-segment elimination and adjustment \$'000	Total \$'000
Note (ii): Net realised investment gains/(losses)								
Debt securities								
- Held-to-maturity	10,562	(2,552)	57	-	-	-	-	8,067
- Available-for-sale	44,473	(1,846)	3,875	14,233	(966)	15,291	-	75,060
- Held-for-trading	32,344	5,697	53	970	1,970	875	(4,416)	37,493
- Designated at fair value through profit or loss	-	-	625	-	-	-	-	625
Equity securities								
- Available-for-sale	1,252,267	106,387	(32,389)	(26,900)	23,351	(5,404)	(21,321)	1,295,991
- Held-for-trading	-	-	(4,045)	-	-	(3,404)	(166,246)	(173,695)
- Designated at fair value through profit or loss	-	-	(614)	-	-	-	-	(614)
Investment funds								
- Available-for-sale	(10,999)	16,336	(15,876)	1,706	891	(4,626)	-	(12,568)
- Held-for-trading	4	-	(3,286)	-	-	27,455	27,463	51,636
- Designated at fair value through profit or loss	-	-	1,643	-	-	-	-	1,643
Derivative financial instruments	-	-	-	-	-	(7,764)	336	(7,428)
	<u>1,328,651</u>	<u>124,022</u>	<u>(49,957)</u>	<u>(9,991)</u>	<u>25,246</u>	<u>22,423</u>	<u>(164,184)</u>	<u>1,276,210</u>
Note (iii): Net unrealised investment gains/(losses) and impairment								
Debt securities								
- Held-for-trading	4,573	(1,100)	2,187	18,228	-	8,729	(1,761)	30,856
- Designated at fair value through profit or loss	-	-	6,621	-	-	-	-	6,621
Equity securities								
- Held-for-trading	-	-	3,049	-	-	1,856	23,749	28,654
- Designated at fair value through profit or loss	-	-	902	-	-	-	-	902
Investment funds								
- Held-for-trading	20,467	-	(5,508)	-	20,981	(7,764)	(70,183)	(42,007)
- Designated at fair value through profit or loss	-	-	(2,065)	-	-	170	-	(1,895)
Derivative financial instruments	-	-	-	-	-	-	1,793	1,793
Surplus on revaluation of investment properties	195,490	22,598	69,310	1,400	155	203,775	(19,781)	472,947
Impairment loss recognised:								
- Available-for-sale equity securities and investment funds	(268,255)	(35,702)	(2,856)	(3,244)	-	-	-	(310,057)
	<u>(47,725)</u>	<u>(14,204)</u>	<u>71,640</u>	<u>16,384</u>	<u>21,136</u>	<u>206,766</u>	<u>(66,183)</u>	<u>187,814</u>

2 SEGMENT INFORMATION (Continued)

(d) Segmental statement of financial position as at 31 December 2016

	At 31 December 2016							Total \$'000
	Life insurance \$'000	PRC property and casualty insurance \$'000	Overseas property and casualty insurance \$'000	Reinsurance \$'000	Pension and group life insurance \$'000	Other businesses \$'000	Inter- segment elimination and adjustment \$'000	
Statutory deposits	3,353,790	1,195,056	121,422	298,221	670,758	4,101	-	5,643,348
Fixed assets								
- Property and equipment	4,015,703	924,626	805,545	58,268	193,195	682,938	1,640,836	8,321,111
- Investment properties	4,773,365	425,551	2,272,126	40,260	-	13,752,505	(2,816,611)	18,447,196
- Prepaid lease payments	51,682	50,729	-	-	-	471,179	48,099	621,689
Investments in debt and equity securities								
- Debt securities (note (i))	133,334,802	4,571,020	3,837,718	16,251,423	1,975,650	5,079,422	880,443	165,930,478
- Equity securities (note (ii))	26,211,415	2,446,496	584,267	734,731	400,509	925,353	1,559,153	32,861,924
- Investment funds (note (iii))	26,222,022	1,975,321	2,422,687	2,287,791	1,015,419	4,786,537	(7,966,113)	30,743,664
- Debt products (note (iv))	56,028,399	5,652,257	-	596,975	2,240,333	572,380	10,862,897	75,953,241
Cash and bank deposits	45,207,911	3,313,707	1,248,827	2,363,355	1,003,007	13,374,860	2,124,232	68,635,899
Goodwill	-	-	-	-	-	93,524	668,517	762,041
Intangible assets	-	-	-	-	-	260	261,408	261,668
Interests in associates and joint ventures	9,275,920	1,194,548	-	-	640,753	92,471	(10,019,395)	1,184,297
Reinsurers' share of insurance contract provisions	409,333	1,731,912	1,602,820	1,827,332	264,117	-	-	5,835,514
Policyholder account assets in respect of unit-linked products	1,206,983	-	-	-	-	-	-	1,206,983
Other segment assets	43,735,847	2,229,112	1,795,364	2,714,705	1,091,934	40,819,452	(3,389,708)	88,996,706
Segment assets	353,827,172	25,710,335	14,690,776	27,173,061	9,495,675	80,654,982	(6,146,242)	505,405,759
Life insurance contract liabilities	280,335,561	-	-	8,852,868	2,655,542	-	-	291,843,971
Unearned premium provisions	752,558	7,313,393	1,653,763	1,509,124	586,615	-	-	11,815,453
Provision for outstanding claims	288,776	5,583,954	4,703,192	5,556,435	583,701	-	-	16,716,058
Investment contract liabilities	19,309,089	-	-	1,900,362	1,227,354	-	-	22,436,805
Deferred tax liabilities	28,954	-	58,519	2,096	-	1,582,830	(96,323)	1,576,076
Interest-bearing notes	-	1,229,724	-	-	-	4,653,048	(47,563)	5,835,209
Bank borrowings	-	-	600,000	-	-	41,106,427	-	41,706,427
Securities sold under repurchase agreements	100,614	558,937	-	-	67,076	-	5,590	732,217
Other segment liabilities	31,622,005	4,537,508	1,281,077	2,495,535	1,847,125	7,923,749	(3,966,120)	45,740,879
Segment liabilities	332,437,557	19,223,516	8,296,551	20,316,420	6,967,413	55,266,054	(4,104,416)	438,403,095
Non-controlling interests								(10,833,602)
Net assets attributable to the owners of the Company								56,169,062

Segment assets and segment liabilities represent the assets/liabilities recorded by each segment which is the measure reported to the Board for the purpose of resource allocation and assessment of segment performance.

2 SEGMENT INFORMATION (Continued)

(d) Segmental statement of financial position as at 31 December 2016 (Continued)

	At 31 December 2016							Total \$'000
	Life insurance \$'000	PRC property and casualty insurance \$'000	Overseas property and casualty insurance \$'000	Reinsurance \$'000	Pension and group life insurance \$'000	Other businesses \$'000	Inter-segment elimination and adjustment \$'000	
Note (i): Debt securities								
By category:								
- Held-to-maturity	110,510,563	2,625,970	2,145,843	14,306,222	-	3,161,165	(47,562)	132,702,201
- Available-for-sale	22,686,816	1,871,497	820,243	1,674,531	1,975,650	1,581,205	-	30,609,942
- Held-for-trading	137,423	73,553	536,440	270,670	-	337,052	928,005	2,283,143
- Designated at fair value through profit or loss	-	-	335,192	-	-	-	-	335,192
	<u>133,334,802</u>	<u>4,571,020</u>	<u>3,837,718</u>	<u>16,251,423</u>	<u>1,975,650</u>	<u>5,079,422</u>	<u>880,443</u>	<u>165,930,478</u>
Note (ii): Equity securities								
By category:								
- Available-for-sale	26,211,415	2,446,496	414,674	734,731	400,509	899,169	30,779	31,137,773
- Held-for-trading	-	-	169,593	-	-	26,184	1,528,374	1,724,151
	<u>26,211,415</u>	<u>2,446,496</u>	<u>584,267</u>	<u>734,731</u>	<u>400,509</u>	<u>925,353</u>	<u>1,559,153</u>	<u>32,861,924</u>
Note (iii): Investment funds								
By category:								
- Available-for-sale	12,959,819	1,749,058	48,313	137,752	554,592	212,529	(6,805,668)	8,856,395
- Held-for-trading	12,284,203	226,263	234,322	39	460,827	2,377,008	(1,160,445)	14,422,217
- Loans and receivables	978,000	-	2,140,052	2,150,000	-	2,197,000	-	7,465,052
	<u>26,222,022</u>	<u>1,975,321</u>	<u>2,422,687</u>	<u>2,287,791</u>	<u>1,015,419</u>	<u>4,786,537</u>	<u>(7,966,113)</u>	<u>30,743,664</u>
Note (iv): Debt products								
By category:								
- Loans and receivables	56,028,399	5,652,257	-	596,975	2,240,333	572,380	10,862,897	75,953,241

2 SEGMENT INFORMATION (Continued)

Geographical distribution:

More than 92% (30 June 2016: 94%) of the Group's total income is derived from its operations in the PRC (other than Hong Kong and Macau).

The Group's information about its non-current assets by geographical location of the assets are detailed below:

	At 30 June 2017			
	PRC			Total \$'000
	(other than		Rest of	
	Hong Kong and Macau	Hong Kong and Macau)		
	\$'000	\$'000	\$'000	
Non-current assets (other than financial instruments, deferred tax assets, rights arising under insurance contracts and interests in associates and joint ventures)	<u>3,107,581</u>	<u>25,434,682</u>	<u>652,227</u>	<u>29,194,490</u>
	At 31 December 2016			
	PRC			
	(other than		Rest of	Total \$'000
	Hong Kong and Macau	Hong Kong and Macau)		
	\$'000	\$'000	\$'000	
Non-current assets (other than financial instruments, deferred tax assets, rights arising under insurance contracts and interests in associates and joint ventures)	<u>3,073,755</u>	<u>24,715,563</u>	<u>624,387</u>	<u>28,413,705</u>

Information about major customers:

There were no customers for the six months ended 30 June 2017 and 2016 contributing over 10% of the total premiums written and policy fees of the Group.

3 TOTAL PREMIUMS WRITTEN AND POLICY FEES

Principal activities

The principal activity of the Company is investment holding. The principal activities of the Company's subsidiaries are the underwriting of direct life insurance business, property and casualty insurance business, all classes of reinsurance business, pension and group life business. Apart from these, the Group also carries on operations in asset management, property investment, E-commerce for insurance, financial leasing, insurance intermediaries and securities dealing and broking.

	Six months ended 30 June 2017					
	Life insurance contracts \$'000	PRC property and casualty insurance contracts \$'000	Overseas property and casualty insurance contracts \$'000	Reinsurance contracts \$'000	Pension and group life insurance contracts \$'000	Total \$'000
Total premiums written	90,297,375	12,620,290	1,837,453	6,144,365	3,047,361	113,946,844
Policy fees	47,599	-	-	-	-	47,599
	<u>90,344,974</u>	<u>12,620,290</u>	<u>1,837,453</u>	<u>6,144,365</u>	<u>3,047,361</u>	<u>113,994,443</u>
	Six months ended 30 June 2016					
	Life insurance contracts \$'000	PRC property and casualty insurance contracts \$'000	Overseas property and casualty insurance contracts \$'000	Reinsurance contracts \$'000	Pension and group life insurance contracts \$'000	Total \$'000
Total premiums written	72,435,506	11,047,399	1,788,868	5,700,150	2,891,234	93,863,157
Policy fees	66,468	-	-	-	-	66,468
	<u>72,501,974</u>	<u>11,047,399</u>	<u>1,788,868</u>	<u>5,700,150</u>	<u>2,891,234</u>	<u>93,929,625</u>

4 INVESTMENT INCOME

	Six months ended 30 June	
	2017 \$'000	2016 \$'000
Net investment income (note (a))	9,684,933	8,385,919
Net realised investment gains/(losses) (note (b))	(614,146)	1,276,210
Net unrealised investment gains/(losses) and impairment (note (c))	(710,843)	187,814
	<u>8,359,944</u>	<u>9,849,943</u>

4 INVESTMENT INCOME (Continued)

	Six months ended 30 June	
	2017	2016
	\$'000	\$'000
(a) Net investment income		
Interests income from debt securities (<i>note (i)</i>):		
- Held-to-maturity	3,535,159	2,871,300
- Available-for-sale	846,683	722,881
- Held-for-trading	100,392	51,034
- Designated at fair value through profit or loss	10,923	13,728
- Loans and receivables	-	5,230
	4,493,157	3,664,173
Interests income from debt products (<i>note (i)</i>)	2,352,257	2,080,535
Dividend income from equity securities (<i>note (ii)</i>):		
- Available-for-sale	321,866	313,395
- Held-for-trading	51,310	13,344
- Designated at fair value through profit or loss	-	575
	373,176	327,314
Dividend income from investment funds (<i>note (iii)</i>):		
- Available-for-sale	315,281	296,830
- Held-for-trading	60,453	74,990
- Designated at fair value through profit or loss	-	1,324
- Loans and receivables	216,045	73,477
	591,779	446,621
Bank deposits and other interests income	1,579,859	1,523,019
Gross rental income receivable from investment properties	382,733	380,581
Less: direct outgoings	(2,756)	(2,487)
Net rental income receivable from investment properties	379,977	378,094
Net interest expenses on securities sold/purchased under repurchase/resale agreements	(85,272)	(33,837)
	9,684,933	8,385,919

4 INVESTMENT INCOME (Continued)

Notes:

	Six months ended 30 June	
	2017	2016
	\$'000	\$'000
<hr/>		
(a) Net investment income (Continued)		
(i) Interests income from debt securities and debt products:		
Listed	1,272,581	1,079,353
Unlisted	5,572,833	4,665,355
	6,845,414	5,744,708
(ii) Dividend income from equity securities:		
Listed	291,995	127,299
Unlisted	81,181	200,015
	373,176	327,314
(iii) Dividend income from investment funds:		
Listed	31,553	6,792
Unlisted	560,226	439,829
	591,779	446,621

4 INVESTMENT INCOME (Continued)

	Six months ended 30 June	
	2017	2016
	\$'000	\$'000
(b) Net realised investment gains/(losses)		
Debt securities <i>(note (i))</i> :		
- Held-to-maturity	766	8,067
- Available-for-sale	6,204	75,060
- Held-for-trading	(4,096)	37,493
- Designated at fair value through profit or loss	520	625
	3,394	121,245
Equity securities <i>(note (ii))</i> :		
- Available-for-sale	(222,594)	1,295,991
- Held-for-trading	196,061	(173,695)
- Designated at fair value through profit or loss	-	(614)
	(26,533)	1,121,682
Investment funds <i>(note (iii))</i> :		
- Available-for-sale	(556,669)	(12,568)
- Held-for-trading	(27,506)	51,636
- Designated at fair value through profit or loss	-	1,643
	(584,175)	40,711
Derivative financial instruments	(6,832)	(7,428)
	(614,146)	1,276,210

4 INVESTMENT INCOME *(Continued)*

Notes:

	Six months ended 30 June	
	2017	2016
	\$'000	\$'000
<hr/>		
(b) Net realised investment gains / (losses) <i>(Continued)</i>		
(i) Net realised investment gains/(losses) on debt securities:		
Listed	6,542	72,152
Unlisted	(3,148)	49,093
	<hr/> 3,394 <hr/>	<hr/> 121,245 <hr/>
(ii) Net realised investment gains/(losses) on equity securities:		
Listed	(66,383)	1,311,861
Unlisted	39,850	(190,179)
	<hr/> (26,533) <hr/>	<hr/> 1,121,682 <hr/>
(iii) Net realised investment gains/(losses) on investment funds:		
Listed	184,779	7,828
Unlisted	(768,954)	32,883
	<hr/> (584,175) <hr/>	<hr/> 40,711 <hr/>

4 INVESTMENT INCOME (Continued)

	Six months ended 30 June	
	2017	2016
	\$'000	\$'000
(c) Net unrealised investment gains/(losses) and impairment		
Debt securities (<i>note (i)</i>):		
- Held-for-trading	(94,352)	30,856
- Designated at fair value through profit or loss	4,348	6,621
	(90,004)	37,477
Equity securities (<i>note (ii)</i>):		
- Held-for-trading	309,607	28,654
- Designated at fair value through profit or loss	16,155	902
	325,762	29,556
Investment funds (<i>note (iii)</i>):		
- Held-for-trading	44,798	(42,007)
- Designated at fair value through profit or loss	-	(1,895)
	44,798	(43,902)
Derivative financial instruments	-	1,793
Surplus on revaluation of investment properties	144,081	472,947
Impairment loss recognised:		
- Available-for-sale debt securities	(2,042)	-
- Available-for-sale equity securities and investment funds	(1,133,438)	(310,057)
	(710,843)	187,814

4 INVESTMENT INCOME (Continued)

Notes:

	Six months ended 30 June	
	2017	2016
	\$'000	\$'000
(c) Net unrealised investment gains/(losses) and impairment (Continued)		
(i) Net unrealised investment gains/(losses) on debt securities:		
Listed	(8,892)	4,949
Unlisted	(81,112)	32,528
	(90,004)	37,477
(ii) Net unrealised investment gains on equity securities:		
Listed	309,607	5,808
Unlisted	16,155	23,748
	325,762	29,556
(iii) Net unrealised investment gains/(losses) on investment funds:		
Listed	10,696	(6,556)
Unlisted	34,102	(37,346)
	44,798	(43,902)

5 OTHER INCOME

	Six months ended 30 June	
	2017	2016
	\$'000	\$'000
Interests from finance lease receivables	986,775	666,225
Fee income from provision of asset management services	327,457	184,435
Fee income from provision of advisory services	265,010	126,924
Fee income from provision of pension administration services	165,913	171,958
Fee income from provision of property management services	52,316	48,738
Fee income from provision of insurance intermediary services	26,765	26,978
Fee income from provision of agency services	25,278	92,400
Government subsidies	19,285	28,050
Fee income from provision of securities broking services	12,368	13,492
Net gain/(loss) on disposal of property and equipment	12,356	(83)
Net exchange gains/(losses)	303,968	(64,421)
Recognition of impairment losses on insurance debtors and other assets	(1,379)	(1,940)
Provision for finance lease receivables	(43,869)	(98,750)
Others	115,434	73,073
	2,267,677	1,267,079

6 NET POLICYHOLDERS' BENEFITS AND NET COMMISSION EXPENSES

(a) Net policyholders' benefits

	Six months ended 30 June 2017					Total \$'000
	Life insurance contracts \$'000	PRC property and casualty insurance contracts \$'000	Overseas property and casualty insurance contracts \$'000	Reinsurance contracts \$'000	Pension and group life insurance contracts \$'000	
Claims and claim adjustment expenses	1,461,623	5,306,107	917,539	1,719,334	954,567	10,359,170
Surrenders	21,966,953	-	-	9,935	779,277	22,756,165
Annuity, dividends and maturity payments	8,753,811	-	-	-	7,322	8,761,133
Interests allocated to investment and reinsurance contracts	533,670	-	-	39,654	-	573,324
	32,716,057	5,306,107	917,539	1,768,923	1,741,166	42,449,792
Less: Reinsurers' and retrocessionaires' share	(307,990)	(220,692)	(291,176)	(218,484)	(155,351)	(1,193,693)
	32,408,067	5,085,415	626,363	1,550,439	1,585,815	41,256,099
	Six months ended 30 June 2016					
	Life insurance contracts \$'000	PRC property and casualty insurance contracts \$'000	Overseas property and casualty insurance contracts \$'000	Reinsurance contracts \$'000	Pension and group life insurance contracts \$'000	Total \$'000
Claims and claim adjustment expenses	1,093,104	5,257,563	739,021	1,379,725	779,813	9,249,226
Surrenders	23,915,917	-	-	6,126	792,624	24,714,667
Annuity, dividends and maturity payments	9,291,108	-	-	-	41,111	9,332,219
Interests allocated to investment and reinsurance contracts	369,388	-	-	34,165	-	403,553
	34,669,517	5,257,563	739,021	1,420,016	1,613,548	43,699,665
Less: Reinsurers' and retrocessionaires' share	(24,035,939)	(286,848)	(161,000)	(76,707)	(143,459)	(24,703,953)
	10,633,578	4,970,715	578,021	1,343,309	1,470,089	18,995,712

6 NET POLICYHOLDERS' BENEFITS AND NET COMMISSION EXPENSES (Continued)

(b) Net commission expenses

	Six months ended 30 June 2017					
	Life insurance contracts \$'000	PRC property and casualty insurance contracts \$'000	Overseas property and casualty insurance contracts \$'000	Reinsurance contracts \$'000	Pension and group life insurance contracts \$'000	Total \$'000
Gross commission expenses	10,457,180	1,787,314	422,534	1,194,263	145,878	14,007,169
Reinsurance commission income	(31,261)	(427,931)	(152,171)	(80,843)	(55,443)	(747,649)
Net commission expenses	<u>10,425,919</u>	<u>1,359,383</u>	<u>270,363</u>	<u>1,113,420</u>	<u>90,435</u>	<u>13,259,520</u>

	Six months ended 30 June 2016					
	Life insurance contracts \$'000	PRC property and casualty insurance contracts \$'000	Overseas property and casualty insurance contracts \$'000	Reinsurance contracts \$'000	Pension and group life insurance contracts \$'000	Total \$'000
Gross commission expenses	7,388,673	1,525,472	411,384	809,406	301,456	10,436,391
Reinsurance commission income	(73,113)	(153,201)	(158,963)	(126,984)	(44,368)	(556,629)
Net commission expenses	<u>7,315,560</u>	<u>1,372,271</u>	<u>252,421</u>	<u>682,422</u>	<u>257,088</u>	<u>9,879,762</u>

(c) Change in life insurance contract liabilities, net of reinsurance

	Six months ended 30 June 2017					
	Life insurance contracts \$'000	PRC property and casualty insurance contracts \$'000	Overseas property and casualty insurance contracts \$'000	Reinsurance contracts \$'000	Pension and group life insurance contracts \$'000	Total \$'000
Change in life insurance contracts	43,792,568	-	-	2,355,870	212,639	46,361,077
Less: Reinsurers' share	(81,030)	-	-	(83,963)	(9,090)	(174,083)
	<u>43,711,538</u>	<u>-</u>	<u>-</u>	<u>2,271,907</u>	<u>203,549</u>	<u>46,186,994</u>

6 NET POLICYHOLDERS' BENEFITS AND NET COMMISSION EXPENSES (Continued)

(c) Change in life insurance contract liabilities, net of reinsurance (Continued)

	Six months ended 30 June 2016					Total \$'000
	Life insurance contracts \$'000	PRC property and casualty insurance contracts \$'000	Overseas property and casualty insurance contracts \$'000	Reinsurance contracts \$'000	Pension and group life insurance contracts \$'000	
Change in life insurance contracts	28,906,924	-	-	2,867,693	287,231	32,061,848
Less: Reinsurers' share	23,351,301	-	-	(19,563)	(5,730)	23,326,008
	<u>52,258,225</u>	<u>-</u>	<u>-</u>	<u>2,848,130</u>	<u>281,501</u>	<u>55,387,856</u>

7 PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging:

	Six months ended 30 June	
	2017 \$'000	2016 \$'000
(a) Finance costs:		
Interests on interest-bearing notes	155,597	160,227
Interests on bank borrowings	767,424	459,783
	<u>923,021</u>	<u>620,010</u>
(b) Staff costs (including directors' remuneration):		
Salaries, wages, bonuses and other benefits	6,733,245	5,754,114
Contributions to defined contribution retirement plans	610,164	422,767
	<u>7,343,409</u>	<u>6,176,881</u>
(c) Other items:		
Auditor's remuneration	4,220	4,058
Depreciation of property and equipment	322,487	284,715
Amortisation of prepaid lease payments	6,819	10,297
Operating lease charges in respect of properties	515,631	424,270

8 INCOME TAX CHARGES

Taxation in the condensed consolidated statement of profit or loss represents:

	Six months ended 30 June	
	2017	2016
	\$'000	\$'000
Current tax		
Provision for the period	2,287,942	2,187,819
Under/(Over)-provision in respect of prior years	(32,870)	1,904
	2,255,072	2,189,723
Deferred tax		
Reversal of temporary differences	(338,196)	(160,396)
Income tax charges	1,916,876	2,029,327

The provision for Hong Kong Profits Tax represents the Group's estimated Hong Kong Profits Tax liability calculated at the standard tax rate of 16.5% (2016: 16.5%) on its assessable profits from direct life insurance, property and casualty insurance, reinsurance, asset management, property investment, insurance intermediary, securities dealing and broking businesses, except for its assessable profits from the business of reinsurance of offshore risks, which is calculated at 8.25% (2016: 8.25%), one-half of the standard tax rate.

Taxation outside Hong Kong for subsidiaries outside Hong Kong is calculated at the rates prevailing in the relevant jurisdictions. Under the Enterprise Income Tax Law of the PRC, the enterprise income tax rates for domestic companies in the PRC is 25% (2016: 25%).

At 30 June 2017, the Group did not recognise deferred tax assets in respect of tax losses of approximately \$2,281,110,000 (31 December 2016: \$2,117,871,000) and certain temporary differences of \$53,483,000 (31 December 2016: \$28,117,000). \$305,768,000 (31 December 2016: \$184,718,000) of the total tax losses can be carried forward up to five years after the year in which the loss was originated to offset future taxable profits, while the remaining tax losses and temporary differences do not expire under current tax legislation.

9 DIVIDENDS

- (a) On 23 March 2017, the Board of the Company proposed a final cash dividend of \$0.10 per share in respect of the year ended 31 December 2016. The final dividend amounting to \$359,402,000 has been recognised as a liability in these interim financial statements.
- (b) No interim dividend in respect of the interim period was proposed, approved or paid during the interim period ended 30 June 2017 (2016: Nil).

10 EARNINGS PER SHARE

(a) Basic earnings per share

The calculation of basic earnings per share is based on the profit attributable to owners of the Company and the weighted average number of ordinary shares in issue and deemed to be in issue during the period, excluding shares held for the Share Award Scheme.

	Six months ended 30 June	
	2017	2016
	\$'000	\$'000
Profit attributable to owners of the Company	2,370,383	3,099,308
Distribution relating to perpetual subordinated capital securities	(127,037)	(126,978)
Profit used to determine basic earnings per share	2,243,346	2,972,330
Weighted average number of ordinary shares	3,593,049,338	3,593,049,338
Basic earnings per share (<i>HK\$ per share</i>)	0.624	0.827

10 EARNINGS PER SHARE (Continued)

(b) Diluted earnings per share

The calculation of diluted earnings per share is based on the profit attributable to owners of the Company and the weighted average number after adjusting for the effects of the potential dilution from ordinary shares issuable under the Company's Share Option Scheme and Share Award Scheme.

	Six months ended 30 June	
	2017	2016
	\$'000	\$'000
Profit attributable to owners of the Company	2,370,383	3,099,308
Distribution relating to perpetual subordinated capital securities	(127,037)	(126,978)
Profit used to determine diluted earnings per share	2,243,346	2,972,330
Weighted average number of ordinary shares	3,594,018,538	3,594,386,617
Diluted earnings per share (<i>HK\$ per share</i>)	0.624	0.827

(c) Reconciliations

	Six months ended 30 June	
	2017	2016
	Number of shares	Number of shares
Weighted average number of ordinary shares less shares held for Share Award Schemes used in calculating basic earnings per share	3,593,049,338	3,593,049,338
Effect of Share Option Scheme	-	368,079
Effect of Share Award Scheme	969,200	969,200
Weighted average number of ordinary shares used in calculating diluted earnings per shares	3,594,018,538	3,594,386,617

11 FIXED ASSETS

The Group leases out investment properties under operating leases. The leases typically run for an initial period of two to three years, with an option to renew the lease after that date at which time all terms are renegotiated. Lease payments are usually reviewed every two to three years to reflect market rentals. None of the leases include contingent rentals.

The carrying amount of land and buildings of \$19,781,000 (30 June 2016: \$77,552,000) has been transferred to investment properties at fair value of \$25,470,000 during the period (30 June 2016: \$94,838,000) based on revaluation by an independent external property valuer. The valuation was arrived at by reference to market evidence of transaction prices for similar properties.

The time period in which the Group's total future minimum lease payments under non-cancellable operating leases are receivable is as follows:

	At 30 June	At 31 December
	2017	2016
	\$'000	\$'000
Within 1 year	730,493	900,282
In the second to fifth year inclusive	589,727	907,610
After 5 years	15,620	21,655
	<u>1,335,840</u>	<u>1,829,547</u>

The fair values of investment properties of the Group as at 30 June 2017 were measured by an external valuer. The valuation for completed investment properties was arrived at by reference to market evidence of transaction prices for similar properties. The valuation for investment properties under construction was arrived on the basis of residual method, which reflects the expectations of the market participants of the value of investment properties when complete, after deductions for the costs required to complete and adjustments for profits. A revaluation surplus of \$144,081,000 (30 June 2016: \$472,947,000) has been recognised in the condensed consolidated statement of profit or loss during the period.

As at 30 June 2017, land and buildings of \$8,432,000 (31 December 2016: \$7,729,000) and investment properties of \$25,790,000 (31 December 2016: \$25,055,000) located in Macau had been pledged in favour of Autoridade Monetária de Macau ("AMCM") to guarantee the technical reserves in accordance with the Macau Insurance Ordinance.

No subsidiaries of the Group pledged land and buildings located in Hong Kong to secure general banking facilities granted to the Group as at both 30 June 2017 and 31 December 2016.

12 INVESTMENTS IN DEBT AND EQUITY SECURITIES

	At 30 June 2017 \$'000	At 31 December 2016 \$'000
Debt securities (<i>Note (i)</i>)	219,748,986	165,930,478
Equity securities (<i>Note (ii)</i>)	49,030,626	32,861,924
Investment funds (<i>Note (iii)</i>)	21,588,798	30,743,664
Debt products (<i>Note (iv)</i>)	85,326,899	75,953,241
	375,695,309	305,489,307
	At 30 June 2017 \$'000	At 31 December 2016 \$'000
<i>Note (i) Debt securities</i>		
Held-to-maturity:		
- Listed in Hong Kong	7,267,399	6,906,647
- Listed outside Hong Kong	38,046,678	23,686,952
- Unlisted	117,365,580	102,108,602
	162,679,657	132,702,201
Issued by:		
Government and central banks	44,256,335	43,276,638
Banks and other financial institutions	84,607,716	57,684,232
Corporate entities	33,815,606	31,741,331
	162,679,657	132,702,201

The held-to-maturity debt securities include an amount of \$4,395,579,000 (31 December 2016: \$2,822,202,000) which will mature within one year.

12 INVESTMENTS IN DEBT AND EQUITY SECURITIES (Continued)

	At 30 June 2017 \$'000	At 31 December 2016 \$'000
Note (i) Debt securities (Continued)		
Available-for-sale:		
- Listed in Hong Kong	1,764,707	1,550,228
- Listed outside Hong Kong	16,086,524	13,269,965
- Unlisted	30,458,920	15,789,749
	48,310,151	30,609,942
Issued by:		
Government and central banks	8,268,951	7,913,911
Banks and other financial institutions	19,704,051	6,225,922
Corporate entities	20,337,149	16,470,109
	48,310,151	30,609,942
Held-for-trading:		
- Listed in Hong Kong	140,057	185,024
- Listed outside Hong Kong	1,090,715	818,642
- Unlisted	7,138,237	1,279,477
	8,369,009	2,283,143
Issued by:		
Government and central banks	178,452	22,286
Banks and other financial institutions	6,492,052	366,718
Corporate entities	1,698,505	1,894,139
	8,369,009	2,283,143

12 INVESTMENTS IN DEBT AND EQUITY SECURITIES (Continued)

	At 30 June 2017 \$'000	At 31 December 2016 \$'000
Note (i) Debt securities (Continued)		
Designated at fair value through profit or loss:		
- Listed in Hong Kong	219,486	132,179
- Listed outside Hong Kong	170,683	203,013
	390,169	335,192
Issued by:		
Government and central banks	35,907	35,473
Banks and other financial institutions	189,180	185,313
Corporate entities	165,082	114,406
	390,169	335,192
Total debt securities	219,748,986	165,930,478

12 INVESTMENTS IN DEBT AND EQUITY SECURITIES (Continued)

	At 30 June 2017 \$'000	At 31 December 2016 \$'000
Note (ii) Equity securities		
Available-for-sale:		
- Listed in Hong Kong	2,701,308	2,504,861
- Listed outside Hong Kong	30,462,933	20,706,500
- Unlisted, at fair value	9,587,114	7,925,862
- Unlisted, at cost	551	550
	42,751,906	31,137,773
Held-for-trading:		
- Listed in Hong Kong	399,662	292,254
- Listed outside Hong Kong	4,860,720	1,431,897
	5,260,382	1,724,151
Designated at fair value through profit or loss:		
- Unlisted	1,018,338	-
	49,030,626	32,861,924

The unlisted equity securities are issued by private entities incorporated in the PRC. In connection with the unlisted equity securities measured at cost at the end of the reporting period, the management considers that their fair values cannot be measured reliably.

12 INVESTMENTS IN DEBT AND EQUITY SECURITIES (Continued)

	At 30 June 2017 \$'000	At 31 December 2016 \$'000
Note (iii) Investment funds		
Available-for-sale:		
- Listed in Hong Kong	17,828	18,880
- Listed outside Hong Kong	34,759	91,758
- Unlisted, at fair value	7,041,553	8,593,140
- Unlisted, at cost	996	152,617
	7,095,136	8,856,395
Held-for-trading:		
- Listed outside Hong Kong	2,077,573	1,594,017
- Unlisted	3,778,242	12,828,200
	5,855,815	14,422,217
Loans and receivables:		
- Unlisted	8,637,847	7,465,052
	8,637,847	7,465,052
Total investment funds	21,588,798	30,743,664

The Group invests in open-ended or close-ended investment funds with underlying assets of equity, bond or composite funds.

12 INVESTMENTS IN DEBT AND EQUITY SECURITIES (Continued)

	At 30 June 2017 \$'000	At 31 December 2016 \$'000
Note (iv) Debt products		
Loans and receivables:		
- Unlisted	85,326,899	75,953,241

The debt products mainly include debt investments and relevant financial products on infrastructure and property development projects in the PRC and trust schemes, which had domestic credit ratings of AA or above. The debt products also include other financial products such as bank financial products. All debt products will mature from 2017 to 2032 (31 December 2016: 2017 to 2031) and bear interest ranging from 1% to 9% (31 December 2016: 3% to 9%) per annum.

Analysed for reporting purposes as:

	At 30 June 2017 \$'000	At 31 December 2016 \$'000
Held-to-maturity		
- Current	4,395,579	2,822,202
- Non-current	158,284,078	129,879,999
Available-for-sale		
- Current	53,671,848	46,919,634
- Non-current	44,485,345	23,684,476
Held-for trading		
- Current	19,485,206	18,429,511
Designated at fair value through profit or loss		
- Current	1,408,507	335,192
Loans and receivables		
- Current	11,794,946	12,617,818
- Non-current	82,169,800	70,800,475
	375,695,309	305,489,307

As at 30 June 2017, investments in debt and equity securities with total carrying amounts of \$630,992,000 (31 December 2016: \$570,691,000) have been pledged in favour of AMCM to guarantee the technical reserves in accordance with the Macau Insurance Ordinance.

13 INSURANCE DEBTORS

	At 30 June 2017 \$'000	At 31 December 2016 \$'000
Amounts due from insurance customers	10,123,827	6,603,660
Less: allowance for impaired debts	(129,727)	(126,262)
	9,994,100	6,477,398
Deposits retained by cedants	386,660	216,237
	10,380,760	6,693,635

Included in the amounts of insurance debtors is \$9,994,100,000 (31 December 2016: \$6,451,501,000), which is expected to be recovered within one year.

The following is an ageing analysis of the amounts due from insurance customers:

	At 30 June 2017 \$'000	At 31 December 2016 \$'000
Neither past due nor impaired		
- Uninvoiced	3,882,488	2,194,363
- Current	4,223,350	3,678,307
Past due but not impaired		
- Less than 3 months	1,118,430	363,402
- More than 3 months but less than 12 months	649,412	196,052
- More than 12 months	120,420	45,274
Past due and impaired	129,727	126,262
	10,123,827	6,603,660

14 OTHER ASSETS

	At 30 June 2017 \$'000	At 31 December 2016 \$'000
Other debtors and deposits	10,713,898	9,755,230
Interest receivables from interest-bearing financial assets	5,886,927	5,010,241
Prepayments	771,027	394,822
Inventories (<i>note (i)</i>)	544,661	279,173
Deposits for the purchase of property	414,887	156,274
Receivables from payment service providers	369,951	1,545,830
Rental and utility deposits	156,748	152,299
Prepayment for a capital investment	178,355	167,690
Business tax prepaid	172,952	210,642
Tax certificate paid to Hong Kong Inland Revenue Department	162,199	162,199
Value-added tax prepaid	148,185	201,917
Other pledged deposits (<i>note(ii)</i>)	13,698	18,211
Others	1,894,308	1,455,932
Loans and advances	32,777,311	28,586,069
	43,491,209	38,341,299
Less: Allowance for impaired debts	(34,065)	(32,846)
	43,457,144	38,308,453

Notes:

- (i) The Group's inventories comprise raw materials, product in progress, other supplemental materials and lands purchased that have been set to be used to build properties for sale by a subsidiary.
- (ii) As at 30 June 2017, other assets include an amount of \$13,698,000 (31 December 2016: \$18,211,000) that was pledged to a financial institution for providing security in connection with a reinsurance arrangement.

14A FINANCE LEASE RECEIVABLES

	At 30 June 2017	At 31 December 2016
	\$'000	\$'000
Finance lease receivable, net of unearned finance income	41,998,536	38,363,715
Less: provision for impairment losses	(637,780)	(575,456)
	41,360,756	37,788,259

As at 30 June 2017, finance lease receivables include an amount of \$301,977,000 (31 December 2016: \$317,908,000) that was pledged to a financial institution for providing security in connection with a factoring arrangement.

15 STATUTORY DEPOSITS

- (a) Certain subsidiaries of the Group have placed \$5,648,867,000 (31 December 2016: \$5,466,668,000) with banks as capital guarantee funds, pursuant to the relevant PRC insurance rules and regulations. The funds can only be used with the prior approval of the relevant authorities in the event that the PRC subsidiaries cannot meet the statutory solvency requirements or go into liquidation.
- (b) A subsidiary of the Group has pledged a deposit of \$55,157,000 (31 December 2016: \$52,276,000) registered in favour of the Monetary Authority of Singapore pursuant to section 34D of the Singapore Insurance Act.
- (c) A subsidiary of the Group has pledged a deposit of \$3,819,000 (31 December 2016: \$3,779,000) with banks as guarantee fund, pursuant to Regulation of the Minister of Finance of the Republic of Indonesia.
- (d) A subsidiary of the Group has deposited a sum of \$1,690,000 (31 December 2016: \$1,689,000) in the name of Director of Accounting Service with a bank pursuant to section 77(2e) of the Hong Kong Trustee Ordinance. The effective interest rate of the deposit as at 30 June 2017 is 0.10% (31 December 2016: 0.10%).
- (e) A subsidiary of the Group deposited a sum of \$10,938,000 (31 December 2016: \$2,412,000) with The Stock Exchange of Hong Kong Limited, Hong Kong Securities Clearing Company Limited and the Hong Kong Securities and Futures Commission. They are non-interest bearing.
- (f) A subsidiary of the Group deposited a sum of \$116,044,000 (31 December 2016: \$116,524,000) registered in favour of AMCM to guarantee the technical reserves in accordance with Macau Insurance Ordinance.

16 CASH AND CASH EQUIVALENTS

	At 30 June 2017 \$'000	At 31 December 2016 \$'000
Deposits with banks and other financial institutions with original maturity less than three months	11,789,312	16,714,496
Money market fund	332	229,667
Cash at bank and on hand	21,787,052	21,600,321
Total	33,576,696	38,544,484

17 INSURANCE CREDITORS

	At 30 June 2017 \$'000	At 31 December 2016 \$'000
Amounts due to insurance customers/creditors	6,867,911	5,304,268
Amounts due to insurance intermediaries	3,420,911	2,202,469
Deposits retained from retrocessionaires	1,075,736	842,431
Surrenders payable	1,021	635
Prepaid premiums received	5,608,049	21,115,283
Total	16,973,628	29,465,086

All of the amounts due to the insurance creditors are expected to be settled within one year.

The following is an ageing analysis of the amounts due to insurance customers/creditors:

	At 30 June 2017 \$'000	At 31 December 2016 \$'000
Current	1,870,238	4,491,824
More than 3 months but less than 12 months	4,982,248	544,787
More than 12 months	15,425	267,657
Total	6,867,911	5,304,268

18 SECURITIES PURCHASED UNDER RESALE AGREEMENTS/SECURITIES SOLD UNDER REPURCHASE AGREEMENTS

The Group entered into transactions in which it transferred financial assets directly to third parties. As the Group has not transferred the significant risks and rewards relating to these securities, it continues to recognise the full carrying amount and has recognised the cash received on the transfer as securities sold under repurchase agreements. The following were the Group's held-to-maturity securities and available-for-sale securities that were transferred to the third parties with terms to repurchase these securities at the agreed dates and prices. These securities are either measured at amortised cost or carried at fair value respectively in the Group's condensed consolidated statement of financial position.

	At 30 June 2017		
	Held-to- maturity securities \$'000	Available- for-sale securities \$'000	Total \$'000
Carrying amount of transferred assets	32,539,582	10,629,344	43,168,926
Carrying amount of associated liabilities - securities sold under repurchase agreements	(16,621,716)	(2,266,820)	(18,888,536)
Net position	<u>15,917,866</u>	<u>8,362,524</u>	<u>24,280,390</u>
	At 31 December 2016		
	Held-to- maturity securities \$'000	Available- for-sale securities \$'000	Total \$'000
Carrying amount of transferred assets	809,998	1,874,777	2,684,775
Carrying amount of associated liabilities - securities sold under repurchase agreements	(620,424)	(111,793)	(732,217)
Net position	<u>189,574</u>	<u>1,762,984</u>	<u>1,952,558</u>

Conversely, the Group also enters into short-term investment arrangements secured by the securities purchased. The securities purchased are not recognised on the condensed consolidated statement of financial position.

All of the securities purchased under resale agreements and securities sold under repurchase agreements are denominated in RMB and will be settled within 26 days from the end of the reporting period. The carrying amount of the securities purchased under resale agreements and securities sold under repurchase agreements approximate to their fair values.

19 BANK BORROWINGS

	At 30 June 2017 \$'000	At 31 December 2016 \$'000
Unsecured		
Bank loans (<i>note (i)</i>)	9,087,714	8,951,064
Bank loans for finance lease receivables (<i>note (ii)</i>)	33,577,091	32,419,984
	42,664,805	41,371,048
Secured		
Bank loans for finance lease receivables (<i>note (iii)</i>)	258,853	335,379
	42,923,658	41,706,427

The loans are repayable as follows:

	At 30 June 2017 \$'000	At 31 December 2016 \$'000
Within 1 year	37,848,120	35,778,416
After 1 year but within 5 years	5,075,538	5,928,011
	42,923,658	41,706,427

The amounts presented in the above table are based on scheduled repayment dates set out in the loan agreements.

Notes:

- (i) As at 30 June 2017, all bank loans are unsecured and carry interest at HIBOR plus 0.7% to HIBOR plus 1.1% or LIBOR plus 1% (31 December 2016: HIBOR plus 0.7% to HIBOR plus 1.1% or LIBOR plus 1%) per annum, with effective interest rates ranging from 0.90% to 2.22% (31 December 2016: 0.90% to 1.84%) per annum.
- (ii) As at 30 June 2017, the bank loans for finance lease receivables are unsecured and carry interest at fixed interest rates ranging from 2.55% to 5.70% (31 December 2016: fixed interest rates ranging from 3.10% to 4.98%) per annum.
- (iii) As at 30 June 2017, the bank loans for finance lease receivables are secured and carry interest based on the benchmark interest rate issued by the People's Bank of China minus 0.19% (31 December 2016: 0.19%), with effective interest rate of 3.89% (31 December 2016: 3.89%).

20 SHARE CAPITAL

	At 30 June 2017		At 31 December 2016	
	No. of shares	\$'000	No. of shares	\$'000
Ordinary Shares, issued and fully paid:				
At the beginning of the period/year	<u>3,594,018,538</u>	<u>40,771,408</u>	3,594,018,538	40,771,408
At the end of the period/year	<u><u>3,594,018,538</u></u>	<u><u>40,771,408</u></u>	<u>3,594,018,538</u>	<u>40,771,408</u>

All of the shares issued by the Company rank pari passu and do not carry pre-emptive rights.

21 PERPETUAL SUBORDINATED CAPITAL SECURITIES

The Company entered into an agreement on 2 September 2014 to issue perpetual subordinated capital securities in an aggregate principal amount of USD600,000,000, callable in 2019. According to the terms and conditions of the securities, the securities confer a right on the holders to receive distributions from the issue date. The rate of distribution shall be (i) 5.45% per annum in respect of the period from and including the issue date to but excluding 10 September 2019, (ii) applicable 5 year United States Treasury securities rate plus 3.786% per annum in respect of the period from and including 10 September 2019 to but excluding 10 September 2024, and (iii) applicable 5 year United States Treasury securities rate plus 4.786% per annum from and including 10 September 2024. The Company may redeem in whole, but not in part, the securities at their principal amount together with any distributions accrued on or after 10 September 2019. The Company may elect to defer any distributions, and is not subject to any restriction as to the number of times distribution can be deferred, if any distribution have been deferred, the Company and its subsidiaries shall be subject to certain restrictions from making dividends or distributions.

The perpetual subordinated capital securities, with an aggregate principal amount of USD600,000,000 (equivalent to \$4,650,090,000) were recorded as equity amounting to \$4,629,071,000 net of issuance costs. The balance of the perpetual subordinated capital securities as at 30 June 2017 and 31 December 2016 have been included the accrued distribution payments.

The distribution relating to the perpetual subordinated capital securities amounted to \$127,037,000 (30 June 2016: \$126,978,000) were accrued and distribution to holders of perpetual subordinated capital securities amounted to \$126,835,000 (30 June 2016: \$127,384,000) during the period.

22 EQUITY COMPENSATION BENEFITS

(a) Share Option Scheme

(i) Movements in share options

	At 30 June 2017 <i>Number</i>	At 31 December 2016 <i>Number</i>
At the beginning of the period/year	842,240	842,240
Lapsed	(842,240)	-
At the end of the period/year	-	842,240
Options exercisable at the end of the period/year	-	842,240

(ii) Terms of unexpired and unexercised share options at the end of the reporting period

Date granted	Exercise period	Exercise price \$	At 30 June 2017 <i>Number</i>	At 31 December 2016 <i>Number</i>
26/02/2007	26/02/2007 to 25/02/2017	9.014	-	842,240
			-	842,240

(iii) Details of share options lapsed during the period/year.

Exercise period	Exercise price \$	Six months ended 30 June 2017 <i>Number</i>	Year ended 31 December 2016 <i>Number</i>
26/02/2007 to 25/02/2017	9.014	(842,240)	-
		(842,240)	-

(b) Share Award Scheme

As at 30 June 2017, 969,200 shares (31 December 2016: 969,200 shares) are deemed as unallocated shares which are held under Share Award Scheme and are available for future award and/or disposal pursuant to the rules of Share Award Scheme.

23 RESERVES

	Capital reserve \$'000	Merger reserve \$'000	Exchange reserve \$'000	Fair value reserve \$'000	Employee share-based compensation reserve \$'000	Shares held for Share Award Scheme \$'000	Revaluation reserve \$'000	Retained profits \$'000	Perpetual subordinated capital securities \$'000	Attributable to owners of the Company \$'000	Non- controlling interests \$'000	Total \$'000
Balance at 1 January 2017	(6,396,801)	(4,932,468)	(3,914,113)	(217,824)	4,077	(19,438)	672,253	25,495,021	4,706,947	15,397,654	10,833,602	26,231,256
Profit for the period	-	-	-	-	-	-	-	2,243,346	127,037	2,370,383	728,048	3,098,431
Other comprehensive income for the period :												
Revaluation gain arising from reclassification of own-use properties to investment properties	-	-	-	-	-	-	5,650	-	-	5,650	17	5,667
Exchange differences on translation of the financial statements of subsidiaries, associates and joint ventures	-	-	1,207,821	-	-	-	-	-	-	1,207,821	336,268	1,544,089
Net changes in fair value of available-for-sale securities <i>(note)</i>	-	-	-	1,512,384	-	-	-	-	-	1,512,384	470,333	1,982,717
Total comprehensive income	-	-	1,207,821	1,512,384	-	-	5,650	2,243,346	127,037	5,096,238	1,534,666	6,630,904
Dividend declared to shareholders	-	-	-	-	-	-	-	(359,402)	-	(359,402)	-	(359,402)
Dividend declared by subsidiaries to non-controlling interests	-	-	-	-	-	-	-	-	-	-	(451,351)	(451,351)
Distributions to holders of perpetual subordinated capital securities	-	-	-	-	-	-	-	-	(126,835)	(126,835)	-	(126,835)
Share options lapsed	-	-	-	-	(4,077)	-	-	4,077	-	-	-	-
Balance at 30 June 2017	(6,396,801)	(4,932,468)	(2,706,292)	1,294,560	-	(19,438)	677,903	27,383,042	4,707,149	20,007,655	11,916,917	31,924,572

23 RESERVES (Continued)

	Capital reserve \$'000	Merger reserve \$'000	Exchange reserve \$'000	Fair value reserve \$'000	Employee share-based compensation reserve \$'000	Shares held for Share Award Scheme \$'000	Revaluation reserve \$'000	Retained profits \$'000	Perpetual subordinated capital securities \$'000	Attributable to owners of the Company \$'000	Non- controlling interests \$'000	Total \$'000
Balance at 1 January 2016	(6,396,801)	(4,932,468)	(1,080,446)	5,060,733	4,077	(19,438)	639,021	20,974,570	4,707,349	18,956,597	12,070,628	31,027,225
Profit for the period	-	-	-	-	-	-	-	2,972,330	126,978	3,099,308	949,660	4,048,968
Other comprehensive income for the period :												
Revaluation gain arising from reclassification of own-use properties to investment properties	-	-	-	-	-	-	13,019	-	-	13,019	-	13,019
Exchange differences on translation of the financial statements of subsidiaries, associates and joint ventures	-	-	(816,187)	-	-	-	-	-	-	(816,187)	(242,375)	(1,058,562)
Net changes in fair value of available-for-sale securities <i>(note)</i>	-	-	-	(4,170,130)	-	-	-	-	-	(4,170,130)	(1,251,312)	(5,421,442)
Total comprehensive income	-	-	(816,187)	(4,170,130)	-	-	13,019	2,972,330	126,978	(1,873,990)	(544,027)	(2,418,017)
Dividend declared by subsidiaries to non-controlling interests	-	-	-	-	-	-	-	-	-	-	(594,570)	(594,570)
Distributions to holders of perpetual subordinated capital securities	-	-	-	-	-	-	-	-	(127,384)	(127,384)	-	(127,384)
Capital injections made to subsidiaries	-	-	-	-	-	-	-	-	-	-	48,557	48,557
Balance at 30 June 2016	(6,396,801)	(4,932,468)	(1,896,633)	890,603	4,077	(19,438)	652,040	23,946,900	4,706,943	16,955,223	10,980,588	27,935,811

23 RESERVES (Continued)

	Capital reserve \$'000	Merger reserve \$'000	Exchange reserve \$'000	Fair value reserve \$'000	Employee share-based compensation reserve \$'000	Shares held for Share Award Scheme \$'000	Revaluation reserve \$'000	Retained profits \$'000	Perpetual subordinated capital securities \$'000	Attributable to owners of the Company \$'000	Non- controlling interests \$'000	Total \$'000
Balance at 1 January 2016	(6,396,801)	(4,932,468)	(1,080,446)	5,060,733	4,077	(19,438)	639,021	20,974,570	4,707,349	18,956,597	12,070,628	31,027,225
Profit for the year	-	-	-	-	-	-	-	4,520,451	253,797	4,774,248	1,528,228	6,302,476
Other comprehensive income for the year :												
Revaluation gain arising from reclassification of own-use properties to investment properties	-	-	-	-	-	-	33,232	-	-	33,232	-	33,232
Exchange differences on translation of the financial statements of subsidiaries, associates and joint ventures	-	-	(2,833,667)	-	-	-	-	-	-	(2,833,667)	(804,867)	(3,638,534)
Net changes in fair value of available-for-sale securities (note)	-	-	-	(5,278,557)	-	-	-	-	-	(5,278,557)	(1,553,356)	(6,831,913)
Total comprehensive income	-	-	(2,833,667)	(5,278,557)	-	-	33,232	4,520,451	253,797	(3,304,744)	(829,995)	(4,134,739)
Dividend declared by subsidiaries to non-controlling interests	-	-	-	-	-	-	-	-	-	-	(584,503)	(584,503)
Distributions to holders of perpetual subordinated capital securities	-	-	-	-	-	-	-	-	(254,199)	(254,199)	-	(254,199)
Capital injections made to subsidiaries	-	-	-	-	-	-	-	-	-	-	176,074	176,074
Acquisition of a subsidiary	-	-	-	-	-	-	-	-	-	-	1,398	1,398
Balance at 31 December 2016	(6,396,801)	(4,932,468)	(3,914,113)	(217,824)	4,077	(19,438)	672,253	25,495,021	4,706,947	15,397,654	10,833,602	26,231,256

23 RESERVES (Continued)

Note:

	At 30 June 2017						
	Life insurance	PRC property and casualty insurance	Overseas property and casualty insurance	Reinsurance	Pensions and group life insurance	Other businesses	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Investments in debt and equity securities	2,586,506	304,851	4,323	(10,946)	(1,317)	(228,361)	2,655,056
Deferred tax charged to reserves	(650,677)	(76,212)	(57)	1,949	329	52,329	(672,339)
Shared by non-controlling interests	(491,930)	-	-	-	-	21,597	(470,333)
	1,443,899	228,639	4,266	(8,997)	(988)	(154,435)	1,512,384
	At 30 June 2016						
	Life insurance	PRC property and casualty insurance	Overseas property and casualty insurance	Reinsurance	Pensions and group life insurance	Other businesses	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Investments in debt and equity securities	(6,690,431)	(426,655)	32,805	(5,034)	(76,000)	(68,882)	(7,234,197)
Deferred tax charged to reserves	1,672,684	106,664	(363)	3,958	19,000	10,812	1,812,755
Shared by non-controlling interests	1,249,608	-	-	-	-	1,704	1,251,312
	(3,768,139)	(319,991)	32,442	(1,076)	(57,000)	(56,366)	(4,170,130)
	At 31 December 2016						
	Life insurance	PRC property and casualty insurance	Overseas property and casualty insurance	Reinsurance	Pension and group life insurance	Other businesses	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Investments in debt and equity securities	(8,397,334)	(554,778)	43,061	(5,975)	(124,609)	(64,404)	(9,104,039)
Deferred tax charged to reserves	2,099,667	138,695	(6,454)	7,296	31,152	1,770	2,272,126
Shared by non-controlling interests	1,568,939	-	-	-	-	(15,583)	1,553,356
	(4,728,728)	(416,083)	36,607	1,321	(93,457)	(78,217)	(5,278,557)

24 MATURITY PROFILE

The following table details the Group's contractual maturity for some of its financial assets and financial liabilities.

	Repayable on demand \$'000	Less than 3 months \$'000	3 to 12 months \$'000	1 to 5 years \$'000	Over 5 years \$'000	Undated \$'000	Total \$'000
At 30 June 2017							
Assets							
Deposits at banks and other financial institutions (including statutory deposits)	10,938	17,716,827	7,033,863	21,258,569	-	-	46,020,197
Money market funds	89	243	-	-	-	-	332
Pledged deposits at banks	-	508,642	58,923	-	-	-	567,565
Debt securities							
- held-to-maturity	-	810,245	3,585,334	14,390,823	143,893,255	-	162,679,657
- available-for-sale	-	8,963,771	8,842,289	8,069,716	22,247,118	187,257	48,310,151
- held-for-trading	-	2,442,544	4,210,233	1,408,144	308,088	-	8,369,009
- designated at fair value through profit or loss	-	-	-	291,803	98,366	-	390,169
Debt securities and debt products							
- loans and receivables	-	3,461,856	7,059,604	48,793,578	26,011,861	-	85,326,899
Securities purchased under resale agreements	-	3,803,153	-	-	-	-	3,803,153
Loans and advances	-	-	32,777,311	-	-	-	32,777,311
Finance lease receivables	-	506,382	9,820,042	23,275,500	7,758,832	-	41,360,756
	11,027	38,213,663	73,387,599	117,488,133	200,317,520	187,257	429,605,199
Liabilities							
Interest-bearing notes	-	-	-	1,267,398	4,635,328	-	5,902,726
Bank borrowings	-	12,304,003	25,544,117	5,075,538	-	-	42,923,658
	-	12,304,003	25,544,117	6,342,936	4,635,328	-	48,826,384

24 MATURITY PROFILE (Continued)

	Repayable on demand \$'000	Less than 3 months \$'000	3 to 12 months \$'000	1 to 5 years \$'000	Over 5 years \$'000	Undated \$'000	Total \$'000
At 31 December 2016							
Assets							
Deposits at banks and other financial institutions (including statutory deposits)	3,641	19,325,656	10,851,781	21,732,729	-	-	51,913,807
Money market funds	229,667	-	-	-	-	-	229,667
Pledged deposits at banks	-	481,344	54,108	-	-	-	535,452
Debt securities							
- held-to-maturity	-	714,162	2,108,040	14,056,707	115,823,292	-	132,702,201
- available-for-sale	-	720,629	3,747,268	8,413,707	17,375,529	352,809	30,609,942
- held-for-trading	-	89,611	455,287	1,472,003	258,427	7,815	2,283,143
- designated at fair value through profit or loss	-	67,122	127,186	124,107	16,777	-	335,192
Debt securities and debt products - loans and receivables	-	6,926,387	3,518,431	50,773,487	14,734,936	-	75,953,241
Securities purchased under resale agreements	33,538	5,464,198	-	-	-	-	5,497,736
Loans and advances	-	1,326,553	27,259,516	-	-	-	28,586,069
Finance lease receivables	-	2,063,293	7,485,277	28,239,689	-	-	37,788,259
	<u>266,846</u>	<u>37,178,955</u>	<u>55,606,894</u>	<u>124,812,429</u>	<u>148,208,961</u>	<u>360,624</u>	<u>366,434,709</u>
Liabilities							
Interest-bearing notes	-	-	-	1,229,724	4,605,485	-	5,835,209
Bank borrowings	-	8,082,713	26,556,933	7,066,781	-	-	41,706,427
	<u>-</u>	<u>8,082,713</u>	<u>26,556,933</u>	<u>8,296,505</u>	<u>4,605,485</u>	<u>-</u>	<u>47,541,636</u>

25 FAIR VALUES OF FINANCIAL INSTRUMENTS

Financial instruments measured at fair value

The fair value of financial assets and liabilities are determined as follows:

- The fair value of financial assets and financial liabilities classified as Level 1 with standard terms and conditions and traded on active liquid markets are determined with reference to recent transaction price or quoted market bid prices and ask prices respectively;
- The fair value of derivative instruments are estimated using discounted cash flow analysis and the applicable yield curve for the duration of the non-applicable derivative;
- The fair value of unlisted investment funds and unlisted debt securities included in financial assets at fair value through profit or loss and available-for-sale investments classified as Level 2 are established by reference to the prices quoted by respective fund administrators or by using valuation techniques including discounted cash flow method. The main parameters used include bond prices, interest rates, foreign exchange rates, prepayment rates, counter party credit spreads and others; and
- The Level 3 financial assets, primarily comprises unlisted equity securities. Fair values are generally determined using valuation techniques, including discounted cash flows translation and markets comparison methods. Unobservable inputs include discount rates, comparable company valuation multiples, liquidity spreads, recent transaction prices of similar instruments etc. The valuation requires management to make certain assumptions about unobservable inputs to the models.

25 FAIR VALUES OF FINANCIAL INSTRUMENTS (Continued)

Financial instruments measured at fair value (Continued)

Fair value measurements and valuation process

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable.

	At 30 June 2017			
	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Financial assets				
Investments in debt and equity securities:				
- Available-for-sale	44,944,525	41,870,720	11,340,401	98,155,646
- Held-for-trading	18,795,585	689,621	-	19,485,206
- Designated at fair value through profit or loss	390,169	-	1,018,338	1,408,507
Policyholder account assets in respect of unit-linked products	<u>966,032</u>	<u>350,075</u>	<u>-</u>	<u>1,316,107</u>
Financial liabilities				
Investment contract liabilities in respect of unit-linked products	<u>(966,032)</u>	<u>(350,075)</u>	<u>-</u>	<u>(1,316,107)</u>
	At 31 December 2016			
	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Financial assets				
Investments in debt and equity securities:				
- Available-for-sale	39,349,963	24,675,431	6,425,549	70,450,943
- Held-for-trading	16,812,210	1,617,301	-	18,429,511
- Designated at fair value through profit or loss	335,192	-	-	335,192
Policyholder account assets in respect of unit-linked products	<u>929,442</u>	<u>277,541</u>	<u>-</u>	<u>1,206,983</u>
Financial liabilities				
Investment contract liabilities in respect of unit-linked products	<u>(929,442)</u>	<u>(277,541)</u>	<u>-</u>	<u>(1,206,983)</u>

25 FAIR VALUES OF FINANCIAL INSTRUMENTS (Continued)

Financial instruments measured at fair value (Continued)

Reconciliation of Level 3 fair value measurements of financial assets:

	Available- for-sale unlisted securities \$'000	Designated at fair value through profit or loss \$'000	Total \$'000
At 1 January 2017	6,425,549	-	6,425,549
Purchases	4,299,487	1,001,878	5,301,365
Gain or losses recognised in:			
- profit or loss	-	16,155	16,155
- other comprehensive income	448,180	-	448,180
Transfer to Level 3	576	-	576
Disposal	(25,483)	-	(25,483)
Exchange difference	192,092	305	192,397
At 30 June 2017	11,340,401	1,018,338	12,358,739

	Available- for-sale unlisted securities \$'000
At 1 January 2016	203,012
Transfer to Level 3	3,405,545
Purchases	2,492,947
Gain or losses recognised in:	
- other comprehensive income	336,144
Disposal	(305)
Exchange difference	(11,794)
At 31 December 2016	6,425,549

At 30 June 2017, investments in debt and equity securities classified as available-for-sale with carrying amounts of \$2,414,347,000 (31 December 2016: \$1,282,826,000) were transferred from Level 1 to Level 2 because quoted prices in the market for such investments were no longer regularly available. Conversely, investments in debt and equity securities classified as available-for-sale with carrying amounts of \$986,576,000 (31 December 2016: \$897,955,000) were transferred from Level 2 to Level 1 because quoted prices in active markets were available as at 30 June 2017.

26 COMMITMENTS

(a) Capital commitments as of 30 June 2017 were as follows:

	At 30 June 2017 \$'000	At 31 December 2016 \$'000
Contracted for but not provided		
- property and equipment	3,833,138	1,807,315
- investment properties	964,918	1,006,225
Authorised but not contracted for		
- property and equipment	1,646,216	1,537,838
- investment properties	89,000	-
	<u>6,533,272</u>	<u>4,351,378</u>

(b) As at 30 June 2017, the total future minimum lease payments under non-cancellable operating leases are payable as follows:

	At 30 June 2017 \$'000	At 31 December 2016 \$'000
Within 1 year	684,877	653,069
After 1 year but within 5 years	1,153,415	1,103,987
After 5 years	57,375	46,253
	<u>1,895,667</u>	<u>1,803,309</u>

The Group leases a number of properties under operating leases. The leases typically run for an initial period of 1 to 6 years, with an option to renew the leases while all terms are renegotiated. Lease payments are usually reviewed annually to reflect market rentals. None of the leases includes contingent rentals.

27 MATERIAL RELATED PARTY TRANSACTIONS

The Group has not entered significant recurring and non-recurring transactions with related parties during the period.

Business transactions between state-owned enterprises controlled by the PRC (collectively “State-Owned Entities”) are within the scope of related party transaction. During the period, the Group had transactions with State-Owned Entities including but not limited to the sales of insurance policies and banking related services. These transactions are conducted in the ordinary course of the Group’s insurance business on terms similar to those that would have been entered into with non-state-owned entities. The Group has also established its pricing strategy and approval processes for its major insurance products. Such pricing strategy and approval processes do not depend on whether the customers are State-Owned Entities or not. Having due regard to the substance of the relationships, the directors believe that none of these transactions are related party transactions that require separate disclosure.

28 INSURANCE AND FINANCIAL RISK MANAGEMENT

(a) Underwriting strategy

Life insurance business

The Group operates its life insurance business in the PRC and Hong Kong's life insurance market, offering a wide range of insurance products covering different types of individual and group life insurance, health insurance, accident insurance and annuity. With regard to the control of quality of the insurance policies underwritten, the Group has formulated strict operational procedures on underwriting and claims settlement to control risks on insurance underwriting.

Property and casualty insurance business

The Group is engaged in the underwriting of property and casualty insurance business in the PRC, Hong Kong, Macau, Singapore, UK and Indonesia. The Group focuses its property and casualty insurance business by offering a wide range of insurance products covering different types of property insurance (including compulsory motor insurance), liability insurance, credit insurance, guarantee insurance business, short-term accident and health insurance and the related reinsurance business. The Group has formulated strict operational procedures on underwriting and claims settlement to control risks on insurance underwriting.

Reinsurance business

The Group's reinsurance portfolio is made up of a mix of business spreading across different geographic regions with emphasis towards Asian countries, covering property damage, life, marine cargo and hull and miscellaneous non-marine classes. Whilst diversifying its underwriting portfolio, the Group does not actively seek acceptance of any liability reinsurance business from customers operating outside the Asia Pacific region. In the Asia Pacific region, where these are core-markets of the Group, liability reinsurance businesses are written on a limited scale in order to provide customers in the region with comprehensive reinsurance services.

For life reinsurance business strategy, current portfolio of life business is mainly made up of long term business with emphasis on Hong Kong market. Besides maintaining current business scale, in order to diversify and balance the underwriting portfolio, the Group starts to emphasise on the development of yearly renewable term or coinsurance reinsurance. The Group's strategy is to develop business with prudent attitude, gain more sophisticated market experience instead of seeking fast business expansion.

(b) Reinsurance strategy

The Group purchases reinsurance protection from other reinsurers in the normal course of business in order to limit the potential for losses arising from unexpected and concentrated exposures. In assessing the credit worthiness of reinsurers, the Group takes into account, among other factors, ratings and evaluation performed by recognised credit rating agencies, their claims-paying and underwriting track record, as well as the Group's past experience with them.

28 INSURANCE AND FINANCIAL RISK MANAGEMENT (Continued)

(c) Asset and liability matching

The objective of the Group's asset and liability management is to match the Group's assets with liabilities on the basis of duration. The Group actively manages its assets using an approach that balances quality, diversification, asset and liability matching, liquidity and investment return. The goal of the investment process is to maximise investment returns at a tolerable risk level, whilst ensuring that the assets and liabilities are managed on a cash flow and duration basis.

However, in respect of life insurance business, under the current regulatory and market environment in the PRC, the Group is unable to invest in assets with a duration of sufficient length to match the duration of its life insurance liabilities. When the regulatory and market environment permits, the Group intends to gradually lengthen the duration of its assets. The Group monitors the duration gap between the assets and liabilities closely and prepares cash flow projection from assets and liabilities on a regular basis. Currently, the Group reduces the level of the asset-liability mismatch by:

- actively seeking to acquire longer dated fixed rate debt investments with an acceptable level of yield;
- upon the maturity dates of fixed rate debt investments, rolling over the proceeds to longer dated fixed rate debt investments;
- disposing of some of the shorter dated fixed rate debt investments, particularly those with lower yields, and rolling over the proceeds to longer dated fixed rate debt investments; and
- investing in equities for the long term and in property holding company.

(d) Financial risk

Transactions in financial instruments and insurance assets/liabilities may result in the Group assuming financial risks. These include market risk, credit risk and liquidity risk. Each of these financial risks is described below, together with a summary of the ways in which the Group manages these risks.

There is no significant change in the Group's exposures to risk and how they arise, nor the Group's objectives, policies and processes for managing each of these risks.

28 INSURANCE AND FINANCIAL RISK MANAGEMENT (Continued)

(d) Financial risk (Continued)

(i) Market risk

Market risk can be described as the risk of change in fair value of a financial instrument due to changes in interest rates, equity prices or foreign currency exchange rates.

(a) Interest rate risk

Interest rate risk is risk to the earnings or market value of a fixed-rate financial instrument due to uncertain future market interest rates.

The Group monitors this exposure through periodic reviews of its financial instruments. Estimates of cash flows, as well as the impact of interest rate fluctuations relating to the investment portfolio are modelled and reviewed periodically.

(b) Equity price risk

The Group has a portfolio of marketable equity securities, which are carried at fair value and is exposed to price risk. As the financial risks of unit-linked contracts are fully undertaken by the policyholders, the assets related to unit-linked products are not included in the analysis of equity price risk below. This risk is defined as the potential loss in market value resulting from an adverse change in prices.

The Group manages the equity price risk by investing in a diverse portfolio of high quality and liquid securities.

The Group's investment in equity securities and investment funds was carried at a fair value of \$61,980 million (31 December 2016: \$55,987 million), representing less than 13% (31 December 2016: less than 14%) of total investments held by the Group.

(c) Foreign exchange risk

In respect of the life insurance and property and casualty insurance business in the PRC, premiums are received in RMB and the insurance regulation in the PRC requires insurers to hold RMB assets. Therefore the foreign exchange risk in respect of RMB for the Group's PRC operations is not significant in the condensed consolidated statement of profit or loss.

In respect of the property and casualty insurance business in Hong Kong, the majority of the premiums are received in HKD and USD. The exchange rate between HKD and USD is currently pegged. The currency position of assets and liabilities is monitored by the Group periodically.

In respect of the property and casualty insurance business in Macau, Singapore, UK and Indonesia and reinsurance business, the foreign exchange risks in such various currencies are not significant in the condensed consolidated statement of profit or loss.

28 INSURANCE AND FINANCIAL RISK MANAGEMENT (Continued)

(d) Financial risk (Continued)

(ii) Credit risk

Credit risk is the risk of economic loss resulting from the failure of one of the obligors to make full payment of principal or interest when due.

The Group is exposed to credit risks primarily associated with bank deposits, money market funds, insurance debtors, investments in debt securities and debt products, reinsurance arrangements with reinsurers and other debtors etc.

To reduce the credit risk associated with the investments in debt securities and debt products, the Group has established detailed credit control policy. In addition, the risk level of the various investment sectors is continuously monitored with the investment mix adjusted accordingly. In respect of the debt securities and debt products invested by life insurance and property and casualty insurance business in the PRC, the investment procedures manual, which is managed by an investment committee, includes the minimum acceptable domestic credit rating of the issuers as required by the CIRC. Any non-compliance or violation of the manual will be followed up and rectification action will be taken immediately. In respect of the debt securities invested by property and casualty insurance business in Hong Kong, more than 70% of the bonds are with ratings of investment grade or above. In respect of the debt securities invested by reinsurance business, about 84% of the debt securities are with ratings of investment grade.

As at 30 June 2017, debt securities held by the Group mainly comprised of domestic bonds. Nearly 100% of the domestic securities were the investment grade bonds with BBB ratings or above.

Management manages credit risks on bank balances by using banks are with good credit qualities.

In assessing the need for impairment allowances, management considers factors such as credit quality, portfolio size, concentration, and economic factors.

The credit risk associated with insurance debtors and other debtors will not cause a material impact on the Group's condensed consolidated financial statements taking into consideration of their collateral held and/or maturity term of no more than one year as at 30 June 2017.

(iii) Liquidity risk

The Group has to meet daily calls on its cash resources, notably from claims arising from its life insurance contracts, property and casualty insurance contracts and reinsurance contracts. There is, therefore, a risk that cash will not be available to settle liabilities when due.

28 INSURANCE AND FINANCIAL RISK MANAGEMENT (Continued)

(d) Financial risk (Continued)

(iii) Liquidity risk (Continued)

The Group manages this risk by formulating policies and general strategies of liquidity management to ensure that the Group can meet its financial obligations in normal circumstances and that an adequate stock of high-quality liquid assets is maintained in order to contain the possibility of a liquidity crisis.

Apart from liquidity management and regulatory compliance, the Group always strives to maintain a comfortable liquidity cushion as a safety net for coping with unexpected large funding requirements and to maintain a contingency plan to be enacted should there be a company specific crisis.

(e) Reserve adequacy

The Group exercises great care and effort in setting up the reserves for its reinsurance and property and casualty insurance business. The reserves are estimated by the Group, using actuarial methods such as loss development methods and/or the Bornhuetter-Ferguson methods. The adequacy of reserves is regularly reviewed.

The computation of the Group's reserves for its life insurance business is in accordance with accounting principles generally accepted in Hong Kong. The determination of annual reserves to be made is based on realistic assumptions on mortality and morbidity rates, returns on investment, persistency rates and policy maintenance expenses after reasonable and prudent adjustments for adverse deviation to ensure adequacy of reserves on a going concern basis.

In assessing the liability adequacy for its life insurance business, the process employed to determine the assumptions that have the greatest effect on the measurement is described below:

1. The qualified professional actuaries of the Group are responsible for setting the assumptions.
2. The assumptions are set based on best estimates in accordance with actual operating performance of the business.
3. Certain assumptions are topped up with additional margin based on professional actuarial estimates to derive a risk margin in the liability of insurance contracts.
4. Scenario testing in respect of applying different assumptions is performed.
5. The qualified professional actuaries of the Group make recommendations to the board and management of the relevant subsidiaries in regards to the results of the scenario testing.
6. The board and management of the relevant subsidiaries are responsible for making final decisions in the determination of the assumptions.

29 EVENT AFTER REPORTING PERIOD

Pursuant to the share purchase agreement dated 27 July 2017, the Company agreed to acquire 51,000,000 shares in Tellon Development Limited (“Tellon”), representing 51% of the entire issued share capital of Tellon from TPG (HK), the immediate holding company, at a consideration of \$1,960,750,100. Upon completion of the transaction, Tellon will become a 51% owned subsidiary of the Company.

Changes to Information in respect of Directors

In accordance with Rule 13.51B(1) of the Listing Rules, the changes to information required to be disclosed by Directors pursuant to paragraphs (a) to (e) and (g) of Rule 13.51(2) between 23 March 2017 (being the date of approval of the Company's 2016 Annual Report) and 24 August 2017 (being the date of approval of the Company's 2017 Interim Report) are set out below:

Mr. XIE Zhichun ("Mr. Xie") has been appointed as a non-executive director of China Smartpay Group Holdings Limited with effect from April 2017. Mr. Xie has resigned as a non-executive director of Elife Holdings Limited with effect from July 2017.

Ms. YU Xiaoping ("Ms. Yu") has been appointed as the compliance officer and chief risk officer of TPG and TPG (HK) with effect from June 2017. Ms. Yu has been appointed as an executive director of TPG and TPG (HK), and a director of TPI and TPAM with effect from July 2017.

Other than the above disclosures, there is no other information required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

Directors' and Chief Executive's Interests and Short Positions in Shares, Underlying Shares and Debentures

As at 30 June 2017, none of the Directors and chief executive of the Company had any interests or short positions in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under section 352 of the SFO or as otherwise which had to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers.

During the Period, no Directors nor any of their spouses or children under the age of eighteen years has any interests in or has granted any rights to subscribe for equity or debt securities of the Company nor was there been any exercise of any such rights by any of them.

Share Option and Share Award Schemes

SHARE OPTION SCHEME

At the extraordinary general meeting of the Company held on 7 January 2003, the shareholders of the Company approved the adoption of the New Scheme and the termination of the Old Scheme. The New Scheme is in line with the prevailing requirements of Chapter 17 of the Listing Rules in relation to share option schemes. The New Scheme expired on 6 January 2013 and no more options will be granted. However, in respect of any options which remain exercisable at the end of the Period, the provisions of the New Scheme shall remain in full force and effect. No options have been cancelled during the Period.

As of 30 June 2017, no directors had interests in options to subscribe for shares of the Company, the employees of the Company had the following interests in options to subscribe for shares of the Company (market value per share at 30 June 2017 was HK\$19.78) granted at nominal consideration under the New Scheme. Each unit of option gives the holder the right to subscribe for one Share.

Category	No. of options outstanding at the beginning of the Period	No. of options outstanding at the end of the Period	Date granted	Period during which options exercisable	No. of options granted during the Period	No. of shares acquired in exercise of options during the Period	No. of options lapsed during the Period	Price per share to be paid on exercise of options	¹ Market value per share at date of grant of options during the Period	² Market value per share on exercise of options during the Period
Employees	842,240	-	26 February 2007	26 February 2007 to 25 February 2017	-	-	842,240	HK\$9.014	-	-

Notes:

- Being the closing price quoted on the Stock Exchange immediately before the date on which the options were granted during the Period.*
- Being the weighted average closing price quoted on the Stock Exchange immediately before the dates on which the options were exercised during the Period.*

Apart from the foregoing, at no time during the Period was the Company, any of its holding companies, subsidiaries or fellow subsidiaries a party to any arrangement to enable the directors or chief executive of the Company or any of their spouses or children under eighteen years of age to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

SHARE AWARD SCHEME

The Share Award Scheme was adopted by the Board on 10 September 2007 (“Adoption Date”). Unless terminated earlier by the Board, the Share Award Scheme shall be valid and effective for a term of 10 years commencing from the Adoption Date, and after such period no new award of Shares shall be granted.

As at 30 June 2017, the net total number of Shares held under the Share Award Scheme was 969,200 Shares (31 December 2016: 969,200 shares). As at 30 June 2017, no Shares were awarded to selected employees (31 December 2016: Nil) subject to the terms of the Share Award Scheme, but have not yet vested in such selected employees.

No Shares were awarded to the Directors during the Period.

Substantial Shareholders' and Other Persons' Interests and Short Positions in Shares and Underlying Shares

As of 30 June 2017, the interests and short positions of the shareholders, other than a director or chief executive of the Company, in the shares and underlying shares of the Company as recorded in the register required to be kept by the Company under Section 336 of SFO were as follows:

Substantial shareholders	Capacity	Number of ordinary shares	Long position/ short position	Percentage of issued share capital %
TPG	Interest of controlled corporation	2,143,423,856 <i>(Note 1)</i>	Long position	59.64
TPG (HK)	1,822,454,779 shares as beneficial owner and 320,969,077 shares <i>(Note 2)</i> as interest of controlled corporation	2,143,423,856	Long position	59.64

Notes:

- (1) *TPG's interests in the Company is held by TPG (HK), Easiwell Limited ("Easiwell"), Golden Win Development Limited ("Golden Win") and Manhold, all of which are wholly-owned subsidiaries of TPG.*
- (2) *168,098,887 shares are held by Easiwell, 86,568,240 shares are held by Golden Win and 66,301,950 shares are held by Manhold.*

Save as disclosed above, the register required to be kept under section 336 of the SFO showed that the Company had not been notified of any interests or short positions in the shares and underlying shares of the Company as at 30 June 2017.

Corporate Governance

During the Period, the Company was in compliance with the Code provisions, respectively, with the following exceptions:

- (1) The non-executive directors were not appointed for a specific term, but are subject to retirement by rotation and re-election at the Company's annual general meeting in accordance with the Company's articles of association.

The Company has adopted the Model Code set out in Appendix 10 of the Listing Rules as the code of conduct regarding securities transactions by directors. Having made specific enquiries of all Directors, the Company confirmed that during the Period, all Directors have complied with the required standards as set out in the "Model Code for Securities Transactions by Directors of Listed Issuers" contained in Appendix 10 to the Listing Rules.

The interim financial results for the Period has been reviewed by the audit committee of the Company and PricewaterhouseCoopers.

Corporate Information

DIRECTORS

Executive directors

WANG Bin *Chairman*
LI Jinfu *Vice Chairman &
General Manager*
WANG Tingke *Deputy General Manager*
YU Xiaoping

Non-executive directors

HUANG Weijian
ZHU Xiangwen
WU Changming
NI Rongming
WU Jiesi*
ZHU Dajian*
WU Ting Yuk Anthony*
XIE Zhichun*

* *Independent*

JOINT COMPANY SECRETARY

ZHANG Ruohan
NGAI Wai Fung

AUTHORISED REPRESENTATIVES

WANG Bin
ZHANG Ruohan

REGISTERED OFFICE

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REGISTRAR AND TRANSFER OFFICE

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Hong Kong

INDEPENDENT AUDITORS

PricewaterhouseCoopers

PRINCIPAL BANKERS

Bank of China (Hong Kong) Limited
Nanyang Commercial Bank, Limited

WEBSITE

www.ctih.cntaiping.com
www.cntaiping.com

STOCK MARKET LISTING

The Main Board of The Stock Exchange
of Hong Kong Limited
(Stock Code: HK 00966)

Definitions

In the announcement, the following expressions shall have the following meanings unless the context requires otherwise:

“Board”	the board of Directors
“C-ROSS”	China Risk Oriented Solvency System
“CIRC”	China Insurance Regulatory Commission
“Code”	Corporate Governance Code as set out in Appendix 14 of the Listing Rules
“CTPI (HK)”	China Taiping Insurance (HK) Company Limited
“Directors”	The directors of the Company, including the independent non-executive directors
“FY 2016”	The twelve months ended 31 December 2016
“HIBOR”	Hong Kong Interbank Offer Rate
“HKAS”	Hong Kong Accounting Standard
“HKFRS”	Hong Kong Financial Reporting Standard
“HKICPA”	Hong Kong Institute of Certified Public Accountants
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Indonesia”	Republic of Indonesia
“Last Period” or “1H 2016”	The six months ended 30 June 2016
“LIBOR”	London Interbank Offer Rate
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange
“Macau”	Macau Special Administrative Region of the PRC
“Manhold”	Manhold Limited
“SFO”	Securities and Futures Ordinance
“Share(s)”	Share(s) in the capital of the Company
“Share Award Scheme”	CIH Employees’ Share Award Scheme adopted on 10 September 2007

“Singapore”	Republic of Singapore
“the Company” or “CTIH”	China Taiping Insurance Holdings Company Limited
“the Group”	CTIH and its subsidiaries
“the New Scheme”	Share option scheme of the Company adopted on 7 January 2003
“the Old Scheme”	Share option scheme of the Company adopted on 24 May 2000 and terminated on 7 January 2003
“the Period” or “1H 2017”	The six months ended 30 June 2017
“the PRC”	The People’s Republic of China
“the Stock Exchange”	The Stock Exchange of Hong Kong Limited
“TP Fund”	Taiping Fund Management Company Limited
“TPA (HK)”	Taiping Assets Management (HK) Company Limited
“TPAM”	Taiping Asset Management Company Limited
“TPeC”	Taiping E-Commerce Company Limited
“TPFH”	Taiping Financial Holdings Company Limited
“TPG”	China Taiping Insurance Group Ltd.
“TPG (HK)”	China Taiping Insurance Group (HK) Company Limited
“TPI”	Taiping General Insurance Company Limited
“TPIH”	Taiping Investment Holdings Company Limited
“TPIH (HK)”	Taiping Investment Holdings (HK) Company Limited
“TPL”	Taiping Life Insurance Company Limited
“TPL (HK)”	China Taiping Life Insurance (Hong Kong) Company Limited
“TPP”	Taiping Pension Company Limited
“TPRB”	Taiping Reinsurance Brokers Limited

“TPRe”	Taiping Reinsurance Company Limited
“TPRe (China)”	Taiping Reinsurance (China) Company Limited
“TP Indonesia”	PT China Taiping Insurance Indonesia
“TP Macau”	China Taiping Insurance (Macau) Company Limited
“TP Singapore”	China Taiping Insurance (Singapore) PTE. Ltd.
“TP UK”	China Taiping Insurance (UK) Company Limited
“UK”	the United Kingdom of Great Britain and Northern Ireland
“RMB”	Renminbi
“HKD”	Hong Kong dollars
“USD”	United States dollars

By Order of the Board of
China Taiping Insurance Holdings Company Limited
ZHANG Ruohan NGAI Wai Fung
Joint Company Secretary

Hong Kong, 24 August 2017

As at the date of this announcement, the Board comprises 12 directors, of which Mr. WANG Bin, Mr. LI Jinfu, Mr. WANG Tingke and Ms. YU Xiaoping are executive directors, Mr. HUANG Weijian, Mr. ZHU Xiangwen, Mr. WU Changming and Mr. NI Rongming are non-executive directors, and Dr. WU Jiesi, Mr. ZHU Dajian, Mr. WU Ting Yuk Anthony and Mr. XIE Zhichun are independent non-executive directors.

This announcement is posted on the website of The Stock Exchange of Hong Kong Limited at www.hkexnews.hk and on the website of the Company at www.ctih.cntaiping.com.