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

ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2013

The Board of Directors of China Taiping Insurance Holdings Company Limited is pleased to announce the audited financial results of the Company and its subsidiaries for the year ended 31 December 2013 as follows:

Chairman's Statement

2013 Operating Performance Review

In 2013, the parent company of CTIH completed its restructuring and reform, further enhancing our levels of corporate governance, perfecting our decision-making process, allowing our control mechanisms to be more robust and making our resource allocation more efficient. Confronted with profound changes and complex, challenging market conditions, we successfully met the targets of all of our key business indicators and substantially strengthened our capabilities in business development, market competition, management and coordination, customer service, cooperation among subsidiaries and brand image. In 2013, the gross premium income of the Group totaled HK$85,464.15 million, increasing by 41.7% and profit attributable to the shareholders totaled HK$15,300.70 million, increasing by 16.3%. By the end of 2013, net assets attributable to the shareholders of the Group reached HK$19,847.24 million, up by 21.7%. Detailed descriptions of the operating performances and financial conditions of each operating business can be found in the Management Review and Analysis.

Business Progress and Results

In 2013, all of our business lines maintained the momentum of "Outperforming the Market, Competing at an Advanced Level," and entered into a new stage of reform and growth. The life insurance operations continued to advance well and further strengthened its growth potential. The property & casualty insurance operations in Mainland China improved its overall management and realized RMB10 billion in premium for the first time. Investment returns grew steadily and at a much higher rate than the previous year. Our pension insurance business line emerged from long-time operating losses, and realized breakeven and profitability for the first time. The integrated e-commerce business platform is beginning to take shape. Taiping Macau continued to maintain its leading market position. Taiping Hong Kong enjoyed rapid growth by focusing on its big clients and large projects. Taiping Reinsurance also delivered good performance through market optimization and exploring new growth areas in Mainland China.

Our parent company TPG established strategic cooperation relationships with twenty three large clients, including Shandong Provincial Government and five other local governments, Bank of China and four other large financial institutions, China Unicom and eight other state-owned enterprises, and Wanda Dalian and two other large private enterprises. Our industry coverage and fields of cooperation have further expanded.

After the restructuring, the Group carried out a financial reorganization to streamline its organizational structure and decision-making process. TPG (HK) and CTIH were successfully rated as BBB+ by S&P. CTPI (HK) and TPRe achieved improved ratings, both being upgraded by S&P to A from A-, and TP Macau also improved its A.M. Best rating from A- to A.

Opportunities and Challenges

China and the world are now in an era of tremendous economic growth, significant social transformations and knowledge explosions. In an ever-changing market, reform and innovation is the only proper course for us to survive and grow. We will actively explore new business areas and business models, pay full attention to the insurance demands which are now being released by the economic transformation and growth, and capture the vitality that they bring to the utilization of insurance capital. 2014 will be the final year of our "3 Year Rebuilding" strategy. Therefore, we must with full spirits follow the momentum to achieve the final success. Meanwhile, we will adhere to the general principle of "Steady Growth, Reform and Innovation", and implement this concept throughout our operations and management. We will continue to work hard on growing value, and continuously perfect our corporate governance so as to lay a solid foundation to build ourselves into a comprehensive, financial insurance group which is among the best in China, and first class in the world.

After achieving the strategic objective of "Building a New Taiping in 3 Years' Time", China Taiping's overall strength, brand influence, market position and management capabilities will have significantly improved. For the next step and based on its current reality, China Taiping will strive to create "the most unique and high potential boutique insurance company", properly handling the relationship between size and value, and while maintaining appropriate scale, further emphasize value growth. In the foreseeable future, our goal is not to have China Taiping become larger than the market leader, but rather to undertake intensive efforts and concentrate on reform and innovation, to work hard and raise per capita production and profitability, and allow China Taiping to become moderate sized, thought-leading, with advanced technology, excellent products and services, and widely praised by customers as a leading insurance company.

Acknowledgements

On behalf of the Board of CTIH, I would like to express my heartfelt gratitude to all of our shareholders who have trusted and supported us for so many years. On behalf of the Board, I would also like to extend my sincere gratitude to all of the staff for their commitment and dedication to their work.

WANG Bin
Chairman

Hong Kong, 28 March 2014

Management Review and Analysis

KEY OPERATING RESULTS

1. Complete and full meeting of all objectives.

- Gross premiums written was at HK$85,464.15 million, increasing by 41.7%
- Total assets broke through HK$315,000 million, increasing by 25.1% since the beginning of 2013
- Total assets under management broke through HK$251,900 million, increasing by 34.0% since the beginning of 2013
- Net profit was at HK$2,211.14 million, increasing by 19.4%
- Net profit attributable to the shareholders was at HK$1,530.07 million, increasing 16.3% compared to Last Year
- If the new share proportions and calculations after the restructuring and asset acquisitions are applied for the full year, then the net profit attributable to the shareholders would be HK$1,930.77 million, increasing 47.3% compared to Last Year

2. The life insurance operations have advanced to a higher level. At the same time as outperforming the market and competing at an advanced level, the development potential at TPL continues to grow. TPL's gross premiums grew 44.9% from last year, allowing its market share to reach 4.8%, ranking as the seventh largest life insurer in the PRC. New business value of the life insurance business increased by 36.6%. Embedded value increased by 55.0%.

3. The property casualty insurance operations in the PRC have been operating under strict management. At the same time as outperforming the market and competing at an advanced level, TPI significantly increased its overall management levels. TPI's premium volume crossed the RMB10 billion threshold for the first time, and its market share ranking increased to eighth in the industry.

4. Rapid development at the pension operations. In 2013, TPP achieved breakeven and profitability for the first time.

5. Broadened thinking at the asset management operations. The Group's investment yield steadily increased in 2013, producing a result significantly better than Last Year. The market ranking of enterprise annuities rose sharply higher. Equities investment returns were among the leaders in the industry.

6. The overseas operations had steady progress, and their profit contributions continue to rise.

Significant Accomplishments in 2013

1. TPG's restructuring and injection of high quality assets is essentially complete. CTIH will now more fully share in the high growth benefits of our operations in the PRC. Also, overall decision-making efficiency, corporate governance levels, overall financial strength have all been greatly improved.

2. Our high level strategic relationship development has achieved breakthroughs. In 2013, the Group successfully signed agreements with 23 strategic clients, including the Shandong Municipal Government, Bank of China, and China Unicom, effectively allowing the Group to advance its businesses and promote financial innovation.

Significant Accomplishments in 2013 *(Continued)*

3. We achieved important progress in certain high quality investment projects. These investments will not only improve and stabilize the Group's future investment income, but will also enhance the Group's brand name in the years to come.

4. While steadily growing its operations, the Group also continued to increase its strategic investments. In 2013, we invested significant resources into our life insurance individual agency organization. As a result, TPL's agents increased from 57,860 at the beginning of 2013 to 112,796 at the year end. As the new agents matured and gained experience, their productivity gradually improved, allowing our per capita production to continue to be better than our peers.

Status of Restructuring

As of 31 December 2013, CTIH has completed the acquisition of the main target assets for the restructuring, which have been incorporated into the Company's 2013 financial statements. The assets which have already been injected are equivalent to about 85% of the total consideration. Outside of these already injected assets, CTIH has obtained the approval of the SFC in January of this year for acquiring certain assets equivalent to 4% of the total consideration. For the three overseas companies -- TP Singapore, TP Indonesia, and TP UK – we expect to receive approval from their respective local regulators during the first half of this year. Regarding the delivery schedule of the shares, as of today, CTIH has issued 724,135,576 consideration shares to TPG. CTIH will seek to complete the process for the remaining approximately 139 million consideration shares during the first half of this year.

CONSOLIDATED FINANCIAL RESULTS

Application of Merger Accounting for the group restructuring:

On 27 May 2013, CTIH entered into a framework agreement whereby the Company conditionally agreed to acquire certain assets and interests from TPG and TPG (HK). CTIH has already issued new shares as the form of payment for the consideration.. In terms of the accounting treatment, the acquisition of such assets and interests can be categorized into two types to be accounted for:

Type I Assets: These assets were the additional equities interests of existing subsidiaries including a 25.05% stake in TPL, a 38.79% stake in TPI, a 4 % stake in TPP and a 20% stake in TPAM, as well as individual assets and liabilities owned by TPG and TPG (HK).

Type II Assets: These assets in the transactions were the equities interests of subsidiaries, certain own-used properties and equipment owned by TPG and TPG (HK).

Except for TP Singapore, TP UK, TP Indonesia, and TPFH (included in the Type II Assets) and certain individual properties in the PRC (included in Type I Assets), all of the conditions precedents for the transactions were completed during the fourth quarter of 2013. Those assets and interests whose conditions precedents for the transactions were completed are deemed to be vested to CTIH during the fourth quarter of 2013. In terms of the consideration of the transaction, 85% of the assets under the transaction were vested and consolidated in CTIH for the year ended 31 December 2013. The consolidation treatment of the Type I Assets and Type II Assets in the accounts of CTIH for the year ended 31 December 2013 are as follows:

Type I Assets: Immediately after the conditions precedents were completed in November 2013, the results of TPL, TPI, TPAM and TPP were consolidated in CTIH based on the new ownership percentages (which were 75.1%, 100%, 80% and 100%, respectively). The individual assets and liabilities were consolidated in CTIH at the time of completion of the conditions precedents. No restatement of prior year figures were required.

Type II Assets: Since the assets were both under the common control of TPG (HK) and TPG before and after the transaction, the Group has applied Accounting Guideline No. 5 “Merger Accounting for Common Control Combinations”. Under the principles of merger accounting, these acquisitions were accounted for as though the businesses have always been carried out by the Group. Accordingly, the prior year consolidated figures have been restated as if they had been consolidated in the Group throughout the prior years presented. As at 31 December 2013, the main assets consolidated in CTIH under the Type II Assets were TP Macau, TPIH, and Dragon Jade.

CONSOLIDATED FINANCIAL RESULTS *(Continued)*

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

For the year ended 31 December, HK$ million

	2013	2012 *(Restated)*	Change
Gross premiums written	**85,464.15**	60,320.19	+41.7%
Profit from operations before taxation	**2,556.80**	1,750.03	+46.1%
Profit from operations after taxation	**2,211.14**	1,852.55	+19.4%
Net profit attributable to the owners	**1,530.07**	1,315.54	+16.3%
Basic earnings per share *(HK$)*	**0.775**	0.695	+0.080 dollar
Final dividend proposed	-	-	-
Total equity	**23,850.84**	23,340.96	+2.2%
- Per share *(HK$)*	**9.779**	12.314	-2.535 dollars
Owners' equity	**19,847.24**	16,307.73	+21.7%
- Per share *(HK$)*	**8.137**	8.604	-0.467 dollar
Group embedded value	**47,666.93**	37,656.14	+26.6%
- Per share *(HK$)*	**19.544**	22.074	-2.530 dollars
Owners' group embedded value	**37,536.53**	22,171.96	+69.3%
- Per share *(HK$)*	**15.390**	12.997	+2.393 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 summarized below:

For the year ended 31 December, HK$ million

	2013	2012 *(Restated)*	Change
Life insurance	**1,293.78**	862.91	+49.9%
PRC property and casualty insurance	**341.99**	239.45	+42.8%
Overseas property and casualty insurance and reinsurance	**731.91**	716.85	+2.1%
Pension and group life insurance	**2.43**	(128.58)	-
Asset management	**29.05**	31.70	-8.4%
Others [1]	**(188.02)**	130.22	-
Net profit from operations	**2,211.14**	1,852.55	+19.4%
Non-controlling interests	**(681.07)**	(537.01)	+26.8%
Net profit attributable to the owners	**1,530.07**	1,315.54	+16.3%

[1] *Others mainly include the operating results of the holding company, TPeC, TPIH and consolidation adjustments.*

CONSOLIDATED FINANCIAL RESULTS *(Continued)*

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

HK$ million	**2013**	2012 *(Restated)*
Total equity as at 1 January, as previously reported	**20,992.42**	17,028.99
Effect of application of merger accounting	**2,348.54**	2,070.19
Total equity as at 1 January, as restated	**23,340.96**	19,099.18
Net operating profit recognized in statement of profit or loss	**2,211.14**	1,852.55
Net changes in AFS investment reserve	**(1,630.25)**	2,097.30
Revaluation gain arising from reclassification of own-use properties into investment properties	**32.41**	37.11
Exchange gain arising from translation of financial statements of subsidiaries outside Hong Kong	**627.19**	2.55
Acquisition of target assets (including liabilities)	**(2,794.15)**	-
Deemed disposal of partial interest in a subsidiary	**15.69**	-
Capital contribution made to subsidiaries by its non-controlling shareholder	**2,047.86**	238.42
Other movements	**(0.01)**	13.85
Total equity as at 31 December	**23,850.84**	23,340.96
Attributable to:		
Owners of the Company	**19,847.24**	16,307.73
Non-controlling interests	**4,003.60**	7,033.23
	23,850.84	23,340.96

The **gross premiums written** for the Year increased by 41.7% to HK$85,464.15 million from *(Restated)* HK$60,320.19 million in the Last Year. Premium growth continued to be strong in the life insurance business and the property and casualty insurance business in the PRC.

The **net operating profit** for the Year was HK$2,211.14 million (2012 *(Restated)*: HK$1,852.55 million). The higher net operating profit was due to the higher earnings at the life insurance, property and casualty insurance businesses in the PRC and reinsurance business. The net operating profit attributable to the owners for the Year was HK$1,530.07 million (2012 *(Restated)*: HK$1,315.54 million).

CONSOLIDATED FINANCIAL RESULTS *(Continued)*

The **life insurance business** produced a net operating profit of HK$1,293.78 million (2012: HK$862.91 million), increasing by 49.9% over Last Year.

The **PRC property and casualty insurance business** produced a net operating profit of HK$341.99 million (2012: HK$239.45 million), increasing by 42.8% over Last Year.

The **overseas property and casualty insurance business and the reinsurance business** incurred a net operating profit of HK$731.91 million (2012: HK$716.85 million), increasing by 2.1% over Last Year.

The **pension and group life insurance businesses** turned around from operating losses to profitability, and incurred a net operating profit of HK$2.43 million (2012: operating loss of HK$128.58 million).

CONSOLIDATED INVESTMENT PERFORMANCE

Consolidated investment assets

The total investments of the Group are summarized as follows:

At 31 December, HK$ million

	2013	**% of Total**	2012 *(Restated)*	% of Total
Debt securities	**146,315.50**	**52.1%**	122,161.70	54.0%
Debt schemes	**30,728.10**	**10.9%**	20,611.64	9.1%
Equity securities	**11,191.05**	**4.0%**	7,909.87	3.5%
Investment funds	**7,981.25**	**2.8%**	9,375.38	4.2%
Cash and bank deposits	**71,951.87**	**25.6%**	57,004.87	25.2%
Investment properties	**12,692.23**	**4.6%**	9,068.16	4.0%
Total investments	**280,860.00**	**100.0%**	226,131.62	100.0%

The investments in securities are classified as Held-to-Maturity ("HTM"), Available-for-Sale ("AFS"), Held for Trading ("HFT"), Designated at fair value through profit or loss ("DVPL") and Loans and Receivables ("LR"). The detailed breakdown by such classifications for the total investment portfolio of the Group was as follows:

At 31 December 2013, HK$ million

	HTM	**AFS**	**HFT/DVPL**	**LR**	**Total**
Debt securities	**103,652.24**	**38,322.51**	**295.45**	**4,045.30**	**146,315.50**
Debt schemes	**-**	**-**	**-**	**30,728.10**	**30,728.10**
Equity securities	**-**	**11,152.18**	**38.87**		**11,191.05**
Investment funds	**-**	**6,746.89**	**610.25**	**624.11**	**7,981.25**
	103,652.24	**56,221.58**	**944.57**	**35,397.51**	**196,215.90**

At 31 December 2012(Restated), HK$ million

	HTM	AFS	HFT/DVPL	LR	Total
Debt securities	92,139.32	27,635.50	863.32	1,523.56	122,161.70
Debt schemes	-	-	-	20,611.64	20,611.64
Equity securities	-	7,871.87	38.00	-	7,909.87
Investment funds	-	8,427.33	948.05	-	9,375.38
	92,139.32	43,934.70	1,849.37	22,135.20	160,058.59

CONSOLIDATED INVESTMENT PERFORMANCE *(Continued)*

The percentages of the Group's total investments held by each business segment in terms of carrying values at the end of the reporting period were as follows:

	2013	2012 *(Restated)*
Life insurance	**83.7%**	84.9%
Property and casualty insurance	**7.7%**	6.8%
Reinsurance	**3.0%**	3.3%
Other businesses	**5.6%**	5.0%
	100.0%	100.0%

Consolidated investment income

The total investment income of the Group on a pre-tax basis recognized in the consolidated statement of profit or loss was as follows:

For the year ended 31 December, HK$ million

	2013	2012 *(Restated)*	Change
Net debt investment income [1]	**7,936.89**	6,019.98	+31.8%
Net realized and unrealized investment gains/(losses)	**1,003.87**	(1,980.02)	-
Other investment income [2]	**2,185.45**	2,571.59	-15.0%
Total investment income	**11,126.21**	6,611.55	+68.3%
Total investment yield	**5.1%**	3.6%	+1.5pts

[1] Net debt investment income mainly consists of interest income from debt securities and debt schemes.
[2] Other investment income mainly consists of interest income from bank deposits, and dividend income from equities and investment funds

The total investment income of the Group recognized in the consolidated statement of profit or loss increased by 68.3% to HK$11,126.21 million in the Year from HK$6,611.55 million in the Last Year. The Group's continued emphasis on high allocations to fixed income and bank deposits allowed the Group to generate higher net investment income. As a result, the total investment yield for the consolidated investment portfolio improved to 5.1% (2012 *(Restated)*: 3.6%).

CONSOLIDATED INVESTMENT PERFORMANCE *(Continued)*

The details of the Group's investment income/(loss) on a pre-tax basis are summarized as follows:

For the year ended 31 December 2013, HK$ million

	Recognized in the consolidated statement of profit or loss							Unrealized gains/ (losses) recognized in the fair value reserve	Grand total
	Net investment income								
	Interest income/ (expense)	Dividend income	Rental income	Net realized gains/ (losses)	Net unrealized gains/ (losses)	Net impairment gains/ (losses)	Sub total		
Debt securities									
HTM	5,180.46	-	-	-	-	-	5,180.46	-	5,180.46
AFS	1,179.95	-	-	50.54	-	-	1,230.49	(2,555.00)	(1,324.51)
HFT/DVPL	23.67	-	-	10.38	(15.78)	-	18.27	-	18.27
LR	96.93	-	-	-	-	-	96.93	-	96.93
Debt schemes									
LR	1,455.88	-	-	-	-	-	1,455.88	-	1,455.88
Equity securities									
AFS	-	278.31	-	204.83	-	(77.91)	405.23	37.25	442.48
HFT	-	1.25	-	1.38	(0.60)	-	2.03	-	2.03
Investment funds									
AFS	-	273.39	-	117.16	-	(231.36)	159.19	394.75	553.94
HFT	-	17.33	-	0.18	1.96	-	19.47	-	19.47
Cash and bank deposits	2,288.24	-	-	-	-	-	2,288.24	-	2,288.24
Investment properties	-	-	395.38	-	933.71	-	1,329.09	-	1,329.09
Securities sold/ purchased under repurchase/resale agreements	(1,068.45)	-	-	-	-	-	(1,068.45)	-	(1,068.45)
Others	-	-	-	3.21	6.17	-	9.38	-	9.38
	9,156.68	570.28	395.38	387.68	925.46	(309.27)	11,126.21	(2,123.00)	9,003.21

For the year ended 31 December 2012(Restated), HK$ million

	Recognized in the consolidated statement of profit or loss							Unrealized gains/ (losses) recognized in the fair value reserve	Grand total
	Net investment income								
	Interest income/ (expense)	Dividend income	Rental income	Net realized gains/ (losses)	Net unrealized gains/ (losses)	Net impairment gains/ (losses)	Sub total		
Debt securities									
HTM	3,985.38	-	-	-	-	-	3,985.38	-	3,985.38
AFS	1,136.50	-	-	53.32	-	-	1,189.82	14.56	1,204.38
HFT/DVPL	30.99	-	-	5.28	19.73	-	56.00	-	56.00
LR	63.71	-	-	-	-	-	63.71	-	63.71
Debt schemes									
LR	803.40	-	-	-	-	-	803.40	-	803.40
Equity securities									
AFS	-	172.68	-	(1,036.14)	-	(571.76)	(1,435.22)	2,024.91	589.69
HFT	-	2.51	-	(7.21)	18.69	-	13.99	-	13.99
Investment funds									
AFS	-	709.49	-	(140.35)	-	(1,150.73)	(581.59)	669.71	88.12
HFT	-	5.43	-	(0.09)	0.19	-	5.53	-	5.53
Cash and bank deposits	1,960.08	-	-	-	-	-	1,960.08	-	1,960.08
Investment properties	-	-	300.64	4.30	820.67	-	1,125.61	-	1,125.61
Securities sold/ purchased under repurchase/resale agreements	(579.24)	-	-	-	-	-	(579.24)	-	(579.24)
Others	-	-	-	(29.86)	33.94	-	4.08	-	4.08
	7,400.82	890.11	300.64	(1,150.75)	893.22	(1,722.49)	6,611.55	2,709.18	9,320.73

LIFE INSURANCE BUSINESS

The Group's life insurance segment is operated by TPL, which is a PRC-incorporated company and was 75.10% owned by the Group since November 2013. TPL is principally engaged in the underwriting of life insurance policies in Mainland China.

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

The key financial data of the life insurance business is summarized below:

For the year ended 31 December, HK$ million

	2013	2012	Change
Gross premiums written and premium deposits	**65,374.06**	45,478.38	+43.7%
Less: Premium deposits of universal life products	**92.23**	280.36	-67.1%
Premium deposits of unit-linked products	**66.77**	118.96	-43.9%
Premium deposits of other products	**307.35**	271.61	+13.2%
Gross premiums written recognized in statement of profit or loss	**64,907.71**	44,807.45	+44.9%
Policy fees	**91.99**	145.11	-36.6%
Net premiums written and policy fees	**64,696.02**	44,759.17	+44.5%
Net earned premiums and policy fees	**64,654.98**	44,779.67	+44.4%
Net policyholders' benefits	**(12,357.44)**	(8,682.97)	+42.3%
Net commission expenses	**(6,287.12)**	(3,941.25)	+59.5%
Change in life insurance contract liabilities, net of reinsurance	**(46,208.18)**	(30,166.19)	+53.2%
Total investment income	**8,797.52**	4,651.18	+89.1%
Administrative and other expenses	**(7,587.38)**	(6,075.58)	+24.9%
Finance costs	**(418.40)**	(443.21)	-5.6%
Profit from operation before taxation	**1,402.48**	546.32	+1.5 times
Profit from operation after taxation	**1,293.78**	862.91	+49.9%
Profit from operation attributable to the owners	**689.82**	431.31	+59.9%

LIFE INSURANCE BUSINESS *(Continued)*

The key operational data of the life insurance business is summarized below:

	2013	2012	Change
Market share [1]	**4.8%**	3.7%	+ 1.1 pts
Number of provincial branches	**34**	34	-
Number of sub-branches and marketing centers	**926**	856	+70
Number of customers			
- Individual	**6,968,292**	6,556,334	+411,958
- Corporate	**1,599**	2,599	-1,000
Distribution network			
- Number of individual agents	**112,796**	57,860	+54,936
- Number of bancassurance outlets	**27,847**	22,105	+5,742
Agent monthly productivity (HK$)	**13,482**	9,866	+3,616
Persistency ratios – 13th month [2]			
- Individual	**92.9%**	92.3%	+0.6 pt
- Bancassurance	**92.3%**	92.9%	-0.6 pt
Compound persistency ratios – 25th month [2]			
- Individual	**88.4%**	88.5%	-0.1 pt
- Bancassurance	**89.6%**	90.2%	-0.6 pt

[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 produced a net operating profit of HK$1,293.78 million during the Year (2012: HK$862.91 million), representing an increase of 49.9% compared to Last Year.

Gross Premiums Written and Premium Deposits

TPL's gross premiums written recognized in the consolidated statement of profit or loss increased by 44.9% to HK$64,907.71 million from HK$44,807.45 million in the Last Year. This growth was primarily driven by continued strength in the individual agency force channel, and higher levels of single premium sales in the bancassurance channel.

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

For the year ended 31 December 2013, HK$ million

	Gross premiums written recognized 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	28,524.21	16.86	22.73	198.33	28,762.13	44.0%
Bancassurance	34,900.56	9.76	44.04	1.65	34,956.01	53.5%
Group	53.52	65.61	-	107.37	226.50	0.3%
Other Channels [1]	1,429.42	-	-	-	1,429.42	2.2%
	64,907.71	92.23	66.77	307.35	65,374.06	100.0%

LIFE INSURANCE BUSINESS *(Continued)*

For the year ended 31 December 2012, HK$ million

	Gross premiums written recognized 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	18,243.19	266.21	37.85	184.32	18,731.57	41.2%
Bancassurance	25,399.47	14.15	81.11	1.62	25,496.35	56.1%
Group	147.59	-	-	85.67	233.26	0.5%
Other Channels [1]	1,017.20	-	-	-	1,017.20	2.2%
	44,807.45	280.36	118.96	271.61	45,478.38	100.0%

[1] *Other Channels mainly consists of telemarketing.*

Traditional product sales were strong in the individual agency distribution channel, increasing by 56.4% to HK$28,524.21 million from HK$18,243.19 million in the Last Year. This strong growth was primarily due to strong first year regular premium sales and continued high levels of persistency and renewals. In 2013, TPL invested significant resources into developing the individual agency force organization, and the number of TPL individual agents increased by 94.9% to 112,796 as of 31 December 2013 (2012: 57,860). As the new agents matured and gained experience, their productivity gradually improved, allowing our per capita production to continue to be better than our peers. Despite declining bank sales for the entire life insurance industry, premiums from the bank distribution channel increased by 37.4%. Despite the difficult environment, regular premium sales still outperformed the market.

LIFE INSURANCE BUSINESS *(Continued)*

During the Year, TPL continued to focus on the sales of products with regular premium features. The detailed breakdown of TPL's single premium products and regular premium products by line of business is summarized as follows:

For the year ended 31 December, HK$ million

Individual

	2013	**% of Total**	2012	% of Total
Single Premium	**3,029.64**	**10.6%**	42.38	0.2%
Regular Premium				
– First Year	**7,941.82**	**27.8%**	4,420.01	24.2%
– Renewal Year	**17,552.75**	**61.6%**	13,780.80	75.6%
	28,524.21	**100.0%**	18,243.19	100.0%

Bancassurance

	2013	**% of Total**	2012	% of Total
Single Premium	**18,871.88**	**54.1%**	11,116.80	43.8%
Regular Premium				
– First Year	**2,038.16**	**5.8%**	2,387.75	9.4%
– Renewal Year	**13,990.52**	**40.1%**	11,894.92	46.8%
	34,900.56	**100.0%**	25,399.47	100.0%

Group

	2013	**% of Total**	2012	% of Total
Employee Benefit ("EB")	**53.52**	**100.0%**	147.59	100.0%
Annuity	**-**	**-**	-	-
	53.52	**100.0%**	147.59	100.0%

Other Channels

	2013	**% of Total**	2012	% of Total
Single Premium	**0.11**	**0.1%**	-	-
Regular Premium				
– First Year	**528.02**	**36.9%**	459.37	45.2%
– Renewal Year	**901.29**	**63.0%**	557.83	54.8%
	1,429.42	**100.0%**	1,017.20	100.0%

LIFE INSURANCE BUSINESS *(Continued)*

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

For the year ended 31 December, HK$ million

Individual first year regular premium **- by payment term**

	2013	**% of Total**	2012	% of Total
3-9 years	**2,458.94**	**31.0%**	887.38	20.1%
10-19 years	**2,203.99**	**27.8%**	1,007.27	22.8%
20-29 years	**2,999.16**	**37.7%**	2,294.27	51.9%
30 years+	**279.73**	**3.5%**	231.09	5.2%
	7,941.82	**100.0%**	4,420.01	100.0%

Individual first year regular premium **- by feature**

	2013	**% of Total**	2012	% of Total
Short term savings	**187.91**	**2.4%**	348.02	7.9%
Long term savings	**4,463.60**	**56.2%**	2,132.61	48.2%
Long term protection	**2,790.86**	**35.1%**	1,524.48	34.5%
Others	**499.45**	**6.3%**	414.90	9.4%
	7,941.82	**100.0%**	4,420.01	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**

	2013	**% of Total**	2012	% of Total
5 - 9 years	**518.34**	**25.4%**	424.61	17.8%
10 - 14 years	**1,475.78**	**72.4%**	1,949.04	81.6%
Others	**44.04**	**2.2%**	14.10	0.6%
	2,038.16	**100.0%**	2,387.75	100.0%

LIFE INSURANCE BUSINESS *(Continued)*

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

HK$ million

	2013	**% of Total**	2012	% of Total
Participating	**59,753.49**	**91.8%**	41,060.07	91.5%
Long-term health	**2,517.15**	**3.9%**	1,741.36	3.9%
Traditional life	**1,632.27**	**2.5%**	1,189.14	2.7%
Accident and short-term health	**1,003.46**	**1.5%**	813.97	1.8%
Annuity	**0.01**	**0.1%**	0.92	0.1%
Investment-linked	**1.28**	**0.1%**	2.05	0.1%
Universal life	**0.05**	**0.1%**	(0.06)	-0.1%
Total	**64,907.71**	**100.0%**	44,807.45	100.0%

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

For the year ended 31 December, HK$ million

	2013	**% of Total**	2012	% of Total
Sichuan	**7,428.05**	**11.4%**	4,988.53	11.1%
Guangdong	**5,185.75**	**8.0%**	3,936.90	8.8%
Shandong	**5,824.78**	**9.0%**	3,805.09	8.5%
Beijing	**4,238.54**	**6.5%**	2,956.27	6.6%
Henan	**3,698.54**	**5.7%**	2,798.96	6.2%
Others	**38,532.05**	**59.4%**	26,321.70	58.8%
Total	**64,907.71**	**100.0%**	44,807.45	100.0%

Highlights on Embedded Value

TPL's strong growth in sales in the individual agency force channel and its strong focus on quality and profitability resulted in strong increases in the embedded value and new business value. The embedded value of TPL (expressed in terms of HKD) increased 55.0% to HK$45,390 million from HK$29,286 million at the end of Last Year. The new business value after cost of capital for the Year increased to HK$3,148 million from HK$2,304 million at the end of Last Year, representing a growth of 36.6%. These latest actuarial figures of TPL are disclosed below in the section titled "Embedded Value of TPL".

LIFE INSURANCE BUSINESS *(Continued)*

Investment Performance

The composition of investments held by TPL was as follows:

At 31 December, HK$ million

	2013	**% of Total**	2012	% of Total
Debt securities	**129,971.77**	**55.3%**	108,769.46	56.7%
Debt schemes	**27,077.91**	**11.5%**	19,748.76	10.3%
Equity securities	**9,870.78**	**4.2%**	7,372.51	3.8%
Investment funds	**7,031.20**	**3.0%**	8,731.25	4.5%
Cash and bank deposits	**57,907.16**	**24.6%**	44,693.42	23.3%
Investment properties	**3,203.37**	**1.4%**	2,601.22	1.4%
Total investments	**235,062.19**	**100.0%**	191,916.62	100.0%

During the Year, TPL continued to be very cautious in its asset allocation for its investment portfolio. Equity investments were maintained at a relatively low percentage of the asset allocation, while debt securities, debt schemes and cash and bank deposits constituted a combined total of approximately 91.4% of the total invested assets as at 31 December 2013 (2012: 90.3%).

LIFE INSURANCE BUSINESS *(Continued)*

The classification of TPL's investments in securities under HTM, AFS, HFT and LR was as follows:

At 31 December 2013, HK$ million

	HTM	**AFS**	**HFT**	**LR**	**Total**
Debt securities	**97,858.89**	**30,212.24**	**28.44**	**1,872.20**	**129,971.77**
Debt schemes	**-**	**-**	**-**	**27,077.91**	**27,077.91**
Equity securities	**-**	**9,870.78**	**-**	**-**	**9,870.78**
Investment funds	**-**	**6,458.92**	**572.28**	**-**	**7,031.20**
	97,858.89	**46,541.94**	**600.72**	**28,950.11**	**173,951.66**

At 31 December 2012, HK$ million

	HTM	AFS	HFT	LR	Total
Debt securities	87,660.70	20,794.27	-	314.49	108,769.46
Debt schemes	-	-	-	19,748.76	19,748.76
Equity securities	-	7,372.51	-	-	7,372.51
Investment funds	-	7,817.94	913.31	-	8,731.25
	87,660.70	35,984.72	913.31	20,063.25	144,621.98

The debt securities classified by type and class were as follows:

At 31 December, HK$ million

	2013	2012
Governments and central banks	**32,039.70**	32,014.37
Banks and other financial institutions	**60,635.60**	51,648.59
Corporate entities	**37,296.47**	25,106.50
	129,971.77	108,769.46

LIFE INSURANCE BUSINESS *(Continued)*

The total investment income and the investment yield of TPL on a pre-tax basis recognized in the consolidated statement of profit or loss were as follows:

For the year ended 31 December, HK$ million

	2013	2012	Change
Net debt investment income [1]	**7,054.47**	5,352.39	+31.8%
Net realized and unrealized investment gains/(losses)	**305.55**	(2,632.99)	-
Other investment income [2]	**1,437.50**	1,931.78	-25.6%
Total investment income	**8,797.52**	4,651.18	+89.1%

[1] Net debt investment income mainly consists of interest income from debt securities and debt schemes.
[2] Other investment income mainly consists of interest income from bank deposits, and dividend income from equities and investment funds

LIFE INSURANCE BUSINESS *(Continued)*

The details of TPL's investment income/(loss) on a pre-tax basis was as follows:

For the year ended 31 December 2013, HK$ million

	Recognized in the consolidated statement of profit or loss								
	Net investment income								
	Interest income/ (expense)	Dividend income	Rental income	Net realized gains/ (losses)	Net unrealized gains/ (losses)	Net impairment gains/ (losses)	Sub total	Unrealized gains/ (losses) recognized in the fair value reserve	Grand total
Debt securities									
HTM	**4,914.15**	**-**	**-**	**-**	**-**	**-**	**4,914.15**	**-**	**4,914.15**
AFS	**786.54**	**-**	**-**	**39.22**	**-**	**-**	**825.76**	**(2,271.36)**	**(1,445.60)**
HFT	**0.10**	**-**	**-**	**9.51**	**(1.36)**	**-**	**8.25**	**-**	**8.25**
LR	**25.58**	**-**	**-**	**-**	**-**	**-**	**25.58**	**-**	**25.58**
Debt schemes									
LR	**1,328.10**	**-**	**-**	**-**	**-**	**-**	**1,328.10**	**-**	**1,328.10**
Equity securities									
AFS	**-**	**249.86**	**-**	**161.59**	**-**	**(77.90)**	**333.55**	**(9.40)**	**324.15**
Investment funds									
AFS	**-**	**263.74**	**-**	**111.29**	**-**	**(231.36)**	**143.67**	**362.40**	**506.07**
HFT	**-**	**13.29**	**-**	**-**	**-**	**-**	**13.29**	**-**	**13.29**
Cash and bank deposits	**1,901.09**	**-**	**-**	**-**	**-**	**-**	**1,901.09**	**-**	**1,901.09**
Investment properties	**-**	**-**	**56.43**	**-**	**294.56**	**-**	**350.99**	**-**	**350.99**
Securities sold/ purchased under repurchase/resale agreements	**(1,046.91)**	**-**	**-**	**-**	**-**	**-**	**(1,046.91)**	**-**	**(1,046.91)**
	7,908.65	**526.89**	**56.43**	**321.61**	**293.20**	**(309.26)**	**8,797.52**	**(1,918.36)**	**6,879.16**

For the year ended 31 December 2012, HK$ million

	Recognized in the consolidated statement of profit or loss								
	Net investment income								
	Interest income/ (expense)	Dividend income	Rental income	Net realized gains/ (losses)	Net unrealized gains/ (losses)	Net impairment gains/ (losses)	Sub total	Unrealized gains/ (losses) recognized in the fair value reserve	Grand total
Debt securities									
HTM	3,756.03	-	-	-	-	-	3,756.03	-	3,756.03
AFS	818.97	-	-	4.17	-	-	823.14	(220.27)	602.87
HFT	0.01	-	-	2.38	-	-	2.39	-	2.39
LR	17.94	-	-	-	-	-	17.94	-	17.94
Debt schemes									
LR	759.44	-	-	-	-	-	759.44	-	759.44
Equity securities									
AFS	-	147.74	-	(959.21)	-	(552.59)	(1,364.06)	1,864.67	500.61
Investment funds									
AFS	-	699.17	-	(82.43)	-	(1,145.76)	(529.02)	667.27	138.25
HFT	-	0.97	-	-	-	-	0.97	-	0.97
Cash and bank deposits	1,616.92	-	-	-	-	-	1,616.92	-	1,616.92
Investment properties	-	-	44.66	-	100.45	-	145.11	-	145.11
Securities sold/ purchased under repurchase/resale agreements	(577.68)	-	-	-	-	-	(577.68)	-	(577.68)
	6,391.63	847.88	44.66	(1,035.09)	100.45	(1,698.35)	4,651.18	2,311.67	6,962.85

LIFE INSURANCE BUSINESS *(Continued)*

Net Policyholders' Benefits

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

For the year ended 31 December, HK$ million

	2013	2012	Change
Net claims	**729.67**	563.18	+29.6%
Surrenders	**6,363.35**	3,920.40	+62.3%
Annuity, dividends and maturity payments	**4,603.91**	3,107.74	+48.1%
Interest allocated to investment contract	**660.51**	1,091.65	-39.5%
	12,357.44	8,682.97	+42.3%

Administrative and Other Expenses

The administrative and other expenses of TPL are summarized as follows:

For the year ended 31 December, HK$ million

	2013	2012	Change
Staff costs	**4,266.62**	3,419.31	+24.8%
Rental expenses	**421.17**	358.41	+17.5%
Others	**2,899.59**	2,297.86	+26.2%
	7,587.38	6,075.58	+24.9%

Financial Strength and Solvency Margin

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

At 31 December, RMB million

	2013	2012
Actual Solvency Margin	**11,151**	9,167
Minimum Statutory Solvency Margin	**6,719**	5,581
Solvency Margin Ratio	**166%**	164%

In January 2014, the CIRC recognized the RMB3.8 billion in capital raising as solvency. TPL's solvency margin as of January 2014 was 205%.

PRC PROPERTY AND CASUALTY INSURANCE BUSINESS – CARRIED OUT BY TPI

The Group's property and casualty insurance segment in the PRC is operated by TPI. TPI is a PRC-incorporated company and was 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 are 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 is summarized below:

For the year ended 31 December, HK$ million

	2013	2012	Change
Gross premiums written	**13,518.87**	9,547.83	+41.6%
Net premiums written	**11,497.42**	8,018.44	+43.4%
Net earned premiums	**10,225.42**	7,212.53	+41.8%
Net claims incurred	**(5,402.93)**	(3,762.71)	+43.6%
Underwriting expenses	**(4,287.82)**	(3,293.96)	+30.2%
Net commission expenses	**(515.34)**	(138.76)	+2.7 time
Underwriting profit	**19.33**	17.10	+13.0%
Total investment income	**454.74**	288.01	+57.9%
Other gain and other income	**26.49**	38.30	-30.8%
Other administrative expenses	**(118.73)**	(39.91)	+2.0 time
Finance costs	**(49.65)**	(54.35)	-8.6%
Profit from operation before taxation	**332.18**	249.15	+33.3%
Profit from operation after taxation	**341.99**	239.45	+42.8%
Profit from operation attributable to the owners	**227.88**	146.57	+55.5%

Retained ratio	**85.0%**	84.0%	+1.0 pt
Earned premiums ratio	**75.6%**	75.5%	+0.1 pt
Loss ratio [1]	**52.8%**	52.2%	+0.6 pt
Expense ratio [1]	**47.0%**	47.6%	-0.6 pt
Combined ratio [2]	**99.8%**	99.8%	-

[1] *Both the loss ratio and expense ratio are based on net earned premiums.*

[2] *The combined ratio is the sum of the loss ratio and the expense ratio.*

PRC PROPERTY AND CASUALTY INSURANCE BUSINESS – CARRIED OUT BY TPI
(Continued)

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

	2013	2012	Change
Market share [1]	**1.7%**	1.4%	+0.3 pt
Number of provincial branches	**29**	28	+1
Number of sub-branches and marketing centers	**435**	360	+75
Number of customers			
- Individual	**2,963,968**	2,022,276	+941,692
- Corporate	**196,825**	177,654	+19,171
Distribution network			
- Number of direct sales representatives	**6,074**	5,484	+ 590
- Number of insurance agents[2]	**13,809**	12,684	+1,125

[1] *Based on premiums published by the CIRC.*

[2] *The number of insurance agents includes individual agents, professional agents and ancillary agents.*

Operating Profit

The property and casualty insurance business operated by TPI produced a net operating profit of HK$341.99 million during the Year (2012: HK$239.45 million).

PRC PROPERTY AND CASUALTY INSURANCE BUSINESS – CARRIED OUT BY TPI *(Continued)*

Gross Premiums Written

With the property and casualty insurance industry in the PRC growing at a solid rate of 17.2% in 2013, TPI's growth in gross premiums written exceed the market, increasing by 41.6% to HK$13,518.87 million from HK$9,547.83 million in the Last Year. The detailed breakdown of TPI's gross premiums written was as follows:

For the year ended 31 December, HK$ million

Business Line	**2013**	**% of Total**	2012	% of Total
Motor	**11,130.03**	**82.3%**	7,713.37	80.8%
Marine	**274.33**	**2.0%**	220.35	2.3%
Non-marine	**2,114.51**	**15.7%**	1,614.11	16.9%
	13,518.87	**100.0%**	9,547.83	100.0%

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

For the year ended 31 December, HK$ million

	2013	**% of Total**	2012	% of Total
Sichuan	**1,478.62**	**10.9%**	1,183.98	12.4%
Shenzhen	**1,000.08**	**7.4%**	753.79	7.9%
Shanghai	**879.43**	**6.5%**	624.37	6.5%
Guangdong	**871.91**	**6.4%**	527.21	5.5%
Zhejiang	**697.58**	**5.2%**	525.41	5.5%
Others	**8,591.25**	**63.6%**	5,933.07	62.2%
Total	**13,518.87**	**100.0%**	9,547.83	100.0%

Combined Ratio

TPI's expense ratio decreased to 47.0% from 47.6% in the Last Year primarily due to strengthened cost controls. The loss ratio slightly increased by 0.6 percentage points to 52.8% from 52.2% in the Last Year. TPI's combined ratio remained stable at 99.8% during the Year, as compared with the 99.8% in the Last Year. TPI's loss ratios, expense ratios and combined ratios were as follows:

For the year ended 31 December

	2013	2012
Loss ratio	**52.8%**	52.2%
Expense ratio	**47.0%**	47.6%
Combined ratio	**99.8%**	99.8%

PRC PROPERTY AND CASUALTY INSURANCE BUSINESS – CARRIED OUT BY TPI *(Continued)*

Investment Performance

The composition of investments held by TPI was as follows:

At 31 December, HK$ million

	2013	**% of Total**	2012	% of Total
Debt securities	**6,278.96**	**39.0%**	4,601.99	44.9%
Debt schemes	**2,098.62**	**13.0%**	730.92	7.1%
Equity securities	**638.25**	**4.0%**	118.88	1.2%
Investment funds	**546.97**	**3.5%**	320.55	3.1%
Cash and bank deposits	**6,519.49**	**40.5%**	4,473.15	43.7%
Total invested assets	**16,082.29**	**100.00%**	10,245.49	100.0%

During the Year, TPI continued to be very cautious in its asset allocation for its investment portfolio. Equity investments were kept at a low percentage of the asset allocation, while debt securities, debt schemes and cash and bank deposits constituted a combined total of approximately 92.5% of the total invested assets as at 31 December 2013 (2012: 95.7%).

The classification of TPI's investments in securities under HTM, AFS, HFT, DVPL and LR was as follows:

At 31 December 2013, HK$ million

	HTM	**AFS**	**HFT/DVPL**	**LR**	**Total**
Debt securities	**1,385.82**	**3,653.02**	**-**	**1,240.12**	**6,278.96**
Debt schemes	**-**	**-**	**-**	**2,098.62**	**2,098.62**
Equity securities	**-**	**638.25**	**-**	**-**	**638.25**
Investment funds	**-**	**546.97**	**-**	**-**	**546.97**
	1,385.82	**4,838.24**	**-**	**3,338.74**	**9,562.80**

At 31 December 2012, HK$ million

	HTM	AFS	HFT/DVPL	LR	Total
Debt securities	1,210.38	2,799.64	246.66	345.31	4,601.99
Debt schemes	-	-	-	730.92	730.92
Equity securities	-	118.88	-	-	118.88
Investment funds	-	320.55	-	-	320.55
	1,210.38	3,239.07	246.66	1,076.23	5,772.34

PRC PROPERTY AND CASUALTY INSURANCE BUSINESS – CARRIED OUT BY TPI *(Continued)*

The debt securities classified by type and class were as follows:

At 31 December, HK$ million

	2013	2012
Governments and central banks	**292.53**	591.59
Banks and other financial institutions	**1,501.97**	1,739.83
Corporate entities	**4,484.46**	2,270.57
	6,278.96	4,601.99

The total investment income and the investment yield of TPI's investments on a pre-tax basis recognized in the consolidated statement of profit or loss were as follows:

For the year ended 31 December, HK$ million

	2013	2012	Change
Net debt investment income [1]	**327.62**	226.77	+44.5%
Net realized and unrealized investment losses	**(46.50)**	(92.41)	-49.7%
Other investment income [2]	**173.62**	153.65	+13.0%
Total investment income	**454.74**	288.01	+57.9%

[1] Net debt investment income mainly consists of interest income from debt securities and debt schemes.
[2] Other investment income mainly consists of interest income from bank deposits, and dividend income from equities and investment funds

TPI's total investment income was HK$454.74 million during the Year, representing a solid increase from the HK$288.01 million in the Last Year. TPI's heavy weighting and allocation of assets in fixed income, bank deposits and cash resulted in a satisfactory yield for its investment portfolio.

PRC PROPERTY AND CASUALTY INSURANCE BUSINESS – CARRIED OUT BY TPI *(Continued)*

The details of TPI's investment income/(loss) on a pre-tax basis were as follows:

For the year ended 31 December 2013, HK$ million

	Recognized in the consolidated statement of profit or loss						Unrealized gains/ (losses) recognized in the fair value reserve	Grand total
	Net investment income		Net realized gains/ (losses)	Net unrealized gains/ (losses)	Net impairment gains/ (losses)	Sub total		
	Interest income/ (expense)	Dividend income						
Debt securities								
HTM	68.49	-	-	-	-	68.49	-	68.49
AFS	145.93	-	(17.89)	-	-	128.04	(81.20)	46.84
HFT/DVPL	0.03	-	(0.98)	-	-	(0.95)	-	(0.95)
LR	27.61	-	-	-	-	27.61	-	27.61
Debt schemes								
LR	85.56	-	-	-	-	85.56	-	85.56
Equity securities								
AFS	-	6.53	(32.65)	-	-	(26.12)	8.98	(17.14)
Investment funds								
AFS	-	6.49	5.02	-	-	11.51	27.60	39.11
HFT/DVPL	-	1.20	-	-	-	1.20	-	1.20
Cash and bank deposits	167.71	-	-	-	-	167.71	-	167.71
Securities sold/ purchased under repurchase/resale agreements	(8.31)	-	-	-	-	(8.31)	-	(8.31)
	487.02	14.22	(46.50)	-	-	454.74	(44.62)	410.12

For the year ended 31 December 2012, HK$ million

	Recognized in the consolidated statement of profit or loss						Unrealized gains/ (losses) recognized in the fair value reserve	Grand total
	Net investment income		Net realized gains/ (losses)	Net unrealized gains/ (losses)	Net impairment gains/ (losses)	Sub total		
	Interest income/ (expense)	Dividend income						
Debt securities								
HTM	43.48	-	-	-	-	43.48	-	43.48
AFS	111.52	-	(3.88)	-	-	107.64	(6.27)	101.37
HFT/DVPL	14.84	-	(1.16)	1.78	-	15.46	-	15.46
LR	18.81	-		-	-	18.81	-	18.81
Debt schemes								
LR	38.12	-	-	-	-	38.12	-	38.12
Equity securities								
AFS	-	5.32	(24.22)	-	(0.10)	(19.00)	27.56	8.56
Investment funds								
AFS	-	7.54	(62.81)	-	(2.02)	(57.29)	7.78	(49.51)
Cash and bank deposits	142.08	-	-	-	-	142.08	-	142.08
Securities sold/ purchased under repurchase/resale agreements	(1.29)	-	-	-	-	(1.29)	-	(1.29)
	367.56	12.86	(92.07)	1.78	(2.12)	288.01	29.07	317.08

PRC PROPERTY AND CASUALTY INSURANCE BUSINESS – CARRIED OUT BY TPI
(Continued)

Underwriting and Other Administrative Expenses

The underwriting and administrative expenses of TPI are summarized as follows:

For the year ended 31 December, HK$ million

	2013	2012	Change
Staff costs	**1,349.55**	965.07	+39.8%
Rental expenses	**96.71**	63.94	+51.3%
Business tax and additional charges	**757.70**	531.35	+42.6%
Others	**2,202.59**	1,775.10	+24.1%
	4,406.55	3,335.46	+32.1%

Financial Strength and Solvency Margin

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

At 31 December, RMB million

	2013	2012
Actual Solvency Margin	**2,282**	1,587
Minimum Statutory Solvency Margin	**1,374**	976
Solvency Margin Ratio	**166%**	163%

OVERSEAS PROPERTY AND CASUALTY INSURANCE BUSINESS – CARRIED OUT BY CTPI (HK)

The Group's Hong Kong property and casualty insurance segment is operated by CTPI (HK). CTPI (HK) is a Hong Kong-incorporated company and is wholly-owned by the Group. CTPI (HK) is principally engaged in the underwriting of motor, marine and non-marine policies in Hong Kong.

The figures below are the results of CTPI (HK) from its operations, before intra-group eliminations.

The key financial data of the property and casualty insurance business operated in Hong Kong by CTPI (HK) is summarized below:

For the year ended 31 December, HK$ million

	2013	2012	Change
Gross premiums written	**1,248.66**	1,041.53	+19.9%
Reinsurance premiums written	**533.37**	426.04	+25.2%
Net premiums written	**1,336.41**	1,087.14	+22.9%
Net earned premiums	**1,329.92**	894.52	+48.7%
Net claims incurred	**(782.71)**	(418.77)	+86.9%
Underwriting expenses	**(135.46)**	(124.64)	+8.7%
Net commission expenses	**(382.37)**	(330.43)	+15.7%
Underwriting profit	**29.38**	20.68	+42.1%
Total investment income	**295.73**	546.80	-45.9%
Other gain and other income	**13.54**	13.20	+2.6%
Net exchange gain/(loss)	**21.42**	(3.19)	-
Net impairment losses write back of property	-	14.34	-
Other administrative expenses	**(39.22)**	(30.70)	+27.8%
Profit from operation before taxation	**320.85**	561.13	-42.8%
Profit from operation after taxation and attributable to the owners	**282.00**	531.46	-46.9%
Retained ratio	**75.0%**	74.1%	+0.9 pt
Loss ratio [1]	**58.9%**	46.8%	+12.1 pts
Expense ratio [1]	**38.9%**	50.9%	-12.0 pts
Combined ratio [2]	**97.8%**	97.7%	+0.1 pt

[1] *Both the loss ratio and expense ratio are based on net earned premiums.*

[2] *The combined ratio is the sum of the loss ratio and the expense ratio.*

OVERSEAS PROPERTY AND CASUALTY INSURANCE BUSINESS – CARRIED OUT BY CTPI (HK) *(Continued)*

Operating Profit

The property and casualty insurance business operated in Hong Kong by CTPI (HK) recorded a net operating profit attributable to the owners of HK$282.00 million during the Year (2012: HK$531.46 million). CTPI (HK) produced solid premium growth and underwriting profit in 2013. Net income decreased from Last Year primarily because of a substantial one-time real estate revaluation gain recognized in 2012.

Gross Premiums Written

Gross premiums written increased by 19.9% to HK$1,248.66 million from HK$1,041.53 million in the Last Year. During the Year, Hong Kong's continued economic strength and activity helped to grow the property and casualty insurance sector. The detailed breakdown of gross premiums written was as follows:

For the year ended 31 December, HK$ million

Business Line	**2013**	**% of Total**	2012	% of Total
Motor	**277.82**	**22.2%**	219.15	21.0%
Marine	**237.24**	**19.0%**	212.92	20.5%
Non-marine	**733.60**	**58.8%**	609.46	58.5%
	1,248.66	**100.0%**	1,041.53	100.0%

Net Claims Incurred and Combined Ratio

Net claims incurred increased by 86.9% to HK$782.71 million from HK$418.77 million in the Last Year. The expense ratio decreased to 38.9% from 50.9% in the Last Year. The loss ratios, expense ratios and combined ratios were as follows:

For the year ended 31 December

	2013	2012
Loss ratio	**58.9%**	46.8%
Expense ratio	**38.9%**	50.9%
Combined ratio	**97.8%**	97.7%

OVERSEAS PROPERTY AND CASUALTY INSURANCE BUSINESS – CARRIED OUT BY CTPI (HK) *(Continued)*

Investment Performance

The composition of investments was as follows:

At 31 December, HK$ million

	2013	**% of Total**	2012	% of Total
Debt securities	**1,828.53**	**37.0%**	1,722.05	37.2%
Equity securities	**271.28**	**5.5%**	151.42	3.3%
Investment funds	**366.79**	**7.5%**	99.90	2.2%
Cash and bank deposits	**692.46**	**14.0%**	919.08	19.8%
Investment properties	**1,777.73**	**36.0%**	1,739.92	37.5%
Total invested assets	**4,936.79**	**100.0%**	4,632.37	100.0%

During the Year, CTPI (HK) continued to be very cautious in its asset allocation for its investment portfolio. Equity investments were maintained at a relatively low percentage of the asset allocation, while debt securities and cash and bank deposits constituted a combined total of approximately 51.0% of the total invested assets as at 31 December 2013 (2012: 57.0%).

The classification of investments in securities under HTM, AFS, HFT and LR was as follows:

At 31 December 2013, HK$ million

	HTM	**AFS**	**HFT**	**LR**	**Total**
Debt securities	**496.89**	**1,331.64**	**-**	**-**	**1,828.53**
Equity securities	**-**	**271.28**	**-**	**-**	**271.28**
Investment funds	**-**	**172.92**	**-**	**193.87**	**366.79**
	496.89	**1,775.84**	**-**	**193.87**	**2,466.60**

At 31 December 2012, HK$ million

	HTM	AFS	HFT	LR	Total
Debt securities	-	1,722.05	-	-	1,722.05
Equity securities	-	151.42	-	-	151.42
Investment funds	-	99.90	-	-	99.90
	-	1,973.37	-	-	1,973.37

OVERSEAS PROPERTY AND CASUALTY INSURANCE BUSINESS – CARRIED OUT BY CTPI (HK) *(Continued)*

The debt securities classified by type and class were as follows:

At 31 December, HK$ million

	2013	2012
Governments and central banks	**5.19**	5.33
Banks and other financial institutions	**1,139.10**	1,250.45
Corporate entities	**684.24**	466.27
	1,828.53	1,722.05

The total investment income and the investment yield on a pre-tax basis recognized in the consolidated statement of profit or loss were as follows:

For the year ended 31 December, HK$ million

	2013	2012	Change
Net debt investment income [1]	95.08	89.55	+6.2%
Net realized and unrealized investment gains	87.91	359.32	-75.5%
Other investment income [2]	112.74	97.93	+15.1%
Total investment income	**295.73**	546.80	-45.9%

[1] Net debt investment income mainly consists of interest income from debt securities and debt schemes.
[2] Other investment income mainly consists of rental income.

Total investment income was HK$295.73 million for the Year, representing a decrease of 45.9% from HK$546.80 million in the Last Year. CTPI (HK)'s investment property in Hong Kong experienced substantial positive one-time revaluations gains in 2012 due to the robust property market Last Year.

OVERSEAS PROPERTY AND CASUALTY INSURANCE BUSINESS – CARRIED OUT BY CTPI (HK) *(Continued)*

The details of CTPI (HK)'s investment income/(loss) on a pre-tax basis were as follows:

For the year ended 31 December 2013, HK$ million

	Recognized in the consolidated statement of profit or loss							Unrealized gains/ (losses) recognized in the fair value reserve	Grand total
	Net investment income								
	Interest income/ (expense)	Dividend income	Rental income	Net realized gains/ (losses)	Net unrealized gains/ (losses)	Net impairment gains/ (losses)	Sub total		
Debt securities									
HTM	**4.39**	**-**	**-**	**-**	**-**	**-**	**4.39**	**-**	**4.39**
AFS	**88.49**	**-**	**-**	**15.46**	**-**	**-**	**103.95**	**(77.83)**	**26.12**
LR	**2.20**	**-**	**-**	**-**	**-**	**-**	**2.20**	**-**	**2.20**
Equity securities									
AFS	**-**	**13.57**	**-**	**25.12**	**-**	**-**	**38.69**	**13.14**	**51.83**
Investment funds									
AFS	**-**	**1.10**	**-**	**0.69**	**-**	**-**	**1.79**	**(4.79)**	**(3.00)**
Cash and bank deposits	**8.13**	**-**	**-**	**-**	**-**	**-**	**8.13**	**-**	**8.13**
Investment properties	**-**	**-**	**72.85**	**-**	**46.64**	**-**	**119.49**	**-**	**119.49**
Others	**17.09**	**-**	**-**	**-**	**-**	**-**	**17.09**	**-**	**17.09**
	120.30	**14.67**	**72.85**	**41.27**	**46.64**	**-**	**295.73**	**(69.48)**	**226.25**

For the year ended 31 December 2012, HK$ million

	Recognized in the consolidated statement of profit or loss							Unrealized gains/ (losses) recognized in the fair value reserve	Grand total
	Net investment income								
	Interest income/ (expense)	Dividend income	Rental income	Net realized gains/ (losses)	Net unrealized gains/ (losses)	Net impairment gains/ (losses)	Sub total		
Debt securities									
AFS	89.55	-	-	28.84	-	-	118.39	154.44	272.83
Equity securities									
AFS	-	8.00	-	(4.29)	-	(1.89)	1.82	39.35	41.17
Investment funds									
AFS	-	1.84	-	7.73	-	(2.95)	6.62	(5.13)	1.49
Cash and bank deposits	12.60	-	-	-	-	-	12.60	-	12.60
Investment properties	-	-	64.49	-	331.88	-	396.37	-	396.37
Others	11.00	-	-	-	-	-	11.00	-	11.00
	113.15	9.84	64.49	32.28	331.88	(4.84)	546.80	188.66	735.46

OVERSEAS PROPERTY AND CASUALTY INSURANCE BUSINESS – CARRIED OUT BY CTPI (HK) *(Continued)*

Underwriting and Other Administrative Expenses

The underwriting and other administrative expenses are summarized as follows:

For the year ended 31 December, HK$ million

	2013	2012	Change
Staff costs	**120.33**	108.73	+10.7%
Rental expenses	**0.77**	0.60	+28.3%
Others	**53.58**	46.01	+16.5%
	174.68	155.34	+12.5%

Financial Strength and Solvency Margin

The solvency margin ratios of CTPI (HK) under the Hong Kong Insurance regulations were as follows:

At 31 December, HKD million

	2013	2012
Actual Solvency Margin	**2,734**	2,586
Minimum Statutory Solvency Margin	**159**	139
Solvency Margin Ratio	**1,722%**	1,857%

OVERSEAS PROPERTY AND CASUALTY INSURANCE BUSINESS – CARRIED OUT BY TP MACAU

The Group's overseas property and casualty insurance segment is operated by TP Macau. TP Macau is registered under the Macau Insurance Ordinance as an insurer to underwrite general insurance business in Macau, including among others, Property, Liability, Construction All Risks, Motor, and Employee's Compensation.

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

The key financial data of the property and casualty insurance business operated in overseas by TP Macau is summarized below:

For the year ended 31 December, HK$ million

	2013	2012	Change
Gross premiums written	**455.68**	406.54	+12.1%
Underwriting profit	**250.86**	236.88	+5.9%
Profit from operation before taxation	**50.88**	81.49	-37.6%
Profit from operation after taxation and attributable to the owners	**45.38**	73.31	-38.1%
Retained ratio	**60.3%**	63.8%	-3.5 pts
Earned premiums ratio	**54.3%**	56.1%	-1.8 pts
Loss ratio [1]	**46.5%**	46.8%	-0.3 pt
Expense ratio [1]	**18.1%**	16.8%	+1.3 pts
Combined ratio [2]	**64.6%**	63.6%	+1.0 pt
Solvency Margin Ratio	**191.9%**	212.3%	-20.4 pts

[1] *Both the loss ratio and expense ratio are based on net earned premiums.*

[2] *The combined ratio is the sum of the loss ratio and the expense ratio.*

REINSURANCE BUSINESS

The Group's reinsurance business is operated by TPRe. TPRe is a Hong Kong-incorporated company and wholly-owned by the Group, and is 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 has chosen not to engage in long-tail, liability reinsurance business from outside of Asia, such as from the United States and Europe.

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

The key financial data and key performance indicators of the reinsurance business are summarized below:

For the year ended 31 December, HK$ million

	2013	2012	Change
Gross premiums written	**3,737.47**	3,435.30	+8.8%
Net premiums written	**3,389.98**	3,073.24	+10.3%
Net earned premiums	**3,280.28**	2,994.50	+9.5%
Net claims incurred	**(2,070.70)**	(2,291.52)	-9.6%
Underwriting expenses	**(114.82)**	(75.04)	+53.0%
Net commission expenses	**(980.24)**	(835.77)	+17.3%
Underwriting Gain/(loss)	**114.52**	(207.83)	-
Total investment income	**381.58**	328.49	+16.2%
Other gain/(losses) and other income	**0.66**	(1.69)	-
Net exchange (loss)/gain	**(48.63)**	25.53	-
Other administrative expenses	**(14.27)**	(13.42)	+6.3%
Profit from operation before taxation	**433.86**	131.08	+2.3 times
Profit from operation after taxation and attributable to the owners	**404.53**	112.08	+2.6 times
Regulatory solvency margin ratio	**450.9%**	402.0%	+48.9 pts
Retained ratio	**90.7%**	89.5%	+1.2pts
Earned premiums ratio	**87.8%**	87.2%	+0.6pt
Loss ratio [1]	**63.1%**	76.5%	-13.4pts
Expense ratio [1]	**33.4%**	30.4%	+3.0pts
Combined ratio [2]	**96.5%**	106.9%	-10.4pts

[1] *Both the loss ratio and expense ratio are based on net earned premiums.*

[2] *The combined ratio is the sum of the loss ratio and the expense ratio.*

REINSURANCE BUSINESS *(Continued)*

Operating Profit

The reinsurance business incurred a net operating profit after tax of HK$404.53 million during the Year (2012: HK$112.08 million). The improvement of TPRe's operating profit was mainly due to reinforced risk controls on its reinsurance underwriting activities, an absence of major catastrophe loss events during the Year, and strong investment income.

The underwriting result returned to profit after two years of underwriting losses caused primarily by the unprecedented 2011 Thai Floods.

Gross Premiums Written

TPRe's gross premiums written for the Year increased by 8.8% to HK$3,737.47 million from HK$3,435.30 million in the Last Year. TPRe continued to have favorable premium growth in Mainland China, while maintaining its territorial diversification strategy and achieving premium growth in most of its other territories.

TPRe's geographical distribution of gross premiums written is summarized as follows:

For the year ended 31 December, HK$ million

	2013	**% of Total**	2012	% of Total
Hong Kong & Macau	**456.13**	**12.2%**	431.94	12.6%
Mainland China (& Taiwan)	**1,752.19**	**46.9%**	1,521.36	44.3%
Japan	**190.80**	**5.1%**	209.85	6.1%
Rest of Asia	**697.91**	**18.7%**	668.97	19.4%
Europe	**431.45**	**11.5%**	380.21	11.1%
Others	**208.99**	**5.6%**	222.97	6.5%
	3,737.47	**100.0%**	3,435.30	100.0%

REINSURANCE BUSINESS *(Continued)*

Net Claims Incurred

No serious, major catastrophes hit TPRe's reinsurance portfolio in 2013. During the Year, the net incurred loss ratio improved to 63.1% (2012: 76.5%).

TPRe has implemented more vigorous risk control measures on its reinsurance portfolio, including more in-depth studies of its aggregate exposures in major catastrophe prone markets and more tailor-made retrocession arrangements to mitigate both the frequency and severity of major loss events.

Claims reserve provisions are regularly reviewed in conjunction with the claims development patterns, with more extensive studies and analyses conducted on the adequacy of the bulk claims reserves as well as large catastrophe claims reserves. The 2011 Thai Floods claims have stabilized and meaningful savings were achieved on the cases which were settled. During the Year, there was no abnormal claims development.

Investment Performance

The composition of investments held by TPRe was as follows:

At 31 December, HK$ million

	2013	**% of Total**	2012	% of Total
Debt securities	**5,088.70**	**61.1%**	4,714.18	63.8%
Debt schemes	**155.18**	**1.9%**	46.86	0.6%
Equity securities	**144.50**	**1.7%**	52.15	0.7%
Investment funds	**419.50**	**5.0%**	103.79	1.4%
Cash and bank deposits	**2,438.39**	**29.3%**	2,393.42	32.5%
Investment properties	**79.03**	**1.0%**	73.72	1.0%
Total invested assets	**8,325.30**	**100.0%**	7,384.12	100.00%

REINSURANCE BUSINESS *(Continued)*

During the Year, investment grade fixed income debt securities continued to constitute the largest part of the investment portfolio. Debt securities, debt schemes and cash and bank deposits constituted a combined total of approximately 92.3% of the total invested assets as at 31 December 2013 (2012: 96.9%).

The classification of TPRe's investments in securities under HTM, AFS, HFT and LR was as follows:

At 31 December 2013, HK$ million

	HTM	**AFS**	**HFT**	**LR**	**Total**
Debt securities	**3,552.90**	**1,339.04**	**8.53**	**188.23**	**5,088.70**
Debt schemes	**-**	**-**	**-**	**155.18**	**155.18**
Equity securities	**-**	**144.50**	**-**	**-**	**144.50**
Investment funds	**-**	**77.77**	**31.55**	**310.18**	**419.50**
	3,552.90	**1,561.31**	**40.08**	**653.59**	**5,807.88**

At 31 December 2012, HK$ million

	HTM	AFS	HFT	LR	Total
Debt securities	3,211.93	1,143.38	22.18	336.69	4,714.18
Debt schemes	-	-	-	46.86	46.86
Equity securities	-	52.15	-	-	52.15
Investment funds	-	74.35	29.44	-	103.79
	3,211.93	1,269.88	51.62	383.55	4,916.98

The debt securities classified by type and class were as follows:

At 31 December, HK$ million

	2013	2012
Governments and central banks	**546.42**	569.81
Banks and other financial institutions	**2,267.37**	2,275.19
Corporate entities	**2,274.91**	1,869.18
	5,088.70	4,714.18

REINSURANCE BUSINESS *(Continued)*

The debt securities classified by original currencies in their respective HKD equivalents were as follows:

At 31 December, HK$ million

	2013	2012
USD	**3,506.23**	3,327.83
RMB	**741.83**	650.18
EUR	**348.33**	317.27
GBP	**235.23**	230.12
AUD	**74.42**	78.43
Others	**182.66**	110.35
	5,088.70	4,714.18

The total investment income and the investment yield of TPRe's investments on a pre-tax basis recognized in the consolidated statement of profit or loss were as follows:

For the year ended 31 December, HK$ million

	2013	2012	Change
Net debt investment income [1]	**281.20**	271.90	+3.4%
Net realized and unrealized investment gains	**57.46**	9.46	+5.0 times
Other investment income [2]	**42.92**	47.13	-8.9%
Total investment income	**381.58**	328.49	+16.2%

[1] Net debt investment income mainly consists of interest income from debt securities and debt schemes.
[2] Other investment income mainly consists of interest income from bank deposits, and dividend income from equities and investment funds

TPRe's total investment income was a gain of HK$381.58 million for the Year, representing an increase from HK$328.49 million in the Last Year. TPRe's conservative asset weightings in its investment portfolio allowed the company to produce a satisfactory total investment yield.

REINSURANCE BUSINESS *(Continued)*

The details of TPRe's investment income/(loss) on a pre-tax basis were as follows:

For the year ended 31 December 2013, HK$ million

	Recognized in the consolidated statement of profit or loss							Unrealized gains/ (losses) recognized in the fair value reserve	Grand total
	Net investment income								
	Interest income/ (expense)	Dividend income	Rental income	Net realized gains/ (losses)	Net unrealized gains/ (losses)	Net impairment gains/ (losses)	Sub total		
Debt securities									
HTM	**184.49**	**-**	**-**	**-**	**-**	**-**	**184.49**	**-**	**184.49**
AFS	**71.46**	**-**	**-**	**13.57**	**-**	**-**	**85.03**	**(47.53)**	**37.50**
HFT	**1.43**	**-**	**-**	**(0.56)**	**0.77**	**-**	**1.64**	**-**	**1.64**
LR	**13.81**	**-**	**-**	**-**	**-**	**-**	**13.81**	**-**	**13.81**
Debt schemes									
LR	**10.01**	**-**	**-**	**-**	**-**	**-**	**10.01**	**-**	**10.01**
Equity securities									
AFS	**-**	**3.25**	**-**	**26.16**	**-**	**-**	**29.41**	**3.68**	**33.09**
Investment funds									
AFS	**-**	**0.74**	**-**	**-**	**-**	**-**	**0.74**	**3.40**	**4.14**
HFT	**-**	**1.45**	**-**	**-**	**2.11**	**-**	**3.56**	**-**	**3.56**
Cash and bank deposits	**37.95**	**-**	**-**	**-**	**-**	**-**	**37.95**		**37.95**
Securities sold under resale agreements	**0.14**	**-**	**-**	**-**	**-**	**-**	**0.14**	**-**	**0.14**
Investment properties	**-**	**-**	**0.43**	**-**	**5.31**	**-**	**5.74**	**-**	**5.74**
Others	**(1.04)**	**-**	**-**	**10.10**	**-**	**-**	**9.06**	**-**	**9.06**
	318.25	**5.44**	**0.43**	**49.27**	**8.19**	**-**	**381.58**	**(40.45)**	**341.13**

For the year ended 31 December 2012, HK$ million

	Recognized in the consolidated statement of profit or loss							Unrealized gains/ (losses) recognized in the fair value reserve	Grand total
	Net investment income								
	Interest income/ (expense)	Dividend income	Rental income	Net realized gains/ (losses)	Net unrealized gains/ (losses)	Net impairment gains/ (losses)	Sub total		
Debt securities									
HTM	183.59	-	-	-	-	-	183.59	-	183.59
AFS	67.50	-	-	21.41	-	-	88.91	46.84	135.75
HFT	1.60	-	-	3.94	4.13	-	9.67	-	9.67
LR	17.17	-	-	-	-	-	17.17	-	17.17
Debt schemes									
LR	2.04	-	-	-	-	-	2.04	-	2.04
Equity securities									
AFS	-	5.50	-	(26.11)	-	(6.38)	(26.99)	78.88	51.89
Investment funds									
AFS	-	0.74	-	(0.08)	-	-	0.66	(0.40)	0.26
HFT	-	2.72	-	-	0.20	-	2.92	-	2.92
Cash and bank deposits	35.28	-	-	-	-	-	35.28	-	35.28
Securities sold under resale agreements	2.37	-	-	-	-	-	2.37	-	2.37
Investment properties	-	-	0.52	0.54	7.32	-	8.38	-	8.38
Others	-	-	-	-	4.49	-	4.49	-	4.49
	309.55	8.96	0.52	(0.30)	16.14	(6.38)	328.49	125.32	453.81

REINSURANCE BUSINESS *(Continued)*

Underwriting and Other Administrative Expenses

The underwriting and other administrative expenses of TPRe are summarized as follows:

For the year ended 31 December, HK$ million

	2013	2012	Change
Staff costs	**80.06**	44.79	+78.7%
Rental expenses	**8.18**	5.94	+37.7%
Others	**40.85**	37.73	+8.3%
	129.09	88.46	+45.9%

Staff costs increased due to salary adjustments and accrued bonuses for the Year, as the underwriting performance turned back to profit following a loss in the previous year. Rental expenses increased following the renewal of the lease for the office premises.

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 are the results of TPP from its operations, before intra-group eliminations.

The key financial data of the pension and group life insurance businesses is summarized below:

For the year ended 31 December, HK$ million

	2013	2012	Change
Gross premiums written	**1,661.73**	1,136.43	+46.2%
Net premiums written	**1,345.49**	841.23	+59.9%
Net earned premiums	**1,258.46**	789.31	+59.4%
Net policyholders' benefits	**(472.22)**	(394.53)	+19.7%
Net commission expenses	**(101.38)**	(65.93)	+53.8%
Change in insurance contract liabilities, net of reinsurance	**(234.26)**	(108.14)	+1.2 times
Total investment income	**166.31**	74.90	+1.2 times
Pension administration fee income	**148.23**	113.84	+30.2%
Agency fee income	**41.83**	101.55	-58.8%
Administrative and other expenses	**(882.07)**	(665.91)	+32.5%
Loss from operation before taxation	**(47.73)**	(128.58)	-62.9%
Profit/(loss) from operation after taxation	**2.43**	(128.58)	-
Profit/(loss) from operation attributable to the owners	**3.10**	(123.44)	-

The key operational data of the pension business is summarized below:

	2013	2012	Change
Annuity invested assets *(HK$ million)*	**38,787**	32,135	+20.7%
Annuity entrusted assets *(HK$ million)*	**35,805**	29,596	+21.0%
Number of enterprises in funds and schemes	**6,862**	6,787	+75
Number of branches	**17**	17	-

PENSION AND GROUP LIFE INSURANCE BUSINESSES *(Continued)*

Operating Result

The pension and group life insurance businesses incurred a net operating profit of HK$2.43 million during the Year (2012: loss of HK$128.58 million), representing a turn to profitability after losses in 2012 and previous years.

Gross Premiums Written

TPP's gross premiums written for the Year increased significantly by 46.2% to HK$1,661.73 million from HK$1,136.43 million in the Last Year. The detailed breakdown of TPP's gross premiums written was as follows:

For the year ended 31 December, HK$ million

Business Line	**2013**	**% of Total**	2012	% of Total
Health	**1,018.05**	**61.3%**	721.38	63.5%
Accident	**542.06**	**32.6%**	326.62	28.7%
Group Life	**101.62**	**6.1%**	88.43	7.8%
	1,661.73	**100.0%**	1,136.43	100.0%

ASSET MANAGEMENT BUSINESS

The Group's asset management business is operated by TPAM and TPA (HK), which are mainly engaged in the provision of investment consultancy 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.

The figures below are the results of TPAM 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 and in Hong Kong by TPA (HK) are summarized below:

For the year ended 31 December, HK$ million

	2013	2012	Change
Management fee income	**292.56**	192.80	+51.7%
Total investment income	**29.92**	13.80	+1.2 times
Administrative and other expenses	**(296.60)**	(173.72)	+70.7%
Profit from operation before taxation	**29.58**	40.48	-26.9%
Profit from operation after taxation	**29.05**	31.70	-8.4%
Profit from operating attributable to the owners	**22.44**	20.16	+11.3%

The key operational data of the asset management business is summarized below:

HK$ million

	2013	2012	Change
TPAM			
Assets under management	**238,708**	177,949	+34.1%
Including: Assets within the Group	**194,292**	160,663	+20.9%
TPA (HK)			
Assets under management	**13,259**	10,152	+30.6%
Including: Assets within the Group	**1,109**	8,968	-87.6%

Operating Profit

The asset management business produced a net operating profit of HK$29.05 million during the Year (2012: HK$31.70 million), representing a decrease of 8.4% compared to Last Year.

LIQUIDITY AND FINANCIAL RESOURCES

The Group's cash and bank deposits as at 31 December 2013 amounted to HK$71,951.86 million (2012: HK$57,004.87 million).

FINANCIAL LEVERAGE

The interest-bearing notes and bank facilities drawn as at 31 December 2013 amounted to HK$17,586 million (31 December 2012: HK$17,655 million). As of 31 December 2013, CTIH's consolidated financial leverage ratio (calculated by debt over the summation of debt plus equity) was 42% (31 December 2012: 43%). The above ratios do not include shareholder loans.

CAPITAL STRUCTURE

CTIH did not issue new shares during the Year. For the year ended 31 December 2012, 600,000 shares were issued, and net proceeds received for the shares issued for cash in aggregate amounted to HK$1.73 million.

In February and March 2014, after CTIH issued 571,656,306 shares and 152,479,270 consideration shares, respectively, to TPH (HK), TPG (HK)'s ownership interests in CTIH increased to 67.19%.

STAFF AND STAFF REMUNERATION

As at 31 December 2013, the Group had a total of 40,827 employees (2012: 38,951 employees), an increase of 1,876 employees. Total remuneration for the Year amounted to HK$6,912.57 million (2012: HK$5,304.94 million), an increase of 30.3%. Bonuses are linked to both the performance of the Group and the performance of the individual.

CONTINGENT LIABILITIES

Other than those incurred in the normal course of the Group's insurance businesses, there was no outstanding litigation nor any other contingent liabilities as at 31 December 2013.

OUTLOOK

Building a New Taiping in 3 Years' Time

Facing significant change, and complex and difficult market trends, CTIH in 2013 further improved its internal corporate governance and resource integration capabilities, and achieved satisfactory results. We have confidence in achieving our objective of "Building a New Taiping in 3 Years' Time" by the end of 2014, and to double gross premium, total assets and net profit from the levels of 2011.
In 2014, we expect the above three benchmarks, especially net income, to have substantial growth in comparison with the levels of 2013.

Achieving the "Building a New Taiping in 3 Years' Time" objective is not only about meeting the above financial benchmarks, but even more important, by improving our capabilities in corporate governance, resource integration, market research, advancing strategic cooperation, and other intangible areas, the overall strength of the Company has been enhanced. On this basis, we are confident that the overall operating results in 2014 will be significantly improved.

After achieving the strategic objective of "Building a New Taiping in 3 Years' Time", China Taiping's overall strength, brand influence, market position and management capabilities will have significantly improved. For the next step and based on its current reality, China Taiping will strive to create "the most unique and high potential boutique insurance company", properly handling the relationship between size and value, and while maintaining appropriate scale, further emphasize value growth. In the foreseeable future, our goal is not to have China Taiping become larger than the market leader, but rather to undertake intensive efforts and concentrate on reform and innovation, to work hard and raise per capita production and profitability, and allow China Taiping to become moderate sized, thought-leading, with advanced technology, excellent products and services, and widely praised by customers as a leading insurance company.

Life Insurance Business – TPL

- TPL's individual agency force will continue to expand. In order to provide a solid foundation for sustainable growth, the number of agents will be increased from the year-end 2013 level of 110,000 to between 150,000 to 200,000.

- The 2014 bancassurance single premium sales objective will not exceed RMB16 billion (2013: RMB15 billion). In the first two months of 2014, TPL's single premium sales are already RMB12 billion.

- Bancassurance regular premium sales will increase substantially, and individual agency regular premium sales will also improve significantly.

- In addition to strong premium growth, the product structure will also improve significantly. We have confidence that TPL's new business value, embedded value and net income will produce strong growth in 2014.

- It is estimated that no capital contribution is required in 2014.

PRC Property and Casualty Insurance Business – TPI

- TPI will continue to focus on underwriting and risk management in order to maintain a low loss ratio and achieve solid results. TPL'solvency margin ratio is at a healthy level. It is estimated that no capital contribution is required in 2014.

Overseas Property and Casualty Insurance Business and Reinsurance – CTPI (HK), TP Macau and TPRe

The overseas property and casualty insurance businesses (CTPI (HK) and TP Macau) and the reinsurance operations will continue their stable development, maintain their underwriting profitability, and gradually improve their overall profitability.

Investments

With the further opening up of insurance investment regulatory policies, the area, scope and allocation of insurance funds continues to broaden, while the Group's ability to invest also continues to rise. In 2014, the Group will continue to optimize its investment structure. From the base of actively managing and producing solid results from our traditional investments, we will at the same time increase innovation and steadily develop the area of alternative investments. We estimate that our 2014 investment yield will build off of the solid results in 2013 and rise steadily higher.

Embedded Value

1. BACKGROUND

The Group consists of three major business segments: the life insurance business, property and casualty insurance business and reinsurance business. The Group also has other companies and operations in the areas of investment holding, asset management, pensions and other businesses. The life insurance segment operated by TPL, a 75.1%-owned subsidiary, has become a significant part of the Group in terms of gross premiums written, total assets and profitability. In order to provide investors with additional information to evaluate the profitability and valuation of TPL, the Group discloses the Embedded Value and New Business Value of TPL in its Annual and Interim Results Announcements. The Embedded Value consists of the shareholders' adjusted net worth plus the present value of future expected cash flows to shareholders from the in-force business, less the costs of holding regulatory solvency capital to support the in-force business. The New Business Value represents an actuarially determined estimate of the economic value arising from the new life insurance business issued during the past one year.

The Group's two other major business segments (property and casualty insurance and reinsurance) and its other operations (collectively, "Other Core Operations") continue to develop well. To provide investors with further information on these operations, the Group also discloses the Group Embedded Value. The Group Embedded Value is defined as the Adjusted Net Worth of the Other Core Operations plus the Embedded Value of TPL. The Adjusted Net Worth of the Other Core Operations is determined by Hong Kong Financial Reporting Standards, with marked-to-market and goodwill adjustments. Please note that the Group Embedded Value calculation does not include any valuation for future new business.

2. 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 31 December 2013 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.

3. 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 75.10%-owned by the Company. The Embedded Value and the New Business Value of TPL as at 31 December 2013 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

At 31 December, HK$ million

		2013	2012
Adjusted net worth *	**a**	**9,336**	11,680
Value of in-force business before cost of capital for TPL	**b**	**43,190**	29,528
Cost of capital for TPL	**c**	**4,859**	3,552
Value of in-force business after cost of capital for TPL	**d=b-c**	**38,331**	25,976
Group embedded value	**e=a+d**	**47,667**	37,656
Attributable to:			
Owners of the Company		**37,537**	22,172
Non-controlling interests		**10,130**	15,484
Group embedded value		**47,667**	37,656

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

(1) TPL’s net asset value is calculated on the PRC statutory basis;
(2) Certain asset values have been adjusted to their market values;
(3) Goodwill and intangible assets produced during consolidation have been deducted.

Embedded Value of TPL

1. EMBEDDED VALUE

At 31 December, HK$ million

		2013	2012
Adjusted net worth*	**a**	**7,059**	3,310
Value of in-force business before cost of capital	**b**	**43,190**	29,528
Cost of capital	**c**	**4,859**	3,552
Value of in-force business after cost of capital	**d=b-c**	**38,331**	25,976
Embedded Value	**e=a+d**	**45,390**	29,286
Attributable to:			
Owners of the Company		**34,088**	14,658
Non-controlling interests		**11,302**	14,628
Embedded Value		**45,390**	29,286

* Adjusted net worth is the shareholders' net assets of TPL as calculated on a PRC statutory basis, with fair value adjustments to certain assets.

2. NEW BUSINESS VALUE

HK$ million

		For the Past 12 Months as of 31 December 2013	For the Past 12 Months as of 31 December 2012
New business value before cost of capital	**a**	**4,114**	2,869
Cost of capital	**b**	**966**	565
New business value after cost of capital	**c=a-b**	**3,148**	2,304

In order to improve the competitiveness of TPL's products and to bring the embedded value and new business value more in line with the market for comparison purposes, the Company has adjusted the actuarial assumptions on investment return to 5.0% increasing to 5.5% in 2016 and thereafter (previously 4.65% increasing to 5.0% in 2020 and thereafter).

If the embedded value and the new business value of 2012 are restated based on the 2013 assumptions, their value would be HK$32,652 million and HK$2,815 million, respectively.

Embedded Value of TPL *(Continued)*

3. MOVEMENT ANALYSIS OF EMBEDDED VALUE

The following analysis shows the movement of the Embedded Value from 1 January 2013 to 31 December 2013.

	Notes	***HK$ million***
Embedded Value as at 1 January 2013		29,286
New business value	*a*	3,148
Expected return on Embedded Value	*b*	2,940
Assumption and modeling changes	*c*	4,465
Capital injection	*d*	8,013
Fair market value adjustments to HTM assets	*e*	(3,162)
Experience variance and exchange gain	*f*	700
Embedded Value as at 31 December 2013		45,390

Notes:

(a) New business contribution from sales of new business in 2013.

(b) Return on value of in-force business plus expected interest on adjusted net assets.

(c) Changes from model improvements and assumption changes having an impact on the future distributable earnings of the in-force business.

(d) Capital injection in 2013.

(e) Fair market value adjustments to held-to-maturity fixed income assets.

(f) Differences between the actual experience and expected experience for investment return, dividend, mortality, morbidity, lapses, expenses, income tax and business taxes, as well as exchange gain arising from the exchange rate of the RMB.

Embedded Value of TPL *(Continued)*

4. KEY ASSUMPTIONS

TPL has adopted the best estimate approach in setting the assumptions used in the calculation of its embedded value and new business value. The assumptions have been based on the actual experience of TPL and certain benchmarks set by referencing general PRC economic conditions and the experience of other life insurance companies.

4.1 Risk discount rate

The risk discount rate represents the long-term, post-tax cost of capital of the investor for whom the valuation is made, together with an allowance for risk, taking into account factors such as the political and economic environment in the PRC.

As calculated, the discount rate is equal to the risk-free rate plus a risk premium. The risk free rate is based on the PRC ten-year government bond and the risk premium reflects the risk associated with future cash flows, including all of the risks which have not been considered in the valuation.

The risk discount rate currently applied by TPL is 11.0% (2012: 11.0%) for all in force and new business.

4.2 Investment return

The investment returns have been assumed to be 5.1% in 2014 (2012: assumed to be 4.65% in 2013), increasing to 5.5% in 2016 and thereafter (2012: 5.0% in 2020 and thereafter).

4.3 Expenses

Expenses have been projected based on benchmark assumptions.

4.4 Tax

The tax rate is assumed to be 25% according to the tax regulations of the PRC.

Embedded Value of TPL *(Continued)*

4. KEY ASSUMPTIONS *(Continued)*

4.5 Mortality

The experience mortality rates have been based on 70% of the China Life Insurance Mortality Table (2000-2003) for non-annuitants, with a three-year selection period. For annuity products, 80% and 70% of the China Life Insurance Mortality Table (2000-2003) have been used for males and females, respectively.

4.6 Morbidity

The experience morbidity rates have been based on 70% of the filing rates with a three-year selection period.

4.7 Claim ratio

The experience morbidity assumptions have been based on the Group's own pricing tables. The loss ratios for short term accident and health insurance business have been assumed to be in the range of 37% to 53% (2012: 35% to 53%).

4.8 Lapses

The lapse assumptions have been based on TPL's actuarial pricing assumptions and adjusted to reflect the results of its recent experience studies.

4.9 Required capital

The required capital has been based on 100% of the minimum solvency margin (2012: 100%).

Embedded Value of TPL *(Continued)*

5. SENSITIVITY TESTING

Sensitivity testing in respect of the following key assumptions are summarized below:

At 31 December 2013, HK$ million

Assumptions	**Value of in-force business after cost of capital**	**New business value after cost of capital**
Base scenario	**38,331**	**3,148**
Risk discount rate of 12%	36,109	2,571
Risk discount rate of 10%	40,818	3,817
Investment return increased by 25bp every year	39,596	3,435
Investment return decreased by 25bp every year	37,010	2,861
10% increase in maintenance expenses	38,078	3,103
10% decrease in maintenance expenses	38,534	3,194
10% increase in lapse rates	38,296	3,078
10% decrease in lapse rates	38,310	3,216
10% increase in mortality and morbidity rates	37,961	3,044
10% decrease in mortality and morbidity rates	38,656	3,253
10% increase in claim ratio	38,293	3,140
10% decrease in claim ratio	38,316	3,156
Policyholder dividend increased from 70% to 80%	33,736	2,306
Required capital at 150% of solvency margin	35,566	2,599

Consolidated Statement of Profit or Loss

for the year ended 31 December 2013
(Expressed in Hong Kong dollars)

	Notes	**2013** **$'000**	2012 *(Restated)* *$'000*
Income			
Gross premiums written and policy fees	*4*	**85,556,135**	60,465,305
Less: Premiums ceded to reinsurers and retrocessionaires		**(3,090,662)**	(2,484,892)
Net premiums written and policy fees		**82,465,473**	57,980,413
Change in unearned premium provisions, net of reinsurance		**(1,534,906)**	(1,127,898)
Net earned premiums and policy fees		**80,930,567**	56,852,515
Net investment income	*5(a)*	**10,122,354**	8,591,561
Net realized investment gains/(losses)	*5(b)*	**387,678**	(1,150,742)
Net unrealized investment gains/(losses) and impairment	*5(c)*	**616,195**	(829,273)
Other income	*6(a)*	**767,130**	582,141
Other gains	*6(b)*	**18,546**	50,938
Total income		**92,842,470**	64,097,140
Benefits, losses and expenses			
Net policyholders' benefits	*7(a)*	**(21,217,636)**	(15,675,765)
Net commission expenses	*7(b)*	**(8,045,222)**	(5,126,240)
Administrative and other expenses		**(13,733,659)**	(10,599,055)
Change in life insurance contract liabilities, net of reinsurance		**(46,442,437)**	(30,274,336)
Total benefits, losses and expenses		**(89,438,954)**	(61,675,396)
Profit from operations		**3,403,516**	2,421,744
Share of results of associates and joint ventures		**(779)**	15,126
Finance costs	*8(a)*	**(845,937)**	(686,839)
Profit before taxation	*8*	**2,556,800**	1,750,031
Income tax (charge)/credit	*11*	**(345,661)**	102,517
Profit after taxation		**2,211,139**	1,852,548
Attributable to:			
Owners of the Company	*12*	**1,530,069**	1,315,545
Non-controlling interests		**681,070**	537,003
		2,211,139	1,852,548
		dollar	*dollar*
Earnings per share attributable to the owners of the Company	*14*		
Basic		**0.775**	0.695
Diluted		**0.773**	0.692

The accompanying notes form an integral part of this annual financial results.

Consolidated Statement of Profit or Loss and Other Comprehensive Income

for the year ended 31 December 2013
(Expressed in Hong Kong dollars)

	Notes	**2013** **$'000**	2012 *(Restated)* *$'000*
Profit after taxation		**2,211,139**	1,852,548
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 year	*15(a)*	**36,614**	44,883
- Net deferred tax		**(4,205)**	(7,770)
Exchange differences on translation of the financial statements of subsidiaries, associates and joint ventures which are not foreign operations	*39(a)*	**624,345**	1,515
Items that may be subsequently reclassified to profit or loss:			
Exchange differences on translation of the financial statements of foreign operations	*39(a)*	**2,841**	1,039
Available-for-sale securities			
- Net fair value changes during the year		**(2,129,387)**	(238,583)
- Reclassification adjustment to profit or loss on impairment		**309,261**	1,722,488
- Reclassification adjustment to profit or loss on disposal		**(302,878)**	1,210,496
- Net deferred tax		**492,757**	(597,097)
Total comprehensive income for the year		**1,240,487**	3,989,519
Attributable to:			
Owners of the Company		**876,379**	2,566,355
Non-controlling interests		**364,108**	1,423,164
		1,240,487	3,989,519

Consolidated Statement of Financial Position
as at 31 December 2013
(Expressed in Hong Kong dollars)

	Notes	**2013**	2012 (Restated)	1 January 2012 (Restated)
		$'000	$'000	$'000
Assets				
Statutory deposits	25	**4,731,632**	2,506,505	2,334,475
Fixed assets	15(a)			
- Property and equipment		**5,856,078**	4,785,947	4,515,918
- Investment properties		**12,692,232**	9,068,163	8,194,667
- Prepaid lease payments		**474,799**	164,177	167,813
		19,023,109	14,018,287	12,878,398
Goodwill	16(a)	**770,353**	303,647	303,647
Intangible assets	16(b)	**263,288**	264,509	264,791
Interest in associates and joint ventures	18	**25,133**	26,513	62,821
Deferred tax assets		**261,970**	140,721	145,524
Investments in debt and equity securities	19(a)	**196,215,901**	160,058,584	130,870,119
Securities purchased under resale agreements	36	**214,949**	80,163	119,279
Amounts due from group companies	20(a)	**44,807**	2,965,618	2,826,557
Insurance debtors	21	**2,980,687**	2,627,032	2,052,040
Reinsurers' share of insurance contract provisions	22	**2,813,245**	2,675,521	2,497,647
Policyholder account assets in respect of unit-linked products	45	**2,778,038**	3,141,049	3,729,117
Other debtors	23	**17,639,934**	8,421,449	5,313,131
Tax recoverable		**32,900**	25,737	-
Assets classified as held-for-sale		**-**	-	9,400
Pledged deposits at banks	24	**337,169**	288,586	248,787
Deposits at banks with original maturity more than three months		**36,879,922**	36,186,207	17,595,943
Cash and bank balances	26	**30,003,139**	18,023,573	18,416,307
		315,016,176	251,753,701	199,667,983
Liabilities				
Life insurance contract liabilities	27	**172,199,677**	121,422,778	91,195,983
Unearned premium provisions	28	**8,011,415**	6,216,073	4,727,624
Provision for outstanding claims	29	**11,459,169**	10,316,951	9,445,133
Investment contract liabilities	30	**19,110,007**	25,981,726	31,368,490
Deferred tax liabilities		**1,927,387**	1,701,119	1,304,137
Interest-bearing notes	32	**10,297,265**	13,334,736	11,040,734
Bank borrowings	37	**7,289,019**	4,320,486	3,719,972
Securities sold under repurchase agreements	36	**41,211,333**	35,426,815	19,618,855
Shareholder's loans	20(c)	**4,434,929**	-	-
Amounts due to group companies	20(b)	**115,823**	446,641	894,378
Insurance creditors	33	**5,225,123**	4,356,459	2,891,686
Other payables and accruals	34	**9,306,641**	4,506,704	3,976,752
Current taxation		**475,545**	319,773	351,214
Insurance protection fund	35	**102,006**	62,480	33,848
		291,165,339	228,412,741	180,568,806
Net assets		**23,850,837**	23,340,960	19,099,177

Consolidated Statement of Financial Position *(Continued)*
as at 31 December 2013
(Expressed in Hong Kong dollars)

	Notes	**2013** **$'000**	2012 *(Restated)* *$'000*	1 January 2012 *(Restated)* *$'000*
Capital and reserves attributable to the owners of the Company				
Share capital	*38*	**85,294**	85,294	85,264
Reserves	*39(a)*	**19,761,941**	16,222,428	13,642,263
		19,847,235	16,307,722	13,727,527
Non-controlling interests	*39(a)*	**4,003,602**	7,033,238	5,371,650
Total equity		**23,850,837**	23,340,960	19,099,177

Approved and authorized for issue by the board of directors on 28 March 2014.

Director Director

The accompanying notes form an integral part of this annual financial results.

Statement of Financial Position
as at 31 December 2013
(Expressed in Hong Kong dollars)

	Notes	**2013** **$'000**	2012 *$'000*	1 January 2012 *$'000*
Assets				
Fixed assets	*15(b)*			
- Property and equipment		**11,495**	349	393
- Investment properties		**202,300**	-	-
Investments in subsidiaries	*17*	**28,057,781**	6,165,636	5,728,719
Interest in associates	*18(a)*	**6,993**	6,937	6,937
Investments in debt and equity securities	*19(b)*	**359,204**	375,935	284,160
Deferred tax assets		**-**	-	798
Amounts due from group companies	*20(a)*	**4,778,116**	4,058,820	3,744,348
Other debtors	*23*	**20,949**	5,660	5,961
Cash and bank balances	*26*	**951,745**	1,937,870	637,178
		34,388,583	12,551,207	10,408,494
Liabilities				
Shareholder's loans	*20(c)*	**4,434,929**	-	-
Amounts due to group companies	*20(b)*	**10,977,098**	3,031,419	721,720
Other payables and accruals	*34*	**58,354**	44,099	302,901
Current taxation		**106**	-	-
		15,470,487	3,075,518	1,024,621
Net assets		**18,918,096**	9,475,689	9,383,873
Capital and reserves				
Share capital	*38*	**85,294**	85,294	85,264
Reserves	*39(b)*	**18,832,802**	9,390,395	9,298,609
Total equity		**18,918,096**	9,475,689	9,383,873

Approved and authorized for issue by the board of directors on 28 March 2014.

Director   Director

The accompanying notes form an integral part of this annual financial results.

Consolidated Statement of Changes in Equity
for the year ended 31 December 2013
(Expressed in Hong Kong dollars)

	Notes	**Share capital** *$'000*	**Share premium** *$'000*	**Shares to be issued** *$'000*	**Capital reserve** *$'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** *$'000*	**Attributable to owners of the Company** *$'000*	**Non-controlling interests** *$'000*	**Total** *$'000*
Balance at 1 January 2013		85,294	9,055,686	-	(1,588,803)	(1,390,865)	1,108,736	(33,665)	46,431	(33,038)	356,159	8,701,787	16,307,722	7,033,238	23,340,960
Profit for the year		-	-	-	-	-	-	-	-	-	-	1,530,069	1,530,069	681,070	2,211,139
Other comprehensive income for the year, net of deferred tax		-	-	-	-	-	363,798	(1,045,330)	-	-	27,842	-	(653,690)	(316,962)	(970,652)
Total comprehensive income		-	-	-	-	-	363,798	(1,045,330)	-	-	27,842	1,530,069	876,379	364,108	1,240,487
Share options lapsed	*39(a)*	-	-	-	-	-	-	-	(3,015)	-	-	3,015	-	-	-
Amortisation arising from Share Award Scheme	*39(a)*	-	-	-	-	-	-	-	(14,430)	12,753	-	1,677	-	-	-
Acquisition of certain target interests, target assets and liabilities	*1*	-	-	278,890	(658,391)	(2,414,658)	-	-	-	-	-	-	(2,794,159)	-	(2,794,159)
Acquisition of additional interest in subsidiaries	*1*	-	-	9,717,900	(4,273,748)	-	-	-	-	-	-	-	5,444,152	(5,444,152)	-
Deemed disposal of partial interest in a subsidiary		-	-	-	13,141	-	-	-	-	-	-	-	13,141	2,552	15,693
Capital contributions made to subsidiaries		-	-	-	-	-	-	-	-	-	-	-	-	2,047,856	2,047,856
At 31 December 2013		85,294	9,055,686	9,996,790	(6,507,801)	(3,805,523)	1,472,534	(1,078,995)	28,986	(20,285)	384,001	10,236,548	19,847,235	4,003,602	23,850,837

Consolidated Statement of Changes in Equity *(Continued)*
for the year ended 31 December 2013
(Expressed in Hong Kong dollars)

	Notes	**Share capital** *$'000*	**Share premium** *$'000*	**Shares to be issued** *$'000*	**Capital reserve** *$'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** *$'000*	**Attributable to owners of the Company** *$'000*	**Non-controlling interests** *$'000*	**Total** *$'000*
Balance at 1 January 2012															
as previously reported		85,264	9,053,221	-	(2,040,175)	(1,683,920)	823,325	(1,275,421)	45,876	(33,378)	329,246	6,285,602	11,589,640	5,439,351	17,028,991
Effect of merger accounting	*1*	-	-	-	451,372	286,271	284,423	17,403	-	-	1,444	1,096,974	2,137,887	(67,701)	2,070,186
Balance at 1 January 2012, as restated		85,264	9,053,221	-	(1,588,803)	(1,397,649)	1,107,748	(1,258,018)	45,876	(33,378)	330,690	7,382,576	13,727,527	5,371,650	19,099,177
Profit for the year		-	-	-	-	-	-	-	-	-	-	1,315,545	1,315,545	537,003	1,852,548
Other comprehensive income															
for the year, net of deferred tax		-	-	-	-	-	988	1,224,353	-	-	25,469	-	1,250,810	886,161	2,136,971
Total comprehensive income		-	-	-	-	-	988	1,224,353	-	-	25,469	1,315,545	2,566,355	1,423,164	3,989,519
Shares issued under Share Option Scheme	*38(a)*	30	1,695	-	-	-	-	-	-	-	-	-	1,725	-	1,725
Share options exercised	*39(a)*	-	770	-	-	-	-	-	(770)	-	-	-	-	-	-
Share options lapsed	*39(a)*	-	-	-	-	-	-	-	(3,208)	-	-	3,208	-	-	-
Amortisation arising from															
Share Award Scheme	*39(a)*	-	-	-	-	-	-	-	5,331	-	-	-	5,331	-	5,331
Transfer to retained profit for revoked															
shares under Share Award Scheme	*39(a)*	-	-	-	-	-	-	-	(343)	-	-	343	-	-	-
Vested shares for Share Award Scheme	*39(a)*	-	-	-	-	-	-	-	(455)	340	-	115	-	-	-
Acquisition of additional assets arising from															
merger accounting		-	-	-	-	618	-	-	-	-	-	-	618	-	618
Capital contribution by TPG arising from															
merger accounting		-	-	-	-	6,166	-	-	-	-	-	-	6,166	-	6,166
Capital contribution made to a subsidiary		-	-	-	-	-	-	-	-	-	-	-	-	238,424	238,424
At 31 December 2012 (Restated)		85,294	9,055,686	-	(1,588,803)	(1,390,865)	1,108,736	(33,665)	46,431	(33,038)	356,159	8,701,787	16,307,722	7,033,238	23,340,960

Note: For the nature or purpose of reserves, please refer to note 39(c).

Notes to the Consolidated Financial Statements
(Expressed in Hong Kong dollars)

1 SIGNIFICANT ACCOUNTING POLICIES, CHANGES IN ACCOUNTING POLICIES AND RESTATEMENT

SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of compliance

These financial statements have been prepared in accordance with the applicable Hong Kong Financial Reporting Standards ("HKFRSs"), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), and the applicable requirements of the Hong Kong Companies Ordinance. The consolidated financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. A summary of the significant accounting policies adopted by the Group is set out below.

(b) Basis of preparation of the financial statements

The consolidated financial statements comprise the Company and its subsidiaries (together referred to as the "Group").

The functional currency of majority number of operating subsidiaries in the Group is RMB, the currency of the primary economic environment in which the respective entities in the Group operate. For the convenience of the consolidated financial statements users, the consolidated financial statements are presented in Hong Kong dollars.

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 their fair value as explained in the accounting policies set out below:

(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; and

(iv) policyholder account assets in respect of unit-linked products; and
.
(v) investment contract liabilities in respect of unit-linked products.

1 SIGNIFICANT ACCOUNTING POLICIES, CHANGES IN ACCOUNTING POLICIES AND RESTATEMENT *(Continued)*

(b) Basis of preparation of the financial statements *(Continued)*

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of HKFRS 2, leasing transactions that are within the scope of HKAS 17, and measurements that have some similarities to fair value but are not fair value, such as net realizable value in HKAS 2 or value in use in HKAS 36.

In addition, for financial reporting purposes, fair value measurements are categorized into Level 1, 2 or 3 based on the degree to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and

- Level 3 inputs are unobservable inputs for the asset or liability.

The preparation of financial statements in conformity with HKFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements made by management in the application of HKFRSs that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the following year are discussed in note 49.

1 SIGNIFICANT ACCOUNTING POLICIES, CHANGES IN ACCOUNTING POLICIES AND RESTATEMENT *(Continued)*

(c) Classification of contracts

(i) Insurance contracts

Contracts under which the Group accepts significant insurance risk from another party ("the policyholder") by agreeing to compensate the policyholder or other beneficiary if a specified uncertain future event ("the insured event") adversely affects the policyholder or other beneficiary are classified as insurance contracts. Insurance risk is risk other than financial risk that is transferred from the holder of a contract to the issuer. Financial risk is the risk of a possible future change in one or more of a specified interest rate, security price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index or other variable, provided in the case of a non-financial variable that the variable is not specific to a party of the contract.

Insurance risk is significant if, and only if, an insured event could cause the Group to pay significant additional benefits. Once a contract is classified as an insurance contract it remains classified as an insurance contract until all rights and obligations are extinguished or have expired.

Some contracts of the Group have both the insurance and investment components. These contracts are required to be unbundled into the respective components as set out in note 1(d)(ix).

(ii) Investment contracts

Insurance policies that are not considered insurance contracts under HKFRS 4 are classified as investment contracts, which are accounted for under HKAS 39.

(d) Recognition and measurement of contracts

(i) Recognition of gross premiums written

Gross premiums written in respect of life insurance contracts are recognised as revenue when due from the policyholders. Gross premiums written from short-term accident and health insurance contracts are recognised when written.

Gross premiums written in respect of property and casualty insurance contracts are recognised as revenue when the amount is determined, which is generally when the risk commences.

Gross premiums written in respect of reinsurance contracts reflect business written during the year, and exclude any taxes or duties based on premiums. Premiums written include estimates for "pipeline" premiums and adjustments to estimates of premiums written in previous years.

Gross premiums written in respect of investment contracts and the investment component of unbundled contracts are accounted for as deposits and booked directly to a liability account.

1 SIGNIFICANT ACCOUNTING POLICIES, CHANGES IN ACCOUNTING POLICIES AND RESTATEMENT *(Continued)*

(d) Recognition and measurement of contracts *(Continued)*

(ii) Life insurance contract liabilities

Life insurance contract liabilities, other than universal life and unit-linked insurance contracts, are determined using a gross premium approach plus a residual margin. Under the gross premium approach, the assumptions used in the actuarial valuation of life insurance contract liabilities reflect the management's assessment of the expected best estimate of future policy cash flows subject to allowance for risk. The residual margin is estimated so that, after considering the effects of acquisition costs related to the acquisition of new business, including but not limited to commissions, underwriting, marketing and policy issue expenses, no gain or loss will be recognised on the initial recognition of the life insurance contract. Profits are expected to emerge over the life of the insurance contracts as the residual margins are released over the life of the contracts in proportion to insurance policies in force and the allowance for risk is released.

(iii) Unearned premium provisions

The unearned premium provisions comprise the proportion of gross premiums written which is estimated to be earned in the following or subsequent financial years, computed on a time-apportioned basis, adjusted if necessary to reflect any variation in the incidence of risk during the period covered by the contract.

(iv) Provision for outstanding claims

Provision for outstanding claims comprises provision for the Group's estimate of the ultimate cost of settling all claims incurred but unpaid at the end of the reporting period, whether reported or not, and related internal and external claims handling expenses and an appropriate prudential margin. Provision for outstanding claims is assessed by reviewing individual claims and making allowance for claims incurred but not yet reported, the effect of both internal and external foreseeable events, such as changes in claims handling procedures, inflation, judicial trends, legislative changes and past experience and trends. Adjustments to claims provisions established in prior years are reflected in the consolidated financial statements for the year in which the adjustments are made and disclosed separately if material. The methods used, and the estimates made, are reviewed regularly.

(v) Liability adequacy test

At the end of each reporting period, liability adequacy tests are performed to determine if the life insurance contract liabilities are adequate. Current best estimates of all future contractual cash flows and related expenses, such as claims handling expenses, and investment income from assets backing the life insurance contract liabilities are used in performing these tests. Any deficiency is recognised in the consolidated statement of profit or loss for the current year.

1 SIGNIFICANT ACCOUNTING POLICIES, CHANGES IN ACCOUNTING POLICIES AND RESTATEMENT *(Continued)*

(d) Recognition and measurement of contracts *(Continued)*

(v) Liability adequacy test (Continued)

Provision is made for unexpired risks arising from property and casualty insurance contracts and reinsurance contracts where the expected value of claims and expenses attributable to the unexpired periods of policies in force at the end of the reporting period exceeds the unearned premium provisions in relation to such policies. The unexpired risk provision, which is included in provision for outstanding claims at the reporting date, is calculated by reference to classes of business which are managed together, after taking into account the future investment return on investments held to back the unearned premium provisions and the unexpired risk provision.

(vi) Investment contracts liabilities

Investment contract liabilities of the Group include liabilities arising from investment contracts that carry no significant insurance risk and also investment components of universal life contracts and unit-linked contracts that carry no significant insurance risk.

The liability of the investment component of an unbundled universal life contract is measured at amortised cost using effective interest rate while the liability arising from unit-linked contract is measured at fair value. The liability for the insurance component is calculated as the excess, if positive, of a gross premium liability over the account value. The liabilities of the insurance component of universal life contracts and unit-linked contracts are minimal and accordingly, the entire contracts are classified as investment contracts.

Assets related to unit-linked contracts are presented as "policyholder account assets in respect of unit-linked products" and are presented separately from the rest of the Group's assets.

(vii) Policyholders' benefits

Policyholders' benefits include maturities, annuities, surrenders, claims and claims handling expenses, and policyholder dividend allocated in anticipation of a dividend declaration. Maturity and annuity claims are recognised as an expense when due for payment. Surrender claims are recognised when paid. Claims are recognised when notified but not settled and an estimate is made for claims incurred but not reported at the reporting date. Policyholder dividends are recognised when declared.

(viii) Embedded derivatives in insurance contracts

The Group has taken advantage of the exemptions available in HKFRS 4, Insurance Contracts, not to separate and fair value a policyholder's option to surrender an insurance contract for a fixed amount (or for an amount based on a fixed amount and an interest rate) even if the exercise price differs from the carrying amount of the host insurance liability.

1 SIGNIFICANT ACCOUNTING POLICIES, CHANGES IN ACCOUNTING POLICIES AND RESTATEMENT *(Continued)*

(d) Recognition and measurement of contracts *(Continued)*

(ix) Unbundling

The Group unbundles the investment component of insurance contracts when the Group can measure separately the investment component. Receipts and payments such as premiums, policy benefit and claims relating to the investment component, except for the policy fee income which is recognised in accordance with HKAS 18, are not recognised in the consolidated statement of profit or loss but as financial assets and financial liabilities. The financial assets or financial liabilities arising from the investment component are accounted for under HKAS 39.

(x) Reinsurance

The Group cedes insurance/reinsurance in the normal course of business for the purpose of limiting its net loss potential through the diversification of its risks. Assets, liabilities, income and expense arising from ceded insurance/reinsurance contracts are presented separately from the assets, liabilities, income and expense arising from the related insurance contracts because the reinsurance arrangements do not relieve the Group from its direct obligations to its policyholders.

Only contracts that give rise to a significant transfer of insurance risk are accounted for as reinsurance contracts. Rights under contracts that do not transfer significant insurance risk are accounted for as financial instruments.

The benefits to which the Group is entitled under its reinsurance contracts held are recognised as reinsurance assets. These assets consist of balances due from reinsurers, as well as other receivables (classified as reinsurance assets) that are dependent on the expected claims and benefits arising under related reinsured insurance contracts. Amounts recoverable from or due to reinsurers are measured consistently with the amounts associated with the reinsured insurance contracts and in accordance with the terms of each reinsurance contract. Reinsurance liabilities are primarily premiums payable for reinsurance contracts, which are recognised as an expense when due.

Amounts due/recoverable under reinsurance and the reinsurers' share of insurance contract provisions are assessed for impairment at end of each reporting period. Such assets are deemed impaired if there is objective evidence, as a result of an event that occurred after its initial recognition, that the Group may not recover all amounts due and that the event has a reliably measurable impact on the amounts that the Group will receive from the reinsurers. The impairment loss is calculated following the same method used for financial assets held at amortised cost and the carrying amount is reduced through the use of an allowance account similar to insurance receivables.

(xi) Commission

Commission include both amounts paid or payable to agents and brokers and amounts received or receivable from reinsurers. Commission expense is accounted for when paid or payable and therefore varies in line with insurance premiums written.

1 SIGNIFICANT ACCOUNTING POLICIES, CHANGES IN ACCOUNTING POLICIES AND RESTATEMENT *(Continued)*

(e) Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year, except those acquired under common control combinations for which merger accounting method is used, are included in the consolidated statement of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

Profit or loss and each item of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interest having a deficit balance.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group’s accounting policies.

All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated on consolidation.

Changes in the Group's ownership interests in existing subsidiaries

Changes in the Group's ownership interests in existing subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

1 SIGNIFICANT ACCOUNTING POLICIES, CHANGES IN ACCOUNTING POLICIES AND RESTATEMENT *(Continued)*

(e) Basis of consolidation *(Continued)*

When the Group loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and the liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable HKFRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under HKAS 39, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

In the Company's statement of financial position, an investment in a subsidiary is stated at cost less impairment losses (see note 1(o)). The results of subsidiaries are accounted for by the Company on the basis of dividends received or receivable.

(f) Associates and joint ventures

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decision about the relevant activities require unanimous consent of the parties sharing control.

The results and assets and liabilities of associates or joint ventures are incorporated in these consolidated financial statements using the equity method of accounting, except when the investment, or a portion thereof, is classified as held for sale, in which case it is accounted for in accordance with HKFRS 5. Under the equity method, an investment in an associate or a joint venture is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognize the Group's share of the profit or loss and other comprehensive income of the associate or joint venture. When the Group's share of losses of an associate or a joint venture exceeds the Group's interest in that associate or joint venture (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate or joint venture), the Group discontinues recognizing its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture.

An investment in an associate or a joint venture is accounted for using the equity method from the date on which the investee becomes an associate or a joint venture. On acquisition of the investment in an associate or a joint venture, any excess of the cost of the investment over the Group’s share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group’s share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

1 SIGNIFICANT ACCOUNTING POLICIES, CHANGES IN ACCOUNTING POLICIES AND RESTATEMENT *(Continued)*

(f) Associates and joint ventures *(Continued)*

The requirements of HKAS 39 are applied to determine whether it is necessary to recognize any impairment loss with respect to the Group’s investment in an associate or a joint venture. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with HKAS 36 *Impairment of Assets* as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount. Any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with HKAS 36 to the extent that the recoverable amount of the investment subsequently increases.

The Group discontinues the use of the equity method from the date when the investment ceases to be an associate or a joint venture, or when the investment (or a portion thereof) is classified as held for sale. When the Group retains an interest in a former associate or joint venture and the retained interest is a financial asset, the Group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition in accordance with HKAS 39. The difference between the carrying amount of the associate or joint venture at the date the equity method was discontinued, and the fair value of any retained interest and any proceeds from disposing of a part interest in the associate or joint venture is included in the determination of the gain or loss on disposal of the associate or joint venture. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that associate or joint venture on the same basis as would be required if that associate had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that associate or joint venture would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) when the equity method is discontinued.

The Group continues to use the equity method when an investment in an associate becomes an investment in a joint venture or an investment in a joint venture becomes an investment in an associate. There is no remeasurement to fair value upon such changes in ownership interests.

When the Group reduces its ownership interest in an associate or a joint venture but the Group continues to use the equity method, the Group reclassifies to profit or loss the proportion of the gain or loss that had previously been recognised in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be reclassified to profit or loss on the disposal of the related assets or liabilities.

When a group entity transacts with its associate or joint venture of the Group (such as a sale or contribution of assets), profits and losses resulting from the transactions with the associate or joint ventures are recognised in the Group's consolidated financial statements only to the extent of interests in the associate or joint venture that are not related to the Group.

In the Company’s statement of financial position, its investments in associates are stated at cost less impairment losses (see note 1(o)). The results of associates are accounted for by the Company on the basis of dividends received or receivable.

1 SIGNIFICANT ACCOUNTING POLICIES, CHANGES IN ACCOUNTING POLICIES AND RESTATEMENT *(Continued)*

(g) Business combinations and goodwill

(i) Business combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognised in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value at the acquisition date, except that:

- deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with HKAS 12 *Income Taxes* and HKAS 19 *Employee Benefits* respectively*;*

- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with HKFRS 2 *Share-based Payment* at the acquisition date; and

- assets (or disposal groups) that are classified as held for sale in accordance with HKFRS 5 *Noncurrent Assets Held for Sale and Discontinued Operations* are measured in accordance with that Standard.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after assessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

1 SIGNIFICANT ACCOUNTING POLICIES, CHANGES IN ACCOUNTING POLICIES AND RESTATEMENT *(Continued)*

(g) Business combinations and goodwill *(Continued)*

(i) Business combinations (Continued)

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at their fair value or, when applicable, on the basis specified in another Standard.

(ii) Acquisition of additional interest in subsidiaries

On acquisition of additional interest in subsidiaries, the difference between the cost of additional interest acquired and the decrease in the carrying amount of the non-controlling interest is recorded in capital reserve.

(iii) Merger accounting for business combination involving entities under common control

The consolidated financial statements incorporate the financial statements items of the combining entities or businesses in which the common control combinations occurs as if they had been combined from the date when the combining entities or businesses first came under the control of the controlling party.

The net assets of the combining entities or businesses are consolidated using the existing book values from the controlling party’s perspective. No amount is recognised in respect of goodwill or excess of acquirer’s interest in the net fair value of acquiree’s identifiable assets, liabilities and contingent liabilities over cost at the time of common control combination, to the extent of the continuation of the controlling party’s interest.

The consolidated statement of profit or loss and other comprehensive income includes the results of each of the combining entities or businesses from the earliest date presented or since the date when the combining entities or businesses first came under the common control, where this is a shorter period, regardless of the date of the common control combination.

The comparative amounts in the consolidated financial statements are presented as if the entities or businesses had been combined at the end of the previous reporting period or when they first came under common control, whichever is shorter.

(iv) Goodwill

Goodwill arising on an acquisition of a business is carried at cost less accumulated impairment losses, if any, and is presented separately in the consolidated statement of financial position.

For the purposes of impairment testing, goodwill is allocated to each of the relevant cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the acquisition.

1 SIGNIFICANT ACCOUNTING POLICIES, CHANGES IN ACCOUNTING POLICIES AND RESTATEMENT *(Continued)*

(g) Business combinations and goodwill *(Continued)*

(iv) Goodwill (Continued)

A cash-generating unit to which goodwill has been allocated is tested for impairment annually, and whenever there is an indication that the unit may be impaired. For goodwill arising on an acquisition in a financial year, the cash-generating unit to which goodwill has been allocated is tested for impairment before the end of that reporting period. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated to reduce the carrying amount of any goodwill allocated to the unit first, and then to the other assets of the unit pro rata on the basis of the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in profit or loss in the consolidated statement of profit or loss. An impairment loss for goodwill is not reversed in subsequent periods.

On disposal of the relevant cash-generating unit, the attributable amount of goodwill capitalized is included in the determination of the amount of profit or loss on disposal.

(v) Intangible assets acquired in a business combination

Intangible assets acquired in a business combination are identified and recognised separately from goodwill where they satisfy the definition of an intangible asset and their fair values can be measured reliably. The cost of such intangible assets is their fair value at the acquisition date.

Subsequent to initial recognition, intangible assets with indefinite useful lives are carried at cost less any subsequent accumulated impairment losses (see note 1 (o)).

(h) Investments in debt and equity securities

Investments in debt and equity securities are initially measured at fair value, which is their transaction price unless fair value can be more reliably estimated using valuation techniques whose variables include only data from observable markets. Attributable transaction costs are included in the fair value, except where indicated otherwise below. These investments are subsequently accounted for as follows, depending on their classification:

(i) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss has two subcategories, including financial assets held-for-trading and those designated as at fair value through profit or loss on initial recognition.

A financial asset is classified as held-for-trading if:

(1) it has been acquired principally for the purpose of selling in the near future; or

(2) it is a part of an identified portfolio of financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or

(3) it is a derivative that is not designated and effective as a hedging instrument.

1 SIGNIFICANT ACCOUNTING POLICIES, CHANGES IN ACCOUNTING POLICIES AND RESTATEMENT *(Continued)*

(h) Investments in debt and equity securities *(Continued)*

(i) Financial assets at fair value through profit or loss (Continued)

A financial asset other than a financial asset held-for-trading may be designated as at fair value through profit or loss upon initial recognition if:

(1) such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or

(2) the financial asset forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or

(3) it forms part of a contract containing one or more embedded derivatives, and HKAS 39 permits the entire combined contract (asset or liability) to be designated as at fair value through profit or loss.

At the end of each reporting period subsequent to initial recognition, financial assets at fair value through profit or loss are measured at fair value, with changes in fair value recognised directly in profit or loss in the period in which they arise. The net gain or loss recognised in profit or loss excludes any dividend or interest earned on the financial assets and is included in the net unrealized investment gains/(losses) in the consolidated statement of profit or loss.

(ii) Held-to-maturity securities

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity dates that the Group’s management has the positive intention and ability to hold to maturity. Subsequent to initial recognition, held-to-maturity securities are stated in the consolidated statement of financial position at amortised cost using effective interest method less impairment losses (see note 1(o)).

(iii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. At end of each reporting period subsequent to initial recognition, loans and receivables are carried at amortised cost using the effective interest method, less any identified impairment losses (see note 1(o)).

1 SIGNIFICANT ACCOUNTING POLICIES, CHANGES IN ACCOUNTING POLICIES AND RESTATEMENT *(Continued)*

(h) Investments in debt and equity securities *(Continued)*

(iv) Available-for-sale securities

Investments in securities which do not fall into any of the above categories are classified as available-for-sale securities. Equity and debt securities held by the Group that are classified as available-for-sale and are traded in an active market are measured at fair value at the end of each reporting period. Changes in the carrying amount of available-for-sale monetary financial assets relating to interest income calculated using the effective interest method and dividends on available-for-sale equity investments are recognised in consolidated statement of profit or loss. Other changes in the carrying amount of available-for-sale financial assets are recognised in other comprehensive income and accumulated under the heading of fair value reserve. When the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously accumulated in the fair value reserve is reclassified to profit or loss (see note 1(o)).

Investments in equity securities that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are recognised in the consolidated statement of financial position at cost less impairment losses (see note 1(o)).

All regular way purchases or sales of investments in debt and equity securities are recognised and derecognised on a trade date basis.

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset, or, where appropriate, a shorter period to the net carrying amount of the financial asset on initial recognition.

(i) Sales and repurchases / purchases and resale agreements

Securities sold under repurchase agreements represent short-term financing arrangements secured by the securities sold. The securities remain on the consolidated statement of financial position and a liability is recorded in respect of the consideration received. Interest is calculated based upon the effective interest method. The “securities sold under repurchase agreements” liabilities are carried in the consolidated statement of financial position at amortised cost. Conversely, securities purchased under resale agreements represent short-term lending arrangements secured by the securities purchased. The securities purchased are not recognised as financial assets on the consolidated statement of financial position and the consideration paid is recorded as “securities purchased under resale agreements” and carried in the consolidated statement of financial position at amortised cost. Interest is calculated using the effective interest method.

1 SIGNIFICANT ACCOUNTING POLICIES, CHANGES IN ACCOUNTING POLICIES AND RESTATEMENT *(Continued)*

(j) Investment properties

Investment properties are land and/or buildings which are owned or held under a leasehold interest to earn rental income and/or for capital appreciation. These include land held for a currently undetermined future use.

Investment properties are stated in the consolidated statement of financial position at fair value. Any gain or loss arising from a change in fair value or from the retirement or disposal of an investment property is recognised in the consolidated statement of profit or loss. Rental income from investment properties is accounted for as described in note 1(v)(iv).

When the Group holds a property interest under an operating lease to earn rental income and/or for capital appreciation, the interest is classified and accounted for as an investment property on a property-by-property basis. Any such property interest which has been classified as an investment property is accounted for as if it was held under a finance lease, and the same accounting policies are applied to that interest as are applied to other investment properties leased under finance leases.

(k) Property and equipment

Property and equipment including buildings and leasehold land (classified as finance leases) held for use in supply of services, or for administrative purposes are stated at cost less subsequent accumulated depreciation and impairment losses (see note 1(o)).

Gains or losses arising from the retirement or disposal of an item of property and equipment are determined as the difference between the net disposal proceeds and the carrying amount of the item and are recognised in the consolidated statement of profit or loss on the date of retirement or disposal.

Depreciation is recognised to write off the cost of items of property and equipment, less their estimated residual value, if any, using the straight-line method over their estimated useful lives as follows:

– Land and buildings are depreciated over the shorter of the unexpired term of lease and their estimated useful lives, being no more than 50 years after the date of completion.

– Other fixed assets 3 – 6 years

Where parts of an item of property and equipment have different useful lives, the cost or valuation of the item is allocated on a reasonable basis between the parts and each part is depreciated separately. Both the useful life of an asset and its residual value, if any, are reviewed annually.

If an item of property and equipment becomes an investment property because its use has changed as evidenced by end of owner-occupation, any difference between the carrying amount and the fair value of that item at the date of transfer is recognised in other comprehensive income and accumulated in property revaluation reserve. On the subsequent sale or retirement of the asset, the relevant revaluation reserve will be transferred directly to retained profits.

1 SIGNIFICANT ACCOUNTING POLICIES, CHANGES IN ACCOUNTING POLICIES AND RESTATEMENT *(Continued)*

(l) Prepaid lease payments and buildings under construction

When a lease includes both land and building elements, the Group assesses the classification of each element as a finance or an operating lease separately based on the assessment as to whether substantially all the risks and rewards incidental to ownership of each element have been transferred to the Group, unless it is clear that both elements are operating leases in which case the entire lease is classified as an operating lease. Specifically, the minimum lease payments (including any lump-sum upfront payments) are allocated between the land and the building elements in proportion to the relative fair values of the leasehold interests in the land element and building element of the lease at the inception of the lease.

To the extent the allocation of the lease payments can be made reliably, interest in leasehold land that is accounted for as an operating lease is presented as "prepaid lease payments" in the consolidated statement of financial position and is amortised over the lease term on a straight-line basis except for those that are classified and accounted for as investment properties under the fair value model. When the lease payments cannot be allocated reliably between the land and building elements, the entire lease is generally classified as a finance lease and accounted for as property and equipment.

Properties in the course of construction for administrative purposes are carried at cost, less any recognised impairment loss. Costs include professional fees and, for qualifying assets, borrowing costs capitalized in accordance with the Group's accounting policy. Such properties are classified to the appropriate categories of property and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

(m) Insurance debtors, other debtors and amounts due from group companies

Insurance debtors, other debtors and amounts due from group companies are initially recognised at fair value and thereafter stated at amortised cost using effective interest method less allowance for impairment (see note 1(o)), except where the receivables are interest-free or the effect of discounting would be immaterial. In such cases, the receivables are stated at cost less allowance for impairment.

1 SIGNIFICANT ACCOUNTING POLICIES, CHANGES IN ACCOUNTING POLICIES AND RESTATEMENT *(Continued)*

(n) Insurance creditors and amounts due to group companies

Insurance creditors and amounts due to group companies are initially recognised at fair value and thereafter stated at amortised cost using effective interest method unless the effect of discounting would be immaterial, in which case they are stated at cost.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liabilities, or, where appropriate, a shorter period to the net carrying amount of the liability on initial recognition.

(o) Impairment of assets

(i) Impairment of financial assets other than those at fair value through profit or loss

Financial assets other than those at fair value through profit or loss, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial assets have been affected.

For AFS equity investments, a significant or prolonged decline in the fair value of the security below its cost is considered to be objective evidence of impairment.

For all other financial assets, objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- breach of contract, such as a default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organization; or
- disappearance of an active market for that financial asset because of financial difficulties.

For unquoted equity securities carried at cost, the impairment loss is measured as the difference between the carrying amount of the financial asset and the present value of estimated future cash flows, discounted at the current market rate of return for a similar financial asset where the effect of discounting is material. Impairment losses for equity securities are not reversed in subsequent periods.

For insurance and other debtors and other financial assets carried at amortised cost, the impairment loss is measured as the difference between the asset’s carrying amount and the present value of estimated future cash flows, discounted at the financial asset’s original effective interest rate (i.e. the effective interest rate computed at initial recognition of these assets), where the effect of discounting is material.

1 SIGNIFICANT ACCOUNTING POLICIES, CHANGES IN ACCOUNTING POLICIES AND RESTATEMENT *(Continued)*

(o) Impairment of assets *(Continued)*

(i) Impairment of financial assets other than those at fair value through profit or loss (Continued)

If in a subsequent period the amount of an impairment loss decreases and the decrease can be linked objectively to an event occurring after the impairment loss was recognised, the previously recognised impairment loss is reversed through the consolidated statement of profit or loss to the extent that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

For available-for-sale securities, the cumulative loss that has been recognised directly in other comprehensive income and accumulated in fair value reserve is removed from fair value reserve and is recognised in the consolidated statement of profit or loss when the available-for-sale securities are disposed of or are determined to be impaired. The amount of the cumulative loss that is recognised in the consolidated statement of profit or loss is the excess of the acquisition cost (net of any principal repayment and amortisation) over the current fair value, less any impairment loss on that asset previously recognised in the consolidated statement of profit or loss.

Impairment losses recognised in the consolidated statement of profit or loss in respect of available-for-sale equity securities are not reversed through the consolidated statement of profit or loss. Any subsequent increase in the fair value of such assets is recognised directly in other comprehensive income and accumulated in fair value reserve.

Impairment losses in respect of available-for-sale debt securities are reversed if the subsequent increase in fair value can be objectively related to an event occurring after the impairment loss was recognised. Reversals of impairment losses in such circumstances are recognised in the consolidated statement of profit or loss.

For certain categories of financial assets, such as insurance and other debtors, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group’s past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period and observable changes in national or local economic conditions that correlate with default on receivables.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of insurance and other debtors, where the carrying amount is reduced through the use of an allowance account. Changes in the carrying amount of the allowance account are recognised in consolidated statement of profit or loss. When an insurance or other debtor is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited to consolidated statement of profit or loss.

1 SIGNIFICANT ACCOUNTING POLICIES, CHANGES IN ACCOUNTING POLICIES AND RESTATEMENT *(Continued)*

(o) Impairment of assets *(Continued)*

(ii) Impairment of other assets

Internal and external sources of information are reviewed at the end of each reporting period to identify indications that the following assets may be impaired:

- property and equipment;
- reinsurers' share of insurance contract provisions;
- investments in subsidiaries, associates and joint ventures;
- intangible asset; and
- goodwill.

If any such indication exists, the asset's recoverable amount is estimated. In addition, for intangible asset and goodwill, the recoverable amount is estimated annually whether or not there is any indication of impairment.

(i) Calculation of recoverable amount

The recoverable amount of an asset is the greater of its fair value less cost to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of time value of money and the risks specific to the asset. Where an asset does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the smallest group of assets that generates cash inflows independently (i.e. a cash-generating unit).

(ii) Recognition of impairment losses

An impairment loss is recognised in the consolidated statement of profit or loss whenever the carrying amount of an asset, or the cash-generating unit to which it belongs, exceeds its recoverable amount. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit (or group of units) and then, to reduce the carrying amount of the other assets in the unit (or group of units) on a pro rata basis, except that the carrying value of an asset will not be reduced below its individual fair value less costs to sell, or value in use, if determinable.

(iii) Reversals of impairment losses

In respect of assets other than goodwill, an impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount. An impairment loss in respect of goodwill is not reversed.

1 SIGNIFICANT ACCOUNTING POLICIES, CHANGES IN ACCOUNTING POLICIES AND RESTATEMENT *(Continued)*

(o) Impairment of assets *(Continued)*

(ii) Impairment of other assets (Continued)

(iii) Reversals of impairment losses (Continued)

A reversal of an impairment loss is limited to the asset's carrying amount that would have been determined had no impairment loss been recognised in prior years. Reversals of impairment losses are credited to the consolidated statement of profit or loss in the year in which the reversals are recognised.

(p) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are also included as a component of cash and cash equivalents for the purpose of the consolidated statement of cash flows.

(q) Interest-bearing borrowings

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost with any difference between the amount initially recognised and redemption value being recognised in the consolidated statement of profit or loss over the period of the borrowings using the effective interest method.

(r) Short term employee benefits and contributions to defined contribution retirement plans

Salaries, annual bonuses, paid annual leave, contributions to defined contribution retirement plans and the cost of non-monetary benefits are accrued in the year in which the associated services are rendered by employees. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values.

(s) Income tax

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from 'profit before tax' as reported in the consolidated statement of profit or loss because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

1 SIGNIFICANT ACCOUNTING POLICIES, CHANGES IN ACCOUNTING POLICIES AND RESTATEMENT *(Continued)*

(s) Income tax *(Continued)*

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax base used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary difference to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, and interest in joint arrangements, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of the reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realized, based on tax rate (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

For the purposes of measuring deferred tax liabilities or deferred tax assets for investment properties that are measured using the fair value model, the carrying amounts of such properties are presumed to be recovered entirely through sale, unless the presumption is rebutted. The presumption is rebutted when the investment property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale. If the presumption is rebutted, deferred tax liabilities and deferred tax assets of such investment properties are measured in accordance with the above general principles set out in HKAS 12 (i.e. based on the expected manner as to how the properties will be recovered).

Current and deferred tax is recognised in profit or loss, except when it relates to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax is also recognised in other comprehensive income or directly in equity respectively. When current tax or deferred tax arises from initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

1 SIGNIFICANT ACCOUNTING POLICIES, CHANGES IN ACCOUNTING POLICIES AND RESTATEMENT *(Continued)*

(t) Provisions and contingent liabilities

Provisions are recognised when the Group has a present obligation as a result of a past event, and it is probable that the Group will be required to settle that obligation, and a reliable estimate can be made of the amount of the obligation. Provisions are measured at the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

(u) Equity instruments

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

(v) Revenue recognition

Provided it is probable that the economic benefits will flow to the Group and the revenue and costs, if applicable, can be measured reliably, revenue is recognised in the consolidated statement of profit or loss as follows:

(i) Gross premiums written from insurance contracts

The accounting policies for the recognition of revenue from insurance contracts are disclosed in note 1(d).

(ii) Policy fee income

Fees from investment contracts or investment components of insurance contracts are recognised in the period in which the services are provided.

(iii) Commission income

Commission income is recognised as revenue when received or receivable from reinsurers.

(iv) Rental income from operating leases

Rental income receivable under operating leases is recognised in the consolidated statement of profit or loss in equal installments over the periods covered by the lease term. Lease incentives granted are recognised in the consolidated statement of profit or loss as an integral part of the aggregate net lease payments receivable. Contingent rentals are recognised as income in the accounting period in which they are earned.

1 SIGNIFICANT ACCOUNTING POLICIES, CHANGES IN ACCOUNTING POLICIES AND RESTATEMENT *(Continued)*

(v) Revenue recognition *(Continued)*

(v) Income from asset management, insurance intermediary and pension businesses

Income from asset management, insurance intermediary and pension businesses are recognised when the service is rendered.

(vi) Dividends

Dividend income from investments is recognised when the shareholder's right to receive payment is established.

(vii) Interest income

Interest income is recognised as it accrues using the effective interest method.

(w) Translation of foreign currencies

Foreign currency transactions during the year are translated into the functional currencies of respective entities in the Group at the exchange rates ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated into the functional currencies of respective entities in the Group at the exchange rates ruling at the end of the reporting period. Exchange gains and losses are recognised in the consolidated statement of profit or loss.

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated into the functional currencies of respective entities in the Group using the foreign exchange rates ruling at the transaction dates. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated into the functional currency of respective entities in the Group using the foreign exchange rates ruling at the dates the fair value was determined. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period except for exchange differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised directly in other comprehensive income, in which cases, the exchange differences are also recognised directly in other comprehensive income.

The results of operations outside Hong Kong are translated into the Group's presentation currency (i.e. Hong Kong dollars) at approximately the average exchange rates for the year. Statement of financial position items are translated into Hong Kong dollars at the foreign exchange rates ruling at the end of the reporting period. The resulting exchange differences are recognised directly in a separate component of equity.

1 SIGNIFICANT ACCOUNTING POLICIES, CHANGES IN ACCOUNTING POLICIES AND RESTATEMENT *(Continued)*

(w) Translation of foreign currencies *(Continued)*

On the disposal of an operation outside Hong Kong (i.e. a disposal of the Group's entire interest in an operation outside Hong Kong, or a disposal involving loss of control over a subsidiary that includes an operation outside Hong Kong, or a disposal involving loss of significant influence over an associate that includes an operation outside Hong Kong), all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to profit or loss. In addition, in relation to a partial disposal that does not result in the Group losing control over a subsidiary that includes an operation outside Hong Kong, the proportionate share of accumulated exchange differences are reattributed to non-controlling interests and are not recognised in profit or loss. For all other partial disposals (i.e. partial disposals of associates or joint arrangements that do not result in the Group losing significant influence or joint control), the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

(x) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

1 SIGNIFICANT ACCOUNTING POLICIES, CHANGES IN ACCOUNTING POLICIES AND RESTATEMENT *(Continued)*

(y) Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Group as lessor

Rental income from operating leases is recognised in the profit or loss on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised as an expense on a straight-line basis over the lease term.

The Group as lessee

Assets held under finance leases are recognised as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the consolidated statement of financial position as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance expenses are recognised in profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalized in accordance with the Group's policy on borrowing costs (see the accounting policy above). Contingent rentals are recognised as an expense in the period in which they are incurred.

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis.

1 SIGNIFICANT ACCOUNTING POLICIES, CHANGES IN ACCOUNTING POLICIES AND RESTATEMENT *(Continued)*

(z) Share based payment transactions

(i) Share Option Scheme and Share Award Scheme

The fair value of share options and awarded shares granted to employees in an equity-settled share based payment transaction is recognised as an employment cost with a corresponding increase in the employee share-based compensation reserve within equity. In respect of share options, the fair value is measured at grant date using the Black Scholes pricing model, taking into account the terms and conditions upon which the options were granted. In respect of awarded shares, the fair value is based on the closing price at the grant date. Where the employees have to meet vesting conditions before becoming unconditionally entitled to the share options and awarded shares, the total estimated fair value of the share options and awarded shares is spread over the vesting period, taking into account the probability that the share options and awarded shares will vest.

During the vesting period, the number of share options and awarded shares that is expected to vest is reviewed. Any adjustment to the cumulative fair value recognised in prior years is charged/credited to the consolidated statement of profit or loss for the year of the review, with a corresponding adjustment to the employee share-based compensation reserve. On vesting date, the amount recognised as an expense is adjusted to reflect the actual number of share options and awarded shares that vest (with a corresponding adjustment to the employee share-based compensation reserve).

The equity amount for the share options is recognised in the employee share-based compensation reserve until either the option is exercised (when it is transferred to the share premium account) or the option expires (when it is released directly to retained profits).

(ii) Shares held for Share Award Scheme

Where the shares of the Company are acquired under the Share Award Scheme, the consideration paid, including any directly attributable incremental costs, is presented as “Shares held for Share Award Scheme” and deducted from total equity.

When the awarded shares are transferred to the awardees upon vesting, the related weighted average cost of the awarded shares vested are credited to "shares held for Share Award Scheme", and the related employment costs of the awarded shares vested are debited to the employee share-based compensation reserve. The difference between the related weighted average cost and the related employment costs of the awarded shares is transferred to retained profits.

Where the shares held for Share Award Scheme are revoked and the revoked shares are disposed of, the related gain or loss is transferred to retained profits, and no gain or loss is recognised in the statement or profit or loss.

Where the cash or non-cash dividend distribution is declared in respect of the shares held for Share Award Scheme, the cash or fair value of the non-cash dividend is transferred to retained profits, and no gain or loss is recognised in the consolidated statement of profit or loss.

1 SIGNIFICANT ACCOUNTING POLICIES, CHANGES IN ACCOUNTING POLICIES AND RESTATEMENT *(Continued)*

CHANGES IN ACCOUNTING POLICIES AND RESTATEMENT

In the current year, the Group has applied the following new and revised Hong Kong Financial Reporting Standards ("new and revised HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

HKFRS 10	Consolidated Financial Statements
HKFRS 11	Joint Arrangements
HKFRS 12	Disclosure of Interests in Other Entities
HKFRS 13	Fair Value Measurement
HKAS 19 (as revised in 2011)	Employment Benefits
HKAS 27 (as revised in 2011)	Separate Financial Statements
HKAS 28 (as revised in 2011)	Investments in Associates and Joint Ventures
Amendments to HKFRSs	Annual Improvements to HKFRSs 2009-2011 Cycle
Amendments to HKFRS 7	Disclosures – Offsetting Financial Assets and Financial Liabilities
Amendments to HKFRS 10, HKFRS 11 and HKFRS 12	Consolidated Financial Statements, Joint Arrangements and Disclosure of Interest in Other Entities: Transition Guidance
Amendments to HKAS 1	Presentation of Items of Other Comprehensive Income

Except as described below, the application of the new and revised HKFRSs in the current year 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 consolidated financial statements.

New and revised Standards on consolidation, joint arrangements, associates and disclosures

In the current year, the Group has applied for the first time HKFRS 10, HKFRS 11, HKFRS 12, HKAS 27 (as revised in 2011) and HKAS 28 (as revised in 2011) together with the amendments to HKFRS 10, HKFRS 11 and HKFRS 12 regarding the transitional guidance.

1 SIGNIFICANT ACCOUNTING POLICIES, CHANGES IN ACCOUNTING POLICIES AND RESTATEMENT *(Continued)*

CHANGES IN ACCOUNTING POLICIES AND RESTATEMENT *(Continued)*

The impact of the application of these standards is set out below.

Impact of the application of HKFRS 10

HKFRS 10 replaces the parts of HKAS 27 *Consolidated and Separate Financial Statements* that deal with consolidated financial statements and HK(SIC)-Int 12 *Consolidation – Special Purpose Entities.* HKFRS 10 changes the definition of control that an investor has control over an investee when (a) it has power over an investee, (b) it is exposed, or has rights, to variable returns from its involvement with the investee, and (c) has the ability to use its power to affect its returns. All three of these criteria must be met for an investor to have control over an investee. Previously, control was defined as the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Additional guidance has been included in HKFRS 10 to explain when an investor has control over an investee.

The directors of the Company made an assessment as at the date of initial application of HKFRS 10 (i.e. 1 January 2013) as to whether or not the Group has control over all its investees in accordance with the new definition of control and the related guidance set out in HKFRS 10. The directors of the Company concluded that it has had control over all its investees since the acquisition on the basis of the Group's absolute size of holding and the relative size of the shareholdings owned by the other shareholders. Therefore, in accordance with the requirements of HKFRS 10, all the subsidiaries remain as subsidiaries of the Company and no restatements were required.

Impact of the application of HKFRS 11

HKFRS 11 replaces HKAS 31 *Interests in Joint Ventures*, and the guidance contained in a related interpretation, HK(SIC) – Int 13 *Jointly Controlled Entities – Non-Monetary Contributions by Venturers*, has been incorporated in HKAS 28 (as revised in 2011). HKFRS 11 deals with how a joint arrangement of which two or more parties have joint control should be classified and accounted for. Under HKFRS 11, there are only two types of joint arrangements – joint operations and joint ventures. The classification of joint arrangements under HKFRS 11 is determined based on the rights and obligations of parties to the joint arrangement by considering the structure, the legal form of the arrangements, the contractual terms agreed by the parties to the arrangement, and, when relevant, other facts and circumstances. A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement (i.e. joint operators) have rights to the assets, and obligations for the liabilities, relating to the arrangement. A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement (i.e. joint ventures) have rights to the net assets of the arrangement. Previously, HKAS 31 contemplated three types of joint arrangements – jointly controlled entities, jointly controlled operations and jointly controlled assets. The classification of joint arrangements under HKAS 31 was primarily determined based on the legal form of the arrangement (e.g. a joint arrangement that was established through a separate entity was accounted for as a jointly controlled entity).

1 SIGNIFICANT ACCOUNTING POLICIES, CHANGES IN ACCOUNTING POLICIES AND RESTATEMENT *(Continued)*

CHANGES IN ACCOUNTING POLICIES AND RESTATEMENT *(Continued)*

Impact of the application of HKFRS 11 *(Continued)*

The initial and subsequent accounting of joint ventures and joint operations is different. Investments in joint ventures are accounted for using the equity method (proportionate consolidation is no longer allowed). Investments in joint operations are accounted for such that each joint operator recognises its assets (including its share of any assets jointly held), its liabilities (including its share of any liabilities incurred jointly), its revenue (including its share of revenue from the sale of the output by the joint operation) and its expenses (including its share of any expenses incurred jointly). Each joint operator accounts for the assets and liabilities, as well as revenues and expenses, relating to its interest in the joint operation in accordance with the applicable Standards.

Impact of the application of HKFRS 12

HKFRS 12 is a new disclosure standard and is applicable to entities that have interests in subsidiaries, joint arrangements, associates and/or unconsolidated structured entities. In general, the application of HKFRS 12 has resulted in more extensive disclosures in the consolidated financial statements.

Impact of the application of HKFRS 13

The Group has applied HKFRS 13 for the first time in the current year. HKFRS 13 establishes a single source of guidance for, and disclosures about, fair value measurements. The scope of HKFRS 13 is broad; the fair value measurement requirements of HKFRS 13 apply to both financial instrument items and non-financial instrument items for which other HKFRSs require or permit fair value measurements and disclosures about fair value measurements, subject to a few exceptions.

HKFRS 13 defines the fair value of an asset as the price that would be received to sell an asset (or paid to transfer a liability, in the case of determining the fair value of a liability) in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions. Fair value under HKFRS 13 is an exit price regardless of whether that price is directly observable or estimated using another valuation technique. Also, HKFRS 13 includes extensive disclosure requirements.

HKFRS 13 requires prospective application from 1 January 2013. In accordance with the transitional provisions, the Group has not made any new disclosures required by HKFRS 13 for the 2012 comparative period. Other than the additional disclosures, the application of HKFRS 13 has not had any material impact on the amounts recognised in the consolidated financial statements.

1 SIGNIFICANT ACCOUNTING POLICIES, CHANGES IN ACCOUNTING POLICIES AND RESTATEMENT *(Continued)*

CHANGES IN ACCOUNTING POLICIES AND RESTATEMENT *(Continued)*

Amendments to HKAS 1 Presentation of Items of Other Comprehensive Income

The Group has applied the amendments to HKAS 1 *Presentation of Items of Other Comprehensive Income*. Upon the adoption of the amendments to HKAS 1, the Group's 'consolidated statement of comprehensive income' is renamed as the 'consolidated statement of profit or loss and other comprehensive income' and the 'income statement' is renamed as the 'consolidated statement of profit or loss'. The amendments to HKAS 1 retain the option to present profit or loss and other comprehensive income in either a single statement or in two separate but consecutive statements. Furthermore, the amendments to HKAS 1 require additional disclosures to be made in the other comprehensive income section such that items of other comprehensive income are grouped into two categories: (a) items that will not be reclassified subsequently to profit or loss and (b) items that may be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis – the amendments do not change the option to present items of other comprehensive income either before tax or net of tax. The amendments have been applied retrospectively, and hence the presentation of items of other comprehensive income has been modified to reflect the changes. Other than the above mentioned presentation changes, the application of the amendments to HKAS 1 does not result in any impact on profit or loss, other comprehensive income and total comprehensive income.

1 SIGNIFICANT ACCOUNTING POLICIES, CHANGES IN ACCOUNTING POLICIES AND RESTATEMENT *(Continued)*

CHANGES IN ACCOUNTING POLICIES AND RESTATEMENT *(Continued)*

Merger accounting and restatements

On 27 May 2013, the Company entered into a framework agreement in which the Company acted as purchaser and TPG and TPG(HK) acted as vendors, pursuant to which the Company conditionally agreed to acquire certain target assets and target interests in certain entities at the aggregate consideration of RMB10,581,367,500, which shall be satisfied by the issue of Consideration Shares at the issue price of $15.39 per share (the "Acquisition"). The Acquisition also included the additional equity interests in the existing subsidiaries, TPL, TPI, TPP and TPAM. The details of the Acquisition transactions were set out in the announcement of the Company dated 27 May 2013 and the circular of the Company dated 31 May 2013, which defined the target assets and target interests under Tranches A, B and C in the circular. During the last quarter of 2013, the acquisitions of Tranche A and Tranche B have become unconditional, while for Tranche C, the acquisitions of all the target assets and target interests have become unconditional, except for certain target interests (being TPFH, TP Singapore, TP UK and TP Indonesia) and certain target assets. Despite none of the Consideration Shares being issued by the Company, these target assets and target interests are considered as transferred into the Group upon the Acquisition becoming unconditional. The changes in the Group's ownership interest in those four existing subsidiaries were accounted for as equity transactions in accordance with HKFRS 10. As the other target interests and target assets and the Company were all under common control of TPG and TPG(HK) before and after the Acquisition, the Group has accounted for the acquisition of the target interests and target assets (except for investment properties which are initially recognised at their fair values) using the principles of merger accounting and applied Accounting Guideline No. 5 "Merger Accounting for Common Control Combinations". Under these principles of merger accounting, the Acquisition is accounted for as though the businesses of these target assets and target interests have always been carried out by the Group. The consolidated financial statements are prepared as if the current group structure has been in existence throughout the periods presented. The consolidated statement of profit or loss includes the results of these target assets and target interests from the earliest date presented, taking into account the profit or loss attributable to the non-controlling interests recorded in the consolidated financial statements of TPG and TPG(HK). Accordingly, the prior year figures have been restated (see below for the financial impact).

An uniform set of accounting policies is adopted by the Group. The Group recognizes the assets, liabilities and equity of these target assets and target interests at the carrying amounts in the consolidated financial statements of TPG and TPG(HK) prior to the Acquisition. Comparative amounts are presented as if these target assets and target interests had been combined at the previous financial year end date. The excess of consideration over carrying value at the time of combination is treated as a merger reserve in equity.

1 SIGNIFICANT ACCOUNTING POLICIES, CHANGES IN ACCOUNTING POLICIES AND RESTATEMENT *(Continued)*

CHANGES IN ACCOUNTING POLICIES AND RESTATEMENT *(Continued)*

Merger accounting and restatements *(Continued)*

The effects of the acquisition of target assets and target interests on the consolidated statement of profit or loss for the year ended 31 December 2012 are summarized below:

	31 December 2012 *(Originally stated)* $'000	Effect of application of merger accounting for the Acquisition $'000	31 December 2012 *(Restated)* $'000
Income			
Gross premiums written and policy fees	60,060,418	404,887	60,465,305
Less: Premiums ceded to reinsurers and retrocessionaires	(2,334,443)	(150,449)	(2,484,892)
Net premiums written and policy fees	57,725,975	254,438	57,980,413
Change in unearned premium provisions, net of reinsurance	(1,108,682)	(19,216)	(1,127,898)
Net earned premiums and policy fees	56,617,293	235,222	56,852,515
Net investment income	8,293,550	298,011	8,591,561
Net realized investment losses	(1,117,725)	(33,017)	(1,150,742)
Net unrealized investment losses and impairment	(1,271,996)	442,723	(829,273)
Other income	467,413	114,728	582,141
Other gains	43,995	6,943	50,938
Total income	63,032,530	1,064,610	64,097,140
Benefits, losses and expenses			
Net policyholders' benefits	(15,550,502)	(125,263)	(15,675,765)
Net commission expenses	(5,088,614)	(37,626)	(5,126,240)
Administrative and other expenses	(10,428,391)	(170,664)	(10,599,055)
Change in life insurance contract liabilities, net of reinsurance	(30,274,336)	-	(30,274,336)
Total benefits, losses and expenses	(61,341,843)	(333,553)	(61,675,396)
Profit from operations	1,690,687	731,057	2,421,744
Share of results of associates and joint ventures	140,575	(125,449)	15,126
Finance costs	(598,630)	(88,209)	(686,839)
Profit before taxation	1,232,632	517,399	1,750,031
Income tax credit	241,113	(138,596)	102,517
Profit after taxation	1,473,745	378,803	1,852,548
Attributable to:			
Owners of the Company	936,558	378,987	1,315,545
Non-controlling interests	537,187	(184)	537,003
	1,473,745	378,803	1,852,548

1 SIGNIFICANT ACCOUNTING POLICIES, CHANGES IN ACCOUNTING POLICIES AND RESTATEMENT *(Continued)*

CHANGES IN ACCOUNTING POLICIES AND RESTATEMENT *(Continued)*

Merger accounting and restatements *(Continued)*

The effects of the acquisition of target assets and target interests on the consolidated statement of financial position as at 31 December 2012 are summarized below:

	As at 31 December 2012 *(Originally stated)* *$'000*	Effect of application of merger accounting for the Acquisition *$'000*	As at 31 December 2012 *(Restated)* *$'000*
Assets			
Statutory deposits	2,504,822	1,683	2,506,505
Fixed assets			
- Property and equipment	3,855,714	930,233	4,785,947
- Investment properties	3,990,218	5,077,945	9,068,163
- Prepaid lease payments	164,177	-	164,177
	8,010,109	6,008,178	14,018,287
Goodwill	303,647	-	303,647
Intangible assets	264,509	-	264,509
Interest in associates and joint ventures *(Note)*	1,669,870	(1,643,357)	26,513
Deferred tax assets	140,721	-	140,721
Investments in debt and equity securities	159,659,338	399,246	160,058,584
Securities purchased under resale agreements	80,163	-	80,163
Amounts due from group companies	13,395	2,952,223	2,965,618
Insurance debtors	2,570,318	56,714	2,627,032
Reinsurers' share of insurance contract provisions	2,574,748	100,773	2,675,521
Policyholder account assets in respect of unit-linked products	3,141,049	-	3,141,049
Other debtors	8,347,689	73,760	8,421,449
Tax recoverable	25,737	-	25,737
Pledged deposits at banks	223,159	65,427	288,586
Deposits at banks with original maturity more than three months	36,091,607	94,600	36,186,207
Cash and bank balances	17,317,630	705,943	18,023,573
	242,938,511	8,815,190	251,753,701

Note: The interest in associates and joint ventures originally included the 39% equity interest in TPR(SH). TPR(SH) has become a non-wholly owned subsidiary of the Group after the Acquisition.

1 SIGNIFICANT ACCOUNTING POLICIES, CHANGES IN ACCOUNTING POLICIES AND RESTATEMENT *(Continued)*

CHANGES IN ACCOUNTING POLICIES AND RESTATEMENT *(Continued)*

Merger accounting and restatements *(Continued)*

The effects of the acquisition of target assets and target interests on the consolidated statement of financial position as at 31 December 2012 are summarized below *(Continued)*:

	As at 31 December 2012 *(Originally stated)* *$'000*	Effect of application of merger accounting for the Acquisition *$'000*	As at 31 December 2012 *(Restated)* *$'000*
Liabilities			
Life insurance contract liabilities	121,422,778	-	121,422,778
Unearned premium provisions	6,092,431	123,642	6,216,073
Provision for outstanding claims	10,031,555	285,396	10,316,951
Investment contract liabilities	25,981,726	-	25,981,726
Deferred tax liabilities	904,957	796,162	1,701,119
Interest-bearing notes	13,334,736	-	13,334,736
Bank borrowings	-	4,320,486	4,320,486
Securities sold under repurchase agreements	35,426,815	-	35,426,815
Amounts due to group companies	34,699	411,942	446,641
Insurance creditors	4,309,983	46,476	4,356,459
Other payables and accruals	4,041,891	464,813	4,506,704
Current taxation	302,043	17,730	319,773
Insurance protection fund	62,480	-	62,480
	221,946,094	6,466,647	228,412,741
Net assets	20,992,417	2,348,543	23,340,960
Capital and reserves attributable to the owners of the Company			
Share capital	85,294	-	85,294
Reserves	13,751,475	2,470,953	16,222,428
	13,836,769	2,470,953	16,307,722
Non-controlling interests	7,155,648	(122,410)	7,033,238
Total equity	20,992,417	2,348,543	23,340,960

1 SIGNIFICANT ACCOUNTING POLICIES, CHANGES IN ACCOUNTING POLICIES AND RESTATEMENT *(Continued)*

CHANGES IN ACCOUNTING POLICIES AND RESTATEMENT *(Continued)*

Merger accounting and restatements *(Continued)*

The effects of the acquisition of target assets and target interests on the consolidated statement of financial position as at 1 January 2012 are summarized below:

	As at 1 January 2012 *(Originally stated)* *$'000*	Effect of application of merger accounting for the Acquisition *$'000*	As at 1 January 2012 *(Restated)* *$'000*
Assets			
Statutory deposits	2,332,794	1,681	2,334,475
Fixed assets			
- Property and equipment	4,048,360	467,558	4,515,918
- Investment properties	2,915,574	5,279,093	8,194,667
- Prepaid lease payments	167,813	-	167,813
	7,131,747	5,746,651	12,878,398
Goodwill	303,647	-	303,647
Intangible assets	264,791	-	264,791
Interest in associates and joint ventures *(Note)*	1,580,272	(1,517,451)	62,821
Deferred tax assets	145,524	-	145,524
Investments in debt and equity securities	130,571,536	298,583	130,870,119
Securities purchased under resale agreements	119,279	-	119,279
Amounts due from group companies	29,348	2,797,209	2,826,557
Insurance debtors	2,030,782	21,258	2,052,040
Reinsurers' share of insurance contract provisions	2,425,300	72,347	2,497,647
Policyholder account assets in respect of unit-linked products	3,729,117	-	3,729,117
Other debtors	5,252,836	60,295	5,313,131
Assets classified as held-for-sale	-	9,400	9,400
Pledged deposits at banks	187,677	61,110	248,787
Deposits at banks with original maturity more than three months	17,520,847	75,096	17,595,943
Cash and bank balances	17,735,080	681,227	18,416,307
	191,360,577	8,307,406	199,667,983

Note: The interest in associates and joint ventures originally included the 39% equity interest in TPR(SH). TPR(SH) has become a non-wholly owned subsidiary of the Group after the Acquisition.

1 SIGNIFICANT ACCOUNTING POLICIES, CHANGES IN ACCOUNTING POLICIES AND RESTATEMENT *(Continued)*

CHANGES IN ACCOUNTING POLICIES AND RESTATEMENT *(Continued)*

Merger accounting and restatements *(Continued)*

The effects of the acquisition of target assets and target interests on the consolidated statement of financial position as at 1 January 2012 are summarized below *(Continued)*:

	As at 1 January 2012 *(Originally stated)* *$'000*	Effect of application of merger accounting for the Acquisition *$'000*	As at 1 January 2012 *(Restated)* *$'000*
Liabilities			
Life insurance contract liabilities	91,195,983	-	91,195,983
Unearned premium provisions	4,641,632	85,992	4,727,624
Provision for outstanding claims	9,208,802	236,331	9,445,133
Investment contract liabilities	31,368,490	-	31,368,490
Deferred tax liabilities	557,891	746,246	1,304,137
Interest-bearing notes	11,040,734	-	11,040,734
Bank borrowings	-	3,719,972	3,719,972
Securities sold under repurchase agreements	19,618,855	-	19,618,855
Amounts due to group companies	36,763	857,615	894,378
Insurance creditors	2,855,056	36,630	2,891,686
Other payables and accruals	3,477,250	499,502	3,976,752
Current taxation	296,282	54,932	351,214
Insurance protection fund	33,848	-	33,848
	174,331,586	6,237,220	180,568,806
Net assets	17,028,991	2,070,186	19,099,177
Capital and reserves attributable to the owners of the Company			
Share capital	85,264	-	85,264
Reserves	11,504,376	2,137,887	13,642,263
	11,589,640	2,137,887	13,727,527
Non-controlling interests	5,439,351	(67,701)	5,371,650
Total equity	17,028,991	2,070,186	19,099,177

1 SIGNIFICANT ACCOUNTING POLICIES, CHANGES IN ACCOUNTING POLICIES AND RESTATEMENT *(Continued)*

CHANGES IN ACCOUNTING POLICIES AND RESTATEMENT *(Continued)*

Merger accounting and restatements *(Continued)*

Impact on basic earnings per share

	Year ended 31 December 2012 *HK dollar*
Basic earnings per share before adjustment	0.550
Adjustment arising from acquisition of target assets and target interests	0.145
Reported basic earnings per share	0.695

Impact on diluted earnings per share

	Year ended 31 December 2012 *HK dollar*
Diluted earnings per share before adjustment	0.547
Adjustment arising from acquisition of target assets and target interests	0.145
Reported diluted earnings per share	0.692

2 INSURANCE, FINANCIAL AND CAPITAL RISK MANAGEMENT

(a) Risk management objectives, policies and processes for mitigating insurance risk

The Group is principally engaged in the underwriting of life insurance business in the PRC, property and casualty insurance business in the PRC and Hong Kong and reinsurance business around the world. The Group's management of insurance and financial risk is a critical aspect of the business. Insurance risks are managed through the application of various policies and procedures relating to underwriting, pricing, claims and reinsurance as well as experience monitoring.

The Group uses several methods to assess and monitor insurance risk exposures both for individual types of risks insured and overall risks. These methods include internal risk measurement models, sensitivity analyzes and scenario analyzes.

The theory of probability is applied to the pricing and provisioning for a portfolio of insurance contracts. The principal risk is that the frequency and severity of claims is greater than expected. Insurance events are, by their nature, random, and the actual number and size of events during any year may vary from those estimated using established statistical techniques.

(b) Underwriting strategy

Life insurance business

The Group operates its life insurance business in the PRC'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 and Macau. 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 and 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, 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 of the Asia Pacific region, in particular, the United States of America. 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.

2 INSURANCE, FINANCIAL AND CAPITAL RISK MANAGEMENT *(Continued)*

(c) 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.

(d) 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 maximize 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 projections 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.

2 INSURANCE, FINANCIAL AND CAPITAL RISK MANAGEMENT *(Continued)*

(e) Insurance risk

The risk under any one insurance contract is the possibility that the insured event occurs and the uncertainty of the amount of the resulting claim. By the very nature of an insurance contract, this risk is random and therefore unpredictable.

For a portfolio of insurance contracts where the theory of probability is applied to pricing and provisioning, the principal risk that the Group faces under its insurance contracts is that the actual claims and benefit payments exceed the carrying amount of the insurance liabilities. This could occur because the frequency or severity of claims and benefits may be greater than estimated. Insurance events are random and the actual number and amount of claims and benefits will vary from year to year from the estimate established using statistical techniques.

Experience shows that the larger the portfolio of similar insurance contracts, the smaller the relative variability about the expected outcome will be. In addition, a more diversified portfolio is less likely to be affected across the board by a change in any subset of the portfolio. The Group has developed its insurance underwriting strategy to diversify the type of insurance risks accepted and within each of these categories to achieve a sufficiently large population of risks to reduce the variability of the expected outcome.

The concentration and mitigation of insurance risk in each business line are set out below:

2 INSURANCE, FINANCIAL AND CAPITAL RISK MANAGEMENT *(Continued)*

(e) Insurance risk *(Continued)*

(i) Life insurance business

Concentration of insurance risks

Concentration risk is the risk of incurring a major loss as a result of having a significant mortality or other insurance coverage on a particular person or a group of persons due to the same event. The Group manages the concentration of insurance risks by way of reinsurance arrangements with a maximum retention risk of RMB500,000 per person in life and personal accident policies and RMB200,000 on critical illness insurance. In addition, the Group purchases catastrophe protection for losses arising from claims involving multiple lives from the same event. The maximum retention risk is RMB1 million for each and every loss occurrence, and the total coverage is RMB100 million for each and every loss occurrence. The Group purchases surplus treaties and proportional treaties to cover life, accident and long term health risks. In addition, an excess of loss reinsurance contract is applied for any insurance contract with significant sum insured.

The distribution of sum insured per policy is summarized as follows:

	Before reinsurance		**After reinsurance**	
RMB'000	**Year ended 31 December**		**Year ended 31 December**	
	2013	2012	**2013**	2012
0-200	**96.48%**	97.22%	**97.35%**	97.89%
201-500	**3.08%**	2.41%	**2.65%**	2.11%
501-750	**0.15%**	0.10%	**-**	-
751-1,000	**0.20%**	0.16%	**-**	-
1,001-1,500	**0.04%**	0.03%	**-**	-
1,501-2,000	**0.02%**	0.00%	**-**	-
2,001-2,500	**0.01%**	0.02%	**-**	-
>2,500	**0.02%**	0.06%	**-**	-
	100.00%	100.00%	**100.00%**	100.00%

Management of risks

The key risk associated with life insurance contracts is the risk of potential loss arising with respect to a particular insurance product as a result of actual market conditions and loss experience being different from the assumed market conditions and loss experience used when designing and pricing the product.

The Group manages the risks by centralising the product design function at the head office level, headed by the chief appointed actuary and senior management in other key functional departments. Standards and guidelines are established to ensure that the risks associated with particular products are within the acceptable level. The pricing method, the solvency requirement, the profit margin, the loss experience, etc., are key considerations in designing a product.

In addition, the underwriting and claim processing departments strictly follow the established standards and procedures.

2 INSURANCE, FINANCIAL AND CAPITAL RISK MANAGEMENT *(Continued)*

(e) Insurance risk *(Continued)*

(ii) Property and casualty insurance business

Concentration of insurance risks

Within the insurance process, concentration of risk may arise where a particular event or series of events could impact heavily upon the Group's liabilities. Such concentrations may arise from a single insurance contract or through a small number of related contracts, and relate to circumstances where significant liabilities could arise.

The concentration of insurance risk before and after reinsurance by classes of business is summarized below, with reference to premiums written in the years ended 31 December 2013 and 2012.

TPI

	Year ended 31 December 2013				
	Gross written premiums *$'000*	**Inward reinsurance premiums** *$'000*	**Premiums ceded to reinsurers** *$'000*	**Net written premiums** *$'000*	**Ceding ratio** %
Motor	**11,130,031**	**-**	**1,284,162**	**9,845,869**	**11.5%**
Marine	**274,334**	**7,097**	**126,728**	**154,703**	**46.2%**
Non-marine	**2,114,504**	**65,305**	**682,964**	**1,496,845**	**32.3%**
Total	**13,518,869**	**72,402**	**2,093,854**	**11,497,417**	**15.5%**

TPI

	Year ended 31 December 2012				
	Gross written premiums *$'000*	Inward reinsurance premiums *$'000*	Premiums ceded to reinsurers *$'000*	Net written premiums *$'000*	Ceding ratio %
Motor	7,713,372	-	939,016	6,774,356	12.2%
Marine	220,345	4,980	89,310	136,015	40.5%
Non-marine	1,614,112	47,564	553,609	1,108,067	34.3%
Total	9,547,829	52,544	1,581,935	8,018,438	16.6%

2 INSURANCE, FINANCIAL AND CAPITAL RISK MANAGEMENT *(Continued)*

(e) Insurance risk *(Continued)*

(ii) Property and casualty insurance business (Continued)

CTPI (HK)

	Year ended 31 December 2013				
	Gross written premiums *$'000*	**Inward reinsurance premiums** *$'000*	**Premiums ceded to reinsurers** *$'000*	**Net written premiums** *$'000*	**Ceding ratio** %
Motor	**277,817**	**485,843**	**25,773**	**737,887**	**9.3%**
Marine	**237,240**	**19,764**	**122,896**	**134,108**	**51.8%**
Non-marine	**733,606**	**27,761**	**296,955**	**464,412**	**40.5%**
Total	**1,248,663**	**533,368**	**445,624**	**1,336,407**	**35.7%**

CTPI (HK)

	Year ended 31 December 2012				
	Gross written premiums *$'000*	Inward reinsurance premiums *$'000*	Premiums ceded to reinsurers *$'000*	Net written premiums *$'000*	Ceding ratio %
Motor	219,147	388,453	27,676	579,924	12.6%
Marine	212,924	15,678	116,157	112,445	54.6%
Non-marine	609,455	21,912	236,594	394,773	38.8%
Total	1,041,526	426,043	380,427	1,087,142	36.5%

2 INSURANCE, FINANCIAL AND CAPITAL RISK MANAGEMENT *(Continued)*

(e) Insurance risk *(Continued)*

(ii) Property and casualty insurance business (Continued)

Management of risks

The Group delegates underwriting authority to experienced underwriters. Each underwriting department has an underwriting manual for each class of business. The underwriting manual is approved by the Business Management Committee and specifies the authority of underwriters at each level. Each underwriting manual clearly states the insurable risk, risks that can be insured on a limited scale and uninsurable risk as well as the probable maximum loss which underwriters at each level can underwrite. Risks that exceed the underwriting authority of the head of the underwriting department have to be reviewed and approved by the Business Management Committee. For claims handling, there is a procedures manual that lays down the operational procedures and controls required to mitigate the insurance risk.

The Group also arranges both treaty reinsurance and facultative reinsurance in accordance with international practice. Treaty reinsurance provides automatic reinsurance cover under specific reinsurance contract terms and conditions. Facultative reinsurance is reinsurance of individual risk. Each contract is arranged separately. The choice of reinsurance contract depends on market conditions, market practice and the nature of business. Facultative reinsurance is arranged when an individual risk is not covered by treaty reinsurance or exceeds treaty reinsurance capacity and exceeds its own underwriting capacity.

2 INSURANCE, FINANCIAL AND CAPITAL RISK MANAGEMENT *(Continued)*

(e) Insurance risk *(Continued)*

(iii) Reinsurance business

Concentration of insurance risks

Concentration of risk arises from the accumulation of risks within a particular business line and geographic area. The Group's key methods in managing these risks are diversification of the business line and areas where the gross premiums are written. The tables below indicate the gross premiums written by business line and geographic territory for the year ended 31 December 2013.

By business line:

	% to total gross premiums written	
	2013	2012
Proportional treaty	**66.8%**	66.2%
Non-proportional treaty	**24.7%**	25.9%
Facultative	**8.5%**	7.9%
	100.0%	100.0%

By geographical territory:

	% to total gross premiums written	
	2013	2012
Hong Kong & Macau	**12.2%**	12.6%
Mainland China (& Taiwan)	**46.9%**	44.3%
Japan	**5.1%**	6.1%
Rest of Asia	**18.7%**	19.5%
Europe	**11.5%**	11.1%
Others	**5.6%**	6.4%
	100.0%	100.0%

2 INSURANCE, FINANCIAL AND CAPITAL RISK MANAGEMENT *(Continued)*

(e) Insurance risk *(Continued)*

(iii) Reinsurance business (Continued)

Management of risks

The key risks associated with reinsurance contracts are those relating to underwriting.

The Group maintains underwriting teams who are responsible for the underwriting and sales of the Group's reinsurance products. The team promoting a certain product to a customer has the requisite expertise to determine whether the Group can meet the specific requirement of the customer within the Group's risk appetite. All inward business is screened and analyzed by the underwriting staff. The decision to underwrite and the level of risk exposure accepted are determined by reference to the underwriting guideline setting out the types of business desired, and the maximum capacity per risk and per zone. Such criteria are determined by considering factors including the risk exposure, the pricing, the profit potential, the class of business, the marketing strategy, the retrocession facilities available and the market trends.

The Group arranges prorata and excess of loss retrocessions for its different lines of reinsurance business, in order to enhance its underwriting capacity as well as to harmonise its net retained exposures. Proportional retrocessions have been arranged in respect of its non-marine reinsurance business from the Asia-Pacific territories. In addition, a series of excess of loss retrocession covers are also arranged to protect the Group against major catastrophic events.

2 INSURANCE, FINANCIAL AND CAPITAL RISK MANAGEMENT *(Continued)*

(f) Financial risk

The carrying amounts of the Group's financial assets at the reporting date were as follows:

	The Group			The Company		
	31 December 2013	31 December 2012 *(Restated)*	1 January 2012 *(Restated)*	**31 December 2013**	31 December 2012	1 January 2012
	$'000	*$'000*	*$'000*	***$'000***	*$'000*	*$'000*
Financial assets						
- held-to-maturity investments	**103,652,240**	92,139,314	83,475,816	**-**	-	-
- available-for-sale investments	**56,221,579**	43,934,699	36,149,122	**359,204**	375,935	284,160
- held-for-trading investments	**731,609**	1,049,150	235,721	**-**	-	-
- designated at fair value through profit or loss	**212,964**	800,224	198,761	**-**	-	-
- loans and receivables						
- debt investments	**4,045,307**	1,523,556	1,214,273	**-**	-	-
- investment funds	**624,106**	-	-	**-**	-	-
- debt schemes	**30,728,096**	20,611,641	9,596,426	**-**	-	-
- statutory deposits	**4,731,632**	2,506,505	2,334,475	**-**	-	-
- securities purchased under resale agreements	**214,949**	80,163	119,279	**-**	-	-
- amounts due from group companies	**44,807**	2,965,618	2,826,557	**4,778,116**	4,058,820	3,744,348
- other debtors	**15,238,038**	7,456,377	5,010,915	**13,386**	5,333	5,951
- pledged deposits at banks	**337,169**	288,586	248,787	**-**	-	-
- deposits at banks with original maturity more than three months	**36,879,922**	36,186,207	17,595,943	**-**	-	-
- cash and bank balances	**30,003,139**	18,023,573	18,416,307	**951,745**	1,937,870	637,178
	283,665,557	227,565,613	177,422,382	**6,102,451**	6,377,958	4,671,637
Policyholder account assets in respect of unit-linked products (note 45)	**2,778,038**	3,141,049	3,729,117	**-**	-	-
	286,443,595	230,706,662	181,151,499	**6,102,451**	6,377,958	4,671,637

2 INSURANCE, FINANCIAL AND CAPITAL RISK MANAGEMENT *(Continued)*

(f) Financial risk *(Continued)*

The carrying amounts of the Group's financial liabilities at the reporting date were as follows:

	The Group			The Company		
	31 December 2013	31 December 2012 *(Restated)*	1 January 2012 *(Restated)*	**31 December 2013**	31 December 2012	1 January 2012
	$'000	*$'000*	*$'000*	***$'000***	*$'000*	*$'000*
Financial liabilities at fair value through profit or loss						
- Investment contract liabilities	**2,778,038**	3,141,049	3,729,117	**-**	-	-
Financial liabilities measured at amortised cost						
- Investment contract liabilities	**16,331,969**	22,840,677	27,639,373	**-**	-	-
- Interest-bearing notes	**10,297,265**	13,334,736	11,040,734	**-**	-	-
- Bank borrowings	**7,289,019**	4,320,486	3,719,972	**-**	-	-
- Securities sold under repurchase agreements	**41,211,333**	35,426,815	19,618,855	**-**	-	-
- Shareholder's loan	**4,434,929**	-	-	**4,434,929**	-	-
- Amounts due to group companies	**115,823**	446,641	894,378	**10,977,098**	3,031,419	721,720
	79,680,338	76,369,355	62,913,312	**15,412,027**	3,031,419	721,720
	82,458,376	79,510,404	66,642,429	**15,412,027**	3,031,419	721,720

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.

(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.

2 INSURANCE, FINANCIAL AND CAPITAL RISK MANAGEMENT *(Continued)*

(f) Financial risk *(Continued)*

(i) Market risk (Continued)

(a) Interest rate risk *(Continued)*

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.

The Group is exposed to fair value interest rate risk in relation to the debt investments classified as available-for-sale, held-for-trading and designated at fair value through profit or loss of $38,322.51 million, $82.48 million and $212.96 million respectively (31 December 2012 as restated: $27,635.50 million, $63.10 million and $800.22 million respectively). A decrease of 50 basis points in interest rates of the debt investments classified as available-for-sale, held-for-trading and designated at fair value through profit or loss, with all other variables held constant, has no significant effect on the Group’s profit before tax and increase the Group’s total equity by approximately 0.5% of the total investments held by the Group as at 31 December 2013 (31 December 2012 as restated: no significant effect on the Group’s profit before tax and increase Group’s total equity by approximately 0.5% of the total investments held by the Group).

The Company is exposed to fair value interest rate risk in relation to the debt investments classified as available-for-sale of $336.74 million (31 December 2012: $317.43 million). A decrease of 50 basis points in interest rates of the debt investments classified as available-for-sale, with all other variables held constant, the Company’s total equity will be increased by approximately 0.4% of the total investments held by the Company as at 31 December 2013 (31 December 2012: the Company’s total equity will be increased by approximately 0.3% of the total investments held by the Company).

The sensitivity analysis above has been determined assuming that the change in interest rates had occurred at the end of the reporting period and had been applied to the exposure to interest rate risk for both derivative and non-derivative financial instruments in existence at that date. The analysis is performed on the same basis for 2012. The Group and the Company do not have significant amount of floating-rate financial instruments.

2 INSURANCE, FINANCIAL AND CAPITAL RISK MANAGEMENT *(Continued)*

(f) Financial risk *(Continued)*

(i) Market risk (Continued)

(b) Equity price risk

The Group has a portfolio of marketable equity securities, which is 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 $13,373.49 million (31 December 2012 as restated: $14,736.65 million), representing 4.8% (31 December 2012 as restated: 6.5%) of total investments held by the Group.

A 10% increase/decrease in market value of the equity securities and investment funds classified as available-for-sale and held-for-trading held by the Group as at 31 December 2013, with all other variables held constant, would increase/decrease the Group's profit before tax by $64.91 million and fair value reserve by $1,272.44 million (31 December 2012: Group's profit before tax by $98.60 million and fair value reserve by $1,375.06 million).

The Company's investment in equity securities and investment funds was carried at a fair value of $22.47 million (31 December 2012: $58.50 million), representing 1.5% (31 December 2012: 2.5%) of total investments held by the Company.

A 10% increase/decrease in market value of the equity securities and investment funds classified as available-for-sale and held by the Company as at 31 December 2013, with all other variables held constant, will increase/decrease the fair value reserve by $2.25 million (31 December 2012: increase/decrease the fair value reserve by $5.85 million).

2 INSURANCE, FINANCIAL AND CAPITAL RISK MANAGEMENT *(Continued)*

(f) Financial risk *(Continued)*

(i) Market risk (Continued)

(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 respect of the property and casualty insurance business in Hong Kong, almost all the premiums are received in HKD and USD. The currency position of assets and liabilities is monitored by the Group periodically.

In respect of the reinsurance business, premiums are received mainly in HKD and USD and also in a number of Asian currencies which follow closely the USD currency rate movement. The Group aims to hold assets in these currencies in broadly similar proportion to its insurance liabilities.

The following table presents the foreign currency denominated financial and insurance assets and liabilities in the consolidated statement of financial position in HKD equivalent by major currencies:

The Group

			31 December 2013		
	RMB *$'000*	**USD** *$'000*	**HKD** *$'000*	**Other foreign currencies** *$'000*	**Total** *$'000*
Financial and insurance assets:					
Statutory deposits	**-**	**50,405**	**25,000**	**57,933**	**133,338**
Investments in debt and equity securities	**980,623**	**6,654,952**	**846,195**	**861,537**	**9,343,307**
- debt securities and debt schemes	**897,004**	**5,712,008**	**-**	**840,631**	**7,449,643**
- equity securities/investment funds	**83,619**	**942,944**	**846,195**	**20,906**	**1,893,664**
Amounts due from group companies	**3,168**	**-**	**-**	**2**	**3,170**
Other debtors	**89,904**	**89,785**	**30,291**	**21,837**	**231,817**
Insurance debtors	**571,130**	**320,223**	**38,107**	**331,515**	**1,260,975**
Reinsurers' share of insurance contract provisions	**138,148**	**206,050**	**35,571**	**69,163**	**448,932**
Pledged deposits at banks	**-**	**278,314**	**49,566**	**9,152**	**337,032**
Deposits at banks with original maturity more than three months	**751,362**	**62,488**	**14,113**	**6,722**	**834,685**
Cash and bank balances	**1,228,278**	**732,231**	**201,734**	**473,531**	**2,635,774**
	3,762,613	**8,394,448**	**1,240,577**	**1,831,392**	**15,229,030**

2 INSURANCE, FINANCIAL AND CAPITAL RISK MANAGEMENT *(Continued)*

(f) Financial risk *(Continued)*

(i) Market risk (Continued)

(c) Foreign exchange risk *(Continued)*

	31 December 2013				
	RMB *$'000*	**USD** *$'000*	**HKD** *$'000*	**Other foreign currencies** *$'000*	**Total** *$'000*
Financial and insurance liabilities:					
Interest-bearing notes	-	4,618,931	-	-	4,618,931
Bank borrowings	-	1,940,963	-	-	1,940,963
Unearned premium provisions	772,877	257,168	13,865	244,047	1,287,957
Provision for outstanding claims	1,356,879	984,183	39,805	2,074,718	4,455,585
Insurance creditors	8,570	77,110	56,815	26,233	168,728
Shareholder's loans	-	4,434,929	-	-	4,434,929
Amounts due to group Companies	13,065	233	-	-	13,298
	2,151,391	12,313,517	110,485	2,344,998	16,920,391
Net assets/(liabilities)	1,611,222	(3,919,069)	1,130,092	(513,606)	(1,691,361)

The Company

	31 December 2013				
	RMB *$'000*	**USD** *$'000*	**HKD** *$'000*	**Other foreign currencies** *$'000*	**Total** *$'000*
Financial assets:					
Investments in debt and equity securities	-	336,739	-	-	336,739
- debt securities	-	336,739	-	-	336,739
- equity securities/investment funds	-	-	-	-	-
Amounts due from group companies	153,627	496,576	-	48,770	698,973
Other debtors	3,008	3,319	-	-	6,327
Cash and bank balances	890,599	12,468	-	-	903,067
	1,047,234	849,102	-	48,770	1,945,106
Financial liabilities:					
Shareholder's loans	-	4,434,929	-	-	4,434,929
Amounts due to group companies	153,101	6,550,790	-	-	6,703,891
	153,101	10,985,719	-	-	11,138,820
Net assets/(liabilities)	894,133	(10,136,617)	-	48,770	(9,193,714)

2 INSURANCE, FINANCIAL AND CAPITAL RISK MANAGEMENT *(Continued)*

(f) Financial risk *(Continued)*

(i) Market risk (Continued)

(c) Foreign exchange risk *(Continued)*

<u>The Group</u>

	31 December 2012 *(Restated)*				
	RMB *$'000*	USD *$'000*	HKD *$'000*	Other foreign currencies *$'000*	Total *$'000*
Financial and insurance assets:					
Statutory deposits	-	-	-	70,347	70,347
Investments in debt and equity securities	697,044	5,701,464	506,308	755,861	7,660,677
- debt securities and debt schemes	697,044	5,606,956	-	733,197	7,037,197
- equity securities/investment funds	-	94,508	506,308	22,664	623,480
Amounts due from group companies	-	-	-	10	10
Other debtors	55,097	102,355	37,323	73,116	267,891
Insurance debtors	255,764	118,770	48,814	516,517	939,865
Reinsurers' share of insurance contract provisions	133,980	205,856	9,210	79,501	428,547
Pledged deposits at banks	-	211,939	65,427	11,220	288,586
Deposits at bank with original maturity more than three months	404,937	384,075	80,057	-	869,069
Cash and bank balances	1,103,919	2,644,019	123,383	495,005	4,366,326
	2,650,741	9,368,478	870,522	2,001,577	14,891,318
Financial and insurance liabilities:					
Interest-bearing notes	-	3,653,566	-	-	3,653,566
Unearned premium provisions	804,053	114,819	9,923	313,327	1,242,122
Provision for outstanding claims	1,162,708	899,505	12,660	2,341,509	4,416,382
Insurance creditors	7,933	118,159	46,599	56,335	229,026
Amounts due to group companies	15,523	2,326	528	-	18,377
	1,990,217	4,788,375	69,710	2,711,171	9,559,473
Net assets/(liabilities)	660,524	4,580,103	800,812	(709,594)	5,331,845

2 INSURANCE, FINANCIAL AND CAPITAL RISK MANAGEMENT *(Continued)*

(f) Financial risk *(Continued)*

(i) Market risk (Continued)

(c) Foreign exchange risk *(Continued)*

The Company

	31 December 2012 *(restated)*				
	RMB *$'000*	USD *$'000*	HKD *$'000*	Other foreign currencies *$'000*	Total *$'000*
Financial assets:					
Investments in debt and equity securities	-	317,433	-	-	317,433
- debt securities	-	317,433	-	-	317,433
- equity securities/investment funds	-	-	-	-	-
Amounts due from group companies	1,046	85,030	-	-	86,076
Other debtors	117	5,025	-	-	5,142
Cash and bank balances	390,672	1,533,903	-	11	1,924,586
	391,835	1,941,391	-	11	2,333,237
Financial liabilities:					
Amounts due to group companies	148,660	2,313,021	-	(32)	2,461,649
	148,660	2,313,021	-	(32)	2,461,649
Net assets/(liabilities)	243,175	(371,630)	-	43	(128,412)

2 INSURANCE, FINANCIAL AND CAPITAL RISK MANAGEMENT *(Continued)*

(f) 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 schemes, reinsurance arrangements with reinsurers and other debtors etc.

The maximum exposure to credit risk in the event of the counterparties' failure to perform their obligations as at the end of the reporting period is the carrying amount of the assets as shown in the table below:

The Group

	31 December 2013		31 December 2012 *(Restated)*		1 January 2012 *(Restated)*	
	$'000	**% of Total**	*$'000*	% of Total	*$'000*	% of Total
Statutory deposits and deposits with banks	**71,603,997**	**26.6%**	56,715,997	26.7%	38,343,722	23.3%
Investments in debt securities and debt schemes	**177,043,598**	**65.6%**	142,773,341	67.3%	116,428,971	70.8%
Reinsurers' share of insurance contract provisions	**2,813,245**	**1.0%**	2,675,521	1.3%	2,497,647	1.5%
Insurance debtors	**2,980,687**	**1.1%**	2,627,032	1.2%	2,052,040	1.3%
Other debtors	**15,238,038**	**5.7%**	7,456,377	3.5%	5,010,915	3.1%
	269,679,565	**100.0%**	212,248,268	100.0%	164,333,295	100.0%

The Company

	31 December 2013		31 December 2012	
	$'000	**% of Total**	*$'000*	% of Total
Deposits with banks	**951,584**	**73.1%**	1,937,850	85.7%
Investments in debt securities	**336,739**	**25.9%**	317,433	14.0%
Other debtors	**13,386**	**1.0%**	5,333	0.3%
	1,301,709	**100.0%**	2,260,616	100.0%

For the distribution of investments in debt securities by class for 31 December 2013 and 2012, please refer to note 3(b) and 3(e) respectively.

2 INSURANCE, FINANCIAL AND CAPITAL RISK MANAGEMENT *(Continued)*

(f) Financial risk *(Continued)*

(ii) Credit risk (Continued)

To reduce the credit risk associated with the investments in debt securities, 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 schemes 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, it is the Group's policy to invest in bonds with ratings of investment grade or above. In respect of the debt securities invested by reinsurance business, the Group restricts investments in debt securities with international credit ratings generally not below the investment grade, i.e. BBB or higher, except for certain sovereign rated securities.

The Group does not have any significant concentration of credit risk arising from the investments in debt securities since the investment portfolio is well diversified.

The credit risk on bank balances is limited because the relevant banks are with high credit ratings.

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

The credit risk associated with insurance debtors and other debtors will not cause a material impact on the Group's consolidated financial statements taking into consideration of their collateral held and/or maturity term of no more than one year as at 31 December 2013.

The credit risk at Company level is mainly concentrated in the amounts due from subsidiaries, and is managed by assessing the recoverability of the repayment from those subsidiaries. The management monitors on a regular basis the availability of funds among the Group and the assets held by the subsidiaries are considered sufficient to cover the amounts due from them. Hence, the Company's exposure to credit risks at the end of the reporting period is considered immaterial.

2 INSURANCE, FINANCIAL AND CAPITAL RISK MANAGEMENT *(Continued)*

(f) Financial risk *(Continued)*

(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.

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.

The following table details the remaining contractual obligations for its non-derivative financial liabilities based on the agreed repayment terms, except for investment contract liabilities which are based on expected maturity dates. It has been drawn up based on the undiscounted cash flows of financial liabilities by reference to the earliest date on which the Group can be required to pay and includes both interest and principal cash flows. The table excludes life insurance contract liabilities since assuming that all surrender and transfer options are exercised would result in all life insurance contracts being presented as falling due within one year or less.

2 INSURANCE, FINANCIAL AND CAPITAL RISK MANAGEMENT *(Continued)*

(f) Financial risk *(Continued)*

(iii) Liquidity risk (Continued)

The Group

	1 year or less *$'000*	5 years or less but over 1 year *$'000*	After 5 years *$'000*	Total undiscounted cashflows *$'000*	Carrying value at 31 December *$'000*
At 31 December 2013					
Financial and insurance liabilities:					
Interest-bearing notes	**525,728**	**2,428,727**	**12,995,335**	**15,949,790**	**10,297,265**
Bank borrowings	**443,710**	**7,328,976**	**-**	**7,772,686**	**7,289,019**
Investment contract liabilities	**5,186,840**	**8,992,349**	**10,594,499**	**24,773,688**	**19,110,007**
Securities sold under repurchase agreements	**41,345,818**	**-**	**-**	**41,345,818**	**41,211,333**
Shareholder's loans	**266,533**	**1,066,133**	**6,278,699**	**7,611,365**	**4,434,929**
Amounts due to group companies	**115,823**	**-**	**-**	**115,823**	**115,823**
Provision for outstanding claims	**5,738,205**	**4,801,509**	**919,455**	**11,459,169**	**11,459,169**
Insurance creditors	**5,224,916**	**207**	**-**	**5,225,123**	**5,225,123**
	58,847,573	**24,617,901**	**30,787,988**	**114,253,462**	**99,142,668**
At 31 December 2012 *(Restated)*					
Financial and insurance liabilities:					
Interest-bearing notes	3,878,163	2,568,305	11,801,362	18,247,830	13,334,736
Bank borrowings	680,250	3,809,238	-	4,489,488	4,320,486
Investment contract liabilities	5,832,837	10,722,255	11,873,589	28,428,681	25,981,726
Securities sold under repurchase agreements	35,427,052	-	-	35,427,052	35,426,815
Amounts due to group companies	446,641	-	-	446,641	446,641
Provision for outstanding claims	4,946,795	4,422,557	947,599	10,316,951	10,316,951
Insurance creditors	4,356,146	313	-	4,356,459	4,356,459
	55,567,884	21,522,668	24,622,550	101,713,102	94,183,814
At 1 January 2012 *(Restated)*					
Financial and insurance liabilities:					
Interest-bearing notes	578,085	6,026,378	9,031,037	15,635,500	11,040,734
Bank borrowings	61,215	3,839,434	-	3,900,649	3,719,972
Investment contract liabilities	3,574,705	8,660,706	29,718,666	41,954,077	31,368,490
Securities sold under repurchase agreements	19,645,617	-	-	19,645,617	19,618,855
Amounts due to group companies	894,378	-	-	894,378	894,378
Provision for outstanding claims	5,066,141	3,519,790	859,202	9,445,133	9,445,133
Insurance creditors	2,891,686	-	-	2,891,686	2,891,686
	32,711,827	22,046,308	39,608,905	94,367,040	78,979,248

2 INSURANCE, FINANCIAL AND CAPITAL RISK MANAGEMENT *(Continued)*

(f) Financial risk *(Continued)*

(iii) Liquidity risk (Continued)

The Company

	1 year or less *$'000*	5 years or less but over 1 year *$'000*	After 5 years *$'000*	Total undiscounted cashflows *$'000*	Carrying value at 31 December *$'000*
At 31 December 2013					
Financial liabilities:					
Shareholder's loans	**266,533**	**1,066,133**	**6,278,699**	**7,611,365**	**4,434,929**
Amounts due to group companies	**1,088,477**	**9,849,393**	**6,354,147**	**17,292,017**	**10,977,098**
	1,355,010	**10,915,526**	**12,632,846**	**24,903,382**	**15,412,027**
At 31 December 2012					
Financial liabilities:					
Amounts due to group companies	816,183	383,711	2,794,648	3,994,542	3,031,419

(g) Capital management

The Group's key business operations are its life insurance business, the property and casualty insurance business and the reinsurance business, which are conducted through its subsidiaries. The Group manages its capital to ensure that the entities conducting the life insurance business, the property and casualty insurance business and reinsurance business will be able to meet statutory solvency requirements in the jurisdictions in which they operate. The Group's capital management initiatives also strive to maintain a surplus for future business expansion opportunities. The Group's overall capital management strategy remains unchanged from the prior year. The statutory solvency requirements for life insurance business, property and casualty insurance business and reinsurance business are set out in the Solvency Reporting Standards for Insurance Companies issued by CIRC, Hong Kong Insurance Companies Ordinance and Macau Insurance Ordinance issued by Autoridade Monetária de Macau. The Group's capital includes the components of total equity of $23.85 billion, interest-bearing notes of $10.30 billion, bank borrowings of $7.29 billion and shareholder's loans of $4.43 billion. The Group complied with the various solvency requirements throughout the year.

(h) Claims development

Claims development information for the property and casualty insurance business and reinsurance business is disclosed below in order to illustrate the insurance risk inherent in the Group. The tables provide a review of current estimates of the cumulative claims and demonstrate how the estimated claims have changed at subsequent reporting or underwriting year-ends. The estimates increased or decreased as losses are paid and more information becomes known about the frequency and severity of unpaid claims.

2 INSURANCE, FINANCIAL AND CAPITAL RISK MANAGEMENT *(Continued)*

(h) Claims development *(Continued)*

Analysis of claims development – gross of reinsurance for TPI

For the year ended 31 December 2013

	Accident year					
	2009	**2010**	**2011**	**2012**	**2013**	**Total**
	$'000	***$'000***	***$'000***	***$'000***	***$'000***	***$'000***
Estimate of cumulative claims						
At the end of accident year	**2,939,888**	**3,362,397**	**3,868,375**	**4,696,982**	**6,868,514**	
One year later	**2,995,493**	**3,191,742**	**3,430,100**	**4,375,982**	**-**	
Two years later	**3,177,752**	**3,092,304**	**3,385,004**	**-**	**-**	
Three years later	**3,100,239**	**3,131,034**	**-**	**-**	**-**	
Four years later	**3,171,389**	**-**	**-**	**-**	**-**	
Estimate of cumulative claims	**3,171,389**	**3,131,034**	**3,385,004**	**4,375,982**	**6,868,514**	**20,931,923**
Cumulative payments to date	**(3,138,223)**	**(3,069,159)**	**(3,222,069)**	**(3,859,317)**	**(3,920,082)**	**(17,208,850)**
Liabilities recognised in the consolidated statement of financial position	**33,166**	**61,875**	**162,935**	**516,665**	**2,948,432**	**3,723,073**
Liabilities in respect of accident years 2008 and earlier						**270,689**
Total liabilities included in the consolidated statement of financial position						**3,993,762**

For the year ended 31 December 2012

	Accident year					
	2008	2009	2010	2011	2012	Total
	$'000	*$'000*	*$'000*	*$'000*	*$'000*	*$'000*
Estimate of cumulative claims						
At the end of accident year	3,138,746	2,939,888	3,362,397	3,868,375	4,696,982	
One year later	3,070,169	2,995,493	3,191,742	3,430,100	-	
Two years later	3,185,454	3,177,752	3,092,304	-	-	
Three years later	3,343,803	3,100,239	-	-	-	
Four years later	3,327,196	-	-	-	-	
Estimate of cumulative claims	3,327,196	3,100,239	3,092,304	3,430,100	4,696,982	17,646,821
Cumulative payments to date	(3,272,921)	(3,018,687)	(2,903,149)	(2,924,277)	(2,504,861)	(14,623,895)
Liabilities recognised in the consolidated statement of financial position	54,275	81,552	189,155	505,823	2,192,121	3,022,926
Liabilities in respect of accident years 2007 and earlier						204,085
Total liabilities included in the consolidated statement of financial position						3,227,011

2 INSURANCE, FINANCIAL AND CAPITAL RISK MANAGEMENT *(Continued)*

(h) Claims development *(Continued)*

Analysis of claims development – net of reinsurance for TPI

For the year ended 31 December 2013

	Accident year					
	2009 *$'000*	**2010** *$'000*	**2011** *$'000*	**2012** *$'000*	**2013** *$'000*	**Total** *$'000*
Estimate of cumulative claims						
At the end of accident year	**2,539,543**	**2,936,648**	**3,404,191**	**4,069,016**	**5,621,015**	
One year later	**2,634,679**	**2,812,917**	**3,026,779**	**3,800,876**	**-**	
Two years later	**2,802,694**	**2,742,525**	**2,983,463**	**-**	**-**	
Three years later	**2,748,989**	**2,780,169**	**-**	**-**	**-**	
Four years later	**2,814,234**	**-**	**-**	**-**	**-**	
Estimate of cumulative claims	**2,814,234**	**2,780,169**	**2,983,463**	**3,800,876**	**5,621,015**	**17,999,757**
Cumulative payments to date	**(2,783,833)**	**(2,729,735)**	**(2,878,454)**	**(3,410,336)**	**(3,198,303)**	**(15,000,661)**
Liabilities recognised in the consolidated statement of financial position	**30,401**	**50,434**	**105,009**	**390,540**	**2,422,712**	**2,999,096**
Liabilities in respect of accident years 2008 and earlier						**221,049**
Total liabilities included in the consolidated statement of financial position						**3,220,145**

For the year ended 31 December 2012

	Accident year					
	2007 *$'000*	2008 *$'000*	2009 *$'000*	2010 *$'000*	2011 *$'000*	Total *$'000*
Estimate of cumulative claims						
At the end of accident year	2,381,620	2,539,543	2,936,648	3,404,191	4,069,016	
One year later	2,427,124	2,634,679	2,812,917	3,026,779	-	
Two years later	2,519,078	2,802,694	2,742,525	-	-	
Three years later	2,664,312	2,748,989	-	-	-	
Four years later	2,643,333	-	-	-	-	
Estimate of cumulative claims	2,643,333	2,748,989	2,742,525	3,026,779	4,069,016	15,230,642
Cumulative payments to date	(2,609,563)	(2,683,972)	(2,595,360)	(2,613,675)	(2,236,736)	(12,739,306)
Liabilities recognised in the consolidated statement of financial position	33,770	65,017	147,165	413,104	1,832,280	2,491,336
Liabilities in respect of accident years 2007 and earlier						174,399
Total liabilities included in the consolidated statement of financial position						2,665,735

2 INSURANCE, FINANCIAL AND CAPITAL RISK MANAGEMENT *(Continued)*

(h) Claims development *(Continued)*

Analysis of claims development – gross of reinsurance for CTPI (HK)

For the year ended 31 December 2013

	Accident year					
	2009	**2010**	**2011**	**2012**	**2013**	**Total**
	$'000	***$'000***	***$'000***	***$'000***	***$'000***	***$'000***
Estimate of cumulative claims						
At the end of accident year	**582,129**	**618,956**	**698,862**	**720,922**	**854,760**	
One year later	**588,167**	**547,117**	**626,253**	**771,805**	**-**	
Two years later	**540,591**	**590,651**	**740,918**	**-**	**-**	
Three years later	**573,990**	**612,427**	**-**	**-**	**-**	
Four years later	**559,213**	**-**	**-**	**-**	**-**	
Estimate of cumulative claims	**559,213**	**612,427**	**740,918**	**771,805**	**854,760**	**3,539,123**
Cumulative payments to date	**(407,332)**	**(369,109)**	**(278,495)**	**(322,358)**	**(347,825)**	**(1,725,119)**
Liabilities recognised in the consolidated statement of financial position	**151,881**	**243,318**	**462,423**	**449,447**	**506,935**	**1,814,004**
Liabilities in respect of accident years 2008 and earlier						**187,770**
Total liabilities included in the consolidated statement of financial position						**2,001,774**

For the year ended 31 December 2012

	Accident year					
	2008	2009	2010	2011	2012	Total
	$'000	*$'000*	*$'000*	*$'000*	*$'000*	*$'000*
Estimate of cumulative claims						
At the end of accident year	978,265	582,129	618,956	698,862	720,922	
One year later	635,594	588,167	547,117	626,253	-	
Two years later	595,284	540,591	590,651	-	-	
Three years later	556,566	573,990	-	-	-	
Four years later	563,391	-	-	-	-	
Estimate of cumulative claims	563,391	573,990	590,651	626,253	720,922	3,075,207
Cumulative payments to date	(445,581)	(342,685)	(282,129)	(177,676)	(146,539)	(1,394,610)
Liabilities recognised in the consolidated statement of financial position	117,810	231,305	308,522	448,577	574,383	1,680,597
Liabilities in respect of accident years 2007 and earlier						210,616
Total liabilities included in the consolidated statement of financial position						1,891,213

2 INSURANCE, FINANCIAL AND CAPITAL RISK MANAGEMENT *(Continued)*

(h) Claims development *(Continued)*

Analysis of claims development – net of reinsurance for CTPI (HK)

For the year ended 31 December 2013

	Accident year					
	2009	**2010**	**2011**	**2012**	**2013**	**Total**
	$'000	***$'000***	***$'000***	***$'000***	***$'000***	***$'000***
Estimate of cumulative claims						
At the end of accident year	**408,665**	**392,784**	**440,204**	**373,321**	**659,823**	
One year later	**383,830**	**360,330**	**419,670**	**447,440**	**-**	
Two years later	**372,822**	**402,275**	**533,434**	**-**	**-**	
Three years later	**400,249**	**437,175**	**-**	**-**	**-**	
Four years later	**390,489**	**-**	**-**	**-**	**-**	
Estimate of cumulative claims	**390,489**	**437,175**	**533,434**	**447,440**	**659,823**	**2,468,361**
Cumulative payments to date	**(290,186)**	**(242,028)**	**(193,420)**	**(164,233)**	**(316,648)**	**(1,206,515)**
Liabilities recognised in the consolidated statement of financial position	**100,303**	**195,147**	**340,014**	**283,207**	**343,175**	**1,261,846**
Liabilities in respect of accident years 2008 and earlier						**111,475**
Total liabilities included in the consolidated statement of financial position						**1,373,321**

For the year ended 31 December 2012

	Accident year					
	2008	2009	2010	2011	2012	Total
	$'000	*$'000*	*$'000*	*$'000*	*$'000*	*$'000*
Estimate of cumulative claims						
At the end of accident year	654,304	408,665	392,784	440,204	373,321	
One year later	387,612	383,830	360,330	419,670	-	
Two years later	346,174	372,822	402,275	-	-	
Three years later	335,955	400,249	-	-	-	
Four years later	345,121	-	-	-	-	
Estimate of cumulative claims	345,121	400,249	402,275	419,670	373,321	1,940,636
Cumulative payments to date	(253,167)	(237,393)	(174,197)	(122,781)	(74,893)	(862,431)
Liabilities recognised in the consolidated statement of financial position	91,954	162,856	228,078	296,889	298,428	1,078,205
Liabilities in respect of accident years 2007 and earlier						109,199
Total liabilities included in the consolidated statement of financial position						1,187,404

2 INSURANCE, FINANCIAL AND CAPITAL RISK MANAGEMENT *(Continued)*

(h) Claims development *(Continued)*

Analysis of claims development – gross of reinsurance for TPRe

For the year ended 31 December 2013

	Underwriting year					
	2009	**2010**	**2011**	**2012**	**2013**	**Total**
	$'000	***$'000***	***$'000***	***$'000***	***$'000***	***$'000***
Estimate of cumulative claims (note)						
At the end of underwriting year	**842,040**	**1,102,624**	**2,049,249**	**1,215,625**	**1,831,001**	
One year later	**1,444,193**	**2,141,938**	**3,462,921**	**1,994,635**	**-**	
Two years later	**1,285,906**	**2,089,192**	**3,302,816**	**-**	**-**	
Three years later	**1,217,335**	**2,001,716**	**-**	**-**	**-**	
Four years later	**1,184,103**	**-**	**-**	**-**	**-**	
Estimate of cumulative claims	**1,184,103**	**2,001,716**	**3,302,816**	**1,994,635**	**1,831,001**	**10,314,271**
Cumulative payments to date	**(981,430)**	**(1,594,871)**	**(2,347,176)**	**(895,786)**	**(106,503)**	**(5,925,766)**
Liabilities recognised in the consolidated statement of financial position	**202,673**	**406,845**	**955,640**	**1,098,849**	**1,724,498**	**4,388,505**
Liabilities in respect of underwriting years 2008 and earlier						**277,466**
Total liabilities included in the consolidated statement of financial position						**4,665,971**

Note: Above balances exclude the claims liabilities for the life reinsurance business.

For the year ended 31 December 2012

	Underwriting year					
	2008	2009	2010	2011	2012	Total
	$'000	*$'000*	*$'000*	*$'000*	*$'000*	*$'000*
Estimate of cumulative claims (note)						
At the end of underwriting year	1,050,587	842,040	1,102,624	2,049,249	1,215,625	
One year later	1,343,934	1,444,193	2,141,938	3,462,921	-	
Two years later	1,293,801	1,285,906	2,089,192	-	-	
Three years later	1,146,645	1,217,335	-	-	-	
Four years later	1,095,303	-	-	-	-	
Estimate of cumulative claims	1,095,303	1,217,335	2,089,192	3,462,921	1,215,625	9,080,376
Cumulative payments to date	(975,927)	(934,304)	(1,322,792)	(1,501,222)	(45,166)	(4,779,411)
Liabilities recognised in the consolidated statement of financial position	119,376	283,031	766,400	1,961,699	1,170,459	4,300,965
Liabilities in respect of underwriting years 2007 and earlier						249,222
Total liabilities included in the consolidated statement of financial position						4,550,187

Note: Above balances exclude the claims liabilities for the life reinsurance business.

2 INSURANCE, FINANCIAL AND CAPITAL RISK MANAGEMENT *(Continued)*

(h) Claims development *(Continued)*

Analysis of claims development – net of reinsurance for TPRe

For the year ended 31 December 2013

	Underwriting year					
	2009	**2010**	**2011**	**2012**	**2013**	**Total**
	$'000	***$'000***	***$'000***	***$'000***	***$'000***	***$'000***
Estimate of cumulative claims (note)						
At the end of underwriting year	**788,175**	**1,044,956**	**1,744,919**	**1,146,649**	**1,629,374**	
One year later	**1,312,205**	**1,874,500**	**2,994,129**	**1,874,450**	**-**	
Two years later	**1,150,550**	**1,919,808**	**2,785,114**	**-**	**-**	
Three years later	**1,097,796**	**1,865,372**	**-**	**-**	**-**	
Four years later	**1,071,823**	**-**	**-**	**-**	**-**	
Estimate of cumulative claims	**1,071,823**	**1,865,372**	**2,785,114**	**1,874,450**	**1,629,374**	**9,226,133**
Cumulative payments to date	**(899,266)**	**(1,498,935)**	**(1,924,895)**	**(849,184)**	**(106,329)**	**(5,278,609)**
Liabilities recognised in the consolidated statement of financial position	**172,557**	**366,437**	**860,219**	**1,025,266**	**1,523,045**	**3,947,524**
Liabilities in respect of underwriting years 2008 and earlier						**254,403**
Total liabilities included in the consolidated statement of financial position						**4,201,927**

Note: Above balances exclude the claims liabilities for the life reinsurance business.

For the year ended 31 December 2012

	Underwriting year					
	2008	2009	2010	2011	2012	Total
	$'000	*$'000*	*$'000*	*$'000*	*$'000*	*$'000*
Estimate of cumulative claims (note)						
At the end of underwriting year	922,454	788,175	1,044,956	1,744,919	1,146,649	
One year later	1,172,974	1,312,205	1,874,500	2,994,129	-	
Two years later	1,128,945	1,150,550	1,919,808	-	-	
Three years later	995,722	1,097,796	-	-	-	
Four years later	944,978	-	-	-	-	
Estimate of cumulative claims	944,978	1,097,796	1,919,808	2,994,129	1,146,649	8,103,360
Cumulative payments to date	(833,348)	(856,855)	(1,254,694)	(1,153,453)	(52,580)	(4,150,930)
Liabilities recognised in the consolidated statement of financial position	111,630	240,941	665,114	1,840,676	1,094,069	3,952,430
Liabilities in respect of underwriting years 2007 and earlier						227,176
Total liabilities included in the consolidated statement of financial position						4,179,606

Note: Above balances exclude the claims liabilities for the life reinsurance business.

3 OPERATING SEGMENTS

The Group is organized 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. Information regarding entities acquired under the Acquisition were reported to the Board of the Group's immediate holding company TPG(HK) & ultimate holding company TPG before the completion of the Acquisition on the same basis as well. Accordingly, the Group's operating segments are detailed as follows:

- Life insurance business;

- Property and casualty insurance business;

- Reinsurance business; and

- Other businesses which comprised of the asset management business, insurance intermediary business, E-commerce for insurance, property investment business, pension and group life 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.

3 OPERATING SEGMENTS *(Continued)*

a. Segmental statement of profit or loss for 2013

	Year ended 31 December 2013					
	Life insurance	**Property and casualty insurance**	**Reinsurance**	**Other businesses**	**Inter-segment elimination and adjustment**	**Total**
	$'000	***$'000***	***$'000***	***$'000***	***$'000***	***$'000***
Income						
Gross premiums written	64,907,714	15,223,212	3,737,473	1,658,758	(63,009)	85,464,148
Policy fees	91,987	-	-	-	-	91,987
	64,999,701	15,223,212	3,737,473	1,658,758	(63,009)	85,556,135
Less: Premiums ceded reinsurers and retrocessionaires	(303,678)	(2,123,248)	(347,496)	(316,240)	-	(3,090,662)
Net premiums written and policy fees	64,696,023	13,099,964	3,389,977	1,342,518	(63,009)	82,465,473
Change in unearned premium provisions, net of reinsurance	(41,048)	(1,297,134)	(109,695)	(87,029)	-	(1,534,906)
Net earned premiums and policy fees	64,654,975	11,802,830	3,280,282	1,255,489	(63,009)	80,930,567
Net investment income *(note (i))*	8,491,971	729,844	324,119	634,328	(57,908)	10,122,354
Net realized investment gains/ (losses) *(note (ii))*	321,612	(1,162)	49,278	14,500	3,450	387,678
Net unrealized investment (losses)/gains and impairment *(note (iii))*	(16,065)	33,499	8,185	676,712	(86,136)	616,195
Other income	567,198	60,239	656	968,078	(829,041)	767,130
Other gains/(losses)	(8,937)	17,889	(48,595)	71,614	(13,425)	18,546
Segment income	74,010,754	12,643,139	3,613,925	3,620,721	(1,046,069)	92,842,470
Benefits, losses and expenses						
Net policyholders' benefits	(12,357,438)	(6,317,282)	(2,070,699)	(472,217)	-	(21,217,636)
Net commission expenses	(6,287,125)	(939,313)	(980,241)	(101,381)	262,838	(8,045,222)
Administrative and other expenses	(7,571,293)	(4,632,975)	(129,123)	(2,088,718)	688,450	(13,733,659)
Change in life insurance contract liabilities, net of reinsurance	(46,208,182)	-	-	(234,255)	-	(46,442,437)
	(72,424,038)	(11,889,570)	(3,180,063)	(2,896,571)	951,288	(89,438,954)
Profit from operations	1,586,716	753,569	433,862	724,150	(94,781)	3,403,516
Share of results of associates and joint ventures	234,159	-	-	2,238	(237,176)	(779)
Finance costs	(418,402)	(49,651)	-	(515,036)	137,152	(845,937)
Profit before taxation	1,402,473	703,918	433,862	211,352	(194,805)	2,556,800
Income tax charge	(108,698)	(34,546)	(29,330)	(192,863)	19,776	(345,661)
Profit after taxation	1,293,775	669,372	404,532	18,489	(175,029)	2,211,139
Non-controlling interests						(681,070)
Profit attributable to owners						1,530,069

Segment revenue (including gross premium 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.

3 OPERATING SEGMENTS *(Continued)*

a. Segmental statement of profit or loss for 2013 *(Continued)*

	Year ended 31 December 2013					
	Life insurance *$'000*	**Property and casualty insurance** *$'000*	**Reinsurance** *$'000*	**Other businesses** *$'000*	**Inter-segment elimination and adjustment** *$'000*	**Total** *$'000*
Note (i): Net investment income						
Interest income from debt securities						
- Held-to-maturity	4,914,152	74,982	184,493	7,186	(347)	5,180,466
- Available-for-sale	786,543	234,419	71,461	87,999	(471)	1,179,951
- Held-for-trading	96	-	1,435	113	-	1,644
- Designated at fair value through profit or loss	-	14,354	-	7,671	-	22,025
- Loans and receivables	25,577	29,803	13,806	27,737	-	96,923
Interest income from debt schemes						
- Loans and receivables	1,328,095	85,568	10,012	32,208	-	1,455,883
Dividend income from equity securities						
- Available-for-sale	249,860	20,110	3,258	5,084	-	278,312
- Held-for-trading	-	1,257	-	1	-	1,258
Dividend income from investment funds						
- Available-for-sale	263,738	7,540	744	1,337	-	273,359
- Held-for-trading	13,300	1,199	1,451	86	-	16,036
- Designated at fair value through profit or loss	-	-	-	1,293	-	1,293
Bank deposits and other interest income	1,901,086	195,566	36,886	171,385	(16,665)	2,288,258
Rentals receivable from investment properties	56,428	73,363	432	305,599	(40,425)	395,397
Net interest expenses on securities sold/purchased under repurchase/ resale agreements	(1,046,904)	(8,317)	141	(13,371)	-	(1,068,451)
	8,491,971	729,844	324,119	634,328	(57,908)	10,122,354
Note (ii): Net realized investment gains/(losses)						
Debt securities						
- Available-for-sale	39,217	(2,432)	13,574	(15)	-	50,344
- Held-for-trading	9,511	2,696	(563)	(274)	-	11,370
- Designated at fair value through profit or loss	-	(982)	-	-	-	(982)
Equity securities						
- Available-for-sale	161,593	(7,529)	26,164	21,160	3,450	204,838
- Held-for-trading	-	1,383	-	-		1,383
Investment funds						
- Available-for-sale	111,291	5,702	-	369	-	117,362
- Held-for-trading	-	-	-	155	-	155
Derivative financial instruments	-	-	10,103	(6,895)	-	3,208
	321,612	(1,162)	49,278	14,500	3,450	387,678

3 OPERATING SEGMENTS *(Continued)*

a. Segmental statement of profit or loss for 2013 *(Continued)*

	Year ended 31 December 2013					
	Life insurance *$'000*	**Property and casualty insurance** *$'000*	**Reinsurance** *$'000*	**Other businesses** *$'000*	**Inter-segment elimination and adjustment** *$'000*	**Total** *$'000*
Note (iii): Net unrealized investment (losses)/gains and impairment						
Debt securities						
- Held-for-trading	(1,363)	-	774	(517)	-	(1,106)
- Designated at fair value through profit or loss	-	(14,676)	-	-	-	(14,676)
Equity securities						
- Held-for-trading	-	(550)	-	(83)	-	(633)
Investment funds						
- Held-for-trading	-	-	2,101	(146)	-	1,955
Derivative financial instruments	-	-	-	6,210	-	6,210
Surplus on revaluation of investment properties	294,559	48,725	5,310	671,248	(86,136)	933,706
Impairment loss recognised:						
- Available-for-sale equity securities and investment funds	(309,261)	-	-	-	-	(309,261)
	(16,065)	33,499	8,185	676,712	(86,136)	616,195

3 OPERATING SEGMENTS *(Continued)*

b. Segmental statement of financial position for 2013

	31 December 2013					
	Life insurance *$'000*	**Property and casualty insurance** *$'000*	**Reinsurance** *$'000*	**Other businesses** *$'000*	**Inter-segment elimination and adjustment** *$'000*	**Total** *$'000*
Statutory deposits	3,434,103	805,470	57,933	434,126	-	4,731,632
Property and equipment	3,164,545	1,138,756	82,739	198,779	1,271,259	5,856,078
Investment properties	3,203,368	1,814,160	79,030	9,821,864	(2,226,190)	12,692,232
Prepaid lease payments	62,994	102,606	-	309,199	-	474,799
Debt securities *(note (i))*	129,971,764	8,478,021	5,088,695	2,822,193	(45,171)	146,315,502
Equity securities *(note (ii))*	9,870,777	947,896	144,491	232,291	(4,401)	11,191,054
Investment funds *(note (iii))*	7,031,199	972,888	419,492	271,812	(714,142)	7,981,249
Debt schemes *(note (iv))*	27,077,902	2,098,619	155,171	633,270	763,134	30,728,096
Cash and bank deposits	54,473,052	6,588,723	2,380,452	3,777,997	6	67,220,230
Goodwill	-	-	-	-	770,353	770,353
Intangible assets	-	1,880	-	-	261,408	263,288
Interest in associates and joint ventures	1,810,767	-	-	20,992	(1,806,626)	25,133
Reinsurers' share of insurance contract provisions	(229,027)	2,328,982	514,790	198,500	-	2,813,245
Policyholder account assets in respect of unit-linked products	2,778,038	-	-	-	-	2,778,038
Other segment assets	17,135,684	2,188,498	1,196,521	1,336,797	(682,253)	21,175,247
Segment assets	259,785,166	27,466,499	10,119,314	20,057,820	(2,412,623)	315,016,176
Life insurance contract liabilities	171,723,680	-	-	475,997	-	172,199,677
Unearned premium provisions	320,561	6,159,442	1,110,205	421,207	-	8,011,415
Provision for outstanding claims	86,819	6,328,424	4,678,002	365,924	-	11,459,169
Investment contract liabilities	18,422,567	-	-	687,440	-	19,110,007
Interest-bearing notes	5,469,127	254,378	-	4,618,931	(45,171)	10,297,265
Bank borrowings	-	-	-	7,289,019	-	7,289,019
Securities sold under repurchase agreements	37,672,339	2,925,226	-	613,768	-	41,211,333
Shareholders' loans	-	-	-	4,434,929	-	4,434,929
Deferred tax liabilities	523,932	49,060	2,982	1,440,863	(89,450)	1,927,387
Other segment liabilities	9,047,113	3,040,668	433,057	3,319,740	(615,440)	15,225,138
Segment liabilities	243,266,138	18,757,198	6,224,246	23,667,818	(750,061)	291,165,339
Non-controlling interests						(4,003,602)
Net assets attributable to the owners of the Company						19,847,235

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.

3 OPERATING SEGMENTS *(Continued)*

b. Segmental statement of financial position for 2013 *(Continued)*

	31 December 2013					
	Life insurance *$'000*	**Property and casualty insurance** *$'000*	**Reinsurance** *$'000*	**Other businesses** *$'000*	**Inter-segment elimination and adjustment** *$'000*	**Total** *$'000*
Note (i): Debt securities						
By category:						
- Held-to-maturity	97,858,888	1,940,864	3,552,894	329,256	(29,662)	103,652,240
- Available-for-sale	30,212,233	4,984,658	1,339,031	1,802,096	(15,509)	38,322,509
- Held-for-trading	28,440	-	8,530	45,512	-	82,482
- Designated at fair value through profit or loss	-	212,964	-	-	-	212,964
- Loans and receivables	1,872,203	1,339,535	188,240	645,329	-	4,045,307
	129,971,764	8,478,021	5,088,695	2,822,193	(45,171)	146,315,502
By class:						
- Governments and central banks	32,039,695	297,727	546,416	136,573	-	33,020,411
- Banks and other financial institutions	60,635,597	3,011,610	2,267,370	848,987	(45,171)	66,718,393
- Corporate entities	37,296,472	5,168,684	2,274,909	1,836,633	-	46,576,698
	129,971,764	8,478,021	5,088,695	2,822,193	(45,171)	146,315,502
Note (ii): Equity securities						
By category:						
- Available-for-sale	9,870,777	909,521	144,491	231,792	(4,401)	11,152,180
- Held-for-trading	-	38,375	-	499	-	38,874
	9,870,777	947,896	144,491	232,291	(4,401)	11,191,054
Note (iii): Investment funds						
By category:						
- Available-for-sale	6,458,918	764,111	77,762	160,241	(714,142)	6,746,890
- Held-for-trading	572,281	-	31,546	6,426	-	610,253
- Loans and receivables	-	208,777	310,184	105,145	-	624,106
	7,031,199	972,888	419,492	271,812	(714,142)	7,981,249
Note (iv): Debt schemes						
By category:						
- Loans and receivables	27,077,902	2,098,619	155,171	633,270	763,134	30,728,096

c. Other segmental information for 2013

	31 December 2013					
	Life insurance *$'000*	**Property and casualty insurance** *$'000*	**Reinsurance** *$'000*	**Other businesses** *$'000*	**Inter-segment elimination and adjustment** *$'000*	**Total** *$'000*
Capital expenditure	817,280	218,809	2,841	610,763	(6,022)	1,643,671
Depreciation and amortisation	221,884	89,150	2,722	47,682	16,328	377,766
Significant non-cash (income) / expenses (net exchange (gain)/ loss and net unrealized investment (gains)/losses and impairment)	23,367	(56,974)	40,448	(748,096)	99,252	(642,003)

3 OPERATING SEGMENTS *(Continued)*

d. Segmental statement of profit or loss for 2012

	Year ended 31 December 2012 *(Restated)*					
	Life insurance *$'000*	Property and casualty insurance *$'000*	Reinsurance *$'000*	Other businesses *$'000*	Inter-segment elimination and adjustment *$'000*	Total *$'000*
Income						
Gross premiums written	44,807,453	10,995,895	3,435,304	1,134,163	(52,621)	60,320,194
Policy fees	145,111	-	-	-	-	145,111
	44,952,564	10,995,895	3,435,304	1,134,163	(52,621)	60,465,305
Less: Premiums ceded to reinsurers and retrocessionaires	(193,398)	(1,634,223)	(362,065)	(295,206)	-	(2,484,892)
Net premiums written and policy fees	44,759,166	9,361,672	3,073,239	838,957	(52,621)	57,980,413
Change in unearned premium provisions, net of reinsurance	20,505	(1,017,749)	(78,738)	(51,916)	-	(1,127,898)
Net earned premiums and policy fees	44,779,671	8,343,923	2,994,501	787,041	(52,621)	56,852,515
Net investment income *(note (i))*	7,284,172	585,047	319,032	458,204	(54,894)	8,591,561
Net realized investment losses *(note (ii))*	(1,035,096)	(66,355)	(299)	(48,992)	-	(1,150,742)
Net unrealized investment (losses)/gains and impairment *(note (iii))*	(1,597,892)	363,276	9,761	477,047	(81,465)	(829,273)
Other income	299,064	49,435	1,114	894,623	(662,095)	582,141
Other gains	94	15,173	24,914	10,757	-	50,938
Segment income	49,730,013	9,290,499	3,349,023	2,578,680	(851,075)	64,097,140
Benefits, losses and expenses						
Net policyholders' benefits	(8,682,969)	(4,306,747)	(2,291,517)	(394,532)	-	(15,675,765)
Net commission expenses	(3,941,246)	(506,817)	(835,770)	(65,930)	223,523	(5,126,240)
Administrative and other expenses	(6,075,576)	(3,531,807)	(88,461)	(1,417,703)	514,492	(10,599,055)
Change in life insurance contract liabilities, net of reinsurance	(30,166,192)	-	-	(108,144)	-	(30,274,336)
	(48,865,983)	(8,345,371)	(3,215,748)	(1,986,309)	738,015	(61,675,396)
Profit from operations	864,030	945,128	133,275	592,371	(113,060)	2,421,744
Share of results of associates and joint ventures	125,510	-	-	15,080	(125,464)	15,126
Finance costs	(443,213)	(54,352)	(2,194)	(189,274)	2,194	(686,839)
Profit before taxation	546,327	890,776	131,081	418,177	(236,330)	1,750,031
Income tax credit/(charge)	315,439	(47,544)	(19,001)	(148,051)	1,674	102,517
Profit after taxation	861,766	843,232	112,080	270,126	(234,656)	1,852,548
Non-controlling interests						(537,003)
Profit attributable to owners						1,315,545

Segment revenue (including gross premium 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 of the Group, TPG(HK) and TPG for the purpose of resource allocation and assessment of segment performance.

3 OPERATING SEGMENTS *(Continued)*

d. Segmental statement of profit or loss for 2012 *(Continued)*

	Year ended 31 December 2012 *(Restated)*					
	Life insurance *$'000*	Property and casualty insurance *$'000*	Reinsurance *$'000*	Other businesses *$'000*	Inter-segment elimination and adjustment *$'000*	Total *$'000*
Note (i): Net investment income						
Interest income from debt securities						
- Held-to-maturity	3,756,031	43,476	183,589	2,285	-	3,985,381
- Available-for-sale	818,968	201,063	67,502	48,968	-	1,136,501
- Held-for-trading	7	-	1,600	1,624	-	3,231
- Designated at fair value through profit or loss	-	26,147	-	1,619	-	27,766
- Loans and receivables	17,940	18,808	17,176	9,786	-	63,710
Interest income from debt schemes						
- Loans and receivables	759,438	38,124	2,037	3,800	-	803,399
Dividend income from equity securities						
- Available-for-sale	147,738	13,313	5,500	11,059	(4,940)	172,670
- Held-for-trading	-	1,747	-	782	-	2,529
Dividend income from investment funds						
- Available-for-sale	699,171	9,378	744	183	-	709,476
- Held-for-trading	967	-	2,720	1,741	-	5,428
Bank deposits and other interest income	1,616,925	169,026	35,281	152,020	(13,190)	1,960,062
Rentals receivable from investment properties	44,664	65,257	515	226,971	(36,764)	300,643
Net interest (expenses)/income on securities sold/purchased under repurchase/resale agreements	(577,677)	(1,292)	2,368	(2,634)	-	(579,235)
	7,284,172	585,047	319,032	458,204	(54,894)	8,591,561
Note (ii): Net realized investment gains/(losses)						
Debt securities						
- Available-for-sale	4,170	24,955	21,407	2,784	-	53,316
- Held-for-trading	2,381	-	3,939	120	-	6,440
- Designated at fair value through profit or loss	-	(1,159)	-	-	-	(1,159)
Equity securities						
- Available-for-sale	(959,207)	(28,507)	(26,106)	(22,317)	-	(1,036,137)
- Held-for-trading	-	(6,567)	-	(644)	-	(7,211)
Investment funds						
- Available-for-sale	(82,440)	(55,077)	(79)	(2,756)	-	(140,352)
- Held-for-trading				(90)	-	(90)
Derivative financial instruments	-	-	-	(29,847)	-	(29,847)
Gain on disposal of investment properties	-	-	540	3,758	-	4,298
	(1,035,096)	(66,355)	(299)	(48,992)	-	(1,150,742)

3 OPERATING SEGMENTS *(Continued)*

d. Segmental statement of profit or loss for 2012 *(Continued)*

	Year ended 31 December 2012 *(Restated)*					
	Life insurance	Property and casualty insurance	Reinsurance	Other businesses	Inter-segment elimination and adjustment	Total
	$'000	*$'000*	*$'000*	*$'000*	*$'000*	*$'000*
Note (iii): Net unrealized investment (losses)/gains and impairment						
Debt securities						
- Held-for-trading	-	-	4,128	123	-	4,251
- Designated at fair value through profit or loss	-	15,483	-	-	-	15,483
Equity securities						
- Held-for-trading	-	16,095	-	2,601	-	18,696
Investment funds						
- Held-for-trading	-	-	204	(22)	-	182
Derivative financial instruments	-	-	4,494	29,435	-	33,929
Surplus on revaluation of investment properties	100,452	338,660	7,320	455,707	(81,465)	820,674
Impairment loss recognised:						
- Available-for-sale equity securities and investment funds	(1,698,344)	(6,962)	(6,385)	(10,797)	-	(1,722,488)
	(1,597,892)	363,276	9,761	477,047	(81,465)	(829,273)

3 OPERATING SEGMENTS *(Continued)*

e. Segmental statement of financial position for 2012

	31 December 2012 *(Restated)*					
	Life insurance *$'000*	Property and casualty insurance *$'000*	Reinsurance *$'000*	Other businesses *$'000*	Inter-segment elimination and adjustment *$'000*	Total *$'000*
Statutory deposits	1,479,924	584,570	70,347	371,664	-	2,506,505
Property and equipment	2,682,401	961,141	82,598	158,482	901,325	4,785,947
Investment properties	2,601,218	1,774,173	73,720	6,337,208	(1,718,156)	9,068,163
Prepaid lease payments	62,438	101,739	-	-	-	164,177
Debt securities *(note (i))*	108,769,458	6,569,294	4,714,181	2,108,767	-	122,161,700
Equity securities *(note (ii))*	7,372,513	307,712	61,567	181,228	(13,155)	7,909,865
Investment funds *(note (iii))*	8,731,253	442,761	103,787	97,577	-	9,375,378
Debt schemes *(note (iv))*	19,748,763	730,918	46,864	85,096	-	20,611,641
Cash and bank deposits	43,213,497	5,052,013	2,323,071	3,909,785	-	54,498,366
Goodwill	-	-	-	-	303,647	303,647
Intangible assets	-	3,101	-	-	261,408	264,509
Interest in associates and joint ventures	1,525,088	-	-	19,551	(1,518,126)	26,513
Reinsurers' share of insurance contract provisions	(14,612)	2,113,285	410,447	166,401	-	2,675,521
Policyholder account assets in respect of unit-linked products	3,141,049	-	-	-	-	3,141,049
Other segment assets	8,272,773	1,868,651	1,068,014	3,682,030	(630,748)	14,260,720
Segment assets	207,585,763	20,509,358	8,954,596	17,117,789	(2,413,805)	251,753,701
Life insurance contract liabilities	121,192,112	-	-	230,666	-	121,422,778
Unearned premium provisions	256,742	4,659,795	973,829	325,707	-	6,216,073
Provision for outstanding claims	109,850	5,403,620	4,559,241	244,240	-	10,316,951
Investment contract liabilities	25,418,923	-	-	562,803	-	25,981,726
Interest-bearing notes	8,817,881	863,289	-	3,653,566	-	13,334,736
Bank borrowings	-	-	-	4,320,486	-	4,320,486
Securities sold under repurchase agreements	34,936,713	345,316	-	144,786	-	35,426,815
Deferred tax liabilities	846,201	35,081	-	881,320	(61,483)	1,701,119
Other segment liabilities	4,266,087	2,905,448	363,516	2,780,484	(623,478)	9,692,057
Segment liabilities	195,844,509	14,212,549	5,896,586	13,144,058	(684,961)	228,412,741
Non-controlling interests						(7,033,238)
Net assets attributable to the owners of the Company						16,307,722

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

3 OPERATING SEGMENTS *(Continued)*

e. Segmental statement of financial position for 2012 *(Continued)*

31 December 2012 *(Restated)*	Life insurance *$'000*	Property and casualty insurance *$'000*	Reinsurance *$'000*	Other businesses *$'000*	Inter-segment elimination and adjustment *$'000*	Total *$'000*
Note (i): Debt securities						
By category:						
- Held-to-maturity	87,660,700	1,210,383	3,211,932	56,299	-	92,139,314
- Available-for-sale	20,794,274	4,521,689	1,143,382	1,176,158	-	27,635,503
- Held-for-trading	-	-	22,183	40,920	-	63,103
- Designated at fair value through profit or loss	-	491,906	-	308,318	-	800,224
- Loans and receivables	314,484	345,316	336,684	527,072	-	1,523,556
	108,769,458	6,569,294	4,714,181	2,108,767	-	122,161,700
By class:						
- Governments and central banks	32,014,369	596,913	569,806	194,090	-	33,375,178
- Banks and other financial institutions	51,648,589	3,235,532	2,275,190	944,234	-	58,103,545
- Corporate entities	25,106,500	2,736,849	1,869,185	970,443	-	30,682,977
	108,769,458	6,569,294	4,714,181	2,108,767	-	122,161,700
Note (ii): Equity securities						
By category:						
- Available-for-sale	7,372,513	270,296	61,567	180,646	(13,155)	7,871,867
- Held-for-trading	-	37,416	-	582	-	37,998
	7,372,513	307,712	61,567	181,228	(13,155)	7,909,865
Note (iii): Investment funds						
By category:						
- Available-for-sale	7,817,940	442,761	74,353	92,275	-	8,427,329
- Held-for-trading	913,313	-	29,434	5,302	-	948,049
	8,731,253	442,761	103,787	97,577	-	9,375,378
Note (iv): Debt schemes						
By category:						
- Loans and receivables	19,748,763	730,918	46,864	85,096	-	20,611,641

f. Other segmental information for 2012

31 December 2012 *(Restated)*	Life insurance *$'000*	Property and casualty insurance *$'000*	Reinsurance *$'000*	Other businesses *$'000*	Inter-segment elimination and adjustment *$'000*	Total *$'000*
Capital expenditure	468,533	125,375	1,996	114,338	-	710,242
Depreciation and amortisation	201,880	81,218	2,830	35,926	20,190	342,044
Significant non-cash (income) / expenses (net exchange (gain)/ loss and net unrealized investment (gains)/losses and impairment)	1,597,182	(359,819)	(35,293)	(487,734)	81,465	795,801

3 OPERATING SEGMENTS *(Continued)*

Geographical distribution:

More than 95% (2012 as restated: 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:

	31 December 2013			
	Hong Kong and Macau *$'000*	**PRC (other than Hong Kong and Macau)** *$'000*	**Rest of the world** *$'000*	**Total** *$'000*
Non-current assets (other than financial instruments, deferred tax assets and rights arising under insurance contracts)	**2,758,862**	**17,262,794**	**35,094**	**20,056,750**

	31 December 2012 *(Restated)*			
	Hong Kong and Macau *$'000*	PRC (other than Hong Kong and Macau) *$'000*	Rest of the world *$'000*	Total *$'000*
Non-current assets (other than financial instruments, deferred tax assets and rights arising under insurance contracts)	2,472,046	12,071,371	43,026	14,586,443

Information about major customers:

There were no customers for the year ended 31 December 2013 and 2012 contributing over 10% of the total gross premiums written and policy fees of the Group.

4 GROSS 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 and all classes of reinsurance business. Apart from these, the Group also carries on operations in pension and group life business, asset management, E-commerce for insurance and insurance intermediaries.

4 GROSS PREMIUMS WRITTEN AND POLICY FEES *(Continued)*

Principal activities *(Continued)*

	Year ended 31 December 2013				
	Life insurance contracts *$'000*	**Property and casualty insurance contracts** *$'000*	**Reinsurance contracts** *$'000*	**Other businesses - group life contracts** *$'000*	**Total** *$'000*
Gross premiums written	**64,907,714**	**15,223,212**	**3,737,473**	**1,595,749**	**85,464,148**
Policy fees	**91,987**	**-**	**-**	**-**	**91,987**
	64,999,701	**15,223,212**	**3,737,473**	**1,595,749**	**85,556,135**

	Year ended 31 December 2012				
	Life insurance contracts *$'000*	Property and casualty insurance contracts *$'000*	Reinsurance contracts *$'000*	Other businesses - group life contracts *$'000*	Total *$'000*
Gross premiums written	44,807,453	10,995,895	3,435,304	1,081,542	60,320,194
Policy fees	145,111	-	-	-	145,111
	44,952,564	10,995,895	3,435,304	1,081,542	60,465,305

In respect of life insurance contracts, the detailed breakdown are as follows:

	Year ended 31 December 2013				
	Individual *$'000*	**Bancassurance** *$'000*	**Group** *$'000*	**Other Channels** *$'000*	**Total** *$'000*
Single Premium	**3,029,661**	**18,871,877**	**-**	**105**	**21,901,643**
Regular Premium					
– First Year	**7,941,815**	**2,038,165**	**-**	**528,023**	**10,508,003**
– Renewal Year	**17,552,747**	**13,990,515**	**-**	**901,289**	**32,444,551**
Employee Benefit ("EB")	**-**	**-**	**53,517**	**-**	**53,517**
Annuity	**-**	**-**	**-**	**-**	**-**
	28,524,223	**34,900,557**	**53,517**	**1,429,417**	**64,907,714**

	Year ended 31 December 2012				
	Individual *$'000*	Bancassurance *$'000*	Group *$'000*	Other Channels *$'000*	Total *$'000*
Single Premium	42,378	11,116,797	-	-	11,159,175
Regular Premium					
– First Year	4,420,010	2,387,752	-	459,377	7,267,139
– Renewal Year	13,780,808	11,894,918	-	557,826	26,233,552
Employee Benefit ("EB")	-	-	147,587	-	147,587
Annuity	-	-	-	-	-
	18,243,196	25,399,467	147,587	1,017,203	44,807,453

4 GROSS PREMIUMS WRITTEN AND POLICY FEES *(Continued)*

For life insurance and investment contracts, the individual first year regular premium by payment term and feature are as follows:

For the year ended 31 December

By Payment Term

	2013 **$'000**	**% of Total**	2012 $'000	% of Total
3-9 years	**2,458,938**	**31.0%**	887,386	20.1%
10-19 years	**2,203,986**	**27.7%**	1,007,271	22.8%
20-29 years	**2,999,160**	**37.8%**	2,294,268	51.9%
30 years+	**279,731**	**3.5%**	231,085	5.2%
	7,941,815	**100.0%**	4,420,010	100.0%

By Feature

	2013 **$'000**	**% of Total**	2012 $'000	% of Total
Short term savings	**187,912**	**2.4%**	348,015	7.9%
Long term savings	**4,463,604**	**56.2%**	2,132,614	48.2%
Long term protection	**2,790,855**	**35.1%**	1,524,483	34.5%
Others	**499,444**	**6.3%**	414,898	9.4%
	7,941,815	**100.0%**	4,420,010	100.0%

For life insurance and investment contracts, the bancassurance first year regular premium by payment term were as follows:

By Payment Term

	2013 **$'000**	**% of Total**	2012 $'000	% of Total
5 - 9 years	**518,340**	**25.4%**	424,610	17.8%
10 - 14 years	**1,475,783**	**72.4%**	1,949,036	81.6%
Others	**44,042**	**2.2%**	14,106	0.6%
	2,038,165	**100.0%**	2,387,752	100.0%

5 INVESTMENT INCOME

	Year ended 31 December	
	2013	2012 *(Restated)*
	$'000	*$'000*
Net investment income *(note (a))*	**10,122,354**	8,591,561
Net realized investment gains/(losses) *(note (b))*	**387,678**	(1,150,742)
Net unrealized investment gains/(losses) and impairment *(note (c))*	**616,195**	(829,273)
	11,126,227	6,611,546

5 INVESTMENT INCOME *(Continued)*

	Year ended 31 December	
	2013	2012
		(Restated)
	$'000	*$'000*
(a) Net investment income		
Interest income from debt securities *(note (i))*:		
- Held-to-maturity	**5,180,466**	3,985,381
- Available-for-sale	**1,179,951**	1,136,501
- Held-for-trading	**1,644**	3,231
- Designated at fair value through profit or loss	**22,025**	27,766
- Loans and receivables	**96,923**	63,710
	6,481,009	5,216,589
Interest income from debt schemes *(note (i))*	**1,455,883**	803,399
Dividend income from equity securities *(note (ii))*:		
- Available-for-sale	**278,312**	172,670
- Held-for-trading	**1,258**	2,529
	279,570	175,199
Dividend income from investment funds *(note (iii))*:		
- Available-for-sale	**273,359**	709,476
- Held-for-trading	**16,036**	5,428
- Designated at fair value through profit or loss	**1,293**	-
	290,688	714,904
Bank deposits and other interest income	**2,288,258**	1,960,062
Gross rentals receivable from investment properties	**404,377**	322,419
Less: direct outgoings	**(8,980)**	(21,776)
Net rentals receivable from investment properties	**395,397**	300,643
Net interest expenses on securities sold/purchased under repurchase/resale agreements	**(1,068,451)**	(579,235)
	10,122,354	8,591,561

Notes:

	Year ended 31 December	
	2013	2012
		(Restated)
	$'000	*$'000*
(i) Interest income from debt securities and debt schemes:		
Listed	**1,137,400**	829,799
Unlisted	**6,799,492**	5,190,189
	7,936,892	6,019,988
(ii) Dividend income from equity securities:		
Listed	**196,953**	173,651
Unlisted	**82,617**	1,548
	279,570	175,199
(iii) Dividend income from investment funds:		
Listed	**30,464**	17,169
Unlisted	**260,224**	697,735
	290,688	714,904

5 INVESTMENT INCOME *(Continued)*

	Year ended 31 December	
	2013	2012
		(Restated)
	$'000	*$'000*
(b) Net realized investment gains/(losses)		
Debt securities *(note (i))*:		
- Available-for-sale	**50,344**	53,316
- Held-for-trading	**11,370**	6,440
- Designated at fair value through profit or loss	**(982)**	(1,159)
	60,732	58,597
Equity securities *(note (ii))*:		
- Available-for-sale	**204,838**	(1,036,137)
- Held-for-trading	**1,383**	(7,211)
	206,221	(1,043,348)
Investment funds *(note(iii))*:		
- Available-for-sale	**117,362**	(140,352)
- Held-for-trading	**155**	(90)
	117,517	(140,442)
Derivative financial instruments	**3,208**	(29,847)
Gain on disposal of investment properties	**-**	4,298
	387,678	(1,150,742)

Notes:

	Year ended 31 December	
	2013	2012
		(Restated)
	$'000	*$'000*
(i) Net realized investment gains on debt securities:		
Listed	**42,518**	50,740
Unlisted	**18,214**	7,857
	60,732	58,597
(ii) Net realized investment gains/(losses) on equity securities:		
Listed	**202,155**	(1,046,420)
Unlisted	**4,066**	3,072
	206,221	(1,043,348)
(iii) Net realized investment gains/(losses) on investment funds:		
Listed	**(34,049)**	(560,582)
Unlisted	**151,566**	420,140
	117,517	(140,442)

5 INVESTMENT INCOME *(Continued)*

	Year ended 31 December	
	2013	2012 *(Restated)*
	$'000	*$'000*
(c) Net unrealized investment gains/(losses) and impairment		
Debt securities *(note (i))*:		
- Held-for-trading	**(1,106)**	4,251
- Designated at fair value through profit or loss	**(14,676)**	15,483
	(15,782)	19,734
Equity securities *(note (ii))*:		
- Held-for-trading	**(633)**	18,696
Investment funds *(note (iii))*:		
- Held-for-trading	**1,955**	182
Derivative financial instruments	**6,210**	33,929
Surplus on revaluation of investment properties	**933,706**	820,674
Impairment loss recognised:		
- Available-for-sale equity securities and investment funds	**(309,261)**	(1,722,488)
	616,195	(829,273)

Notes:

	Year ended 31 December	
	2013	2012 *(Restated)*
	$'000	*$'000*
(i) Net unrealized investment gains/(losses) on debt securities:		
Listed	**(15,782)**	19,734
Unlisted	**-**	-
	(15,782)	19,734
(ii) Net unrealized investment gains/(losses) on equity securities:		
Listed	**(633)**	18,696
Unlisted	**-**	-
	(633)	18,696
(iii) Net unrealized investment gains/(losses) on investment funds:		
Listed	**20**	(22)
Unlisted	**1,935**	204
	1,955	182

6 OTHER INCOME/OTHER GAINS

(a) Other income

	Year ended 31 December 2013 $'000	2012 (Restated) $'000
Fee income from provision of asset management services	**57,054**	59,008
Fee income from provision of insurance intermediary services	**33,525**	29,260
Fee income from provision of pension administration services	**148,233**	113,843
Interest income on secured loans to policyholders	**289,248**	106,221
Others	**239,070**	273,809
	767,130	582,141

(b) Other gains

	Year ended 31 December 2013 $'000	2012 (Restated) $'000
(Loss)/gain on disposal of property and equipment	**(1,180)**	3,062
Net impairment losses written back on property and equipment	**-**	14,338
Net exchange gain	**25,808**	33,472
(Recognition)/reversal of net impairment losses on insurance debtors and other debtors	**(6,082)**	66
	18,546	50,938

7 NET POLICYHOLDERS' BENEFITS AND NET COMMISSION EXPENSES

(a) Net policyholders' benefits

	Year ended 31 December 2013				
	Life insurance contracts $'000	Property and casualty insurance contracts $'000	Reinsurance contracts $'000	Other businesses - group life contracts $'000	Total $'000
Claims and claim adjustment expenses	**872,556**	**7,447,223**	**2,322,132**	**635,092**	**11,277,003**
Less: Reinsurers' and retrocessionaires' share	**(142,883)**	**(1,129,941)**	**(251,433)**	**(220,917)**	**(1,745,174)**
	729,673	**6,317,282**	**2,070,699**	**414,175**	**9,531,829**
Surrenders	**6,363,351**	**-**	**-**	**12,419**	**6,375,770**
Annuity, dividends and maturity payments	**4,603,907**	**-**	**-**	**45,623**	**4,649,530**
Interest allocated to investment contracts	**660,507**	**-**	**-**	**-**	**660,507**
	12,357,438	**6,317,282**	**2,070,699**	**472,217**	**21,217,636**

7 NET POLICYHOLDERS' BENEFITS AND NET COMMISSION EXPENSES *(Continued)*

(a) Net policyholders' benefits *(Continued)*

	Year ended 31 December 2012 *(Restated)*				
	Life insurance contracts *$'000*	Property and casualty insurance contracts *$'000*	Reinsurance contracts *$'000*	Other businesses - group life contracts *$'000*	Total *$'000*
Claims and claim adjustment expenses	695,583	5,167,356	2,413,862	545,501	8,822,302
Less: Reinsurers' and retrocessionaires' share	(132,401)	(860,609)	(122,345)	(180,587)	(1,295,942)
	563,182	4,306,747	2,291,517	364,914	7,526,360
Surrenders	3,920,405	-	-	1,445	3,921,850
Annuity, dividends and maturity payments	3,107,731	-	-	28,173	3,135,904
Interest allocated to investment contracts	1,091,651	-	-	-	1,091,651
	8,682,969	4,306,747	2,291,517	394,532	15,675,765

(b) Net commission expenses

	Year ended 31 December 2013				
	Life insurance contracts ***$'000***	**Property and casualty insurance contracts** ***$'000***	**Reinsurance contracts** ***$'000***	**Other businesses - group life contracts** ***$'000***	**Total** ***$'000***
Gross commission expenses	**6,291,520**	**1,493,870**	**1,079,851**	**126,249**	**8,991,490**
Reinsurance commission income	**(41,322)**	**(742,830)**	**(99,610)**	**(62,506)**	**(946,268)**
Net commission expenses	**6,250,198**	**751,040**	**980,241**	**63,743**	**8,045,222**

	Year ended 31 December 2012 *(Restated)*				
	Life insurance contracts *$'000*	Property and casualty insurance contracts *$'000*	Reinsurance contracts *$'000*	Other businesses - group life contracts *$'000*	Total *$'000*
Gross commission expenses	3,865,681	1,048,673	900,333	92,119	5,906,806
Reinsurance commission income	(22,763)	(645,614)	(64,563)	(47,626)	(780,566)
Net commission expenses	3,842,918	403,059	835,770	44,493	5,126,240

8 PROFIT BEFORE TAXATION

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

		Year ended 31 December	
		2013	2012
			(Restated)
		$'000	*$'000*
(a)	**Finance costs:**		
	Interest on interest-bearing notes		
	- wholly payable within 5 years	**523,243**	216,373
	- wholly not payable within 5 years	**132,873**	372,080
	Interest on other loan	**189,821**	98,386
		845,937	686,839
(b)	**Staff costs (including directors' remuneration):**		
	Salaries, wages, bonuses and other benefits	**6,254,568**	4,785,090
	Employee share-based compensation benefits	**-**	5,331
	Contributions to defined contribution retirement plans	**657,998**	513,174
		6,912,566	5,303,595
(c)	**Other items:**		
	Auditor's remuneration		
	- audit services	**11,224**	9,091
	- tax services	**188**	209
	Depreciation of property and equipment	**374,107**	338,453
	Operating lease charges in respect of properties	**546,277**	467,931
	Business tax and additional charges	**951,292**	671,161
	Share of associates' taxation charge	**-**	284
	Amortisation of prepaid lease payments	**3,659**	3,591
	Amortisation of intangible assets (included in Administrative and other expenses)	**195**	282

9 This note will be disclosed in the annual report.

10 This note will be disclosed in the annual report

11 INCOME TAX IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Taxation in the consolidated statement of profit or loss represents:

	Year ended 31 December	
	2013	2012
		(Restated)
	$'000	*$'000*
Current tax –Hong Kong Profits Tax		
Provision for the year	**77,929**	27,650
Over-provision in respect of prior years	**(8)**	(53)
	77,921	27,597
Current tax – Outside Hong Kong		
Provision for the year	**101,518**	95,262
Over-provision in respect of prior years	**(10,102)**	(23,392)
	91,416	71,870
Deferred tax credit		
Origination and reversal of temporary differences	**176,324**	(201,984)
Income tax charge/(credit)	**345,661**	(102,517)

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% (31 December 2012: 16.5%) on its assessable profits from property and casualty insurance, reinsurance, asset management and insurance intermediary businesses, except for its assessable profits from the business of reinsurance of offshore risks, which is calculated at 8.25% (31 December 2012: 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% (31 December 2012: in different provinces in the PRC is 25%).

12 PROFIT ATTRIBUTABLE TO OWNERS OF THE COMPANY

The consolidated profit attributable to owners of the Company includes loss of the Company of $42,452,000 (31 December 2012: loss of $36,293,000) which has been dealt with in the financial statements of the Company.

13 DIVIDENDS

No dividend was proposed, approved or paid during 2013 or 2012, nor has any dividend been proposed, approved or paid since the end of the reporting periods.

14 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 of $1,530,069,000 (31 December 2012 as restated: $1,315,545,000) and the weighted average number of ordinary shares in issue and deemed to be in issue during the year, excluding shares held for the Share Award Scheme, of 1,973,717,501 (31 December 2012 as restated: 1,893,660,227).

During the last quarter of 2013, some target assets and target interests are considered as transferred into the Group upon the Acquisition becomes unconditional (Please refer to Note 1 for details). As these target interests and target assets and the Company were all under common control of TPG and TPG(HK) before and after the Acquisition, the Group has accounted for the Acquisition of the target interests and target assets (except for investment properties which are initially recognised at their fair values) using the principles of merger accounting and applied Accounting Guideline No. 5 “Merger Accounting for Common Control Combinations”.

As the consolidated financial statements of the Group are prepared as if the combined entity had always existed under merger accounting, the Consideration Shares to be issued for those transferred in target assets and target interests under the Acquisition are deemed to be in issue and included in the calculation of the weighted average number of shares for all periods presented. Therefore, the number of ordinary shares used for the calculation of basic earnings per includes 189,563,737 shares (2012: 189,563,737 shares) that are deemed to be issued under merger accounting.

In addition, the Acquisition also included the additional equity interests in the existing subsidiaries, TPL, TPI, TPP and TPAM and other target assets which are initially recognised at their fair value. Despite none of the Consideration Shares being issued by the Company, these additional equity interests and target assets are considered as transferred into the Group upon the Acquisition become unconditional. During 2013, 543,551,934 shares are deemed to be in issue and included in the calculation of the weighted average number of shares in 2013 (2012: Nil).

14 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 of $1,530,069,000 (31 December 2012 as restated: $1,315,545,000) and the weighted average number of 1,978,292,482 ordinary shares (31 December 2012 as restated: 1,902,014,770) after adjusting for the effects of the potential dilution from ordinary shares issuable under the Company's Share Option Scheme and Share Award Scheme.

(c) Reconciliations

	31 December 2013	31 December 2012 *(Restated)*
	Number of shares	Number of shares
Weighted average number of ordinary shares less shares held for Share Award Scheme used in calculating basic earnings per share	**1,973,717,501**	1,893,660,227
Effect of Share Option Scheme	**3,605,781**	6,817,743
Effect of Share Award Scheme	**969,200**	1,536,800
Weighted average number of ordinary shares used in calculating diluted earnings per share	**1,978,292,482**	1,902,014,770

15 FIXED ASSETS

(a) The Group

	Property and equipment						Investment properties			
	Land and buildings *$'000*	**Construction in progress** *$'000*	**Furniture and fixtures** *$'000*	**Computer equipment** *$'000*	**Motor vehicles** *$'000*	**Sub-total** *$'000*	**Completed investment properties** *$'000*	**Investment properties under construction** *$'000*	**Prepaid lease payments** *$'000*	**Total** *$'000*
Cost or valuation:										
At 1 January 2012 *(Originally reported)*	3,789,233	111,983	413,684	766,663	190,063	5,271,626	1,779,476	1,136,098	184,890	8,372,090
Effect of merger accounting	473,466	-	22,454	38,574	10,771	545,265	5,279,093	-	-	5,824,358
At 1 January 2012 *(Restated)*	4,262,699	111,983	436,138	805,237	200,834	5,816,891	7,058,569	1,136,098	184,890	14,196,448
Exchange adjustments	(6,555)	(20)	(144)	(143)	(51)	(6,913)	(955)	219	(35)	(7,684)
Additions	43,227	58,367	85,168	190,554	67,664	444,980	47,427	217,835	-	710,242
Disposals	(3,134)	-	(73,391)	(76,850)	(20,784)	(174,159)	(14,963)	-	-	(189,122)
Reclassification	22,084	(9,563)	1,109	8,669	-	22,299	(738)	(21,561)	-	-
Surplus on revaluation	-	-	-	-	-	-	693,738	126,936	-	820,674
Surplus on revaluation upon transfer from land and buildings to investment properties	44,883	-	-	-	-	44,883	-	-	-	44,883
Transfer from construction in progress to land and buildings	45,064	(45,064)	-	-	-	-	-	-	-	-
Transfer from land and buildings to completed investment properties	(75,853)	-	-	-	-	(75,853)	64,470	-	-	(11,383)
Transfer from completed investment properties to land and buildings	238,912	-	-	-	-	238,912	(238,912)	-	-	-
At 1 January 2013 *(Restated)*	4,571,327	115,703	448,880	927,467	247,663	6,311,040	7,608,636	1,459,527	184,855	15,564,058
Exchange adjustments	106,190	3,623	12,086	26,688	7,498	156,085	190,852	50,244	5,643	402,824
Additions	222,417	182,380	112,563	278,462	63,672	859,494	210,612	264,366	309,199	1,643,671
Disposals	(9,733)	-	(31,326)	(70,389)	(21,505)	(132,953)	(541)	-	-	(133,494)
Reclassification	-	(27,474)	2,200	25,274	-	-	-	-	-	-
Surplus on revaluation	-	-	-	-	-	-	651,337	282,369	-	933,706
Acquired on acquisition of a subsidiary	-	-	-	125	78	203	2,416,591	-	-	2,416,794
Surplus on revaluation upon transfer from land and buildings to investment properties	36,614	-	-	-	-	36,614	-	-	-	36,614
Transfer from land and buildings to completed investment properties	(124,103)	-	-	-	-	(124,103)	122,712	-	-	(1,391)
Transfer from completed investment properties to land and buildings	564,473	-	-	-	-	564,473	(564,473)	-	-	-
At 31 December 2013	5,367,185	274,232	544,403	1,187,627	297,406	7,670,853	10,635,726	2,056,506	499,697	20,862,782
Representing:										
Cost	5,367,185	274,232	544,403	1,187,627	297,406	7,670,853	-	-	499,697	8,170,550
Valuation – 2013	-	-	-	-	-	-	10,635,726	2,056,506	-	12,692,232
	5,367,185	274,232	544,403	1,187,627	297,406	7,670,853	10,635,726	2,056,506	499,697	20,862,782

15 FIXED ASSETS *(Continued)*

(a) The Group *(continued)*

	Property and equipment						**Investment properties**			
	Land and buildings *$'000*	**Construction in progress** *$'000*	**Furniture and fixtures** *$'000*	**Computer equipment** *$'000*	**Motor vehicles** *$'000*	**Sub-total** *$'000*	**Completed investment properties** *$'000*	**Investment properties under construction** *$'000*	**Prepaid lease payments** *$'000*	**Total** *$'000*
Accumulated depreciation and impairment :										
At 1 January 2012 *(Originally reported)*	423,653	-	269,275	425,170	105,168	1,223,266	-	-	17,077	1,240,343
Effect of merger accounting	37,164	-	17,019	17,669	5,855	77,707	-	-	-	77,707
At 1 January 2012 *(Restated)*	460,817	-	286,294	442,839	111,023	1,300,973	-	-	17,077	1,318,050
Exchange adjustments	(842)	-	120	348	85	(289)	-	-	10	(279)
Charge for the year	104,844	-	63,808	136,302	33,499	338,453	-	-	3,591	342,044
Written back on disposal	(1,098)	-	(32,535)	(35,836)	(18,854)	(88,323)	-	-	-	(88,323)
Reclassification	-	-	686	(686)	-	-	-	-	-	-
Impairment loss written back	(14,338)	-	-	-	-	(14,338)	-	-	-	(14,338)
Transfer from land and buildings to completed investment properties	(11,383)	-	-	-	-	(11,383)	-	-	-	(11,383)
At 1 January 2013 *(Restated)*	538,000	-	318,373	542,967	125,753	1,525,093	-	-	20,678	1,545,771
Exchange adjustments	11,425	-	9,493	17,859	4,412	43,189	-	-	561	43,750
Charge for the year	93,891	-	73,986	164,135	42,095	374,107	-	-	3,659	377,766
Written back on disposal	(9,398)	-	(30,559)	(65,546)	(20,738)	(126,241)	-	-	-	(126,241)
Reclassification	-	-	5	(56)	13	(38)	-	-	-	(38)
Acquired on acquisition of a subsidiary	-	-	-	39	17	56	-	-	-	56
Transfer from land and buildings to completed investment properties	(1,391)	-	-	-	-	(1,391)	-	-	-	(1,391)
At 31 December 2013	632,527	-	371,298	659,398	151,552	1,814,775	-	-	24,898	1,839,673
Net book value:										
At 31 December 2013	4,734,658	274,232	173,105	528,229	145,854	5,856,078	10,635,726	2,056,506	474,799	19,023,109
At 31 December 2012 *(Restated)*	4,033,327	115,703	130,507	384,500	121,910	4,785,947	7,608,636	1,459,527	164,177	14,018,287
At 1 January 2012 *(Restated)*	3,801,882	111,983	149,844	362,398	89,811	4,515,918	7,058,569	1,136,098	167,813	12,878,398

15 FIXED ASSETS *(Continued)*

(b) The Company

	Property and equipment					
	Land and buildings *$'000*	**Furniture and fixtures** *$'000*	**Motor vehicles** *$'000*	**Sub-total** *$'000*	**Completed investment properties** *$'000*	**Total** *$'000*
Cost:						
At 1 January 2012	-	3,138	816	3,954	-	3,954
Additions	-	85	-	85	-	85
At 31 December 2012	-	3,223	816	4,039	-	4,039
Additions	3,944	5,938	1,828	11,710	202,300	214,010
At 31 December 2013	3,944	9,161	2,644	15,749	202,300	218,049
Accumulated depreciation:						
At 1 January 2012	-	2,745	816	3,561	-	3,561
Charge for the year	-	129	-	129	-	129
At 31 December 2012	-	2,874	816	3,690	-	3,690
Charge for the year	20	334	210	564	-	564
At 31 December 2013	20	3,208	1,026	4,254	-	4,254
Net book value:						
At 31 December 2013	3,924	5,953	1,618	11,495	202,300	213,795
At 31 December 2012	-	349	-	349	-	349

16 GOODWILL AND INTANGIBLE ASSETS

(a) Goodwill

	The Group **$'000**
Cost:	
At 1 January 2012 and 31 December 2012	626,923
Acquired on acquisition of a subsidiary *(Note 17A)*	466,706
At 31 December 2013	1,093,629
Impairment loss:	
At 1 January 2012, 31 December 2012 and 2013	323,276
Carrying amount:	
At 31 December 2013	770,353
At 31 December 2012	303,647
At 1 January 2012	303,647

(b) Intangible assets

	The Group **31 December 2013** ***$'000***	31 December 2012 *$'000*
Cost:		
At 1 January	**264,932**	264,932
Disposal	**(1,175)**	-
At 31 December	**263,757**	264,932
Amortisation:		
At 1 January	**423**	141
Charge for the year	**195**	282
Written off on disposal	**(149)**	-
At 31 December	**469**	423
Carrying amount:		
At 31 December	**263,288**	264,509

16 GOODWILL AND INTANGIBLE ASSETS *(Continued)*

(b) Intangible assets *(Continued)*

The intangible assets mainly represent the trade name acquired in the acquisition of TPI in 2008, which is subject to annual impairment test. The relief-from-royalty approach is adopted to determine the fair value of trade name. At the end of each reporting period, the management of the Group reassessed the assumptions of this approach. As at 31 December 2013, the valuation of the trade name is determined based on the future premiums estimated by TPI and discounted at 14% (2012: 14%). The trade name is considered by the management of the Group as having an indefinite useful life because it is expected to contribute to net cash inflows indefinitely. The trade name will not be amortised until its useful life is determined to be finite.

Particulars of the impairment testing are disclosed below.

(c) Impairment tests on goodwill and intangible assets with indefinite useful lives

For impairment testing, goodwill and intangible assets with indefinite useful lives at 1 January 2012, 31 December 2012 and 2013 were allocated to cash generating units in the following operating segments:

	Goodwill *$'000*	Intangible assets *$'000*	Total *$'000*
At 31 December 2013			
Life insurance	154,909	-	154,909
Property and casualty insurance	148,738	261,408	410,146
Other business	466,706	-	466,706
	770,353	261,408	1,031,761
At 31 December 2012 and 1 January 2012			
Life insurance	154,909	-	154,909
Property and casualty insurance	148,738	261,408	410,146
	303,647	261,408	565,055

The recoverable amount of the cash generating units containing goodwill or intangible assets was determined based on the value-in-use calculation. This calculation uses cash flow projection which represents what management believes is the best estimate of what the cash generating units are able to achieve in their business life. The directors determined the cash flow projection based on past performance and its expectation for market development. The directors believed any reasonably possible change in any of these assumptions would not cause the aggregate carrying amount to exceed the aggregate recoverable amount. Management of the Group determines that there are no impairments of its cash generating units containing goodwill and intangible assets.

16 GOODWILL AND INTANGIBLE ASSET *(Continued)*

(c) Impairment tests on goodwill and intangible assets with indefinite useful lives *(Continued)*

In respect of life insurance business, the recoverable amount was determined based on TPL's appraisal value, which consists of the adjusted net worth plus the present value of inforce business and the new business value after cost of capital.

In respect of property and casualty business, the recoverable amount was determined by estimating and discounting the future cash flows to its present value using a discount rate of 14% (2012: 14%).

In respect of other businesses, the recoverable amount was determined by income approach to convert the expected periodic benefits of ownership into an indication of value, estimating and discounting the future cash flows to its present value using a discount rate of 6.2%.

17 INVESTMENTS IN SUBSIDIARIES

	The Company		
	31 December 2013	31 December 2012	1 January 2012
	$'000	*$'000*	*$'000*
Unlisted shares, at cost	**28,639,187**	6,509,815	6,072,898
Less: Impairment loss	**(581,406)**	(344,179)	(344,179)
	28,057,781	6,165,636	5,728,719

Under the Acquisition as detailed in the announcement of the Company dated 27 May 2013, the Company has completed the acquisition of the target interest in certain entities except for TPFH, TP Singapore, TP UK and TP Indonesia as at 31 December 2013.

Although the Company has not issued the consideration shares as at 31 December 2013, the conditions precedent under the framework agreement were fulfilled during the year therefore these entities are considered as subsidiaries of the Company.

Details of the acquisition of a new subsidiary during the year are set out in note 17A.

General information of subsidiaries

The following list contains details of the Company's principal subsidiaries at the end of the reporting period, which in the opinion of the Directors, principally affected the results for the year or formed a substantial portion of the net assets of the Group. The class of shares held is ordinary unless otherwise stated. To give details of other subsidiaries would, in the opinion of the Directors, result in particulars of excessive length.

All of these are controlled subsidiaries as defined under note 1(e) and have been consolidated into the Group's financial statements.

17 INVESTMENTS IN SUBSIDIARIES *(Continued)*

General information of subsidiaries *(Continued)*

Name of company	Place of incorporation and operation	Particulars of issued and paid up capital		Proportion of ownership interest						Principal activity
				Group's effective interest 31 December		Held by the Company		Held by subsidiaries		
		2013	2012	**2013**	2012	**2013**	2012	**2013**	2012	
Taiping Reinsurance Company Limited *(Notes (i) & (iv))*	Hong Kong	**Ordinary $1,750,000,000 Deferred $600,000,000**	Ordinary $1,250,000,000 Deferred $600,000,000	**100%**	100%	**-**	-	**100%**	100%	Reinsurance business
Taiping Life Insurance Company Limited *(Notes (ii), (iii) & (xii))*	PRC	**RMB6,230,000,000**	RMB3,730,000,000	**75.1%**	50.05%	**75.1%**	50.05%	**-**	-	Life insurance business
Taiping General Insurance Company Limited *(Notes (ii), (iii), (v) & (xiii))*	PRC	**RMB4,070,000,000**	RMB2,570,000,000	**100%**	61.21%	**99.99%**	61.21%	**0.01%**	-	Property and casualty insurance business
Taiping Pension Company Limited *(Notes (ii), (iii) & (xiv))*	PRC	**RMB1,700,000,000**	RMB1,500,000,000	**100%**	96%	**99.99%**	96%	**0.01%**	-	Pension and Group Life business
Taiping Asset Management Company Limited *(Notes (ii), (iii) & (xv))*	PRC	**RMB500,000,000**	RMB100,000,000	**80%**	60%	**80%**	60%	**-**	-	Asset management business in PRC
Taiping Assets Management (HK) Company Limited	Hong Kong	**$212,000,000**	$212,000,000	**100%**	100%	**100%**	100%		-	Asset management business in Hong Kong
Taiping Reinsurance Brokers Limited *(Note (i))*	Hong Kong	**Ordinary $4,000,000 Deferred $1,000,000**	Ordinary $4,000,000 Deferred $1,000,000	**100%**	100%	**-**	-	**100%**	100%	Insurance broking
The Ming An (Holdings) Company Limited	Cayman Islands/ Hong Kong	**$290,638,400**	$290,638,400	**100%**	100%	**-**	-	**100%**	100%	Investment holding
China Taiping Insurance (HK) Company Limited *(Note (i))*	Hong Kong	**Ordinary $2,386,000,000 Deferred $200,000,000**	Ordinary $2,386,000,000 Deferred $200,000,000	**100%**	100%	**-**	-	**100%**	100%	Property and casualty insurance in Hong Kong
China Taiping Insurance (Macau) Company Limited *(Note (ix))*	Macau	**MOP120,000,000**	-	**100%**	-	**-**	-	**100%**	-	Property and casualty insurance in Macau

17 INVESTMENTS IN SUBSIDIARIES *(Continued)*

General information of subsidiaries *(Continued)*

Name of company	Place of incorporation and operation	Particulars of issued and paid up capital		Proportion of ownership interest: Group's effective interest 31 December		Held by the Company		Held by subsidiaries		Principal activity
		2013	2012	**2013**	2012	**2013**	2012	**2013**	2012	
Quicken Assets Limited	BVI/Hong Kong	**US$1**	US$1	**100%**	100%	**100%**	100%	**-**	-	Financing
CIIH (BVI) Limited	BVI/Hong Kong	**US$1**	US$1	**100%**	100%	**100%**	100%	**-**	-	Financing
China Taiping Capital Limited *(Note (vi))*	BVI/Hong Kong	**US$1**	US$1	**100%**	100%	**100%**	100%	**-**	-	Financing
China Taiping Fortunes Limited *(Note (x))*	BVI/Hong Kong	**US$1**	-	**100%**	-	**100%**	-	**-**	-	Financing
Share China Assets Limited	BVI/Hong Kong	**US$1**	US$1	**100%**	100%	**100%**	100%	**-**	-	Investment holding
Taiping E-Commerce Company Limited *(Notes (ii), (vii) & (xi))*	PRC	**RMB2,625,000,000**	RMB50,000,000	**80%**	100%	**80%**	100%	**-**	-	E-commerce for insurance
Taiping Senior Living Investments Co. Ltd. *(Notes (ii) & (viii))*	PRC	**RMB580,000,000**	RMB580,000,000	**75.1%**	50.05%	**-**	-	**100%**	100%	Elderly care investment and asset management
Taiping Investment Holdings Company Limited *(Note (ix))*	Hong Kong	**$215,000,000**	-	**100%**	-	**100%**	-	**-**	-	Property investment
Taiping Real Estate (Shanghai) Company Limited *(Notes (ii) & (ix))*	PRC	**RMB980,000,000**	-	**90.29%**	-	**-**	-	**100%**	-	Property investment
Dragon Jade Industrial District Management (Shenzhen) Co., Ltd. *(Notes (ii) & (ix))*	PRC	**RMB42,800,000**	-	**100%**	-	**100%**	-	**-**	-	Property investment
Ming Lee Investment Limited *(Note (ix))*	Hong Kong	**$10,000**	-	**100%**	-	**100%**	-	**-**	-	Property investment
Taiping Real Estate (Suzhou Industrial Park) Co. Ltd. *(Notes (ii) & (xvi))*	PRC	**RMB241,040,000**	-	**85.06%**	-	**-**	-	**100%**	-	Property investment
Exchange (Beijing) Co. Ltd. *(Notes (ii) & (xvii))*	PRC	**RMB276,229,700**	-	**75.1%**	-	**-**	-	**75.1%**	-	Property investment

17 INVESTMENTS IN SUBSIDIARIES *(Continued)*

General information of subsidiaries *(Continued)*

Name of company	Place of incorporation and operation	Particulars of issued and paid up capital		Proportion of ownership interest: Group's effective interest 31 December		Held by the Company		Held by subsidiaries		Principal activity
		2013	2012	**2013**	2012	**2013**	2012	**2013**	2012	
Taiping Real Estate (Nanning) Co. Ltd. *(Notes (ii) & (xviii))*	PRC	**RMB80,000,000**	-	**80.08%**	-	**-**	-	**100%**	-	Property investment
Pacific Asia Group Limited *(Note (ix))*	Hong Kong	**$1**	-	**100%**	-	**100%**	-	**-**	-	Back-to-back financing arrangement
Walkman Limited *(Note (ix))*	Hong Kong	**$1**	-	**100%**	-	**100%**	-	**-**	-	Back-to-back financing arrangement
Mano Limited *(Note (ix))*	Hong Kong	**$1**	-	**100%**	-	**100%**	-	**-**	-	Back-to-back financing arrangement
Prospect Inc. Limited *(Note (ix))*	Hong Kong	**$1**	-	**100%**	-	**100%**	-	**-**	-	Back-to-back financing arrangement
Taiping Financial Service Centre (Shanghai) Company Limited *(Notes (ii) & (ix))*	PRC	**RMB15,000,000**	-	**100%**	-	**100%**	-	**-**	-	Provision of back office services
Taiping Financial Audit Service (Shenzhen) Company Limited *(Notes (ii) & (ix))*	PRC	**RMB10,500,000**	-	**100%**	-	**100%**	-	**-**	-	Provision of internal audit services
China Taiping Insurance Service (Japan) Co., Ltd. *(Note (ix))*	Japan	**JPY30,000,000**	-	**100%**	-	**100%**	-	**-**	-	Insurance agency business in Japan

Notes:

(i) Holders of the non-voting deferred shares in TPRe, TPRB and CTPI (HK) are not entitled to share profits, receive notice of or attend or vote at any general meeting of these companies. On the winding-up of these companies, the holders of the non-voting deferred shares are not entitled to the distribution of the net assets of these companies for the first $100 billion; the balance of net assets, if any, over the first $100 billion shall be distributed among the holders of the ordinary shares and non-voting distributed shares pari passu among themselves in proportion to their respective shareholdings.

(ii) These companies are PRC limited companies.

17 INVESTMENTS IN SUBSIDIARIES *(Continued)*

General information of subsidiaries *(Continued)*

Notes:

(iii) China Taiping Insurance Group Co., Ltd., the ultimate holding company of the Company, holds 38.79%, 25.05%, 4% and 20% in TPI, TPL, TPP and TPAM, respectively. These equity interests had been acquired by the Company during the year pursuant to the framework agreement entered between CTIH, TPG and TPG(HK) on 27 May 2013. The details of the transaction were set out in Note 48B(a), the announcement of the Company dated 27 May 2013 and the circular of the Company dated 31 May 2013.

(iv) In September 2012, the registered capital of TPRe has been increased by $250 million to $1,850 million. The registered capital of TPRe has been further increased by $500 million to $2,350 million in November 2013. CTIH has contributed such additional capital in cash.

(v) In June 2012 and December, the registered capital of TPI has been increased by RMB300 million and RMB200 million, respectively. CTIH and TPG have contributed such additional capital in cash in the amount of RMB306.05 million and RMB193.95 million, respectively, in proportion to their respective equity interests in TPI.

(vi) In October 2012, China Taiping Capital Limited was established in BVI and is a wholly-owned subsidiary of CTIH.

(vii) In July 2012, TPeC was established in the PRC by CTIH.

(viii) In October 2012, TPSI was established in the PRC by TPL.

(ix) On 27 May 2013, the Company has entered into a framework agreement with TPG and TPG(HK) to acquire equity interests in these companies. The details of the transaction were set out in Note 48B(a), the announcement of the Company dated 27 May 2013 and the circular of the Company dated 31 May 2013.

(x) In September 2013, China Taiping Fortunes Limited was established in BVI and is a wholly-owned subsidiary of CTIH.

(xi) In January 2013, the registered capital of TPeC has been increased from RMB50 million to RMB 62.5 million. Ageas contributed such additional capital in cash. After this additional capital contribution, TPeC was owned 80% by CTIH and 20% by Ageas. The registered capital of TPeC has been further increased by RMB200 million to RMB262.5 million in July 2013. CTIH and Ageas contributed such additional capital in cash in the amount of RMB160 million and RMB40 million, respectively, in proportion to their respective equity interest in TPeC.

(xii) In March 2013, the registered capital of TPL has been increased by RMB2,500 million to RMB6,230 million. CTIH, TPG and Ageas contributed such additional capital in cash in the amounts of RMB1,251.25 million, RMB626.25 million and RMB622.5 million, respectively, in portion to their respective equity interest in TPL.

(xiii) In June 2013, the registered capital of TPI has been increased by RMB500 million to RMB3,070 million. CTIH and TPG contributed such additional capital in cash in the amount of RMB306.05 million and RMB193.95 million, respectively, in proportion to their respect equity interest in TPI. The registered capital of TPI has been further increased by RMB1,000 million to RMB4,070 million. CTIH has contributed such additional capital in cash.

(xiv) In May 2013, the registered capital of TPP was increased by RMB200 million to RMB1,700 million. CTIH and TPG contributed such additional capital in cash in the amount of RMB192 million and RMB8 million, respectively, in proportion to their respective equity interests in TPP.

(xv) In July 2013, the registered capital of TPAM has been increased by RMB400 million to RMB500 million. CTIH, TPG and Ageas contributed such additional capital in cash in the amount of RMB210 million, RMB70 million and RMB 70 million, respectively, in proportion to their respective equity interests in TPAM. The remaining RMB50 million was contributed to capital by the capitalization of retained earnings of TPAM.

(xvi) In July 2013, Taiping Real Estate (Suzhou Industrial Park) Co. Ltd. was established in PRC by TPL, TPI and Shenzhen Taiping Investment Company Limited.

(xvii) In July 2013, TPL entered into the share transfer agreement to acquire the entire equity interest in Exchange (Beijing) Co. Ltd.. The acquisition has been completed in November 2013. The details of the transaction were set out in Note 17A and the announcement of the Company dated 18 July 2013.

17 INVESTMENTS IN SUBSIDIARIES *(Continued)*

General information of subsidiaries *(Continued)*

Notes:

(xviii) In November 2013, Taiping Real Estate (Nanning) Co. Ltd. was established in PRC by TPL and TPI.

At the end of the reporting period, the Company has other subsidiaries that are not material to the Group. A majority of these subsidiaries operate in the BVI and Hong Kong. The principal activities of these subsidiaries are summarized as follows:

Principal activities	Principal place of business	Number of subsidiaries 31 December 2013	2012
Investment holding	Hong Kong	**13**	5
	PRC	**1**	-
	Singapore	**1**	-
		15	5
Insurance broker	PRC	**1**	1
Back-to-back financing	Hong Kong	**1**	-
Inactive	Hong Kong	**5**	3
Money lending	Hong Kong	**1**	-
Money lending and property investment	Hong Kong	**1**	-
Property investment	Hong Kong	**9**	7
Property management	PRC	**1**	-
Provision of insurance claim survey services	Hong Kong	**1**	1
Provision of property agency services	Hong Kong	**1**	1
Provision of trust services	Hong Kong	**1**	-
		37	18

17A ACQUISITION OF A SUBSIDIARY

In November 2013, the Group acquired the entire equity interest in the 京匯通置業有限公司 (Exchange (Beijing) Co. Ltd. ("Exchange Beijing")) at a consideration to be paid in cash of RMB1,598,265,000 (equivalent to $2,032,817,000) (subject to downward adjustment). This acquisition has been accounted for using the purchase method. The amount of goodwill arising as a result of the acquisition was $466,706,000. The business scope of Exchange Beijing includes the property management and leasing of The Exchange Beijing, which is a grade A office building situated in Beijing and is solely owned by Exchange Beijing. The Group investment into Exchange Beijing will be beneficial to its overall assets composition and investment portfolio from a diversification, asset-liability matching, and risk-return perspective.

(a) Assets acquired and liabilities recognized at the date of acquisition are as follows:

	$'000
Investment properties	2,416,591
Property, plant and equipment	146
Other debtors	6,021
Cash and bank balances	123,770
Deferred tax liabilities	(370,315)
Current taxation	(7,832)
Accruals and other creditors	(602,270)
	1,566,111

(b) Goodwill arising on acquisition

	$'000
Consideration transferred	2,032,817
Less: Net assets acquired	(1,566,111)
Goodwill arising on acquisition	466,706

Goodwill arose in the acquisition of Exchange Beijing because the Company expected synergy arising from its horizontal integration into the property investment industry. Therefore, the consideration paid for the combination effectively included amounts in relation to the benefit of expected synergies, revenue growth and the future market development of Exchange Beijing. These benefits are not recognised separately from goodwill because they do not meet the recognition criteria for identifiable intangible assets.

17A ACQUISITION OF A SUBSIDIARY *(Continued)*

(c) Net cash outflow on acquisition of Exchange Beijing

	$'000
Deposit into restricted bank accounts *(Note)*	2,391,153
Less: cash and cash equivalent balances acquired	(123,770)
	2,267,383

Note: The amount has been paid into a deposit account as at 31 December 2013. The Group is restricted from making withdrawals without the consent of the seller of Exchange Beijing until after the downward adjustment to the consideration has been finalised. Accordingly, the deposit amount is presented as restricted deposits.

Included in the profit for the year is $4,798,000 attributable to the additional business generated by Exchange Beijing. Income for the year includes $15,563,000 generated from Exchange Beijing.

Had the acquisition been completed on 1 January 2013, total group revenue for the year would have been $93,666 million, and profit for the year would have been $2,783 million. The pro forma information is for illustrative purposes only and is not necessarily an indication of revenue and results of operations of the Group that actually would have achieved had the acquisition been completed on 1 January 2013, nor is it intended to be a projection of future results.

18 INTEREST IN ASSOCIATES AND JOINT VENTURES

(a) Interest in associates

	The Group			The Company		
	31 December 2013	31 December 2012 *(Restated)*	1 January 2012 *(Restated)*	**31 December 2013**	31 December 2012	1 January 2012
	$'000	*$'000*	*$'000*	***$'000***	*$'000*	*$'000*
Unlisted shares, at cost	**-**	-	-	**6,993**	6,937	6,937
Share of post-acquisition profits and other comprehensive income, net of dividends received	**24,925**	26,305	62,622	**-**	-	-
	24,925	26,305	62,622	**6,993**	6,937	6,937

The following list contains details of the Company's principal associates, all of which are unlisted corporate entities:

Name of associates	Form of business structure	Place of incorporation and operation	Particulars of issued and paid up capital		Proportion of ownership interest: Group's effective interest 31 December		Held by the Company		Held by subsidiaries		Principal Activity
			2013	2012	**2013**	2012	**2013**	2012	**2013**	2012	
Savills Taiping Property Management Limited *(Note (iii))*	Incorporated	Hong Kong	**$10,000**	-	**25%**	-	**25%**	-	**-**	-	Property management
CMT ChinaValue Capital Advisors Limited *(Note (ii))*	Incorporated	Hong Kong	**-**	$1,000	**-**	46%	**-**	-	**-**	46%	Advisory services
Huatai Insurance Agency & Consultant Service Limited *(Note (i))*	Incorporated	PRC	**RMB 40,000,000**	RMB 40,000,000	**25%**	25%	**25%**	25%	**-**	-	Insurance agency and consultancy

Note:

(i) The company is a PRC limited company.

(ii) The company has been dissolved in October 2013.

(iii) On 27 May 2013, the Company has entered into a framework agreement with TPG and TPG(HK) to acquire equity interests in the company. The details of the transaction were set out in Note 48B(a), the announcement of the Company dated 27 May 2013 and the circular of the Company dated 31 May 2013.

The above table lists the associates of the Group which, in the opinion of the directors of the Company, principally affected the results of the year or forms a substantial portion of the net assets of the Group.

Summary of financial information of associates

	Assets	Liabilities	Equity	Revenues	Profit/(Loss)
	$'000	*$'000*	*$'000*	*$'000*	*$'000*
31 December 2013					
100 per cent	**289,569**	**195,645**	**93,924**	**252,852**	**(14,489)**
Group's effective interest	**72,392**	**48,911**	**24,925**	**63,213**	**(787)**
31 December 2012 *(Restated)*					
100 per cent	280,428	183,344	97,084	198,920	68,543
Group's effective interest	71,315	46,411	26,305	54,092	15,117

18 INTEREST IN ASSOCIATES AND JOINT VENTURES *(Continued)*

(b) Interest in joint ventures

	The Group			The Company		
	31 December 2013	31 December 2012 *(Restated)*	1 January 2012 *(Restated)*	**31 December 2013**	31 December 2012	1 January 2012
	$'000	*$'000*	*$'000*	***$'000***	*$'000*	*$'000*
Cost of unlisted investment	**180**	180	180	**-**	-	-
Share of post-acquisition profits and other comprehensive income, net of dividends received	**28**	28	19	**-**	-	-
	208	208	199	**-**	-	-

The following list contains details of the Company's joint ventures, which is an unlisted corporate entity:

Name of joint ventures	Form of business structure	Place of incorporation and operation	Particulars of issued and paid up capital		Proportion of ownership interest: Group's effective interest		Proportion of ownership interest: Held by the Company		Proportion of ownership interest: Held by subsidiaries		Proportion of voting power held		Principal Activity
			31 December										
			2013	2012	**2013**	2012	**2013**	2012	**2013**	2012	**2013**	2012	
北京世紀億茂物業管理有限公司 ("北京世紀億茂") *(Note (i))*	Incorporated	PRC	**RMB10,000**	-	**51%**	-	**-**	-	**51%**	-	**50%**	-	Property management

Note:
(i) The company is a PRC limited company.

The Group holds 51% of the share capital of 北京世紀億茂 and controls 50% of the voting power general meeting. However, 北京世紀億茂 is jointly controlled by the Group and another shareholder by virtue of contractual arrangements between shareholders. Therefore, 北京世紀億茂 is classified as a joint venture of the Group.

Summary of financial information of joint ventures

	Assets	Liabilities	Equity	Revenues	Profit
	$'000	*$'000*	*$'000*	*$'000*	*$'000*
31 December 2013					
100 per cent	**459**	**51**	**408**	**161**	**16**
Group's effective interest	**234**	**26**	**208**	**82**	**8**
31 December 2012 *(Restated)*					
100 per cent	445	36	409	33	18
Group's effective interest	226	18	208	17	9

19 INVESTMENTS IN DEBT AND EQUITY SECURITIES

(a) The Group

	31 December 2013 **$'000**	31 December 2012 *(Restated)* *$'000*	1 January 2012 *(Restated)* *$'000*
Debt securities *(Note (i))*	**146,315,502**	122,161,700	106,832,545
Equity securities *(Note (ii))*	**11,191,054**	7,909,865	8,766,600
Investment funds *(Note (iii))*	**7,981,249**	9,375,378	5,674,548
Debt schemes *(Note (iv))*	**30,728,096**	20,611,641	9,596,426
	196,215,901	160,058,584	130,870,119

	Governments and central banks ***$'000***	**Banks and other financial institutions** ***$'000***	**Corporate entities** ***$'000***	**Total** ***$'000***
(i) Debt securities				
At 31 December 2013				
Held-to-maturity:				
- Listed in Hong Kong	**-**	**205,423**	**917,547**	**1,122,970**
- Listed outside Hong Kong	**4,739,544**	**1,521,875**	**3,719,974**	**9,981,393**
- Unlisted	**18,991,902**	**53,625,130**	**19,930,845**	**92,547,877**
	23,731,446	**55,352,428**	**24,568,366**	**103,652,240**
Fair value of securities	**21,825,384**	**49,224,490**	**22,851,168**	**93,901,042**
Market value of listed securities	**4,678,412**	**1,773,924**	**4,706,810**	**11,159,146**
Available-for-sale:				
- Listed in Hong Kong	**-**	**170,064**	**490,206**	**660,270**
- Listed outside Hong Kong	**3,288,804**	**1,641,017**	**10,675,823**	**15,605,644**
- Unlisted	**5,058,482**	**7,147,730**	**9,850,383**	**22,056,595**
	8,347,286	**8,958,811**	**21,016,412**	**38,322,509**
Fair value of securities	**8,347,286**	**8,958,811**	**21,016,412**	**38,322,509**
Market value of listed securities	**3,288,804**	**1,811,081**	**11,166,029**	**16,265,914**

19 INVESTMENTS IN DEBT AND EQUITY SECURITIES *(Continued)*

(a) The Group *(Continued)*

	Governments and central banks *$'000*	Banks and other financial institutions *$'000*	Corporate entities *$'000*	Total *$'000*
(i) Debt securities *(Continued)*				
At 31 December 2013 *(Continued)*				
Held-for-trading:				
- Listed outside Hong Kong	-	-	44,325	44,325
- Unlisted	38,157	-	-	38,157
	38,157	-	44,325	82,482
Fair value of securities	38,157	-	44,325	82,482
Market value of listed securities	-	-	44,325	44,325
Designated at fair value through profit or loss:				
- Listed in Hong Kong	-	74,551	-	74,551
- Listed outside Hong Kong	-	138,413	-	138,413
	-	212,964	-	212,964
Fair value of securities	-	212,964	-	212,964
Market value of listed securities	-	212,964	-	212,964
Loans and receivables:				
- Unlisted	903,522	2,194,190	947,595	4,045,307
Fair value of securities	1,034,921	2,181,596	968,346	4,184,863
Total debt securities	33,020,411	66,718,393	46,576,698	146,315,502

19 INVESTMENTS IN DEBT AND EQUITY SECURITIES *(Continued)*

(a) The Group *(Continued)*

	Governments and central banks *$'000*	Banks and other financial institutions *$'000*	Corporate entities *$'000*	Total *$'000*
(i) Debt securities *(Continued)*				
At 31 December 2012 *(Restated)*				
Held-to-maturity:				
- Listed in Hong Kong	-	141,625	428,545	570,170
- Listed outside Hong Kong	103,716	1,390,058	3,065,407	4,559,181
- Unlisted	22,196,875	49,362,038	15,451,050	87,009,963
	22,300,591	50,893,721	18,945,002	92,139,314
Fair value of securities	22,544,563	50,030,019	18,716,182	91,290,764
Market value of listed securities	114,866	1,689,327	3,671,605	5,475,798
Available-for-sale:				
- Listed in Hong Kong	41,270	146,219	249,295	436,784
- Listed outside Hong Kong	3,543,211	1,865,982	7,045,553	12,454,746
- Unlisted	6,299,533	4,012,987	4,431,453	14,743,973
	9,884,014	6,025,188	11,726,301	27,635,503
Fair value of securities	9,884,014	6,025,188	11,726,301	27,635,503
Market value of listed securities	3,584,481	2,012,201	7,294,848	12,891,530
Held-for-trading:				
- Listed outside Hong Kong	-	14,431	11,674	26,105
- Unlisted	36,998	-	-	36,998
	36,998	14,431	11,674	63,103
Fair value of securities	36,998	14,431	11,674	63,103
Market value of listed securities	-	14,431	11,674	26,105

19 INVESTMENTS IN DEBT AND EQUITY SECURITIES *(Continued)*

	Governments and central banks *$'000*	Banks and other financial institutions *$'000*	Corporate entities *$'000*	Total *$'000*
(i) Debt securities *(Continued)*				
At 31 December 2012 *(Restated) (Continued)*				
Designated at fair value through profit or loss:				
- Listed in Hong Kong	-	41,806	-	41,806
- Listed outside Hong Kong	-	203,446	-	203,446
- Unlisted	-	554,972	-	554,972
	-	800,224	-	800,224
Fair value of securities	-	800,224	-	800,224
Market value of listed securities	-	245,252	-	245,252
Loans and receivables:				
- Unlisted	1,153,575	369,981	-	1,523,556
Fair value of securities	1,244,752	369,981	-	1,614,733
Total debt securities	33,375,178	58,103,545	30,682,977	122,161,700

19 INVESTMENTS IN DEBT AND EQUITY SECURITIES *(Continued)*

(a) The Group *(Continued)*

	Governments and central banks *$'000*	Banks and other financial institutions *$'000*	Corporate entities *$'000*	Total *$'000*
(i) Debt securities *(Continued)*				
At 1 January 2012 *(Restated)*				
Held-to-maturity:				
- Listed in Hong Kong	-	160,209	188,948	349,157
- Listed outside Hong Kong	103,623	1,119,662	2,641,770	3,865,055
- Unlisted	22,221,676	41,901,346	15,138,582	79,261,604
	22,325,299	43,181,217	17,969,300	83,475,816
Fair value of securities	23,113,590	42,713,111	17,689,723	83,516,424
Market value of listed securities	111,275	1,272,869	2,869,935	4,254,079
Available-for-sale:				
- Listed in Hong Kong	41,930	154,716	64,499	261,145
- Listed outside Hong Kong	3,610,461	1,802,119	5,231,343	10,643,923
- Unlisted	3,110,615	4,273,164	3,557,414	10,941,193
	6,763,006	6,229,999	8,853,256	21,846,261
Fair value of securities	6,763,006	6,229,999	8,853,256	21,846,261
Market value of listed securities	3,652,391	1,956,835	5,295,842	10,905,068
Held-for-trading:				
- Listed outside Hong Kong	-	21,524	11,637	33,161
- Unlisted	37,005	27,268	-	64,273
	37,005	48,792	11,637	97,434
Fair value of securities	37,005	48,792	11,637	97,434
Market value of listed securities	-	21,524	11,637	33,161
Designated at fair value through profit or loss:				
- Listed in Hong Kong	-	171,367	-	171,367
- Unlisted	-	27,394	-	27,394
	-	198,761	-	198,761
Fair value of securities	-	198,761	-	198,761
Market value of listed securities	-	171,367	-	171,367
Loans and receivables:				
- Unlisted	1,214,273	-	-	1,214,273
Fair value of securities	1,212,747	-	-	1,212,747
Total debt securities	30,339,583	49,658,769	26,834,193	106,832,545

19 INVESTMENTS IN DEBT AND EQUITY SECURITIES *(Continued)*

(a) The Group *(Continued)*

The held-to-maturity debt securities include an amount of $1,364,425,000 (31 December 2012: $681,051,000) which will mature within one year. None of the securities are past due or impaired.

The fair value of the unlisted debt securities classified as held-to-maturity and available-for-sale were mainly determined by generally accepted pricing models including discounted cash flow technique.

The debt securities classified as loans and receivables will mature from 2014 to 2023 (31 December 2012: 2013 to 2016) and bear interest ranging from 4% to 7% (31 December 2012: 4% to 6%) per annum. The fair value of the unlisted debt securities classified as loans and receivables are determined with reference to the estimated cashflows discounted using current market interest rates as at the end of the reporting period.

	31 December 2013 *$'000*	31 December 2012 *(Restated)* *$'000*	1 January 2012 *(Restated)* *$'000*
(ii) Equity securities			
Available-for-sale:			
- Listed in Hong Kong	**799,225**	308,281	1,048,366
- Listed outside Hong Kong	**5,175,875**	4,963,157	5,080,199
- Unlisted, at cost	**5,173,678**	2,547,591	2,548,284
- Unlisted, at fair value	**3,402**	52,838	3,432
	11,152,180	7,871,867	8,680,281
Fair value of securities	**5,978,502**	5,324,276	6,131,997
Market value of listed securities	**5,975,100**	5,271,438	6,128,565
Held-for-trading:			
- Listed in Hong Kong	**38,874**	37,998	81,567
- Listed outside Hong Kong	**-**	-	4,752
	38,874	37,998	86,319
Fair value of securities	**38,874**	37,998	86,319
Market value of listed securities	**38,874**	37,998	86,319
Total equity securities	**11,191,054**	7,909,865	8,766,600

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

19 INVESTMENTS IN DEBT AND EQUITY SECURITIES *(Continued)*

(a) The Group *(Continued)*

	31 December 2013 *$'000*	31 December 2012 *(Restated)* *$'000*	1 January 2012 *(Restated)* *$'000*
(iii) Investment funds			
Available-for-sale:			
- Listed in Hong Kong	**95,826**	22,307	-
- Listed outside Hong Kong	**2,589,545**	3,412,890	3,155,453
- Unlisted, at cost	**1,033**	996	2,106
- Unlisted, at fair value	**4,060,486**	4,991,136	2,465,021
	6,746,890	8,427,329	5,622,580
Fair value of investment funds	**6,745,857**	8,426,333	5,620,474
Market value of listed investment funds	**2,685,371**	3,435,197	3,155,453
Held-for-trading:			
- Listed outside Hong Kong	**21,618**	19,194	23,693
- Unlisted	**588,635**	928,855	28,275
	610,253	948,049	51,968
Fair value of investment funds	**610,253**	948,049	51,968
Market value of listed investment funds	**21,618**	19,194	23,693
Loans and receivables:			
- Unlisted	**624,106**	-	-
Fair value of investment funds	**625,404**	-	-
Total investment funds	**7,981,249**	9,375,378	5,674,548

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

	31 December 2013 *$'000*	31 December 2012 *(Restated)* *$'000*	1 January 2012 *(Restated)* *$'000*
(iv) Debt schemes			
Loans and receivables:			
- Unlisted	**30,728,096**	20,611,641	9,596,426
Fair value of securities	**29,558,437**	19,480,985	9,034,893

19 INVESTMENTS IN DEBT AND EQUITY SECURITIES *(Continued)*

(a) The Group *(Continued)*

The debt schemes relate to finance provided to PRC government related entities for infrastructure and property development projects in the PRC. The debt schemes will mature from 2014 to 2025 (31 December 2012: 2015 to 2021) and bear interest ranging from 5% to 8% (31 December 2012: 5% to 7%) per annum. These debt schemes are guaranteed by large state-owned banks and government agencies unconditionally and irrevocably. The fair value of the debt schemes is determined with reference to the estimated cashflows discounted using current market interest rates as at the end of the reporting period.

Analysed for reporting purposes as:

	31 December 2013 *$'000*	31 December 2012 *(Restated)* *$'000*	1 January 2012 *(Restated)* *$'000*
Held-to-maturity			
- Current	**1,364,425**	681,051	274,610
- Non-current	**102,287,815**	91,458,263	83,201,206
Available-for-sale			
- Current	**1,640,861**	1,884,137	651,774
- Non-current	**54,580,718**	42,050,562	35,497,348
Held-for trading			
- Current	**731,609**	1,049,150	235,721
Designated at fair value through profit or loss			
- Current	**212,964**	800,224	198,761
Loans and receivables			
- Current	**1,319,642**	647,467	60,484
- Non-current	**34,077,867**	21,487,730	10,750,215
	196,215,901	160,058,584	130,870,119

The following table shows an analysis of investments in debt and equity securities recorded at fair value by level of the fair value hierarchy, in which the fair value measurements are categorized based on the degree to which the inputs to the fair value measurements are observable:

Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities. This level includes listed equity securities and debt instruments on exchanges.

Level 2 – Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices). This level includes the debt instruments traded in the inter-bank market. The sources of input parameters like yield curve or counterparty credit risk are observed from China Bond and Bloomberg.

Level 3 – Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

19 INVESTMENTS IN DEBT AND EQUITY SECURITIES *(Continued)*

(a) The Group *(Continued)*

	Level 1 *$'000*	Level 2 *$'000*	Level 3 *$'000*	Total *$'000*
At 31 December 2013				
Available-for-sale	**28,748,384**	**22,298,484**	**-**	**51,046,868**
Held-for-trading	**681,409**	**50,200**	**-**	**731,609**
Designated at fair value through profit or loss	**212,964**	**-**	**-**	**212,964**
At 31 December 2012 *(Restated)*				
Available-for-sale	25,103,581	16,282,531	-	41,386,112
Held-for-trading	1,001,627	47,523	-	1,049,150
Designated at fair value through profit or loss	245,252	554,972	-	800,224
At 1 January 2012 *(Restated)*				
Available-for-sale	22,629,157	10,969,575	-	33,598,732
Held-for-trading	180,213	55,508	-	235,721
Designated at fair value through profit or loss	198,761	-	-	198,761

The Group uses valuation techniques to determine the fair value of investment in debt and equity securities when it is unable to obtain the open market quotation in active markets.

The valuation techniques used by the Group include the discounted cash flow model for debt securities. The main parameters used in discounted cash flow model include bond prices, interest rates, foreign exchange rates, prepayment rates, counterparty credit spreads and others. As those parameters used in valuation techniques for financial instruments held by the Group are all observable and obtainable from active open market, the instruments are classified as level 2.

For the years ended 31 December 2012 and 2013, there were no transfers between level 1 and level 2 of the fair value hierarchy.

19 INVESTMENTS IN DEBT AND EQUITY SECURITIES *(Continued)*

(b) The Company

	31 December 2013 **$'000**	31 December 2012 *$'000*
Debt securities *(Note (i))*	**336,739**	317,433
Equity securities *(Note (ii))*	**-**	37,341
Investment funds *(Note (iii))*	**22,465**	21,161
	359,204	375,935
(i) Debt securities		
Available-for-sale		
- Listed in Hong Kong	**90,664**	15,596
- Listed outside Hong Kong	**246,075**	301,837
	336,739	317,433
Fair value of securities	**336,739**	317,433
Market value of listed securities	**336,739**	317,433
(ii) Equity securities		
Available-for-sale		
- Listed in Hong Kong	**-**	-
- Listed outside Hong Kong	**-**	37,341
	-	37,341
Fair value of securities	**-**	37,341
Market value of listed securities	**-**	37,341
(iii) Investment funds		
Available-for-sale		
- Unlisted	**22,465**	21,161
Fair value of investment funds	**22,465**	21,161

19 INVESTMENTS IN DEBT AND EQUITY SECURITIES *(Continued)*

(b) The Company *(Continued)*

Analysed for reporting purposes as:

	31 December 2013 ***$'000***	31 December 2012 *$'000*
Available-for-sale		
- Current	**-**	37,341
- Non-current	**359,204**	338,594
	359,204	375,935

The following table shows an analysis of investment in debt and equity securities recorded at fair value by level of the fair value hierarchy:

	Level 1 ***$'000***	**Level 2** ***$'000***	**Level 3** ***$'000***	**Total** ***$'000***
At 31 December 2013				
Available-for-sale	**336,739**	**22,465**	**-**	**359,204**
At 31 December 2012				
Available-for-sale	354,774	21,161	-	375,935

20 AMOUNTS DUE FROM/(TO) GROUP COMPANIES

(a) Due from group companies

	The Group			The Company		
	31 December 2013	31 December 2012 *(Restated)*	1 January 2012 *(Restated)*	**31 December 2013**	31 December 2012	1 January 2012
	$'000	*$'000*	*$'000*	***$'000***	*$'000*	*$'000*
Amount due from the ultimate holding company	**723**	-	6,656	**140**	-	-
Amount due from the immediate holding company	**28,492**	2,962,604	2,352,495	**26,885**	-	-
Amounts due from fellow subsidiaries	**15,592**	3,014	467,406		-	-
Amounts due from subsidiaries	**-**	-	-	**4,751,091**	4,058,820	3,744,348
	44,807	2,965,618	2,826,557	**4,778,116**	4,058,820	3,744,348

Included in the amounts due from subsidiaries, is the amount due from Share China Assets Limited ("SCA") of $4,042,012,000 (31 December 2012: $3,537,328,000). SCA is a wholly owned subsidiary of the Company and is a special purpose vehicle of the Company to hold the 100% equity interest of MAH. The above amount due from SCA to the Company is expected to be settled upon the possible realignment of ownership structure of SCA.

As at 31 December 2012 (restated), included in amount due from the immediate holding company of $2,936,261,000, which are unsecured, repayable after more than one year and bear variable interest at rates ranging from 1.08% to 2.67% per annum. This portion forms part of the target assets of the Acquisition and has been transferred from immediate holding company to the Company and eliminated in consolidation during 2013.

As at 31 December 2013, an amount of $143,731,000 (2012: nil) included in amounts due from subsidiaries, which are unsecured, repayable within one year and bear fixed interest rate at 4% per annum.

(b) Due to group companies

	The Group			The Company		
	31 December 2013	31 December 2012 *(Restated)*	1 January 2012 *(Restated)*	**31 December 2013**	31 December 2012	1 January 2012
	$'000	*$'000*	*$'000*	***$'000***	*$'000*	*$'000*
Amount due to the ultimate holding company	**93,031**	4,853	22,870	**-**	-	39
Amount due to the immediate holding company	**1,630**	423,686	461,035	**438**	-	-
Amounts due to fellow subsidiaries	**21,162**	18,102	410,473	**-**	50	-
Amounts due to subsidiaries	**-**	-	-	**10,976,660**	3,031,369	721,681
	115,823	446,641	894,378	**10,977,098**	3,031,419	721,720

20 AMOUNTS DUE FROM/(TO) GROUP COMPANIES *(Continued)*

(b) Due to group companies *(Continued)*

Included in amounts due to subsidiaries are loans from subsidiaries which are unsecured, bear effective interest ranging from 1.51% to 6% (2012: 1.6% to 4.125%) and are repayable as follows:

	The Company	
	31 December 2013	31 December 2012
	$'000	*$'000*
Within 1 year	**852,627**	-
After 1 year but within 5 years	**10,136,247**	3,016,201
	10,988,874	3,016,201

Other amounts due from/(to) group companies are unsecured, interest free and repayable on demand.

(c) Shareholders' loan

During the year, the Company obtained loans of US$250 million and US$320 million from the immediate holding company, TPG(HK). The loans bear fixed interest at a rate of 6.03% and are repayable within 15 years and 10 years, respectively.

21 INSURANCE DEBTORS

		The Group	
	31 December 2013	31 December 2012 *(Restated)*	1 January 2012 *(Restated)*
	$'000	*$'000*	*$'000*
Amounts due from insurance customers	**2,970,787**	2,623,865	2,064,359
Less: allowance for impaired debts *(Note (b))*	**(98,779)**	(119,819)	(120,267)
	2,872,008	2,504,046	1,944,092
Deposits retained by cedants	**108,679**	122,986	107,948
	2,980,687	2,627,032	2,052,040

Included in the amounts of insurance debtors is $2,978,529,000 (2012 as restated: $2,578,862,000), which is expected to be recovered within one year.

Amounts due from insurance customers include amounts due from fellow subsidiaries of $9,002,000 (31 December 2012 as restated: $8,997,000) which are insurance related in nature.

21 INSURANCE DEBTORS *(Continued)*

(a) Ageing analysis

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

	The Group		
	31 December 2013	31 December 2012 *(Restated)*	1 January 2012 *(Restated)*
	$'000	*$'000*	*$'000*
Neither past due nor impaired			
- Uninvoiced	**660,315**	562,460	454,492
- Current	**1,592,550**	1,415,846	1,188,040
Past due but not impaired			
- Less than 3 months	**294,831**	336,172	241,127
- More than 3 months but less than 12 months	**285,020**	185,433	57,763
- More than 12 months	**39,292**	4,135	2,670
Past due and impaired	**98,779**	119,819	120,267
	2,970,787	2,623,865	2,064,359

Amounts due from insurance customers that were neither past due nor impaired relate to a wide range of customers for whom there was no recent history of default.

Amounts due from insurance customers that were past due but not impaired relate to a number of independent policyholders and reinsurers that have a good track record with the Group. Based on past experience, management believes that no impairment allowance is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable. The Group does not hold any collateral over these balances.

The amount of impaired debts is $98,779,000 (31 December 2012: $119,819,000). Various actions have been taken to recover the debts, but these debts have not been recovered and hence impairment is provided.

(b) Movement in the allowance for impaired debts

	The Group	
	2013	2012
	$'000	*$'000*
At 1 January	**119,819**	120,267
Addition/(Reversal) of impairment losses	**5,470**	(397)
Exchange difference	**2,590**	(51)
Uncollectible amounts written off	**(29,100)**	-
At 31 December	**98,779**	119,819

22 REINSURERS' SHARE OF INSURANCE CONTRACT PROVISIONS

The reinsurers' share of insurance contract provisions represents the reinsurers' share of life insurance contract liabilities, unearned premium provisions and provision for outstanding claims arising from the life insurance, property and casualty insurance and reinsurance businesses.

	The Group		
	31 December 2013	31 December 2012 *(Restated)*	1 January 2012 *(Restated)*
	$'000	*$'000*	*$'000*
Life insurance contract liabilities *(Note 27)*	**(314,562)**	(97,131)	36,126
Unearned premium provisions *(Note 28)*	**1,097,134**	993,236	634,115
Provision for outstanding claims *(Note 29)*	**2,030,673**	1,779,416	1,827,406
	2,813,245	2,675,521	2,497,647

23 OTHER DEBTORS

	The Group			The Company		
	31 December 2013	31 December 2012 *(Restated)*	1 January 2012 *(Restated)*	**31 December 2013**	31 December 2012	1 January 2012
	$'000	*$'000*	*$'000*	***$'000***	*$'000*	*$'000*
Other debtors and deposits	**7,696,879**	5,884,273	3,793,771	**20,949**	5,660	5,961
Interest receivable from interest-bearing financial assets	**4,231,906**	3,187,120	2,395,064	**4,710**	4,487	3,332
Deposits for the purchase of property	**996,934**	341,035	13,138	**-**	-	-
Tax certificate paid to Hong Kong Inland Revenue Department	**65,692**	54,957	52,902	**-**	-	-
Business tax prepaid	**1,066,150**	435,054	174,598	**-**	-	-
Rental and utility deposits	**126,612**	80,332	71,145	**2,435**	191	191
Prepayments	**273,120**	134,026	61,578	**7,563**	327	10
Others	**936,465**	1,651,749	1,025,346	**6,241**	655	2,428
Less: allowance for impaired debts *(Note (a))*	**(30,275)**	(30,539)	(29,498)	**-**	-	-
	7,666,604	5,853,734	3,764,273	**20,949**	5,660	5,961
Loans and advances *(Note (b))*	**9,973,330**	2,567,715	1,548,858	**-**	-	-
	17,639,934	8,421,449	5,313,131	**20,949**	5,660	5,961

23 OTHER DEBTORS

(a) Movement in the allowance for impaired debts:

	The Group	
	2013	2012 *(Restated)*
	$'000	*$'000*
At 1 January	**30,539**	29,498
Impairment losses recognized	**612**	331
Impairment losses written off	**(1,615)**	-
Exchange difference	**739**	710
At 31 December	**30,275**	30,539

The amount of impaired debts is $30,275,000 (31 December 2012 as restated: $30,539,000). We have taken various actions to recover the debts, but these debts have not yet been recovered.

(b) Loans and advances are repayable with the following terms:

	31 December 2013 ***$'000***	31 December 2012 *$'000*	1 January 2012 *$'000*	Interest rate	Repayment Term
Secured loans:					
- to policyholders	**9,973,330**	2,567,715	1,548,858	6.4%	Less than 6 months

There was no amount due but unpaid, nor any impairment made against the principal amount or interest on these loans as of 1 January 2012, 31 December 2012 and 2013.

24 PLEDGED DEPOSITS AT BANKS

The deposits at banks of $337,169,000 (31 December 2012 as restated: $288,586,000) are pledged to banks to secure letters of credit issued by the bank on behalf of the Group. All the pledged deposits at banks are expected to be settled within one year.

25 STATUTORY DEPOSITS

Certain subsidiaries of the Group have placed $4,672,016,000 (31 December 2012: $2,434,475,000) 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.

In addition, a subsidiary of the Group has pledged a deposit of $57,933,000 (31 December 2012: $70,347,000) registered in favour of the Monetary Authority of Singapore pursuant to section 14A of the Singapore Insurance Act.

Furthermore, a subsidiary of the Group has deposited a sum of $1,683,000 (31 December 2012 as restated: $1,683,000) 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 31 December 2013 is 0.12% (2012: 0.10%).

26 CASH AND BANK BALANCES

	The Group			**The Company**		
	31 December 2013	31 December 2012	1 January 2012	**31 December 2013**	31 December 2012	1 January 2012
		(Restated)	*(Restated)*			
	$'000	*$'000*	*$'000*	***$'000***	*$'000*	*$'000*
Deposits with banks and other financial institutions with original maturity less than three months	**11,251,901**	9,564,028	9,229,366	**941,540**	1,874,309	627,920
Money market fund	**315**	316	1,318	**-**	-	-
Cash at bank and in hand	**16,359,770**	8,459,229	9,185,623	**10,205**	63,561	9,258
Cash and cash equivalents	**27,611,986**	18,023,573	18,416,307	**951,745**	1,937,870	637,178
Restricted deposits *(Note 17A)*	**2,391,153**	-	-	**-**	-	-
Cash and bank balances in the consolidated statement of financial position	**30,003,139**	18,023,573	18,416,307	**951,745**	1,937,870	637,178

27 LIFE INSURANCE CONTRACT LIABILITIES

	2013			2012 *(Restated)*		
		Reinsurers'			Reinsurers'	
	Gross	**share**	**Net**	Gross	share	Net
	$'000	***$'000***	***$'000***	*$'000*	*$'000*	*$'000*
Balance as at 1 January	**121,422,778**	**97,131**	**121,519,909**	91,195,983	(36,126)	91,159,857
Premiums written during the year	**64,125,225**	**(138,937)**	**63,986,288**	44,064,949	(60,619)	44,004,330
Surrenders	**(6,375,770)**	**-**	**(6,375,770)**	(3,921,850)	-	(3,921,850)
Annuity, dividend and maturity payments	**(4,649,530)**	**-**	**(4,649,530)**	(3,135,904)	-	(3,135,904)
Other movements	**(6,868,485)**	**349,934**	**(6,518,551)**	(6,865,658)	193,418	(6,672,240)
Exchange alignment	**4,545,459**	**6,434**	**4,551,893**	85,258	458	85,716
Balance as at 31 December	**172,199,677**	**314,562**	**172,514,239**	121,422,778	97,131	121,519,909

Key assumptions used in estimating the life insurance contract liabilities

The insurance contract provisions have been established based upon the following key assumptions:

- Discount rates which vary by the type of contract;
- Mortality/morbidity rates based on the China Life Insurance Mortality Table (2000-2003); and
- Lapse rates based on pricing assumptions, with reference to management's expectation upon assessment of the actual experience.

Sensitivities of changes in key assumptions:

	Impact on profit after tax and total equity *HK$' million*
31 December 2013	
1% increase in interest rate	**3,979.26**
10% decrease in mortality/morbidity rate	**722.12**
31 December 2012	
1% increase in interest rate	2,942.61
10% decrease in mortality/morbidity rate	472.96

During the year, there were no significant changes in the key assumptions used in estimating the life insurance contract liabilities.

28 UNEARNED PREMIUM PROVISIONS

	31 December 2013			31 December 2012 *(Restated)*			1 January 2012 *(Restated)*		
	Gross	**Reinsurers' share**	**Net**	Gross	Reinsurers' share	Net	Gross	Reinsurers' share	Net
	$'000	***$'000***	***$'000***	*$'000*	*$'000*	*$'000*	*$'000*	*$'000*	*$'000*
Life insurance *(Note (i))*	**320,561**	**(73,715)**	**246,846**	256,742	(57,830)	198,912	308,986	(89,457)	219,529
Property and casualty insurance *(Note (ii))*	**6,159,442**	**(862,097)**	**5,297,345**	4,659,795	(785,482)	3,874,313	3,255,764	(400,596)	2,855,168
Reinsurance *(Note (iii))*	**1,110,205**	**(50,676)**	**1,059,529**	973,829	(39,605)	934,224	946,119	(90,633)	855,486
Other businesses *(Note (iv))*	**421,207**	**(110,646)**	**310,561**	325,707	(110,319)	215,388	216,755	(53,429)	163,326
	8,011,415	**(1,097,134)**	**6,914,281**	6,216,073	(993,236)	5,222,837	4,727,624	(634,115)	4,093,509

Notes:

(i) Analysis of movement in the unearned premium provisions for the life insurance business:

	2013			2012 *(Restated)*		
	Gross	**Reinsurers' share**	**Net**	Gross	Reinsurers' share	Net
	$'000	***$'000***	***$'000***	*$'000*	*$'000*	*$'000*
Balance as at 1 January	**256,742**	**(57,830)**	**198,912**	308,986	(89,457)	219,529
Premiums written during the year	**1,003,460**	**(167,820)**	**835,640**	813,967	(132,778)	681,189
Premiums earned during the year	**(948,564)**	**153,970**	**(794,594)**	(865,976)	164,282	(701,694)
Exchange alignment	**8,923**	**(2,035)**	**6,888**	(235)	123	(112)
Balance as at 31 December	**320,561**	**(73,715)**	**246,846**	256,742	(57,830)	198,912

(ii) Analysis of movement in the unearned premium provisions for the property and casualty insurance business:

	2013			2012 *(Restated)*		
	Gross	**Reinsurers' share**	**Net**	Gross	Reinsurers' share	Net
	$'000	***$'000***	***$'000***	*$'000*	*$'000*	*$'000*
Balance as at 1 January	**4,659,795**	**(785,482)**	**3,874,313**	3,225,764	(400,596)	2,855,168
Premiums written during the year	**15,223,212**	**(2,123,248)**	**13,099,964**	10,995,895	(1,634,223)	9,361,672
Premiums earned during the year	**(13,870,408)**	**2,067,580**	**(11,802,828)**	(9,593,953)	1,250,030	(8,343,923)
Exchange alignment	**146,843**	**(20,947)**	**125,896**	2,089	(693)	1,396
Balance as at 31 December	**6,159,442**	**(862,097)**	**5,297,345**	4,659,795	(785,482)	3,874,313

(iii) Analysis of movement in the unearned premium provisions for the reinsurance business:

	2013			2012 *(Restated)*		
	Gross	**Reinsurers' share**	**Net**	Gross	Reinsurers' share	Net
	$'000	***$'000***	***$'000***	*$'000*	*$'000*	*$'000*
Balance as at 1 January	**973,829**	**(39,605)**	**934,224**	946,119	(90,633)	855,486
Premiums written during the year	**3,737,473**	**(347,496)**	**3,389,977**	3,435,304	(362,065)	3,073,239
Premiums earned during the year	**(3,617,547)**	**337,265**	**(3,280,282)**	(3,407,594)	413,093	(2,994,501)
Exchange alignment	**16,450**	**(840)**	**15,610**	-	-	-
Balance as at 31 December	**1,110,205**	**(50,676)**	**1,059,529**	973,829	(39,605)	934,224

28 UNEARNED PREMIUM PROVISIONS *(Continued)*

(iv) Analysis of movement in the unearned premium provisions for other business:

	2013			2012 *(Restated)*		
		Reinsurers'			Reinsurers'	
	Gross	**share**	**Net**	Gross	share	Net
	$'000	***$'000***	***$'000***	*$'000*	*$'000*	*$'000*
Balance as at 1 January	**325,707**	**(110,319)**	**215,388**	216,755	(53,429)	163,326
Premiums written during the year	**1,374,778**	**(313,161)**	**1,061,617**	1,010,079	(295,207)	714,872
Premiums earned during the year	**(1,290,826)**	**316,240**	**(974,586)**	(901,456)	238,500	(662,956)
Exchange alignment	**11,548**	**(3,406)**	**8,142**	329	(183)	146
Balance as at 31 December	**421,207**	**(110,646)**	**310,561**	325,707	(110,319)	215,388

29 PROVISION FOR OUTSTANDING CLAIMS

	31 December 2013			31 December 2012 *(Restated)*			1 January 2012 *(Restated)*		
		Reinsurers'			Reinsurers'			Reinsurers'	
	Gross	**share**	**Net**	Gross	share	Net	Gross	share	Net
	$'000	***$'000***	***$'000***	*$'000*	*$'000*	*$'000*	*$'000*	*$'000*	*$'000*
Life insurance *(Note (i))*	**86,819**	**(11,909)**	**74,910**	109,850	(24,689)	85,161	227,012	(43,189)	183,823
Property and casualty insurance *(Note (ii))*	**6,328,424**	**(1,466,885)**	**4,861,539**	5,403,620	(1,327,803)	4,075,817	4,860,273	(1,108,192)	3,752,081
Reinsurance *(Note (iii))*	**4,678,002**	**(464,114)**	**4,213,888**	4,559,241	(370,843)	4,188,398	4,286,130	(662,737)	3,623,393
Other businesses *(Note (iv))*	**365,924**	**(87,765)**	**278,159**	244,240	(56,081)	188,159	71,718	(13,288)	58,430
	11,459,169	**(2,030,673)**	**9,428,496**	10,316,951	(1,779,416)	8,537,535	9,445,133	(1,827,406)	7,617,727

Notes:

(i) Analysis of movement in the provision for outstanding claims for the life insurance business:

	2013			2012 *(Restated)*		
		Reinsurers'			Reinsurers'	
	Gross	**share**	**Net**	Gross	share	Net
	$'000	***$'000***	***$'000***	*$'000*	*$'000*	*$'000*
Balance as at 1 January	**109,850**	**(24,689)**	**85,161**	227,012	(43,189)	183,823
Claims paid during the year	**(898,608)**	**156,222**	**(742,386)**	(812,307)	150,829	(661,478)
Claims incurred during the year	**872,556**	**(142,883)**	**729,673**	695,583	(132,401)	563,182
Exchange alignment	**3,021**	**(559)**	**2,462**	(438)	72	(366)
Balance as at 31 December	**86,819**	**(11,909)**	**74,910**	109,850	(24,689)	85,161

29 PROVISION FOR OUTSTANDING CLAIMS *(Continued)*

(ii) Analysis of movement in the provision for outstanding claims for the property and casualty insurance business:

	2013			2012 *(Restated)*		
	Gross	**Reinsurers' share**	**Net**	Gross	Reinsurers' share	Net
	$'000	***$'000***	***$'000***	*$'000*	*$'000*	*$'000*
Balance as at 1 January	**5,403,620**	**(1,327,803)**	**4,075,817**	4,860,273	(1,108,192)	3,752,081
Claims paid during the year	**(6,634,852)**	**1,011,691**	**(5,623,161)**	(4,621,546)	640,588	(3,980,958)
Claims incurred during the year	**7,447,223**	**(1,129,941)**	**6,317,282**	5,167,356	(860,609)	4,306,747
Exchange alignment	**112,433**	**(20,832)**	**91,601**	(2,463)	410	(2,053)
Balance as at 31 December	**6,328,424**	**(1,466,885)**	**4,861,539**	5,403,620	(1,327,803)	4,075,817

(iii) Analysis of movement in the provision for outstanding claims for the reinsurance business:

	2013			2012 *(Restated)*		
	Gross	**Reinsurers' share**	**Net**	Gross	Reinsurers' share	Net
	$'000	***$'000***	***$'000***	*$'000*	*$'000*	*$'000*
Balance as at 1 January	**4,559,241**	**(370,843)**	**4,188,398**	4,286,130	(662,737)	3,623,393
Claims paid during the year	**(2,242,743)**	**162,138**	**(2,080,605)**	(2,140,751)	414,239	(1,726,512)
Claims incurred during the year	**2,322,132**	**(251,433)**	**2,070,699**	2,413,862	(122,345)	2,291,517
Exchange alignment	**39,372**	**(3,976)**	**35,396**	-	-	-
Balance as at 31 December	**4,678,002**	**(464,114)**	**4,213,888**	4,559,241	(370,843)	4,188,398

(iv) Analysis of movement in the provision for outstanding claims for other businesses:

	2013			2012 *(Restated)*		
	Gross	**Reinsurers' share**	**Net**	Gross	Reinsurers' share	Net
	$'000	***$'000***	***$'000***	*$'000*	*$'000*	*$'000*
Balance as at 1 January	**244,240**	**(56,081)**	**188,159**	71,718	(13,288)	58,430
Claims paid during the year	**(522,861)**	**191,463**	**(331,398)**	(373,548)	137,936	(235,612)
Claims incurred during the year	**635,092**	**(220,917)**	**414,175**	545,501	(180,587)	364,914
Exchange alignment	**9,453**	**(2,230)**	**7,223**	569	(142)	427
Balance as at 31 December	**365,924**	**(87,765)**	**278,159**	244,240	(56,081)	188,159

30 INVESTMENT CONTRACT LIABILITIES

(a) Unit-linked products

	The Group 2013 $'000	2012 $'000
Balance as at 1 January	**3,141,049**	3,729,117
Premiums received during the year	**66,772**	118,955
Investment gain/(loss) allocated to investment contracts	**431,292**	(18,628)
Surrenders and others	**(952,139)**	(685,714)
Exchange alignment	**91,064**	(2,681)
Balance as at 31 December	**2,778,038**	3,141,049

The following table shows an analysis of investment contract liabilities in respect of unit-linked products recorded at fair value by level of the fair value hierarchy.

	Level 1 *$'000*	Level 2 *$'000*	Level 3 *$'000*	Total *$'000*
At 31 December 2013	**2,587,973**	**190,065**	**-**	**2,778,038**

Fair value is determined based on quoted market prices for identical or similar instruments. When quoted market prices are not available, fair value is determined from observable market data by dealers that are typically the market makers.

(b) Universal life and other products

	The Group 2013 $'000	2012 $'000
Balance as at 1 January	**22,840,677**	27,639,373
Premiums received during the year	**602,216**	777,449
Interest allocated to investment contracts, net of management fee	**659,192**	857,794
Surrenders and others	**(8,371,098)**	(6,412,576)
Exchange alignment	**600,982**	(21,363)
Balance as at 31 December	**16,331,969**	22,840,677

31 This notes will be disclosed in annual report

32 INTEREST-BEARING NOTES

	The Group	
	31 December 2013	31 December 2012
	$'000	*$'000*
USD notes due 2013 *(Note (a))*	**-**	1,355,423
RMB subordinated notes due 2013 *(Note (b))*	**-**	1,849,905
RMB subordinated notes due 2018 *(Note (c))*	**-**	2,528,204
RMB subordinated notes due 2019 *(Note (d))*	**381,567**	369,981
RMB subordinated notes due 2020 *(Note (e))*	**4,705,993**	4,563,099
RMB subordinated notes due 2021 (*Note (f))*	**381,567**	369,981
USD notes due 2022 *(Note (g))*	**2,256,104**	2,298,143
RMB subordinated notes due 2023 *(Note (h))*	**254,378**	-
USD notes due 2028 *(Note (i))*	**2,317,656**	-
	10,297,265	13,334,736
Fair value of interest-bearing notes *(Note (j))*	**9,504,737**	12,701,248

Notes:

(a) On 12 November 2003, a subsidiary of the Group issued 5.8% notes for the principal amount of USD175,000,000 at a discount. The notes are listed on the Singapore Exchange Securities Trading Limited and will be redeemed on 12 November 2013 at their principal amount. Interest on the notes is payable semi-annually in arrears. The effective interest rate applied to the notes is 5.9%.

The notes may be redeemed by the subsidiary, at its option, at any time at par plus accrued interest, in the event of certain tax changes as described under "Conditions of the Notes - Redemption and Purchase" in the offering circular dated 3 November 2003.

The notes issued are unconditionally and irrevocably guaranteed by the Company.

During the year, the notes had been redeemed at maturity at their principal amount.

(b) On 23 October 2005, TPL, a subsidiary of the Group issued 4.45% subordinated notes at par for the principal amount of RMB1,500,000,000. The notes will be redeemed on 30 November 2013 at par value and cannot be repaid on demand before then. Interest on the notes is payable annually in arrears.

The notes issued are free of any collateral and guarantee.

During the year, the notes had been redeemed at maturity at par value.

32 INTEREST-BEARING NOTES *(Continued)*

(c) During September and December 2008, TPL and TPI, subsidiaries of the Group issued 6.3% subordinated notes at par for the principal amount of RMB1,350,000,000 and RMB700,000,000, respectively. The notes will mature during September and October 2018 but the notes can be redeemed at the fifth anniversary year of the issue date at par value at the discretion of TPL and TPI. Interest on the notes is payable annually in arrears.

The notes issued by TPL are free of any collateral and guarantee. The notes issued by TPI are free of any collateral but are unconditionally and irrevocably guaranteed by TPG.

The notes had been early redeemed at par value during the year.

(d) On 16 March 2009, TPL, a subsidiary of the Group issued 5.6% subordinated notes at par for the principal amount of RMB300,000,000. The notes will mature during March 2019 but the notes can be redeemed at the fifth anniversary year of the issue date at par value at the discretion of TPL. Interest on the notes is payable annually in arrears.

The notes issued are free of any collateral and guarantee.

(e) On 28 October 2010, TPL, a subsidiary of the Group issued 4.8% subordinated notes at par for the principal amount of RMB3,700,000,000. The notes will mature during October 2020 but the notes can be redeemed at the fifth anniversary year of the issue date at par value at the discretion of TPL. Interest on the notes is payable annually in arrears.

The notes issued are free of any collateral and guarantee.

(f) On 23 February 2011, TPL, a subsidiary of the Group issued 4.8% subordinated notes at par for the principal amount of RMB300,000,000. The notes will mature during February 2021 but the notes can be redeemed at the fifth anniversary year of the issue date at par value at the discretion of TPL. Interest on the notes is payable annually in arrears.

The notes issued are free of any collateral and guarantee.

(g) On 22 November 2012, a subsidiary of the Group issued 4.125% notes for the principal amount of USD300,000,000 at a discount of 0.728%. The notes are listed on The Stock Exchange of Hong Kong Limited and will mature on 21 November 2022 but the notes can be redeemed at anytime at par plus accrued interest and premium at the discretion of the subsidiary. Interest on the notes is payable semi-annually in arrears. The directors considered that the fair value of redemption option of notes issued is insignificant and not recognised in the financial statements.

The notes may be redeemed by the subsidiary, at its option, at any time at par plus accrued interest, in the event of certain tax changes as described under “Conditions of the Notes - Redemption and Purchase” in the offering circular dated 14 November 2012.

The notes issued are unconditionally and irrevocably guaranteed by the Company.

32 INTEREST-BEARING NOTES *(Continued)*

(h) On 26 December 2013, TPI, a subsidiary of the Group issued 6.3% subordinated notes at par for the principal amount of RMB200,000,000. The notes will mature in December 2023 but the notes can be redeemed at the fifth anniversary year of the issue date at par value at the discretion of TPI. Interest on the notes is payable annually in arrears.

The notes issued are free of any collateral and guarantee.

(i) On 2 October 2013, a subsidiary of the Group issued 6% notes for the principal amount of USD300,000,000 at par. The notes will mature on 2 October 2028. Interest on the notes is payable semi-annually in arrears.

The notes issued are unconditionally and irrevocably guaranteed by the Company.

(j) Fair value is determined based on quoted market prices for identical or similar instruments. When quoted market prices are not available, fair value is determined from observable market data by dealers that are typically the market makers. The fair value is categorized in Level 2 of the fair value hierarchy.

The following subsidiary had issued interest-bearing notes, some of which are held by the Group as at 31 December 2013:

	Held by Group *$'000*	Held by third parties *$'000*	Total *$'000*
China Taiping Capital Limited	45,171	2,210,933	2,256,104

33 INSURANCE CREDITORS

	The Group		
	31 December 2013	31 December 2012 *(Restated)*	1 January 2012 *(Restated)*
	$'000	*$'000*	*$'000*
Amounts due to insurance customers	**688,332**	946,488	762,421
Amounts due to insurance intermediaries	**1,037,049**	744,397	395,106
Deposits retained from retrocessionaires	**216,820**	235,578	169,246
Prepaid premiums received	**3,282,922**	2,429,996	1,564,913
	5,225,123	4,356,459	2,891,686

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

The amounts due to insurance customers include amounts due to fellow subsidiaries of $1,892,000 (31 December 2012 as restated: $1,387,000) which are insurance related in nature.

33 INSURANCE CREDITORS *(Continued)*

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

	The Group		
	31 December 2013	31 December 2012 *(Restated)*	1 January 2012 *(Restated)*
	$'000	*$'000*	*$'000*
Current	**606,316**	807,482	730,689
More than 3 months but less than 12 months	**62,820**	120,976	21,719
More than 12 months	**19,196**	18,030	10,013
	688,332	946,488	762,421

34 OTHER PAYABLES AND ACCRUALS

All of the other payables and accruals are expected to be settled within one year.

35 INSURANCE PROTECTION FUND

The amount represents the amount payable to the insurance protection fund at end of the reporting period. According to the CIRC's Order (2008) No. 2 "Administration rule on insurance protection fund", the insurance protection fund is calculated on the basis of 0.8% of retained premium for accident and short-term health policies, 0.15% of retained premium for long-term life and long-term health policies with guaranteed interest, and 0.05% of retained premium for long-term life policies without guaranteed interest. The ceiling of the fund for a life insurance company is 1% of its total assets and for a property and casualty insurance company is 6% of its total assets.

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

The Group entered into transactions whereby 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 recognize 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 as at 31 December 2013 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 consolidated statement of financial position.

	31 December 2013		
	Held-to-maturity securities	**Available-for-sale securities**	**Total**
	$'000	***$'000***	***$'000***
Carrying amount of transferred assets	**32,765,318**	**18,960,746**	**51,726,064**
Carrying amount of associated liabilities - securities sold under repurchase agreements	**27,177,480**	**14,033,853**	**41,211,333**
Net position	**5,587,838**	**4,926,893**	**10,514,731**

36 SECURITIES PURCHASED UNDER RESALE AGREEMENTS/ SECURITIES SOLD UNDER REPURCHASE AGREEMENTS *(Continued)*

	31 December 2012		
	Held-to-maturity securities *$'000*	Available-for-sale securities *$'000*	Total *$'000*
Carrying amount of transferred assets	31,717,099	7,752,037	39,469,136
Carrying amount of associated liabilities			
- securities sold under repurchase agreements	30,397,136	5,029,679	35,426,815
Net position	1,319,963	2,722,358	4,042,321

	1 January 2012		
	Held-to-maturity securities *$'000*	Available-for-sale securities *$'000*	Total *$'000*
Carrying amount of transferred assets	18,084,300	4,748,388	22,832,688
Carrying amount of associated liabilities			
- securities sold under repurchase agreements	16,988,539	2,630,316	19,618,855
Net position	1,095,761	2,118,072	3,213,833

Conversely, the Group also enters into short-term investment arrangements secured by the securities purchased. The securities purchased are not recognised on the 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 one year 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 value.

As at 31 December 2013, most of the securities purchased under resale agreements and the securities sold under repurchase agreements will mature within 79 days (31 December 2012: within 49 days), with interest rates of 3% to 26% (31 December 2012: 6%) and 3% to 9% (31 December 2012: 3% to 8%) per annum respectively.

37 BANK BORROWINGS

	The Group		
	31 December 2013 *$'000*	31 December 2012 *(Restated)* *$'000*	1 January 2012 *(Restated)* *$'000*
Bank loans			
- unsecured	**7,289,019**	4,320,486	3,719,972

37 BANK BORROWINGS *(Continued)*

The loans are repayable as follows:

	The Group		
	31 December 2013	31 December 2012 *(Restated)*	1 January 2012 *(Restated)*
	$'000	*$'000*	*$'000*
Within 1 year	**300,000**	598,981	-
After 1 year but within 5 years	**6,989,019**	3,721,505	3,719,972
	7,289,019	4,320,486	3,719,972

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

As at 31 December 2013, all bank loans are unsecured and carry interest at HIBOR plus 1.3% to HIBOR plus 2.1% or LIBOR plus 2.4% (31 December 2012 as restated: HIBOR plus 0.8% to HIBOR plus 1.3%) per annum, with effective interest rates ranging from 1.29% to 2.66% (31 December 2012 as restated: 1.48% to 2.68%) per annum.

38 SHARE CAPITAL

	31 December 2013		31 December 2012	
	No. of shares	***$'000***	No. of shares	*$'000*
Authorized:				
Ordinary shares of $0.05 each	**3,000,000,000**	**150,000**	2,000,000,000	100,000
Issued and fully paid:				
At 1 January	**1,705,875,092**	**85,294**	1,705,275,092	85,264
Shares issued under Share Option Scheme *(note (a))*	**-**	**-**	600,000	30
At 31 December	**1,705,875,092**	**85,294**	1,705,875,092	85,294

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

(a) During the year ended 31 December 2012, options were exercised to subscribe for 600,000 ordinary shares (see note 41(a)) in the Company at a consideration of $1,725,000 of which $30,000 was credited to share capital and the balance of $1,695,000 was credited to the share premium account.

39 RESERVES

(a) The Group

	Share premium $'000	Shares to be issued $'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	Sub-total $'000	Non-controlling interests $'000	Total $'000
At 1 January 2013	9,055,686	-	(1,588,803)	(1,390,865)	1,108,736	(33,665)	46,431	(33,038)	356,159	8,701,787	16,222,428	7,033,238	23,255,666
Profit for the year	-	-	-	-	-	-	-	-	-	1,530,069	1,530,069	681,070	2,211,139
Other comprehensive Income/(expense) for the year :													
Revaluation gain arising from reclassification of own-use properties to investment properties	-	-	-	-	-	-	-	-	27,842	-	27,842	4,567	32,409
Exchange differences on translation of the financial statements of subsidiaries, associates and joint ventures	-	-	-	-	363,798	-	-	-	-	-	363,798	263,388	627,186
Available-for-sale securities *(note(i))*:	-	-	-	-	-	(1,045,330)	-	-	-	-	(1,045,330)	(584,917)	(1,630,247)
- changes in fair value	-	-	-	-	-	(1,408,958)	-	-	-	-	(1,408,958)	(720,429)	(2,129,387)
- deferred tax recognised	-	-	-	-	-	308,011	-	-	-	-	308,011	184,746	492,757
- transferred to profit or loss	-	-	-	-	-	55,617	-	-	-	-	55,617	(49,234)	6,383
Total comprehensive income/(expense)	-	-	-	-	363,798	(1,045,330)	-	-	27,842	1,530,069	876,379	364,108	1,240,487
Acquisition of certain target interests, target assets and liabilities	-	278,890	(658,391)	(2,414,658)	-	-	-	-	-	-	(2,794,159)	-	(2,794,159)
Acquisition of additional interest in subsidiaries	-	9,717,900	(4,273,748)	-	-	-	-	-	-	-	5,444,152	(5,444,152)	-
Deemed disposal of partial interest in a subsidiary	-	-	13,141	-	-	-	-	-	-	-	13,141	2,552	15,693
Share options lapsed	-	-	-	-	-	-	(3,015)	-	-	3,015	-	-	-
Amortisation arising from Share Award Scheme	-	-	-	-	-	-	(14,430)	12,753	-	1,677	-	-	-
Capital contributions made to subsidiaries	-	-	-	-	-	-	-	-	-	-	-	2,047,856	2,047,856
At 31 December 2013	9,055,686	9,996,790	(6,507,801)	(3,805,523)	1,472,534	(1,078,995)	28,986	(20,285)	384,001	10,236,548	19,761,941	4,003,602	23,765,543

39 RESERVES *(Continued)*

(a) The Group *(Continued)*

	Share premium	Shares to be issued	Capital reserve	Merger reserve	Exchange reserve	Fair value reserve	Employee share-based compensation reserve	Shares held for Share Award Scheme	Revaluation reserve	Retained profits	Sub-total	Non-controlling interests	Total
	$'000	***$'000***	***$'000***	***$'000***	***$'000***	***$'000***	***$'000***	***$'000***	***$'000***	***$'000***	***$'000***	***$'000***	***$'000***
At 1 January 2012													
as previously reported	9,053,221	-	(2,040,175)	(1,683,920)	823,325	(1,275,421)	45,876	(33,378)	329,246	6,285,602	11,504,376	5,439,351	16,943,727
Effect of merger accounting	-	-	451,372	286,271	284,423	17,403	-	-	1,444	1,096,974	2,137,887	(67,701)	2,070,186
At 1 January 2012,													
as restated	9,053,221	-	(1,588,803)	(1,397,649)	1,107,748	(1,258,018)	45,876	(33,378)	330,690	7,382,576	13,642,263	5,371,650	19,013,913
Profit for the year	-	-	-	-	-	-	-	-	-	1,315,545	1,315,545	537,003	1,852,548
Other comprehensive income/(expense) for the year :													
Revaluation gain arising from reclassification of own-use properties to investment properties	-	-	-	-	-	-	-	-	25,469	-	25,469	11,644	37,113
Exchange differences on translation of the financial statements of subsidiaries associates and joint ventures	-	-	-	-	988	-	-	-	-	-	988	1,566	2,554
Available-for-sale securities *(note(i))*:	-	-	-	-	-	1,224,353	-	-	-	-	1,224,353	872,951	2,097,304
- changes in fair value	-	-	-	-	-	2,887	-	-	-	-	2,887	(241,470)	(238,583)
- deferred tax recognised	-	-	-	-	-	(305,933)	-	-	-	-	(305,933)	(291,164)	(597,097)
- transferred to profit or loss	-	-	-	-	-	1,527,399	-	-	-	-	1,527,399	1,405,585	2,932,984
Total comprehensive income	-	-	-	-	988	1,224,353	-	-	25,469	1,315,545	2,566,355	1,423,164	3,989,519
Shares issued under Share Option Scheme	1,695	-	-	-	-	-	-	-	-	-	1,695	-	1,695
Share options exercised	770	-	-	-	-	-	(770)	-	-	-	-	-	-
Share options lapsed	-	-	-	-	-	-	(3,208)	-	-	3,208	-		
Amortisation arising from Share Award Scheme	-	-	-	-	-	-	5,331	-	-	-	5,331	-	5,331
Transfer to retained profit for revoked shares under Share Award Scheme	-	-	-	-	-	-	(343)	-	-	343	-	-	-
Vested share for Share Award Scheme	-	-	-	-	-	-	(455)	340	-	115	-	-	-
Capital contribution made to a subsidiary	-	-	-	-	-	-	-	-	-	-	-	238,424	238,424
Acquisition of additional assets arising from merger accounting	-	-	-	618	-	-	-	-	-	-	618	-	618
Capital contribution by TPG arising from merger accounting	-	-	-	6,166	-	-	-	-	-	-	6,166	-	6,166
At 31 December 2012 *(Restated)*	9,055,686	-	(1,588,803)	(1,390,865)	1,108,736	(33,665)	46,431	(33,038)	356,159	8,701,787	16,222,428	7,033,238	23,255,666

39 RESERVES *(Continued)*

(a) The Group *(Continued)*

Notes:

	2013				
	Life insurance *$'000*	**Property and casualty insurance** *$'000*	**Reinsurance** *$'000*	**Other businesses** *$'000*	**Total** *$'000*
Note (i)					
Debt securities	**(2,271,368)**	**(159,044)**	**(47,538)**	**(77,050)**	**(2,555,000)**
Equity securities	**(9,402)**	**22,120**	**157**	**24,370**	**37,245**
Investment funds	**362,401**	**24,941**	**3,403**	**4,006**	**394,751**
	(1,918,369)	**(111,983)**	**(43,978)**	**(48,674)**	**(2,123,004)**
Deferred tax charged to reserves	**479,592**	**1,742**	**2,854**	**8,569**	**492,757**
Shared by non-controlling interests	**563,568**	**19,758**	**-**	**1,591**	**584,917**
	(875,209)	**(90,483)**	**(41,124)**	**(38,514)**	**(1,045,330)**

	2012 *(Restated)*				
	Life insurance *$'000*	Property and casualty insurance *$'000*	Reinsurance *$'000*	Other businesses *$'000*	Total *$'000*
Note (i)					
Debt securities	(220,267)	148,166	46,841	39,823	14,563
Equity securities	1,864,672	66,912	78,878	14,446	2,024,908
Investment funds	667,266	2,688	(404)	164	669,714
	2,311,671	217,766	125,315	54,433	2,709,185
Deferred tax charged to reserves	(577,918)	(6,452)	(11,383)	(1,344)	(597,097)
Share of associates	-	-	-	(14,784)	(14,784)
Shared by non-controlling interests	(866,010)	(8,772)	-	1,831	(872,951)
	867,743	202,542	113,932	40,136	1,224,353

Included in the retained profits is an amount of $54,443,000 (2012 as restated: $55,230,000), being the retained profits attributable to associates.

Included in the fair value reserve is a deficit of $24,840,000 (2012: deficit of $24,840,000), being the fair value reserves attributable to associates.

39 RESERVES *(Continued)*

(b) The Company

	Share premium	**Shares to be issued**	**Capital reserve**	**Exchange reserve**	**Fair value reserve**	**Employee share-based compensation reserve**	**Shares held for Share Award Scheme**	**Retained profits**	**Total**
	$'000	***$'000***	***$'000***	***$'000***	***$'000***	***$'000***	***$'000***	***$'000***	***$'000***
At 1 January 2013	**9,055,686**	**-**	**-**	**-**	**17,759**	**32,000**	**(13,898)**	**298,848**	**9,390,395**
Available-for-sale securities:									
- Changes in fair value *(note (i))*	**-**	**-**	**-**	**-**	**(7,968)**	**-**	**-**	**-**	**(7,968)**
Exchange difference on translation of foreign operations	**-**	**-**	**-**	**(515)**	**-**	**-**	**-**	**-**	**(515)**
Profit for the year	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**120,339**	**120,339**
Acquisition of additional interest in subsidiaries and target assets	**-**	**9,996,790**	**(666,239)**	**-**	**-**	**-**	**-**	**-**	**9,330,551**
Share options lapsed	**-**		**-**	**-**	**-**	**(3,015)**	**-**	**3,015**	**-**
At 31 December 2013	**9,055,686**	**9,996,790**	**(666,239)**	**(515)**	**9,791**	**28,985**	**(13,898)**	**422,202**	**18,832,802**

	Share premium	Shares to be issued	Capital reserve	Exchange reserve	Fair value reserve	Employee share-based compensation reserve	Shares held for Share Award Scheme	Retained profits	Total
	$'000	*$'000*	*$'000*	*$'000*	*$'000*	*$'000*	*$'000*	*$'000*	*$'000*
At 1 January 2012	9,053,221	-	-	-	(20,532)	35,978	(13,898)	243,840	9,298,609
Shares issued under Share Option Scheme	1,695	-	-	-	-	-	-	-	1,695
Available-for-sale securities:									
- Changes in fair value *(note (i))*	-	-	-	-	39,089	-	-	-	39,089
- Deferred tax recognised *(Note 31(a))*	-	-	-	-	(798)	-	-	-	(798)
Profit for the year	-	-	-	-	-	-	-	51,800	51,800
Share options exercised	770	-	-	-	-	(770)	-	-	-
Share options lapsed	-	-	-	-	-	(3,208)	-	3,208	-
At 31 December 2012	9,055,686	-	-	-	17,759	32,000	(13,898)	298,848	9,390,395

39 RESERVES *(Continued)*

(b) The Company *(Continued)*

	2013	2012	2011
	$'000	*$'000*	*$'000*
Note (i) Changes in fair value			
Debt securities	**(12,219)**	37,158	(31,298)
Equity securities	**2,946**	1,890	(1,712)
Investment funds	**1,305**	41	-
	(7,968)	39,089	(33,010)

(c) Nature or purpose of reserves

(i) Capital reserve

The capital reserve represents the differences between the net assets value of the target interests, target assets and liabilities acquired and the fair value of the shares issued by the Company as consideration for the acquisition.

(ii) Shares to be issued

The shares to be issued represents the consideration shares that are not yet issued for the target interests and target assets which are considered as transferred into the Group. Details of the Acquisition are set out in Note 1.

(iii) Reserves required under local regulatory requirements

In accordance with the Company Law of the PRC, a subsidiary established in the PRC is required to allocate 10% of its profits after tax to the statutory surplus reserve. No allocation to the statutory surplus reserve is required after the balance of such reserve reaches 50% of the registered capital of the subsidiary.

(iv) Merger reserve

Merger reserve represents the difference in (i) the fair value of the shares issued as a consideration paid to TPG and TPG (HK) and (ii) the share capital and share premium of the equity interests and the carrying value of certain assets acquired which were all under common control of TPG and TPG(HK) before and after the acquisition.

(v) Share premium

The application of the share premium account is governed by Sections 48B and 49H of the Hong Kong Companies Ordinance.

(vi) Exchange reserve

The exchange reserve is comprised of all of the foreign exchange differences arising from the translation of the financial statements of the operations outside Hong Kong into the Group's presentation currency. The reserve is dealt with in accordance with the accounting policy set out in note 1(w).

39 RESERVES *(Continued)*

(c) Nature or purpose of reserves *(Continued)*

(vii) Fair value reserve

The fair value reserve is comprised of the cumulative net change in the fair value of available-for-sale securities held at the end of the reporting period and is dealt with in accordance with the accounting policy set out in note 1(h)(iv).

(viii) Employee share-based compensation reserve

The employee share-based compensation reserve is comprised of the fair value of the actual or estimated number of unexercised share options and unvested awarded shares granted to employees of the Group recognised in accordance with the accounting policy adopted for share based payments set out in note 1(ab)(i).

(ix) Shares held for Share Award Scheme

The Shares held for Share Award Scheme is the consideration paid, including any directly attributable incremental costs for purchase of shares under the Share Award Scheme, in accordance with the accounting policy set out in note 1(ab)(ii).

(x) Revaluation reserve

The revaluation reserve represents the revaluation of fair value of the assets and liabilities from the additional acquisition of TPI relating to previously held interest in TPI as associates and the revaluation of fair value of certain properties from land and building to investment properties.

40 EMPLOYEE RETIREMENT BENEFITS

The Group operates a MPF scheme under the Hong Kong Mandatory Provident Fund Schemes Ordinance and one Staff Provident Fund Scheme (the “SPF scheme”) under the Occupational Retirement Schemes Ordinance for employees employed under the Hong Kong Employment Ordinance. The MPF scheme is a defined contribution retirement scheme administered by independent trustees. Under the MPF scheme, the employers and its employees are each required to make contributions to the MPF scheme at 5% of the employees’ relevant income, subject to a cap of a monthly relevant income of $25,000 ($20,000 before 1 June 2012). Contributions to the scheme vest immediately. Under the SPF scheme, the Group is required to make contributions based on a certain percentage of the relevant employees’ salaries which is dependent on their length of service with the Group. Forfeited contributions to the SPF scheme are used to reduce the Group’s future contributions.

As stipulated by the labour regulations of the PRC, certain subsidiaries of the Group participate in various defined contribution retirement plans authorized by municipal and provincial governments for its staff. These subsidiaries are required to contribute at a rate of 10% to 22% (31 December 2012: 10% to 22%) of the salaries, bonuses and certain allowances of their staff to the retirement plans. A member of the plans is entitled to a pension equal to a fixed proportion of the salary prevailing at his or her retirement date.

The Group has no other material obligations for the payment of its staff’s retirement and other post-employment benefits other than the contributions described above.

41 EQUITY COMPENSATION BENEFITS

(a) Share Option Scheme

The Group has two share option schemes. Under the Old Scheme, the directors of the Company were authorized, at their discretion, to invite employees of the Group, including directors of any company in the Group, to take up options to subscribe for shares of the Company. Options granted between 24 May 2000 and 31 December 2002 were granted under the Old Scheme and in accordance with the requirements of Chapter 17 of the Listing Rules which came under effect on 1 September 2001.

A new share option scheme which is in line with the prevailing requirements of Chapter 17 of the Listing Rules was adopted on 7 January 2003.

All of the share options are settled in equity.

(i) Movements in share options

	2013 Number	2012 Number
At 1 January	**8,642,000**	12,442,000
Lapsed	**(2,350,000)**	(3,200,000)
Exercised *(note 38)*	**-**	(600,000)
At 31 December	**6,292,000**	8,642,000
Options exercisable as at 31 December	**6,292,000**	8,642,000

41 EQUITY COMPENSATION BENEFITS *(Continued)*

(a) Share Option Scheme *(continued)*

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

Date granted	**Exercise period**	**Exercise price** $	**2013 Number**	2012 Number
02/11/2005	23/11/2005 to 27/11/2015	2.875	**3,567,000**	5,917,000
29/12/2006	29/12/2006 to 28/12/2016	9.800	**175,000**	175,000
26/02/2007	26/02/2007 to 25/02/2017	9.490	**800,000**	800,000
29/06/2007	29/06/2007 to 28/06/2017	14.220	**175,000**	175,000
31/12/2007	31/12/2007 to 30/12/2017	21.400	**175,000**	175,000
30/06/2008	30/06/2008 to 29/06/2018	19.316	**175,000**	175,000
31/12/2008	31/12/2008 to 30/12/2018	11.920	**175,000**	175,000
31/12/2009	31/12/2009 to 30/12/2019	25.100	**350,000**	350,000
30/06/2010	30/06/2010 to 29/06/2020	25.910	**175,000**	175,000
31/12/2010	31/12/2010 to 30/12/2020	24.180	**175,000**	175,000
30/06/2011	30/06/2011 to 29/06/2021	17.580	**175,000**	175,000
30/12/2011	30/12/2011 to 29/12/2021	14.728	**175,000**	175,000
			6,292,000	8,642,000

41 EQUITY COMPENSATION BENEFITS *(Continued)*

(a) Share Option Scheme *(Continued)*

(iii) Details of share options (lapsed)/granted during the year. The options were granted for $1 in consideration.

Exercise period	**Exercise price** *$*	**2013 Number**	2012 Number
12/09/2002 to 11/09/2012	3.225	**-**	**(700,000)**
23/11/2005 to 22/11/2015	2.875	**(2,350,000)**	**(2,500,000)**
		(2,350,000)	**(3,200,000)**

(iv) Details of share options exercised during the year

Exercise date	**Exercise price** *$*	**Market value per share at exercise date** *$*	**Proceeds received** *$'000*	**Number**
2013			**-**	**-**
2012			1,725	600,000

41 EQUITY COMPENSATION BENEFITS *(Continued)*

(b) Share Award Scheme

The purpose of the Share Award Scheme is to recognize and reward certain employees (including without limitation to an employee who is also a director) of the Group and TPG and its subsidiaries for their contributions to the Group and to give long-term incentives for retaining them for the continued operations and development of the Group.

The Share Award Scheme of the Company was adopted by the Board on 10 September 2007. A summary of the principal terms of the Share Award Scheme is set out in the Share Award Scheme Section of the Report of the Directors.

(i) Movements in the number of awarded shares and their related average fair value were as follows:

	2013 Number	2012 Number
At 1 January	**567,600**	**604,000**
Vested *(note a)*	**(567,600)**	**(18,600)**
Revoked *(note b)*	**-**	**(17,800)**
At 31 December *(note c)*	**-**	**567,600**

Notes:

(a) The amount represents awarded shares vested during the year.

(b) The amount represents awarded shares lapsed automatically, according to the conditions under the Employees' Share Award Scheme.

(c) As at 31 December 2012, the average fair value of the awarded shares, amounted to $25.42 per share, is based on the closing price at the date of award and any directly attributable incremental costs.

Apart from the awarded shares, as at 31 December 2013, 969,200 shares (31 December 2012: 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.

41 EQUITY COMPENSATION BENEFITS *(Continued)*

(b) Share Award Scheme *(Continued)*

(ii) Details of the awarded shares vested are as follows:

		Year ended 31 December 2013		Year ended 31 December 2012	
Date of award	**Average fair value per share**	**Number of awarded shares vested**	**Cost of related awarded shares (including acquisition transaction costs)**	Number of awarded shares vested	Cost of related awarded shares (including acquisition transaction costs)
	$		***$'000***		*$'000*
22/02/2010	24.45	**7,600**	**168**	**18,600**	**340**
30/09/2010	26.00	**51,400**	**1,187**	**-**	**-**
4/11/2010	28.50	**59,000**	**1,363**	**-**	**-**
11/11/2010	28.85	**449,600**	**10,035**	**-**	**-**
		567,600	**12,753**	**18,600**	**340**

(iii) The remaining vesting periods of the awarded shares outstanding are as follows:

Remaining vesting period	At 31 December 2012 Number of awarded shares
Vested	**567,600**
1 year	**-**
	567,600

No awarded shares are outstanding as at 31 December 2013.

42 MATURITY PROFILE

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

(a) The Group

	Repayable on demand $'000	3 months or less $'000	1 year or less but over 3 months $'000	5 years or less but over 1 year $'000	After 5 years $'000	Undated $'000	Total $'000
At 31 December 2013							
Assets							
Deposits at banks and other financial institutions (including statutory deposits)	8,692,623	2,935,130	338,575	40,704,661	190,783	1,683	52,863,455
Money market funds	46	-	-	-	-	269	315
Pledged deposits at banks	-	287,466	49,703	-	-	-	337,169
Certificates of deposit (under available-for-sale)	-	-	5,010	-	-	-	5,010
Debt securities (under held-to-maturity)	-	98,556	1,265,869	8,490,215	93,797,600	-	103,652,240
Debt securities (under available-for-sale)	-	340,236	561,331	14,473,896	22,719,767	222,269	38,317,499
Debt securities (under held-for-trading)	-	-	38,157	-	35,795	8,530	82,482
Debt securities (under designated at fair value through profit or loss)	-	-	13,333	106,174	93,457	-	212,964
Debt securities and debt schemes (under loans and receivables)	-	69,823	1,249,819	8,817,072	24,636,689	-	34,773,403
Securities purchased under resale agreements	-	214,949	-	-	-	-	214,949
Loans and advances	-	-	9,973,330	-	-	-	9,973,330
	8,692,669	3,946,160	13,495,127	72,592,018	141,474,091	232,751	240,432,816
Liabilities							
Interest-bearing notes	-	-	-	-	10,297,265	-	10,297,265
Bank borrowings	-	-	300,000	6,989,019	-	-	7,289,019
Shareholder's loans	-	-	-	-	4,434,929	-	4,434,929
	-	-	300,000	6,989,019	14,732,194	-	22,021,213

42 MATURITY PROFILE *(Continued)*

(a) The Group *(Continued)*

	Repayable on demand $'000	3 months or less $'000	1 year or less but over 3 months $'000	5 years or less but over 1 year $'000	After 5 years $'000	Undated $'000	Total $'000
At 31 December 2012 *(Restated)*							
Assets							
Deposits at banks and other financial institutions (including statutory deposits)	5,838,407	5,904,478	5,650,822	30,861,350	-	1,683	48,256,740
Money market funds	-	-	-	-	-	316	316
Pledged deposits at banks	-	223,159	65,427	-	-	-	288,586
Certificates of deposit (under available-for-sale)	-	-	-	5,028	-	-	5,028
Debt securities (under held-to-maturity)	-	146,508	534,543	6,251,258	85,207,005	-	92,139,314
Debt securities (under available-for-sale)	-	37,074	1,191,588	6,909,712	19,195,404	296,697	27,630,475
Debt securities (under held-for-trading)	-	-	3,922	36,998	-	22,183	63,103
Debt securities (under designated at fair value through profit or loss)	-	431,645	146,679	160,975	60,925	-	800,224
Debt securities and debt schemes (under loans and receivables)	-	369,981	277,486	4,526,157	16,961,573	-	22,135,197
Securities purchased under resale agreements	-	80,163	-	-	-	-	80,163
Loans and advances	-	-	2,567,715	-	-	-	2,567,715
	5,838,407	7,193,008	10,438,182	48,751,478	121,424,907	320,879	193,966,861
Liabilities							
Interest-bearing notes	-	-	3,205,328	-	10,129,408	-	13,334,736
Bank borrowings	-	-	598,981	3,721,505	-	-	4,320,486
	-	-	3,804,309	3,721,505	10,129,408	-	17,655,222

42 MATURITY PROFILE *(Continued)*

(a) The Group *(Continued)*

	Repayable on demand	3 months or less	1 year or less but over 3 months	5 years or less but over 1 year	After 5 years	Undated	Total
	$'000	*$'000*	*$'000*	*$'000*	*$'000*	*$'000*	*$'000*
At 1 January 2012 *(Restated)*							
Assets							
Deposits at banks and other financial institutions (including statutory deposits)	6,731,490	2,658,452	2,703,922	16,817,539	246,700	1,681	29,159,784
Money market funds	-	-	-	-	-	1,318	1,318
Pledged deposits at banks	-	193,688	55,099	-	-	-	248,787
Certificates of deposit (under held-to-maturity)	-	77,722	-	-	-	-	77,722
Certificates of deposit (under available-for-sale)	-	-	-	4,951	7,822	-	12,773
Debt securities (under held-to-maturity)	-	133,215	63,673	4,050,630	79,150,576	-	83,398,094
Debt securities (under available-for-sale)	-	201,518	109,867	5,096,580	16,142,247	283,276	21,833,488
Debt securities (under held-for-trading)	-	-	1,153	76,792	1,382	18,107	97,434
Debt securities (under designated at fair value through profit or loss)	-	-	-	96,509	102,252	-	198,761
Debt securities and debt schemes (under loans and receivables)	-	-	60,484	1,209,296	9,540,919	-	10,810,699
Securities purchased under resale agreements	3,084	116,195	-	-	-	-	119,279
Loans and advances	-	-	1,548,858	-	-	-	1,548,858
	6,734,574	3,380,790	4,543,056	27,352,297	105,191,898	304,382	147,506,997
Liabilities							
Interest-bearing notes	-	-	-	3,208,009	7,832,725	-	11,040,734
Bank borrowings	-	-	900,000	2,819,972	-	-	3,719,972
	-	-	900,000	6,027,981	7,832,725	-	14,760,706

(b) The Company

	Repayable on demand	**3 months or less**	**1 year or less but over 3 months**	**5 years or less but over 1 year**	**After 5 years**	**Undated**	**Total**
	$'000	***$'000***	***$'000***	***$'000***	***$'000***	***$'000***	***$'000***
At 31 December 2013							
Assets							
Deposits at banks and other financial institutions	**-**	**941,540**	**-**	**-**	**-**	**-**	**941,540**
Debt securities	**-**	**-**	**-**	**172,582**	**164,157**	**-**	**336,739**
Amounts due from group companies	**4,778,116**	**-**	**-**	**-**	**-**	**-**	**4,778,116**
	4,778,116	**941,540**	**-**	**172,582**	**164,157**	**-**	**6,056,395**

42 MATURITY PROFILE *(Continued)*

(b) The Company *(Continued)*

	Repayable on demand $'000	3 months or less $'000	1 year or less but over 3 months $'000	5 years or less but over 1 year $'000	After 5 years $'000	Undated $'000	Total $'000
At 31 December 2012							
Assets							
Deposits at banks and other financial institutions	-	1,874,309	-	-	-	-	1,874,309
Debt securities	-	-	-	40,042	277,391	-	317,433
Amounts due from group companies	4,058,820	-	-	-	-	-	4,058,820
	4,058,820	1,874,309	-	40,042	277,391	-	6,250,562

43 FAIR VALUES OF FINANCIAL INSTRUMENTS

(a) Fair value of financial assets and financial liabilities that are not measured at fair value on a recurring basis (but fair value disclosures are required)

Except as detailed in the following table, the directors considered that the carrying amounts of financial assets and financial liabilities recognised in the consolidated financial statements approximate their fair values.

	The Group At 31 December 2013 Carrying amount $'000	Fair value $'000
Held-to-maturity debts securities	103,652,240	93,901,042
Loans and receivables		
- debt securities	4,045,307	4,184,863
- investment funds	624,106	625,404
- debt schemes	30,728,096	29,558,437
Interest-bearing notes	(10,297,265)	(9,504,737)

(b) Estimation of fair values

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

- The fair value of financial assets and financial liabilities 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;

43 FAIR VALUES OF FINANCIAL INSTRUMENTS *(Continued)*

(b) Estimation of fair values *(Continued)*

- The fair value of other financial assets and financial liabilities (excluding derivative instruments) are determined in accordance with generally accepted pricing models based on discounted cash flow analysis or using prices or rates from observable current market transactions as input; and

- 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 were established by reference to the prices quoted by respective fund administrators or by using valuations techniques including the use of recent arm's length transactions.

44 This note will be disclosed in annual report.

45 POLICYHOLDER ACCOUNT ASSETS IN RESPECT OF UNIT-LINKED PRODUCTS

	The Group	
	31 December 2013	31 December 2012
	$'000	*$'000*
Investments in held-for-trading securities		
- Debt securities	**190,065**	190,895
- Equity securities	**882,085**	789,828
- Investment funds	**1,380,708**	1,459,953
Other debtors	**21,307**	66,268
Securities purchased under resale agreements	**8,522**	5,056
Money market fund	**61,368**	69,032
Deposits at banks with original maturity more than three months	**-**	20,966
Cash and bank balances	**233,983**	539,051
	2,778,038	3,141,049

The above assets are held for policyholders of unit-linked products.

The following table shows an analysis of policyholders of unit-linked products recorded at fair value by level of the fair value hierarchy.

	Level 1	**Level 2**	**Level 3**	**Total**
	$'000	***$'000***	***$'000***	***$'000***
At 31 December 2013	**2,587,973**	**190,065**	**-**	**2,778,038**

Fair value is determined based on quoted market prices for identical or similar instruments. When quoted market prices are not available, fair value is determined from observable market data by dealers that are typically the market makers.

46 CONTINGENT LIABILITIES

Other than those incurred in the normal course of the Group's insurance businesses, there was no outstanding litigation nor any other contingent liabilities as of 31 December 2013.

47 EVENT AFTER THE REPORTING PERIOD

(a) CTIH and Ageas have contributed additional capital in cash to TPL in the amount of RMB2,853.80 million and RMB946.20 million, respectively, in proportion to their respective equity interests during December 2013. The capital contribution has been approved by CIRC during January 2014 and the registered capital of TPL has been increased by RMB3,800 million to RMB10,030 million.

(b) The Group has contributed additional capital in cash to TPP in the amount of RMB300 million, in proportion to the equity interest held by the Group during December 2013. The capital contribution has been approved by CIRC during January 2014 and the registered capital of TPP has been increased by RMB300 million to RMB2,000 million.

(c) According to the framework agreement dated 27 May 2013, in which the Company conditionally agreed to acquire certain assets and interests from TPG and TPG(HK) to be satisfied by the issuance of new shares of the Company. The conditions precedent for Taiping Financial Holdings Company Limited have been completed during January 2014 and considered as a wholly-owned subsidiary of the Group.

(d) According to the framework agreement dated 27 May 2013, in which the Company conditionally agreed to acquire certain assets and interests from TPG and TPG(HK) to be satisfied by the issuance of new shares of the Company. Accordingly, the Company has issued and allotted 571,656,306 shares and 152,479,270 shares to TPG(HK) during February and March 2014, as consideration for the Tranche A and Tranche B target interests respectively.

48 MATERIAL RELATED PARTY TRANSACTIONS

A. Recurring transaction with related parties

The following is a summary of significant recurring transactions entered into between the Group and its related parties during the year:

		For the year ended 31 December	
		2013	2012
			(Restated)
	Note	***$'000***	*$'000*
Business ceded by related companies:	*(i)*		
- Gross premiums written		**34,009**	67,120
- Commission expenses paid		**6,179**	12,966
Back office service	*(ii)*	**1,098**	1,034
Internal audit service	*(iii)*	**75**	-
Investment management fee and redemption income	*(iv)*	**864**	906
Employee benefit insurance service	*(v)*	**308**	149

Notes:

(i) Certain fellow subsidiaries of the Group ceded business to and received commission from subsidiaries of the Company.

(ii) A fellow subsidiary of the Group provides back office services to the Group and receives service fee from the Group.

(iii) The ultimate holding company of the Company provides internal audit services to the Group and receives service fee from the Group.

(iv) A subsidiary of the Company provided investment consultancy services to and received investment management fees and redemption income from certain fellow subsidiaries of the Group.

(v) A subsidiary of the Company provided employee benefit insurance services to and received premium from the ultimate holding company of the Company and certain fellow subsidiaries of the Group.

48 MATERIAL RELATED PARTY TRANSACTIONS *(Continued)*

B. Non-recurring transactions with related parties

The Group has entered into the following significant non-recurring transactions with related parties during the year:

(a) On 27 May 2013, the Company has entered into a framework agreement in which the Company acted as purchaser and TPG and TPG (HK) acted as vendors, pursuant to which the Company conditionally agreed to acquire certain target assets and target interests at the aggregated consideration of RMB10,581,367,500, which shall be satisfied by the issue of consideration shares at the issue price of $15.39 per share. The details of the transaction were set out in the announcement of the Company dated 27 May 2013 and the circular of the Company dated 31 May 2013. As at 31 December 2013, except for TPFH, TP Singapore, TP UK, TP Indonesia and certain target assets, most of them had been transferred to the Group.

(b) On 7 March, 2013, relevant approvals for the increase of the capital of TPL by RMB2,500 million to RMB6,230 million have been obtained. CTIH, TPG and Ageas have contributed such additional capital in cash in the amount of RMB1,251.25 million, RMB626.25 million and RMB622.50 million, respectively, in proportion to their respective equity interests in TPL. The details of the transaction were set out in the announcement of the Company dated 31 December 2012.

The Group operates in an economic environment predominated by enterprises controlled, jointly controlled or significantly influenced by the PRC government through its numerous authorities, affiliates or other organizations (collectively “State-Owned Entities”). During the year, 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.

49 ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of financial statements under HKFRSs requires management to make significant estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses as well as the related disclosures. Changes in assumptions may have a significant impact on the financial statements in the periods where the assumptions are changed. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

(a) Impairment of goodwill and intangible assets

The Group assesses annually if the goodwill and intangible assets associated with the acquisition of subsidiaries and associates have suffered any impairment losses in accordance with the accounting policy stated in note 1(o). The recoverable amount of the goodwill and intangible assets is determined using discounted cash flows which require the use of estimated revenue from business operations, investment returns and an appropriate discount rate. As at 31 December 2013, the carrying amount of goodwill and intangible assets were $770.35 million (31 December 2012: $303.65 million) and $263.29 million (31 December 2012: $264.51 million) respectively.

(b) Held-to-maturity investments

The Group classifies non-derivative financial assets with fixed or determinable payments and fixed maturity and where the Group has a positive intention and ability to hold the assets to maturity as held-to-maturity investments. In making this judgement, the Group evaluates its intention and ability to hold such investments until maturity.

If the Group fails to hold these investments to maturity other than for certain specific circumstances, the Group would have to reclassify the entire portfolio of held-to-maturity investments as available-for-sale investments, as such portfolio of investments would be deemed to have been tainted. This would result in the held-to-maturity investments being measured at fair value instead of at amortised cost.

(c) Impairment of available-for-sale financial assets

The Group follows the guidance of HKAS 39 when determining whether there has been a significant or prolonged decline in the fair value of an investment in available-for-sale financial assets below its cost. This determination requires significant judgement. In making this judgement, the Group evaluates, among other factors, the duration and extent to which the fair value of an investment is less than its cost. As at 31 December 2013, the carrying amount of available-for-sale financial assets were $56,221.58 million (31 December 2012 as restated: $43,934.70 million).

49 ACCOUNTING ESTIMATES AND JUDGEMENTS *(Continued)*

(d) Determination of insurance liabilities

The Group's insurance liabilities are mainly comprised of unearned premium provisions of \$8,011.42 million (31 December 2012 as restated: \$6,216.07 million), provision for outstanding claims of \$11,459.17 million (31 December 2012 as restated: \$10,316.95 million) and life insurance contract liabilities of \$172,199.68 million (31 December 2012: \$121,422.78 million).

The Group makes a reasonable estimate of the payments which the Group is required to make in fulfilling its obligations under the insurance contracts, based on information currently available at the end of the reporting period. The Group makes an estimate of assumptions used in the measurement of insurance contract liabilities, such assumptions including but not limited to mortality, morbidity, disability rates, lapse rates, expenses, policy dividend, claim development factors, expected claim ratio and risk margin. Also, the Group determines estimates for premiums and claims data not received from ceding companies at the date of the consolidated financial statements on the basis of historical information, actuarial analyzes, financing modeling and other analytical techniques. The directors continually review the estimates and make adjustments as necessary, but actual results could differ significantly from what is envisioned when these estimates are made.

(e) Deferred tax liabilities

As at 31 December 2013, a deferred tax liability of \$1,104 million (as at 31 December 2012 as restated: \$1,070 million) has been recognised in the Group's consolidated statement of financial position, as a result of the increase in profit for prior years due to the change in accounting policies on insurance contracts of one of its subsidiary in the PRC. The PRC tax rules and regulations up to the date of the report are not clear enough to support no provision of tax liability is required for the profits related to the current and previous years. In view of its nature, it is of the opinion of the directors that such a provision should be presented as a deferred tax liability as set out in note 31. In cases there are further developments in the tax rules and regulations, a material reversal of deferred tax liability may arise, which would be recognised in profit or loss for the period in which such a reversal takes place.

(f) Fair value of investment properties

The fair value of investment properties was determined based on valuations conducted by independent firms of professional valuers using generally accepted property valuation techniques which involve certain assumptions. Favourable or unfavourable change to these assumptions would result in changes in the fair value of the Group's investment properties and corresponding adjustment to the amount of gain or loss reported in profit or loss.

49 ACCOUNTING ESTIMATES AND JUDGEMENTS *(Continued)*

(g) Deferred taxation on investment properties

For the purposes of measuring deferred tax liabilities or deferred tax assets arising from investment properties that are measured using the fair value model, the directors have reviewed the Group's investment property portfolios and concluded that the Group's investment properties located in Hong Kong are not held under a business model whose objective is to consume substantially all of the economic benefits embodied in the investment properties over time, rather than through sale. Therefore, in measuring the Group's deferred taxation on investment properties, the directors have determined that the presumption that the carrying amounts of investment properties located in Hong Kong measured using the fair value model are recovered entirely through sale is not rebutted. For those investment properties of the Group located in the PRC, they are depreciable and are held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment properties over time, rather than through sale, and therefore the presumption is rebutted. As a result, the Group has not recognised any deferred taxes on changes in fair value of investment properties located in Hong Kong as the Group is not subject to any income taxes on disposal of its investment properties.

50 PARENT AND ULTIMATE HOLDING COMPANIES

The immediate holding company and the ultimate holding company as of 31 December 2013 are China Taiping Insurance Group (HK) Company Limited (incorporated in Hong Kong) and China Taiping Insurance Group Ltd. (established in the PRC), respectively. China Taiping Insurance Group Ltd. is ultimately controlled by the State Council of the PRC.

51 POSSIBLE IMPACT OF NEW HKFRSs ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 31 DECEMBER 2013

Up to the date of issue of these financial statements, the HKICPA has issued the following new and revised HKFRSs which are not yet effective for the year ended 31 December 2013 and which have not been adopted in these financial statements.

Amendments to HKFRSs	Annual Improvements to HKFRSs 2010-2012 Cycle [2]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2011-2013 Cycle [2]
Amendments to HKFRS 10, HKFRS 12 and HKAS 27	Investment Entities [1]
Amendments to HKAS 19	Defined benefit plans: Employee contributions [2]
Amendments to HKFRS 9 and HKFRS 7	Mandatory Effective Date of HKFRS 9 and Transition Disclosures [3]
HKFRS 9	Financial Instruments [3]
Amendments to HKAS 32	Offsetting Financial Assets and Financial Liabilities [1]
Amendments to HKAS 36	Recoverable Amount Disclosures for Non-Financial Assets [1]
Amendments to HKAS 39	Novation of Derivatives and Continuation of Hedge Accounting [1]
HK(IFRIC) – INT 21	Levies [1]

Note:
[1] Effective for annual periods beginning on or after 1 January 2014, with earlier application permitted.
[2] Effective for annual periods beginning on or after 1 July 2014, with earlier application permitted.
[3] Available for application – the mandatory effective date will be determined when the outstanding phases of HKFRS9 are finalised.

Annual Improvements to HKFRSs 2010-2012 Cycle

The *Annual Improvements to HKFRSs 2010-2012 Cycle* include a number of amendments to various HKFRSs, which are summarised below.

The amendments to HKFRS 2(i) change the definitions of ‘vesting condition’ and ‘market condition; and (ii) add definitions for ‘performance condition’ and ‘service condition’ which were previously included within the definition of ‘vesting condition’. The amendments to HKFRS 2 are effective for share-based payment transactions for which the grant date is on or after 1 July 2014.

The amendments to HKFRS 3 clarify that contingent consideration that is classified as an asset or a liability should be measured at fair value at each reporting date, irrespective of whether the contingent consideration is a financial instrument within the scope of HKFRS 9 or HKAS 3 or a non-financial asset or liability. Changes in fair value (other than measurement period adjustments) should be recognised in profit or loss. The amendments to HKFRS 3 are effective for business combinations for which the acquisition date is on or after 1 July 2014.

51 POSSIBLE IMPACT OF NEW HKFRSs ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 31 DECEMBER 2013 *(Continued)*

Annual Improvements to HKFRSs 2010-2012 Cycle (Continued)

The amendments to HKFRS 8 (i) require an entity to disclose the judgements made by management in applying the aggregation criteria to operating segments, including a description of the operation segments aggregated and economic indicators assessed in determining whether the operating segments have 'similar economic characteristics'; and (ii) clarify that a reconciliation of the total of the reportable segments' assets to entity's assets should only be provided if the segment assets are regularly provided to the chief operating decision-maker.

The amendments to the basis for conclusions of HKFRS 13 clarify that the issue of HKFRS 13 and consequential amendments to HKAS 39 and HKFRS 9 did not remove the ability to measure short-term receivables and payables with no stated interest rate at their invoice amounts without discounting, if the effect of discounting is immaterial.

The amendments to HKAS 16 and HKAS 38 remove perceived inconsistencies in the accounting for accumulated depreciation/amortisation when an item of property, plant and equipment or an intangible asset is revalued. The amended standards clarify that the gross carrying amount and the carrying amount after taking into account accumulated impairment losses.

The amendments to HKAS 24 clarify that a management entity providing key management personnel services to a reporting entity is a related party of the reporting entity. Consequently, the reporting entity should disclose as related party transactions the amounts incurred for the service paid or payable to the management entity for the provision of key management personnel services. However, disclosure of the components of such compensation is not required.

The directors do not anticipate that the application of the amendments included in the *Annual Improvements to HKFRSs 2010-2012 Cycle* will have a material effect on the Group's consolidated financial statements.

Annual Improvements to HKFRSs 2011-2013 Cycle

The *Annual Improvements to HKFRSs 2011-2013 Cycle* include a number of amendments to various HKFRSs, which are summarised below.

The amendments to HKFRS 3 clarify that the standard does not apply to the accounting for the formation of all types of joint arrangement in the financial statements of the joint arrangement itself.

The amendments to HKFRS 13 clarify that the scope of the portfolio exception for measuring the fair value of a group of financial assets and financial liabilities on a net basis includes all contracts that are within the scope of, and accounted for in accordance with HKAS 39 or HKFRS 9, even if those contracts do not meet the definitions of financial assets or financial liabilities within HKAS 32.

51 POSSIBLE IMPACT OF NEW HKFRSs ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 31 DECEMBER 2013 *(Continued)*

Annual Improvements to HKFRSs 2011-2013 Cycle (Continued)

The amendments to HKAS 40 clarify that HKAS 40 and HKFRS 3 are not mutually exclusive and application of both standards may be required. Consequently, an entity acquiring investment property must determine whether:

(a) the property meets the definition of investment property in terms of HKAS 40; and
(b) the transaction meets the definition of a business combination under HKFRS 3.

The directors do not anticipate that the application of the amendments included in the *Annual Improvements to HKFRSs 2011-2013* will have a material effect on the Group's consolidated financial statements.

HKFRS 9 Financial Instruments

HKFRS 9 issued in 2009 introduces new requirements for the classification and measurement of financial assets. HKFRS 9 amended in 2010 includes the requirements for the classification and measurement of financial liabilities and for derecognition, and further amended in 2013 to include the new requirements for hedge accounting.

Key requirements of HKFRS 9 are described below:

- All recongised financial assets that are within the scope of HKAS 39 "Financial Instruments: Recognition and Measurement" to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent reporting periods. All other debt investments and equity investments are measured at their fair values at the end of subsequent accounting periods. In addition, under HKFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.

- With regard to the measurement of financial liabilities designated as at fair value through profit or loss, HKFRS 9 requires that the amount of changes in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value of financial liabilities attributable to changes in the financial liabilities' credit risk are not subsequently reclassified to profit or loss. Under HKAS 39, the entire amount of the change in the fair value of the financial liability designated as at fair value through profit or loss was presented in profit or loss.

51 POSSIBLE IMPACT OF NEW HKFRSs ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 31 DECEMBER 2013 *(Continued)*

HKFRS 9 Financial Instruments (Continued)

The new general hedge accounting requirements retain the three types of hedge accounting. However, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting of an 'economic relationship'. Retrospective assessment of hedge effectiveness is also no longer required. Enhanced disclosure requirements about an entity's risk management activities have also been introduced.

The directors anticipate that the adoption of HKFRS 9 in the future may have a significant impact on the amounts reported in respect of the Group's financial assets. Regarding the Group's financial assets, it is not practicable to provide a reasonable estimate of that effect until a detailed review has been completed.

Amendments to HKFRS 10, HKFRS 12 and HKAS 27 Investment Entities

The amendments to HKFRS 10 introduce an exception to consolidating subsidiaries for an investment entity, except where the subsidiaries provide services that relate to the investment entity's investment activities. Under the amendments to HKFRS 10, an investment entity is required to measure its interests in subsidiaries at fair value through profit or loss.

To qualify as an investment entity, certain criteria have to be met. Specifically, an entity is required to:

- obtain funds from one or more investors for the purpose of providing them with professional investment management services;

- commit to its investor(s) that its business purpose is to invest funds solely for returns from capital appreciation, investment income, or both; and

- measure and evaluate performance of substantially all of its investments on a fair value basis.

Consequential amendments have been made to HKFRS 12 and HKAS 27 to introduce new disclosure requirements for investment entities.

The directors of the Company do not anticipate that the investment entities amendments will have any effect on the Group's consolidated financial statements as the Company is not an investment entity.

Except as described above, the directors anticipate that the application of the other new and revised HKFRS will not have material impact on the Group's financial performance and positions for the coming financial years and/or on the disclosures set out in these consolidated financial statements.

52 SCOPE OF WORK OF MESSRS. DELOITTE TOUCHE TOHMATSU

The figures in respect of the Group's consolidated and Company's statements of financial position, consolidated statement of profit or loss, consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and the related notes thereto for the year ended 31 December 2013 as set out in the announcement have been agreed by the Group's auditor, Messrs. Deloitte Touche Tohmatsu, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by Messrs. Deloitte Touche Tohmatsu in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the HKICPA and consequently no assurance has been expressed by Messrs. Deloitte Touche Tohmatsu on the announcement.

Five Year Financial Summary

(Expressed in Hong Kong dollars)

Results

	2013	2012 *(Restated)*	2011	2010	2009
	$'000	*$'000*	*$'000*	*$'000*	*$'000*
Income					
Gross premiums written and policy fees	**85,556,135**	60,465,305	50,098,038	48,759,312	31,022,721
Less: Premiums ceded to reinsurers and retrocessionaires	**(3,090,662)**	(2,484,892)	(1,968,198)	(1,942,229)	(1,687,546)
Net premiums written and policy fees	**82,465,473**	57,980,413	48,129,840	46,817,083	29,335,175
Change in unearned premium provisions, net of reinsurance	**(1,534,906)**	(1,127,898)	(468,510)	(835,923)	(207,164)
Net earned premiums and policy fees	**80,930,567**	56,852,515	47,661,330	45,981,160	29,128,011
Investment income	**11,126,227**	6,611,546	5,196,568	5,479,949	4,482,861
Other income	**767,130**	582,141	343,315	228,473	194,414
Other gains / (losses)	**18,546**	50,938	20,082	(163,041)	(64,964)
Total income	**92,842,470**	64,097,140	53,221,295	51,526,541	33,740,322
Benefits, losses and expenses					
Net policyholders' benefits	**(21,217,636)**	(15,675,765)	(11,887,493)	(9,798,554)	(9,425,750)
Net commission expenses	**(8,045,222)**	(5,126,240)	(4,408,989)	(4,104,719)	(3,557,697)
Administrative and other expenses	**(13,733,659)**	(10,599,055)	(8,507,620)	(8,138,148)	(6,728,888)
Change in life insurance contract liabilities, net of reinsurance	**(46,442,437)**	(30,274,336)	(27,158,701)	(27,543,760)	(12,252,385)
Total benefits, losses and expenses	**(89,438,954)**	(61,675,396)	(51,962,803)	(49,585,181)	(31,964,720)
Profit from operations	**3,403,516**	2,421,744	1,258,492	1,941,360	1,775,602
Share of results of associates and joint ventures	**(779)**	15,126	251,499	8,947	22,744
Gain on disposal of a subsidiary	**-**	-	-	1,263,113	-
Finance costs	**(845,937)**	(686,839)	(565,529)	(353,264)	(317,950)
Profit before taxation	**2,556,800**	1,750,031	944,462	2,860,156	1,480,396
Income tax (charge)/credit	**(345,661)**	102,517	27,718	(206,689)	(292,760)
Profit after taxation	**2,211,139**	1,852,548	972,180	2,653,467	1,187,636
Attributable to:					
Owners of the Company	**1,530,069**	1,315,545	547,633	2,244,793	825,737
Non-controlling interests	**681,070**	537,003	424,547	408,674	361,899
	2,211,139	1,852,548	972,180	2,653,467	1,187,636

Note: The results for the years ended 31 December 2013 and 2012 have been prepared in accordance with the merger accounting on business combination as set out on this annual financial results. However, the results for years ended 31 December 2011, 2010 and 2009 have not been restated accordingly.

Five Year Financial Summary *(Continued)*
(Expressed in Hong Kong dollars)

	2013	2012 *(Restated)*	2011	2010	2009
	$'000	*$'000*	*$'000*	*$'000*	*$'000*
Assets and liabilities					
Statutory deposits	**4,731,632**	2,506,505	2,332,794	1,466,793	1,350,037
Fixed assets	**19,023,109**	14,018,287	7,131,747	5,278,720	5,064,190
Goodwill and intangible assets	**1,033,641**	568,156	568,438	565,055	565,055
Interest in associates and joint ventures	**25,133**	26,513	1,580,272	1,179,096	101,149
Deferred tax assets	**261,970**	140,721	145,524	141,609	96,210
Investments in debt and equity securities	**196,215,901**	160,058,584	130,571,536	102,948,026	74,089,895
Securities purchased under resale agreements	**214,949**	80,163	119,279	53,471	34,072
Amounts due from group companies	**44,807**	2,965,618	29,348	9,257	20,208
Insurance debtors	**2,980,687**	2,627,032	2,030,782	1,348,755	1,343,827
Reinsurers' share of insurance contract provisions	**2,813,245**	2,675,521	2,425,300	2,048,350	2,087,662
Policyholder account assets in respect of unit-linked products	**2,778,038**	3,141,049	3,729,117	4,909,273	5,078,319
Other debtors	**17,639,934**	8,421,449	5,252,836	6,590,021	2,575,684
Tax recoverable	**32,900**	25,737	-	-	-
Pledged deposits at banks	**337,169**	288,586	187,677	160,613	92,225
Cash and bank balances and deposits at bank with original maturity more than three months	**66,883,061**	54,209,780	35,255,927	27,784,628	19,032,498
Total assets	**315,016,176**	251,753,701	191,360,577	154,483,667	111,531,031
Less: Total liabilities	**(291,165,339)**	(228,412,741)	(174,331,586)	(136,001,794)	(96,193,202)
Non-controlling interests	**(4,003,602)**	(7,033,238)	(5,439,351)	(5,769,486)	(5,041,118)
	19,847,235	16,307,722	11,589,640	12,712,387	10,296,711
Share capital	**85,294**	85,294	85,264	85,181	85,103
Reserves	**19,761,941**	16,222,428	11,504,376	12,627,206	10,211,608
	19,847,235	16,307,722	11,589,640	12,712,387	10,296,711
	dollar	*dollar*	*dollar*	*dollar*	*dollar*
Earnings/(loss) per share					
Basic	**0.775**	0.695	0.321	1.320	0.527
Diluted	**0.773**	0.692	0.319	1.309	0.521

BIOGRAPHICAL DETAILS OF DIRECTORS, SENIOR MANAGEMENT AND JOINT COMPANY SECRETARY

EXECUTIVE DIRECTORS

Mr. WANG Bin
Chairman and Chairman of the Nomination Committee, Member of the Remuneration Committee
Aged 55
Joined the Board in 2012

Current Positions Held within CTIH Group	**TPL**	Chairman, *2013*
	TPAM	Chairman, *2013*
Current Key Positions Held in TPG	**TPG**	Chairman, *2012-Present*
	TPG (HK)	Chairman, *2012-Present*
Past Key Positions Held in TPG	**TPI**	Chairman
Past Offices	**Bank of Communications Co., Ltd.**	Executive Director Vice President Served in several positions including Deputy General Manager and General Manager of the Beijing Branch, General Manager of the Tianjin Branch
	Agricultural Development Bank of China	Served in several positions including Head of Planning Office, Office Assistant Manager and Office Manager, and Deputy General Manager and General Manager of Jiangxi Branch
Education, Qualification & Experience	**Nankai University, China**	Doctor of Philosophy in Economics

Mr. MENG Zhaoyi
Deputy General Manager
Aged 54
Joined the Board in 2013

Current Positions Held within CTIH Group	**TPI**	Director, *2012-Present*
	CTPI (HK)	Chairman, *2011-Present*
	TPRe	Chairman, *2011-Present*
	TP Macau	Chairman, *2009-Present*
Current Key Positions Held in TPG	**TPG**	Deputy General Manager, *2009-Present* Director, *2009-Present*
	TPG (HK)	Deputy General Manager, *2009-Present* Director, *2009-Present*
Past Offices	**CIRC**	Served in various positions including Director of the International Cooperation Division of the Foreign Business Department, Deputy Director General and Director General of the Foreign Business Department
	People's Bank of China	Served in various positions including Secretary (Division Chief Level) of the First Division of the General Administration Department and Director of the Property and Casualty Insurance Management Division of the Insurance Department
Education, Qualification & Experience	**Southwestern University of Finance and Economics, China**	Doctor of Philosophy in Economics Master Degree in Economics
	Tianjin University of Finance and Economics, China	Bachelor Degree in Economics

Mr. XIE Yiqun
Aged 52
Joined the Board in 2004

Current Positions Held Within CTIH Group	**TPL**	Director, *2001-Present*
	TPI	Director, *2004-Present*
	TPAM	Director, *2007-Present*
	TPP	Director, *2005-Present*
	TPIH	Chairman, *2012-Present*
	SZTPI	Chairman, *2012-Present*
	TPSI	Chairman, *2012-Present*
Current Key Positions Held in TPG	**TPG**	Deputy General Manager, *2004-Present* Director, *2004-Present*
	TPG (HK)	Deputy General Manager *2008-Present* Director, *2007-Present*
Past Key Positions Held in TPG	**TPAM**	Chairman
	TPA (HK)	Chairman
	TPL	Chairman
	China Taiping Insurance (UK) Co. Ltd.	Chairman General Manager
	China Taiping Insurance (Singapore) Pte Ltd.	Chairman General Manager
	CIC Holdings (Europe) Limited	Chairman
Past Offices	**PICC Zhejiang Branch**	General Manager of the Foreign Business Department
	PICC Wenzhou Branch	Deputy General Manager
Education, Qualification & Experience	**Middlesex University Business School in the United Kingdom**	Master of Arts in Chinese Management
	Nankai University, China	Insurance, Finance Department
		Over 30 years of experience in the insurance and finance industries

NON-EXECUTIVE DIRECTORS

Mr. HUANG Weijian
Aged 52
Joined the Board in 2013

Current Key Positions Held in TPG	**TPG**	Non-executive Director, 2013
	TPG (HK)	Non-executive Director, 2013
Past Offices	**The State Council of China**	Deputy Director of the Rural Integrated Reform Working Group Office
	Ministry of Finance of China	Served in various positions including Deputy Director of the General Affairs and Reform Department, Director of the General Affairs and Reform Department (General Affairs Department) Payment Management Division, the Income and Fund Policy Management Division, the Housing and Land Division
Education, Qualification & Experience	**University of Science and Technology of China**	Doctor of Philosophy in Management Science and Engineering

Mr. ZHU Xiangwen
Aged 46
Joined the Board in 2013

Current Key Positions Held in TPG	**TPG**	Non-executive Director, 2013
	TPG (HK)	Non-executive Director, 2013
Past Offices	**Ministry of Finance of China**	Served in various positions including Deputy Director of the Fifth Division of the Legal Affairs Department, Deputy Director of the Enterprise Financial Management Division of the Tibet Department of Finance, Deputy Director, Researcher and Director of the Second Division of the Legal Affairs Department, Director of the Comprehensive Department, Deputy Director-General of the Legal Affairs Department
Education, Qualification & Experience	**Renmin University of China**	Economics Law, Law Department

Mr. WU Changming
Aged 47
Joined the Board in 2013

Current Key Positions Held in TPG	**TPG**	Non-executive Director, 2013
	TPG (HK)	Non-executive Director, 2013
Past Offices	**People's Bank of China**	Served in various positions including Assistant Researcher of the Business Management Supervision Division of the Internal Audit Department, Deputy Director and Director of the Financial Audit Division of the Internal Audit Department, Director of the Exit Audit Department, Deputy Director of the Graduate School, Director of the Second Division of the Disciplinary Committee and Supervisory Bureau
Education, Qualification & Experience	**Hunan College of Finance and Economics**	Master of Finance, International Finance Department

Mr. NI Rongming
Aged 56
Joined the Board in 2013

Current Key Positions Held in TPG	**TPG**	Non-executive Director, 2013
	TPG (HK)	Non-executive Director, 2013
Past Offices	**People's Bank of China**	Served in various positions including Vice President and President of the Liupanshui Branch, President of the Guiyang Branch and Vice President of the Guiyang Central Sub-Branch
	CIRC	Served in various positions including Assistant Director of the Chengdu Office, Deputy Director and Director of the Sichuan Bureau
Education, Qualification & Experience	**Party School of Guizhou Province**	Economics Management

INDEPENDENT NON-EXECUTIVE DIRECTORS

Dr. WU Jiesi
Chairman of the Audit Committee, Member of the Remuneration Committee and the Nomination Committee
Aged 62
Joined the Board in 2000

Other Current Offices	**China Citic Bank International Limited**	Independent Non-executive Director ("INED")
	China Merchant Securities Co. Ltd. (a company listed on the Shanghai Stock Exchange)	Independent Director
	Industrial and Commercial Bank of China (Asia) Limited	INED
	China Life Franklin Asset Management Co., Limited	Director
	Silver Base Group Holdings Limited	Non-executive Director
	Shenzhen Investment Limited	Non-executive Director
	Beijing Enterprises Holdings Limited	INED
Past Offices	**China Aoyuan Property Group Limited**	Vice Chairman Non-executive Director
	China Water Affairs Group Limited	Non-executive Director
	China Merchants Bank Co., Ltd	INED
	Zhonghui Mining Industry Africa Limited	Chairman
	Yingli Green Energy Holding Company Limited (listed on the New York Stock Exchange)	INED
	Hopson Development Holdings Limited	Managing Director Chief Executive Officer
	Guangdong Tannery Limited	Honorary President
	Guangdong Investment Limited	Honorary President
	GDH Limited	Chairman
	Guangdong Yue Gang Investment Holdings Company Limited	Chairman
	Guangdong Province, China	Assistant to the Governor
	Shenzhen Municipal Government, China	Deputy Mayor
	ICBC Shenzhen Branch	President
Education, Qualification & Experience	**Nankai University, China**	Professor of Theoretical Economics Doctorate Degree in Economics Extensive experience in finance and management

Mr. CHE Shujian
Member of the Audit Committee, the Remuneration Committee and the Nomination Committee
Aged 70
Joined the Board in 2004

Other Current Offices	**China State Construction Engrg. Corp. Ltd.** (a company listed on the Shanghai Stock Exchange)	Independent Director
	The Architectural Society of China	Council Chairman
Past Offices	**Trony Solar Holdings Company Limited**	Independent Non-executive Director
	China Travel International Investment Hong Kong Limited	Chairman
	China Travel Service (Holdings) Hong Kong Limited (the holding company of China Travel International Investment Hong Kong Limited)	Chairman
	China Overseas Holdings Limited (the holding company of China Overseas Land & Investment Ltd.)	Director
	China Overseas Land & Investment Ltd	Independent Non-executive Director
	The State Council of China	Investigator
	The Ministry of Construction and Development of the State Council of China	Director of the Administrative Affairs Office
	The Northeast Academy of the China Civil Engineering Institute	Director Deputy Director Dean of the Designing Laboratory
Education, Qualification & Experience	**School of Economics of Jilin University in China**	Graduate
		Qualified senior engineer in economic management
		Extensive experience in economic development and corporate management

Mr. WU Ting Yuk Anthony
Member of the Remuneration Committee and the Nomination Committee
Aged 59
Joined the Board in 2013

Other Current Offices	**12th Chinese People's Political Consultative Conference National Committee**	Member of Standing Committee
	Agricultural Bank of China Limited	Independent Non-executive Director
	Hong Kong General Chamber of Commerce	Director
	Bauhinia Foundation Research Center	Director
	Tokyo-Mitsubishi UFJ, Ltd.	Chief Advisor
	Fidelity Funds	Independent Non-executive Director
	Guangdong Investment Limited	Independent Non-executive Director
	National Health and Family Planning Commission of the PRC (Previously named as "The Ministry of Health")	Advisor
	State Administration of Traditional Chinese Medicine of the PRC International Collaboration	Principal Advisor
	Foundation of Oxford University	Trustee
Past Offices	**Hong Kong Hospital Authority**	Chairman
	Ernst & Young PLLC	Chairman of Far East and China
	Hong Kong General Chamber of Commerce	Chairman
	Bauhinia Foundation Research Center	Chairman
Education, Qualification & Experience	**Hong Kong Institute of Certified Public Accountants**	Member
	Association of Chartered Certified Accountants	Member
	Hong Kong College of Community Medicine	Honorary Fellow
	Government of HKSAR	Justice of the Peace Awarded Gold Bauhinia Star

Senior Management

Mr. SHEN Nanning
Deputy General Manager
Aged 57

Current Positions Held Within CTIH Group	**TPL**	Director
	TPI	Director
	TPP	Director
	TPRB	Director
Current Key Positions Held in TPG	**TPG**	Deputy General Manager
	TPG (HK)	Deputy General Manager
Education, Qualification & Experience	**Xiamen Univeristy, China**	Doctor of Philosophy in Finance
	Dalian Maritime University, China	Specialized in Ship Navigation
		Senior Economist Over 20 years of experience in insurance

Mr. PENG Wei
Deputy General Manager
Aged 48

Current Positions Held Within CTIH Group	**TPL**	Director
	TPI	Director
	TPAM	Director
	TPP	Director
	TPeC	Chairman
Current Key Positions Held in TPG	**TPG**	Deputy General Manager
	TPG (HK)	Deputy General Manager
Education, Qualification & Experience	**Peking University, China**	Master of Science Degree
		Senior Economist Over 18 years of experience in insurance and strategic management

Ms. DING Xiangqun
Deputy General Manager
Aged 48

Current Positions Held Within CTIH Group	**TPI**	Chairman
Current Key Positions Held in TPG	**TPG**	Deputy General Manager
	TPG (HK)	Deputy General Manager
Education, Qualification & Experience	**Renmin University, China**	Master Degree in Economics

Mr. ZHENG Changyong
Assistant to General Manager
Aged 49

Current Positions Held Within CTIH Group	**TPP**	Chairman
	TPAM	Director
Current Key Positions Held in TPG	**TPG**	Assistant to General Manager
	TPG (HK)	Assistant to General Manager
Education, Qualification & Experience	**Beijing Technology and Business University, China**	Master Degree in Economics

Mr. JIAO Yanjun
Assistant to General Manager
Aged 41

Current Key Positions Held in TPG	**TPG**	Assistant to General Manager
	TPG (HK)	Assistant to General Manager
Education, Qualification & Experience	**Tsinghua University School of Economics and Management, China**	EMBA

Mr. CHEN Mo
Chief Internal Auditor
Aged 54

Current Positions Held Within CTIH Group	**TPI**	Director
	TPL	Chairman of the Board of Supervisors
	TP Macau	Member of the Board of Supervisors
Current Key Positions Held in TPG	**TPG**	Person-in-charge of Auditing
	TPG (HK)	Person-in-charge of Auditing
Education, Qualification & Experience	**Southwestern School of Finance and Economics, China**	Agricultural Economics
	University of South Australia	Master of Business Administration

Mr. LI Tao
Chief Financial Officer
Aged 41

Current Positions Held Within CTIH Group	**TPL**	Director
	TPI	Director
	TPAM	Director
	TPA (HK)	Chairman Director
	TPP	Director
Current Key Positions Held in TPG	**TPG**	Chief Financial Officer
	TPG (HK)	Chief Financial Officer
Education, Qualification & Experience	**Fudan University, China**	EMBA
	Wuhan University, China	Bachelor of Arts Degree
	The Association of Chartered Certified Accountants of the United Kingdom	Fellow

Mr. ZHANG Ruohan
Joint Company Secretary and General Manager of the Finance and Accounting Department
Aged 38

Current Key Positions Held in TPG	**TPG**	General Manager of the Finance and Accounting Department
	TPG (HK)	General Manager of the Finance and Accounting Department
Education, Qualification & Experience	**Central University of Finance and Economics, China**	Bachelor Degree in Finance
	University of Giordano Dell' Amore Foundation, Italy	Master Degree in Finance

JOINT COMPANY SECRETARY

Mr. ZHANG Ruohan
(For biographical details, please refer to the "Senior Management" Section)

Mr. CHAN Man Ko
Joint Company Secretary and Deputy General Manager of the Finance and Accounting Department
Aged 39

Current Key Positions Held in TPG	**TPG**	Deputy General Manager of the Finance and Accounting Department
	TPG (HK)	Deputy General Manager of the Finance and Accounting Department
Past Offices	**Deloitte Touche Tohmatsu**	Audit Manager in the Financial Institutions Group
Education, Qualification & Experience	**The Hong Kong Polytechnic University**	Bachelor of Arts Degree in Accountancy
	Hong Kong Institute of Certified Public Accountants	Member and practicing member
	The Institute of Chartered Accountants in England and Wales	Member

REPORT OF THE DIRECTORS

The directors respectfully submit their annual report together with the audited financial statements for the year ended 31 December 2013.

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 in the PRC, direct property and casualty insurance business in the PRC, Hong Kong and Macau, and all classes of global reinsurance business. The Group also carries on operations in pension and group life business, assets management, E-commerce for insurance, insurance intermediaries, securities brokering and investments. The principal activities and other particulars of the subsidiaries are set out in note 17 of the consolidated financial statements.

The analyses of the principal activities of the operations of the Company and its subsidiaries during the financial year are set out in note 3 of the consolidated financial statements.

The directors believe that an analysis of the profit contributions from each geographical area is not required for a proper appraisal of its businesses.

MAJOR INSURANCE CUSTOMERS

The information in respect of the Group's gross premiums written and policy fees attributable to major insurance customers during the financial year is as follows:

	Percentage of the Group's total gross premiums written and policy fees
The largest insurance customer	0.9%
Five largest insurance customers in aggregate	1.4%

Of the five largest insurance customers in aggregate, no gross premiums written and policy fees were from connected parties of which any shareholder of the Company (which to the knowledge of the directors own more than 5.0% of the Company's share capital) had an interest.

At no time during the Year have the directors, their associates or any shareholder of the Company (which to the knowledge of the directors own more than 5.0% of the Company's share capital) had any interest in these major insurance customers.

CONSOLIDATED FINANCIAL STATEMENTS

The profit of the Group for the year ended 31 December 2013 and the state of the Company's and the Group's affairs at that date are set out in the consolidated financial statements.

No interim dividend was declared during the Year (2012: Nil). The directors do not recommend the payment of a final dividend in respect of the year ended 31 December 2013 (2012: Nil).

FIXED ASSETS

Details of the movements in fixed assets are set out in note 15 of the consolidated financial statements.

SHARE CAPITAL

During the Year, shares were issued upon the exercise of options under the Company's share option scheme. Details of the movements in share capital of the Company during the Year are set out in note 38 of the consolidated financial statements.

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

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

RESERVES

Details of the movements in reserves of the Company and the Group during the Year are set out in note 39 of the consolidated financial statements.

DISTRIBUTABLE RESERVES

As at 31 December 2013, the Company's reserves available for distribution amounted to HK$422.20 million (2012: HK$298.84 million). In addition, the Company's share premium account of HK$9,055.69 million as at 31 December 2013 (2012: HK$9,055.69 million) may be distributed in the form of fully paid bonus shares.

DONATIONS

During the Year, the Group made charitable donations of HK$3.21 million (2011: HK0.66 million).

DIRECTORS

The directors during the Year and up to the date of this announcement were:

Executive directors

WANG Bin
SONG Shuguang (resigned on 28 March 2014)
MENG Zhaoyi (appointed on 27 August 2013)
XIE Yiqun
PENG Wei (resigned on 27 August 2013)
NG Yu Lam Kenneth (resigned on 9 April 2013)

Non-executive directors
HUANG Weijian (appointed on 27 August 2013)
ZHU Xiangwen (appointed on 27 August 2013)
WU Changming (appointed on 27 August 2013)
NI Rongming (appointed on 27 August 2013)
LI Tao (resigned on 27 August 2013)
WU Jiesi*
CHE Shujian*
MA Junlu* (appointed on 27 August 2013, passed away on 22 February 2014)
WU Ting Yuk Anthony* (appointed on 27 August 2013)
LEE Kong Wai Conway* (resigned on 27 August 2013)

** Independent*

In accordance with Article 93 and 97 of the Company's articles of association, Messrs. Wang Bin, Meng Zhaoyi, Xie Yiqun, Huang Weijian, Zhu Xiangwen, Wu Changming, Ni Rongming, Wu Jiesi, Che Shujian and Wu Ting Yuk Anthony, shall retire and, being eligible, offer themselves for re-election at the forthcoming Annual General Meeting.

The proposed appointments will not have any specific term, but will be subject to retirement by rotation and re-election at the Company's Annual General Meeting in accordance with the Company's articles of association.

Subject to the approval of the shareholders at the Company's Annual General Meeting, the emoluments of the directors will be determined by the Remuneration Committee and the Board of Directors of the Company.

CONFIRMATION OF INDEPENDENCE

The Company has received annual confirmation from each of the independent non-executive directors in regards to their independence from the Company and considers each of the independent non-executive directors to be independent from 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 the Directors pursuant to paragraphs (a) to (e) and (g) of Rule 13.51(2) between 27 August 2013 (being the date of approval of the Company's Interim Report 2013 and 28 March 2014 (being the date of approval of the Company's 2013 Annual Report) is set out below:

Position held with the Company and other members of the Group and relationships with the controlling shareholders of the Company

Mr. Wang Bin was appointed as the Chairman of TPAM with effect from November 2013 and ceased to be the Chairman of TPI with effect from December 2013.

Mr. Song Shuguang ceased to be the Deputy Chairman, Executive Director, General Manager and member of the Remuneration committee of the Company with effect from 28 March 2014 and ceased to be the Chairman of TPeC with effect from September 2013.

Mr. Xie Yiqun ceased to be the Chairman of TPFH, TPAM, and TPA (HK) with effect from September 2013, November 2013 and September 2013, respectively.

Mr. Ma Junlu passed away on 22 February 2014.

Experience including other directorships in listed companies and major appointments

Mr. Wu Ting Yuk Anthony ceased to be the Chairman of the Hong Kong Hospital Authority with effect from December 2013, and cease to be a member of the board of directors of the United Nations Association of the PRC, a member of the Hong Kong Health and Medical Development Advisory Committee and a member of the China Society for People's Friendship Studies in 2013.

Changes in Director's emoluments

The changes in directors' emoluments are set out in note 9 of the consolidated financial statements.

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

DIRECTORS' SERVICE CONTRACTS

No director proposed for re-election at the forthcoming Annual General Meeting has an unexpired service contract which is not determinable by the Company or any of its subsidiaries within one year without payment of compensation, other than normal statutory obligations.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 31 December 2013, the interests or short positions of the directors and chief executive 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 notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies were as follows:

Long Positions in shares and underlying shares of the Company:

Name of directors	**Shares**		**Underlying shares pursuant to share options** *(Note)*	**Total interests**	**Percentage of issued share capital %**
	Beneficial Owner	**Interest of Spouse**			
Song Shuguang (resigned on 28 March 2014)	10,000	-	800,000	810,000	0.05
Xie Yiqun	-	-	500,000	500,000	0.03

Note:

These figures represent interests of options granted to the directors under the Share Option Scheme of the Company adopted on 23 January 2003 to acquire shares of the Company, further details of which are set out in the section "Share Option Scheme".

Save as disclosed above:

(A) none of the directors of the Company had any interest or short position in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO); and

(B) during the Year, no directors of the Company nor any of their spouses or children under the age of 18 years held any rights to subscribe for equity or debt securities of the Company nor had there been any exercise of any such rights by any of them.

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 Year, the provisions of the New Scheme shall remain in full force and effect.

As of 31 December 2013, the directors and employees of the Company had the following interests in options to subscribe for shares of the Company (market value per share at 31 December 2013 was HK$15.84) granted at nominal consideration under the New Scheme. Each unit of option gives the holder the right to subscribe for one share.

Directors	No. of options outstanding at the beginning of the Year	No. of options outstanding at the end of the Year	Date granted	Period during which options exercisable	No. of options granted during the Year	No. of shares acquired in exercise of options during the Year	No. of options lapsed/ reclassified during the Year	Price per share to be paid on exercise of options	[1]Market value per share at date of grant of options during the Year	[2]Market value per share on exercise of options during the Year
Song Shuguang (resigned on 28 March 2014)	800,000	800,000	2 November 2005	23 November 2005 to 22 November 2015	-	-	-	HK$2.875	-	-
Xie Yiqun	500,000	500,000	2 November 2005	23 November 2005 to 22 November 2015	-	-	-	HK$2.875	-	-
Peng Wei (resigned on 27 August 2013)	400,000	-	2 November 2005	23 November 2005 to 22 November 2015	-	-	-400,000	HK$2.875	-	-
Ng Yu Lam, Kenneth (resigned on 9 April 2013)	300,000	-	2 November 2005	23 November 2005 to 22 November 2015	-	-	-300,000	HK$2.875	-	-
Employees	3,917,000	2,267,000	2 November 2005	23 November 2005 to 23 November 2015	-	-	-1,650,000	HK$2.875	-	-
	175,000	175,000	29 December 2006	29 December 2006 to 28 December 2016	-	-	-	HK$9.800	-	-
	800,000	800,000	26 February 2007	26 February 2007 to 25 February 2017	-	-	-	HK$9.490	-	-
	175,000	175,000	29 June 2007	29 June 2007 to 28 June 2017	-	-	-	HK$14.220	-	-
	175,000	175,000	31 December 2007	31 December 2007 to 30 December 2017	-	-	-	HK$21.400	-	-
	175,000	175,000	30 June 2008	30 June 2008 to 29 June 2018	-	-	-	HK$19.316	-	-
	175,000	175,000	31 December 2008	31 December 2008 to 30 December 2018	-	-	-	HK$11.920	-	-
	350,000	350,000	31 December 2009	31 December 2009 to 30 December 2019	-	-	-	HK$25.10	-	-
	175,000	175,000	30 June 2010	30 June 2010 to 29 June 2020	-	-	-	HK$25.91	-	-
	175,000	175,000	31 December 2010	31 December 2010 to 30 December 2020	-	-	-	HK$24.18	-	-
	175,000	175,000	30 June 2011	30 June 2011 to 29 June 2021	-	-	-	HK$17.58	-	-
	175,000	175,000	30 December 2011	30 December 2011 to 29 December 2021	-	-	-	HK$14.728	-	-

Notes:

[1] *Being the closing price quoted on the Stock Exchange immediately before the dates on which the options were granted during the Year.*

[2] *Being the weighted average closing price quoted on the Stock Exchange immediately before the dates on which the options were exercised during the Year.*

Apart from the foregoing, at no time during the Year was the Company, any of its holding companies, subsidiaries or fellow subsidiaries a party to any arrangement to enable the directors or chief executives 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 of the Company was adopted by the board of directors (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 31 December 2013, the net total number of shares held under the Share Award Scheme was 969,200 shares (2012: 1,536,800 shares). As at 31 December 2013, no shares were awarded to selected employees (2012: 567,600 shares) 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 Year and prior to the Year, 30,400 Shares were awarded to Mr. Ng Yu Lam, Kenneth, a Director, which were vested in him on 2 January 2013. Mr. Ng Yu Lam, Kenneth resigned as a Director on 9 April 2013.

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As of 31 December 2013, 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 the 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	908,689,405 *(Note 1)*	Long Position	53.27
TPG (HK)	643,425,705 shares as beneficial owner and 265,263,700 shares *(Note 2)* as interest of controlled corporation	908,689,405	Long Position	53.27
Commonwealth Bank of Australia	Interest of controlled corporation	118,707,776	Long Position	6.96
Schroders Plc.	Investment Manager	117,954,761	Long Position	6.91

Notes:

(1) TPG's interest 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) 138,924,700 shares are held by Easiwell, 71,544,000 shares are held by Golden Win and 54,795,000 shares are held by Manhold.

(3) After the issuance of 571,656,306 and 152,479,270 consideration shares by CTIH to TPG (HK) in February and March 2014, respectively, TPG and TPG (HK)'s equity interest in CTIH has been increased to 67.19%.

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 31 December 2013.

DIRECTORS' INTEREST IN CONTRACTS

No contract of significance to which the Company, any of its holding companies, subsidiaries or fellow subsidiaries was a party in which a director of the Company had a material interest subsisted at the end of the Year or at any time during the Year.

CONNECTED TRANSACTIONS

During the Year, the Group has entered into the following connected transactions with TPG and its subsidiaries ("TPG Group").

Acquisition of assets from controlling shareholders

On 27 May 2013, the Company entered into a framework agreement whereby the Company conditionally agreed to acquire certain assets and interests from TPG and TPG (HK) for an aggregate consideration of RMB10,581,367,500, to be satisfied by the issuance of new shares of CTIH at the issue price of HK$15.39 per share. The details of the transaction were set out in the announcement of the Company dated 27 May 2013 and the circular of the Company dated 31 May 2013.

CONTINUING CONNECTED TRANSACTIONS

A. Reinsurance Transaction

(i) Reinsurance Services provided by TPRe

On 1 December 2011, TPRe, TPG and the Company entered into a master reinsurance agreement pursuant to which TPRe agrees, and each of TPG and the Company agrees, to respectively procure members of the TPG Group and the Connected Subsidiaries, to enter into various reinsurance contracts. Pursuant to the said reinsurance contracts, TPRe acts as reinsurer and accepts risks in return for premium from such members of the TPG Group and the Connected Subsidiaries. The Reinsurance Transactions consist of both treaty and facultative business and the range of risks covered includes all lines of general reinsurance risks and certain classes of long term reinsurance risks on both a proportional and non-proportional basis. TPRe will enter into the reinsurance contracts on the same basis as it accepts reinsurance business from other independent customers, and the terms and conditions of the reinsurance contracts, in which other independent third party reinsurers may also participate, will be negotiated on an arm's length basis and will be entered into on normal commercial terms.

It was expected that the amount of gross premium income ceded by the members of the TPG Group and the Connected Subsidiaries and underwritten by TPRe and the commission expenses payable by TPRe in respect of the Reinsurance Transactions for each of the financial years ended 31 December from 2012 to 2014 will not exceed HK$450 million and HK$210 million, respectively (2009-2011: HK$300 million and HK$100 million, respectively).

The proposed cap of the amount of gross premium income and commission expenses described above are determined by reference to the historical value of such transactions and the projected value of the new business which are likely to be procured.

During the Year, the gross premiums written and the commission expenses paid in respect of business ceded by related companies were HK$347.07 million (2012: 361.29 million) and HK$140.00 million (2012: HK$139.92 million), respectively.

(ii) Reinsurance Services provided by CTPI (HK)

On 31 August 2012, CTPI (HK), TPG and the Company entered into a master reinsurance agreement pursuant to which CTPI (HK) agrees, and each of TPG and the Company agrees, to respectively procure members of the TPG Group and the Connected Subsidiaries to enter into various reinsurance contracts. Pursuant to the said reinsurance contracts, CTPI (HK) acts as reinsurer and accepts risks in return for premium from such members of the TPG Group and the Connected Subsidiaries. The terms and conditions of the reinsurance contracts are negotiated on an arm's length basis and entered into on normal commercial terms. As amended by a supplemental agreement dated 31 December 2012, the master reinsurance agreement was extended for a year commencing from 1 January and expiring on 31 December 2013.

It was expected that the amount of gross premium income ceded by the members of the TPG Group and the Connected Subsidiaries and underwritten by CTPI (HK) and the commission expenses payable by CTPI (HK) in respect of the Reinsurance Transactions for the financial year ended 31 December 2013 will not exceed HK$515 million and HK$238.615 million, respectively (2012: HK$406 million and HK$181 million, respectively).

The proposed cap of the amount of gross premium income and commission expenses described above was determined by reference to (i) the historical value of such transactions; (ii) the projected value on the new business which are likely to be procured; (iii) the expected appreciation of the RMB for transactions denominated in RMB; and (iv) the anticipated expansion of the PRC insurance markets and the business growth and development of the Group.

During the Year, the gross premiums written and the commission expenses paid in respect of business ceded by related companies were HK$483.50 million (2012: HK$397.12 million) and HK$195.29 million (2012: HK$178.48 million), respectively.

Since the applicable percentage ratios in respect of the reinsurance services provided by TPRe and CTPI (HK) were, in aggregate and on an annual basis, more than 0.1% but less than 5%, the Continuing Connected Transactions are only subject to the reporting and announcement requirements and are exempt from the independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

(B) Investment Management Services

(i) Investment Management Services provided by TPA (HK)

On 1 December 2011, TPA (HK), TPG and the Company entered into the Master TPA (HK) Investment Management Agreement, pursuant to which TPA (HK) agrees, and each of TPG and the Company agrees, to procure members of the TPG Group and the Connected Subsidiaries, to enter into various investment management agreements. Pursuant to the investment management agreements, TPA (HK) provides investment advice and investment management services to relevant members of the TPG Group or the Connected Subsidiaries in managing the Non-RMB Trust Fund (the non-RMB denominated investment fund of various trusts of which members of TPG and its subsidiaries (excluding the Group) or the Connected Subsidiaries are the beneficiaries). TPA (HK) will receive from the relevant members of the TPG Group or relevant Connected Subsidiaries management fees, performance bonus fees and other fees for its investment management services (together, the "**TPA (HK) Management Fees**") and such TPA (HK) Management Fees will be calculated on the basis of (a) a certain percentage of the net asset value of the Non-RMB Trust Fund; and/or (b) a performance bonus fee representing a certain percentage of the amount of net investment return at the end of the relevant calendar year in excess of an amount equivalent to a certain percentage of the daily average balance of the clients' subscription monies or the increase in the net asset value of the relevant Non-RMB Trust Fund managed by TPA (HK); and/or (c) such other bases as may be agreed by the parties to the relevant investment management agreement.

It was expected that the TPA (HK) Management Fees to be paid by members of the TPG Group and the Connected Subsidiaries in respect of investment management services provided by TPA (HK) for each of the financial years ending 31 December 2012, 2013 and 2014 will not exceed HK$37.00 million, HK$42.00 million and HK$48.00 million, respectively (2009-2011: HK$30.50 million, HK$35.10 million and HK$40.30 million, respectively). The proposed cap was determined by reference to the historical values of such transactions and the projected values on the new business to be procured.

Since the applicable percentage ratios are, on an annual basis, more than 0.1% but less than 5%, the Continuing Connected Transactions are only subject to the reporting and announcement requirements and are exempt from the independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

During the Year, the TPA (HK) Management Fees paid by the TPG Group and the Connected Subsidiaries in respect of the investment management services provided by TPA (HK) was HK$3.31 million (2012: HK$4.73 million).

(ii) Investment Management Services provided by TPAM

On 1 December 2011, TPAM and the Company entered into the Master TPAM Investment Management Agreement, pursuant to which TPAM agrees, and the Company agrees, to procure its subsidiaries to enter into various investment management agreements. Pursuant to the investment management agreements, TPAM provides investment advice and investment management services to relevant members of the Group in managing the RMB Trust Fund. TPAM will receive from the relevant members of the Group management fees and other fees for its investment management services (together, the "**TPAM Management Fees**") and such TPAM Management Fees will be calculated on the basis of (a) a certain percentage of the net asset value of the RMB Trust Fund (the RMB-denominated investment fund of various trusts of which members of the Group are the beneficiaries); and/or (b) such other bases as may be agreed by the parties to the relevant investment management agreements.

It was expected that the TPAM Management Fees to be paid by members of the Group in respect of investment management services provided by TPAM for each of the financial years ending 31 December 2012, 2013 and 2014 will not exceed HK$160 million, HK$198 million and HK$263 million, respectively. The proposed cap was determined by reference to the historical values of such transactions, the projected values on the new business to be procured and the expected appreciation of the RMB.

Since the applicable percentage ratios are, on an annual basis, more than 0.1% but less than 5%, the Continuing Connected Transactions are only subject to the reporting and announcement requirements and are exempt from the independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

During the Year, the TPAM Management Fees paid by the Group in respect of the investment management services provided by TPAM was HK$169.61 million (2012: HK$144.55 million).

(C) Insurance Cross Selling within the Group

(i) Insurance Agency Service provided by TPL

On 1 December 2011, TPL and the Company entered into the Master TPL Insurance Agency Service Agreement, pursuant to which TPL agrees, and the Company agrees, to procure its subsidiaries to enter into various agency service contracts. Pursuant to the agency service contracts, TPL will act as an agent of the relevant members of the Group in selling their insurance products on their behalf. TPL will receive from the relevant members of the Group agency fees and other related fees (collectively, the "**TPL Agency Fees**") and such TPL Agency Fees will be calculated on the basis of (a) a certain percentage of the insurance premium for the insurance products distributed by TPL on behalf of the relevant Group members under the agency service contracts; and/or (b) such other bases as may be agreed by the parties to the relevant agency service contracts.

It was expected that the TPL Agency Fees to be paid by members of the Group in respect of the insurance agency services provided by TPL for each of the financial years ending 31 December 2012, 2013 and 2014 will not exceed HK$162 million, HK$186 million and HK$212 million, respectively. The proposed cap was determined by reference to the historical values of such transactions, the projected values on the new business to be procured and the expected appreciation of the RMB.

Since the applicable percentage ratios are, on an annual basis, more than 0.1% but less than 5%, the Continuing Connected Transactions are only subject to the reporting and announcement requirements and are exempt from the independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

During the Year, the TPL Agency Fees paid by members of the Group in respect of the insurance agency services provided by TPL was HK$158.09 million (2012: HK$120.83 million).

(ii) Insurance Agency Service provided by TPP

On 1 December 2011, TPP and the Company entered into the Master TPP Insurance Agency Service Agreement, pursuant to which TPP agrees, and the Company agrees, to procure the Connected Subsidiaries to enter into various agency service contracts. Pursuant to the agency service contracts, TPP will act as an agent of the relevant Connected Subsidiaries in selling their insurance products on their behalf. TPP will receive from the relevant Connected Subsidiaries agency fees and other related fees (collectively, the "**TPP Agency Fees**") and such TPP Agency Fees will be calculated on the basis of (a) a certain percentage of the insurance premium for the insurance products distributed by TPP on behalf of the relevant Connected Subsidiaries under the agency service contracts; and/or (b) such other bases as may be agreed by the parties to the relevant agency service contracts.

As amended by a supplemental agreement dated 1 March 2012 and a second supplemental agreement dated 27 June 2013, it was expected that the TPP Agency Fees to be paid by the Connected Subsidiaries in respect of the insurance agency service provided by TPP for each of the financial years ending 31 December 2012, 2013 and 2014 will not exceed HK$172.258 million, HK$157.000 million and HK$28.273 million, respectively. The proposed cap was determined by reference to the historical values of such transactions, the projected values on the new business to be procured and the expected appreciation of the RMB.

Since the applicable percentage ratios are, on an annual basis, more than 0.1% but less than 5%, the Continuing Connected Transactions are only subject to the reporting and announcement requirements and are exempt from the independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

During the Year, the TPP Agency Fees paid by Connected Subsidiaries in respect of the insurance agency service provided by TPP was HK$30.12 million (2012: HK$101.55 million).

(D) Provision of Employee Benefits Insurance Services

On 1 March 2012, TPP, the Company and TPG entered into the Employee Benefits Framework Agreement, pursuant to which TPP agrees, and each of the Company and TPG agrees, to procure the Connected Subsidiaries and members of the TPG Group to enter into various employee benefits insurance services contracts. Pursuant to the employee benefits insurance services contracts, TPP provides employee benefits insurance services to the Connected Subsidiaries and members of the TPG Group, and the terms and conditions of such contracts are negotiated on an arm's length basis and entered into on normal commercial terms. As amended by a supplemental agreement dated 31 December 2012, the Employee Benefits Framework Agreement was extended for a year commencing from 1 January and expiring on 31 December 2013.

It was expected that the aggregate premium to be received by TPP in respect of the employee benefits insurance services provided by TPP for the year ending 31 December 2013 will not exceed HK$90.561 million. The proposed cap was determined by reference to (i) the previous transaction amounts; (ii) the expected number of staff of the Connected Subsidiaries and members of the TPG Group who may join the employee benefits scheme under the Employee Benefits Framework Agreement as supplemented by the supplemental agreement; and (iii) the expected appreciation of the RMB.

Since the applicable percentage ratios are, on an annual basis, more than 0.1% but less than 5%, the Continuing Connected Transactions are only subject to the reporting and announcement requirements and are exempt from the independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

During the Year, the aggregate premium received by TPP in respect of employee benefits insurance services provided by TPP was HK$67.52 million (1 March 2012 to 31 December 2012: HK$54.93 million).

(E) Leasing of Properties to Connected Persons

On 1 March 2012, TPL, the Company and TPG entered into the TPL Leasing Framework Agreement, pursuant to which TPL agrees, and each of the Company and TPG agrees, to procure the Connected Subsidiaries and members of the TPG Group, to enter into various tenancies to lease the relevant floors or areas of buildings or properties in the PRC owned by TPL from time to time during the term of the TPL Leasing Framework Agreement. Pursuant to the TPL Leasing Framework Agreement, the terms and conditions of each tenancy agreement (including rental and other fees payable under such agreements and the payment terms thereof) are negotiated on an arm's length basis between the relevant contracting parties and entered into on normal commercial terms.

It was expected that the aggregate rental and other fees payable to TPL under the TPL Leasing Framework Agreement for the ten months ending 31 December 2012 and for the years ending 31 December 2013 and 2014 will not exceed HK$31.084 million, HK$42.158 million and HK$51.405 million, respectively. The proposed cap was determined by arm's length negotiations between the parties with reference to the historical transaction amounts and the prevailing market rates of rental and other fees payable for comparable properties.

Since the applicable percentage ratios are, on an annual basis, more than 0.1% but less than 5%, the Continuing Connected Transactions are only subject to the reporting and announcement requirements and are exempt from the independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

During the Year, the aggregate rental and other fees payable to TPL was HK$25.94 million (1 March 2012 to 31 December 2012: HK$24.63 million).

(F) Leasing of Properties by the Group

On 1 March 2012, TPR(SH) and the Company entered into the TPR(SH) Leasing Framework Agreement, pursuant to which, TPR(SH) agrees, and the Company agrees, to procure members of the Group to enter into various tenancies to lease various floors or parts of the Taiping Finance Tower (an office building located in Shanghai) during the term of the TPR(SH) Leasing Framework Agreement. Pursuant to the TPR(SH) Leasing Framework Agreement, the terms and conditions of each tenancy agreement (including rental and other fees payable under such agreements and the payment terms thereof) are negotiated on an arm's length basis between the relevant contracting parties and entered into on normal commercial terms.

It was expected that the aggregate rental and other fees payable to TPR(SH) under the TPR(SH) Leasing Framework Agreement for the ten months ending 31 December 2012 and for the years ending 31 December 2013 and 2014 will not exceed HK$21.370 million, HK$35.222 million and HK$36.983 million, respectively. The proposed cap was determined by arm's length negotiations between the parties with reference to the prevailing market rates of rental and other fees payable for comparable properties in Shanghai.

Since the applicable percentage ratios are, on an annual basis, more than 0.1% but less than 5%, the Continuing Connected Transactions are only subject to the reporting and announcement requirements and are exempt from the independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

During the Year, the aggregate rental and other fees payable to TPR(SH) was HK$28.88 million (1 March 2012 to 31 December 2012: HK$20.70 million).

(G) Sharing of Back Office Services

On 23 November 2009, the Company entered into the Back Office Services Framework Agreement with Taiping Financial Service Centre Company Limited ("TPFSC"), pursuant to which TPFSC and its subsidiaries and associates (excluding the Group) ("TPFSC Group") agrees to provide and the Group agrees to obtain the Back Office Services at a consideration determined on a cost sharing basis. The Back Office Services provided by TPFSC Group under the Back Office Services Framework Agreement include (i) operating services, including the underwriting and issuance of new policies, renewal and maintenance of in-force policies, claims handling and settlement, telephone enquiry services, and other services; and (ii) information technology services, including systems operations and maintenance, and systems development. As amended by a supplemental agreement dated 31 December 2012, the Back Office Services Framework Agreement was extended for a year commencing from 1 January and expiring on 31 December 2013.

The fees to be charged for the back office services provided were mutually determined by TPFSC and the members of the Group receiving the services on a cost-sharing basis, such costs to include any taxes incurred.

Members of the Group and the TPFSC Group will have the rights to enter into separate and definitive agreements from time to time to provide for the detailed terms of each single transaction in accordance with the principles set out in the Back Office Services Framework Agreement as supplemented by the supplemental agreement.

It was expected that the value of back office services provided by TPFSC Group for the financial year ending 31 December 2013 will not exceed HK$389.241 million. The aforesaid projected annual cap in respect of the Back Office Services was set by the Directors by reference to (i) the previous transaction amount; (ii) the anticipated expansion of the Group's businesses; and (iii) the expected appreciation of the Renminbi. The service fee was agreed between the TPFSC (Shanghai) Group and the Group after arm's length negotiations.

Since the applicable percentage ratios are, on an annual basis, more than 0.1% but less than 5%, the Continuing Connected Transactions are only subject to the reporting and announcement requirements and are exempt from the independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

During the Year, the value of back office services paid to TPFSC (Shanghai) Group was HK$274.02 million (2012: HK$260.07 million).

(H) Sharing of Internal Audit Services

On 23 November 2009, the Company entered into the Internal Audit Services Framework Agreement with TPG pursuant to which the TPG Group agrees to provide and the Group agrees to obtain the Internal Audit Services at a consideration determined on a cost sharing basis. The Internal Audit Services provided by TPG Group to the Group under the Internal Audit Services Framework Agreement include without limitation internal audit services. As amended by a supplemental agreement dated 31 December 2012, the Internal Audit Services Framework Agreement was extended for a year commencing from 1 January and expiring on 31 December 2013.

The fees to be charged for the Internal Audit Services provided were mutually determined by TPFAS (Shenzhen) and the member of the Group receiving the services on a cost-sharing basis, such costs to include any taxes incurred.

Members of the Group and the TPG Group have the rights to enter into separate and definitive agreements from time to time to provide for the detailed terms of each single transaction in accordance with the principles set out in the Internal Audit Services Framework Agreement.

It is expected that the value of internal audit services provided by the TPG Group for each of the financial years ending 31 December 2013 will not exceed HK$79.861 million. The aforesaid projected annual cap in respect of the Internal Audit Services were set by the Directors by reference to (i) the previous transaction amounts; (ii) the anticipated expansion of the Group's businesses; and (iii) the expected appreciation of the Renminbi. The service fee was agreed between the TPG Group and the Group after arm's length negotiations.

Since the applicable percentage ratios are, on an annual basis, more than 0.1% but less than 5%, the Continuing Connected Transactions are only subject to the reporting and announcement requirements and are exempt from the independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

During the Year, the value of the internal audit services paid to TPG Group was HK$58.92 million (2012: HK$52.06 million).

(I) E-Commerce Consultancy Services

On 31 December 2012, the Company and TPeC entered into the E-Commerce Consultancy Services Framework Agreement, pursuant to which TPeC agrees, and the Company agrees, to procure the Connected Subsidiaries to enter into separate and definitive agreements from time to time for the provision of e-commerce consultancy services in accordance with the principles set out in the E-Commerce Consultancy Services Framework Agreement.

The fees to be charged for the e-commerce consultancy services provided by TPeC were mutually determined by TPeC and the subsidiaries of the Company receiving the services based on normal commercial terms and their own independent interests.

It was expected that the aggregate consideration to be received by TPeC in respect of the e-commerce consultancy services provided by TPeC for the year ending 31 December 2013 will not exceed HK$50.31 million. The proposed cap was determined by reference to (i) the projected value of the new business that is expected to be procured under reasonable assumptions; and (ii) the expected appreciation of the RMB.

Since the applicable percentage ratios are, on an annual basis, more than 0.1% but less than 5%, the Continuing Connected Transactions are only subject to the reporting and announcement requirements and are exempt from the independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

During the Year, the aggregate fees received by TPeC in respect of the e-commerce consultancy services provided by TPeC was HK$Nil.

The independent non-executive directors of the Company have reviewed and confirmed that the continuing connected transactions in paragraphs A to I above were conducted in the following manner:

(i) entered into by the Group in the ordinary and usual course of its business;

(ii) entered into on normal commercial terms or on terms no less favourable than terms available to or from independent third parties; and

(iii) entered into in accordance with the terms of the relevant agreements governing such transactions and on terms that are fair and reasonable so far as the shareholders of the Company as a whole are concerned.

INTEREST BEARING NOTES

Particulars of the interest bearing notes of the Company and the Group as at 31 December 2013 are set out in note 32 to the consolidated financial statements.

FIVE YEAR SUMMARY

A summary of the results and of the assets and liabilities of the Group for the last five financial years is set out at the end of the financial statements.

RETIREMENT SCHEMES

Particulars of the retirement schemes are set out in note 40 to the consolidated financial statements.

CORPORATE GOVERNANCE

Information on the Company's corporate governance practices during the Year under review is set out in the "Corporate Governance Report" of the Company's 2013 annual report.

AUDIT COMMITTEE

Further information on the composition of the Audit Committee and the work performed by the Audit Committee during the Year under review is set out in the Company's 2013 annual report under the section headed "Audit Committee" in the Corporate Governance Report.

PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of its directors, as at the date of this report, there is sufficient public float, as not less than 25.0% of the Company's issued shares are held by the public.

AUDITOR

Messrs. Deloitte Touche Tohmatsu shall retire as auditor upon the expiration of its current term of office. A resolution for the re-appointment or appointment of auditor of the Company for the financial year ended 31 December 2014 is to be proposed at the forthcoming annual general meeting. If it is intended at the forthcoming annual general meeting to appoint an auditor other than the retiring auditor or to provide expressly that the retiring auditor shall not be re-appointed, an announcement in relation to the proposed change of auditor will be made as soon as practicable.

By order of the Board
WANG Bin
Chairman

Hong Kong, 28 March 2014

CORPORATE GOVERNANCE REPORT

Corporate governance practices

The Company is committed to the establishment of good standards of corporate governance practices by emphasizing transparency, accountability and responsibility to our shareholders. The Board reviews its corporate governance practices from time to time in order to meet the rising expectations of our shareholders, to comply with increasingly stringent regulatory requirements, and to fulfill its commitment to excellence in corporate governance practices.

During the Year under review, the Company has complied with the Code Provisions set out in the "Corporate Governance Code" contained in Appendix 14 of the Listing Rules (the "Code") with the following exceptions:

(1) Non-executive directors are 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.

(2) The chairman of the Board was unable to attend the annual general meeting of the Company held on 28 June 2013 (the "Meeting") due to other business engagement. Mr. Song Shuguang, the executive director, vice chairman and general manager of the Company, chaired the Meeting on behalf of the chairman of the Board and was available to answer questions.

Directors' securities transactions

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 of the directors, the Company confirms that all of the directors have complied with the required standards set out in the Model Code during the Year under review.

Board of directors

The Board is collectively responsible for overseeing the management of the business and affairs of the Group. The Board currently is comprised of a total of ten directors, with three executive directors, four non-executive director, and three independent non-executive directors.

The names of the directors are set out in the Company's 2013 annual report under the section headed "Corporate Information".

During the Year, the attendance records of the directors for Board, various board committees and general meetings are as follows:

	Attendance / No. of meetings				
	Board meetings	**Nomination Committee**	**Remuneration Committee**	**Audit Committee**	**General meeting**
Executive Directors					
Mr. Wang Bin	6/6	3/3	1/1	-	1/2
Mr. Song Shuguang *(resigned on 28 March 2014)*	6/6	1/1	1/1	-	1/2
Mr. Meng Zhaoyi *(appointed on 27 August 2013)*	2/2	-	-	-	-
Mr. Xie Yiqun	6/6	-	-	-	2/2
Mr. Peng Wei *(resigned on 27 August 2013)*	4/4	-	-	-	2/2
Mr. Ng Yu Lam Kenneth *(resigned on 9 April 2013)*	2/2	2/2	-	1/1	-
Non-executive Director					
Mr. Huang Weijian *(appointed on 27 August 2013)*	2/2	-	-	-	-
Mr. Zhu Xiangwen *(appointed on 27 August 2013)*	2/2	-	-	-	-
Mr. Wu Changming *(appointed on 27 August 2013)*	2/2	-	-	-	-
Mr. Ni Rongming *(appointed on 27 August 2013)*	2/2	-	-	-	-
Mr. Li Tao *(resigned on 27 August 2013)*	4/4	-	-	2/2	2/2
Independent Non-executive Directors					
Dr. Wu Jiesi	6/6	3/3	1/1	2/2	1/2
Mr. Che Shujian	6/6	3/3	1/1	2/2	1/2
The late Mr. Ma Junlu *(appointed on 27 August 2013 and passed away on22 February 2014)*	2/2	-	-	-	-
Mr. Wu Ting Yuk Anthony *(appointed on 27 August 2013)*	2/2	-	-	-	-
Mr. Lee Kong Wai Conway *(resigned on 27 August 2013)*	3/4	2/3	0/1	1/2	2/2

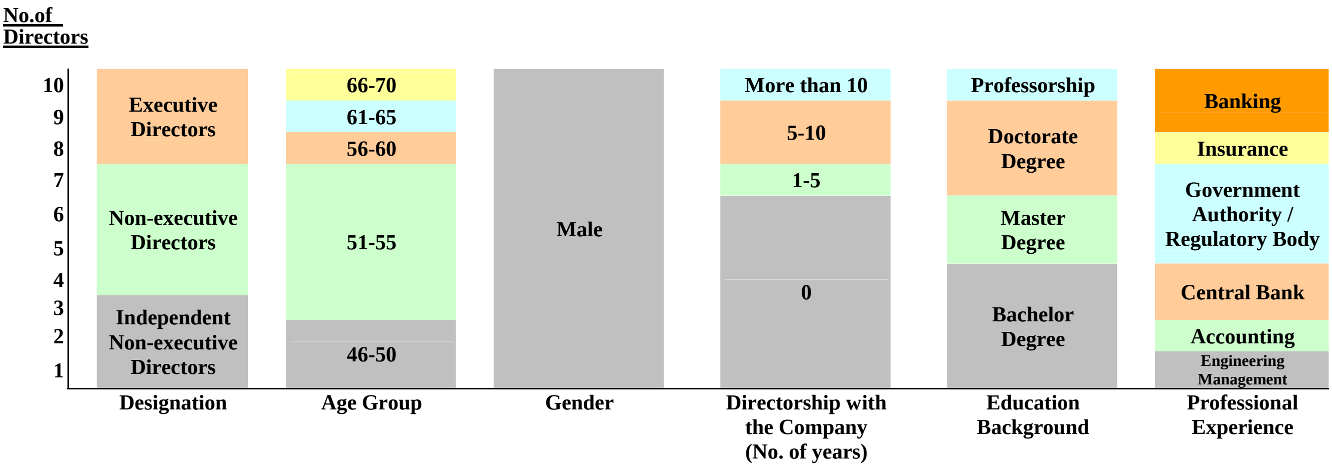
The Board formulates the overall strategy of the Group, monitors its financial performance and maintains an effective corporate governance structure in each individual subsidiary. Daily operations and administration are delegated to the management of each individual subsidiary. During the Year under review, none of the directors above has or maintained any financial, business, family or other material/relevant relationships with any of the other directors.

The non-executive director and the independent non-executive directors are not appointed for specific terms but are subject to retirement by rotation and re-election at the annual general meeting of the Company in accordance with the Company's articles of association.

Board Diversity Policy

The Board has adopted a board diversity policy (including without limitation, age, cultural and educational background, professional experience, skills, knowledge, length of service, gender and ethnicity) in August 2013 to comply with the new code provision on board diversity which has been effective since September 2013.

As at the date of this report, the Board's composition under major criteria for diversity was summarized as follows:



The Board considers that the current board composition is diverse and meets the criteria of the board diversity policy. The Board will review the board diversity from time to time to ensure that the board diversity policy is complied with.

Directors' Training

Directors were given relevant guideline materials regarding the duties and responsibilities for being a director, relevant laws and regulations applicable to the directors and the duties on disclosures of interests. Such induction materials will also be provided to newly appointed directors. The directors confirmed that they have complied with the code provision A.6.5 by attending relevant seminars, training sessions and reading materials to develop and refresh their knowledge and skills.

Chairman and Chief Executive Officer

Mr. Wang Bin is the chairman. Mr. Song Shuguang was appointed as the chief executive officer on 9 April to take over from Mr. Ng Yu Lam Kenneth, who resigned on the same date. The title of chief executive officer was renamed as general manager, with effect from 27 August 2013. Mr. Song Shuguang resigned as the general manager with effect from 28 March 2014. The roles of the chairman and the general manager are clearly defined and segregated and are not exercised by the same individual.

Board Committees

The Company currently has three board committees (namely the Nomination Committee, Remuneration Committee and Audit Committee) with defined terms of reference which are posted on the websites of the Company and the Stock Exchange. The Board is responsible for performing the corporate governance duties as set out in the Corporate Governance Code.

During the year and up to the date of this report, the corporate governance duties performed by the Board were mainly as set out below:

- Established a policy concerning the diversity of board members;
- Reviewed the training and continuous professional development of the directors; and
- Reviewed compliance with the code and disclosure in the Corporate Governance Report.

Nomination Committee

A Nomination Committee with specific written terms of reference was established by the Company on 29 March 2012. The terms of reference of the Nomination Committee was amended on 27 August 2013 to take into account the board diversity policy.

The principal duties of the Nomination Committee include reviewing the Board composition, developing and formulating the relevant procedures for nomination and appointment of directors and assessing the independence of the independent non-executive directors to ensure that the Board has a balance of expertise, skills, experience and diversity.

Mr. Wu Ting Yuk Anthony and Mr. Ma Junlu, independent non-executive directors of the Company were appointed as members of the Nomination Committee on 27 August 2013, while Mr. Lee Kong Wai Conway, resigned as a member of the Nomination committee on the same date. Mr. Ma Junlu passed away on 22 February 2014. The Nomination Committee is currently comprised of Mr. Wang Bin as chairman, and the three independent non-executive directors, namely Dr. Wu Jiesi, Mr. Che Shujian, and Mr. Wu Ting Yuk Anthony, as members.

During the period from 1 January 2013 to the date of this annual report, the Nomination Committee held four meetings. The subject matter of the work performed by the Nomination Committee are mainly as set out below:

- Reviewed the structure, size and composition of the Board;
- Assessed the independence of the independent non-executive directors; and
- Made recommendations to the Board on the appointment and reappointment of Directors.

Remuneration committee

A Remuneration Committee with specific written terms of reference was established by the Company on 24 February 2005.

The principal duties of the Remuneration Committee include the making of recommendations to the Board on the Company's policy and structure for all remuneration of the directors and senior management; the establishment of a formal and transparent procedure for developing the policy on such remuneration and to determine the specific remuneration packages of all executive directors and senior management.

The main principles of the Group's remuneration policies are:

(a) Remuneration should be determined by taking into consideration factors such as salaries paid by comparable companies, time commitment, responsibility, employment conditions elsewhere in the Group and the appropriateness of performance-based remuneration;

(b) Performance-based remuneration should be reviewed and approved by reference to the corporate goals and objectives approved by the Board from time to time; and

(c) No director should be involved in deciding his or her own remuneration.

Mr. Song Shuguang was appointed as a member of the Remuneration Committee on 9 April 2013 to take the place of Mr. Ng Yu Lam Kenneth, who resigned as a member of the Remuneration Committee on the same date. Furthermore, Mr. Ma Junlu, an independent non-executive director of the Company, was appointed as the Chairman of the Remuneration Committee on 27 August 2013 to take the place of Mr. Lee Kong Wai Conway, who resigned as chairman and a member of the Remuneration committee on the same date and Mr. Wu Ting Yuk Anthony, an independent non-executive director of the Company, was also appointed as a member of the Remuneration Committee on the same date. Mr. Ma Junlu passed away on 22 February 2014. Mr. Song Shuguang resigned as the member of the Remuneration Committee on 28 March 2014. The Remuneration Committee is currently comprised of the independent non-executive directors, with three independent non-executive directors, namely Dr. Wu Jiesi, Mr. Che Shujian and Mr. Wu Ting Yuk Anthony, and Mr. Wang Bin as members.

During the period from 1 January 2013 to the date of this annual report, the Remuneration Committee held two meetings. The subject matters of the work performed by the Remuneration Committee are mainly as set out below:

- Approved the the remuneration and discretionary bonuses of the directors of the Company; and

- Approved the appointment letters and service agreements of directors.

Auditor's remuneration

Deloitte Touche Tohmatsu is the auditor of the Company. The services provided by them include audit and non-audit services. During the 2013 financial year, the fees paid and payable for the Group was HK$13.75 million, of which the fees for the statutory audit was HK$11.22 million.

Audit committee

The written terms of reference for the Audit Committee are in accordance with the Code. The Audit Committee meets with the Group's senior management and external auditors regularly to review the effectiveness of the internal control system and the interim and annual results of the Group.

Mr. Ma Junlu was appointed as a member of the Audit Committee on 27 August 2013, while Mr. Li Tao and Mr. Lee Kong Wai Conway have resigned as members of the Audit Committee on the same date. Mr. Ma Junlu passed away on 22 February 2014. The Audit Committee is currently comprised of two of the independent non-executive directors, namely Dr. Wu Jiesi and Mr. Che Shujian. Dr. Wu Jiesi is the chairman of the Audit Committee.

During the period from 1 January 2013 to the date of this annual report, the Audit Committee held three meetings. The subject matters of the work performed by the Audit Committee are mainly as set out below:

- Reviewed the interim results, annual results and the system of internal controls of the Company and its subsidiaries for the 2013 financial year;

- Reviewed and recommended the re-appointment of the auditors, approved the remuneration and terms of engagement of the auditors and assessed the auditors' independence, objectivity and the effectiveness of the audit process.

Directors' responsibility for preparing the financial statements

The directors acknowledge that it is their responsibility for preparing financial statements which give a true and fair view.

The statement of the auditor of the Company on their responsibilities on the financial statements is set out in the Independent Auditor's Report.

Internal control review

The Board has conducted a review of the system of internal controls of the Group in accordance with the Code. The Board has also considered the adequacy of resources, qualifications and experience of the staff of the Company's accounting and financial reporting function, and their training programmes and budget. The Board considers that all material internal controls of the Group are proper and effective.

I. The Board's Statement in Respect of Internal Control Responsibilities

The Board of Directors of the Company will be responsible for establishing and maintaining an effective internal control system. The internal controls of the Company are jointly supervised and implemented by the Board of Directors, the management and the staff. The aim of the internal controls is to provide reasonable assurance of the legal compliance of our operations and management, assets security and reliability, truthfulness and completeness of financial reports and related information, improvement of operational efficiency and the implementation of development strategies.

Given the inherent limitations of an internal control system, reasonable guarantees can only be given in relation to the objectives mentioned above, and the effectiveness of our internal controls over the Company may change as the internal environment, external environment and business situation changes.

The Board has conducted an annual self-assessment of the internal control system, specifically in the areas of Control Environment, Risk Assessment, Control Activities, Information and Communication, and Monitoring, and no material defect was found in the design and implementation of the internal controls during the Reporting Period. Although general shortcomings and deficiencies in the internal controls found during routine inspections may lead to certain risks. These risks were considered manageable and did not create a substantial impact on the financial reporting objectives of the Group. Corrective measures for such risks have been and continue to be implemented. The Board considers that, since the year commencing January 1 of the reporting period, the Group's internal control system has been sound and effective.

The Group's internal control self-assessment report has been reviewed and approved by the Board. The Board and all of its members are severally and jointly responsible for the internal control report's truthfulness, accuracy and integrity.

II. Three Lines of Defense for Risk Management and Internal Control

The Group has formulated three lines of defense for its risk management and internal control. The Board has direct responsibility, and has the support and assistance of the operating risk and compliance committees. With the risk management department leading the overall organization, the management directly manages or implements the system, working closely with various departments and functions. The Audit Committee under the Board, the operating audit committees under the management, and the internal audit divisions are responsible for internally supervising and reviewing the three lines of defense.

All business departments constitute the first line of defense. The responsibilities are to identify, analyze, evaluate, respond to, monitor and report risks at the front end, to develop and implement the internal control system, to follow the procedures prescribed, and to report on any risks and defects in the operations and management.

The operating risk and compliance committees under the management and the risk management department constitute the second line of defense. Their functional responsibilities for internal control are to promote the development and the daily operations of the internal control system and to organize real-time monitoring and regular checks on management activities.

The Audit Committee under the Board and the operating audit committees under the management constitute the third line of defense. As the internal audit division of the Group, the Audit Center's responsibility is to carry out risk-based auditing and supervision over the risk controls and assessments of all of the subsidiaries and business units, to analyze and evaluate the effectiveness of the internal controls, to find internal control risks and to ensure that all of the recommendations from the internal audits are implemented.

III. Status of Internal Control Assessment

In 2013, pursuant to the Basic Standards for Enterprise Internal Control and the supplementary guidelines jointly promulgated by the Ministry of Finance, National Audit Office, China Banking Regulatory Commission, China Securities Regulatory Commission and the CIRC, the requirements on internal control guidelines for insurance companies issued by the CIRC, and the requirements of the Hong Kong Listing Rules and other Hong Kong regulations, the Group established the internal control self-assessment team and conducted a self-assessment in 2013 in accordance with the actual condition of the internal control system and the requirements for the future development of the Group.

3.1 The Scopes of the Internal Control Assessment

The Internal Control Assessment is used to review and evaluate adjustments and improvements of the internal control system, according to the requirements of the Group’s development strategy, the Group's actual situation and changes in the market, specifically in the areas of Control Environment, Risk Identification and Assessment, Control Activities, Information and Communication, and Monitoring. The scope of the assessment includes the Group headquarters, TPL, TPI, TPP and TPAM.

3.2 The Methods and Procedures of the Internal Control Assessment

Pursuant to the above-mentioned regulations and guidelines, and based on the Committee of Sponsoring Organizations of the Treadway Commission (“COSO”) Framework for the Control Environment, Risk Identification and Assessment, Control Activities, Information and Communication, and Monitoring, the internal control assessment team was set up and updated the internal control assessment points in 2013. This update was conducted in accordance with the Company’s actual situation and changes in departmental functions, and evaluated the soundness, rationality and effectiveness of the internal controls, and formed the basis of the internal control assessment report.

The internal control assessment comprises four phases: assessment preparation, assessment implementation, assessment feedback, and report preparation. The internal control assessment preparation includes formulating the annual assessment plan, setting up the internal control assessment team, drawing up the assessment program, and collecting the assessment materials. The implementation of the internal control assessment consists of two stages: self-assessment and review assessment, which focus on the understanding of the Internal Control system and are implemented through the two steps of testing and analysis. The internal control assessment team employs techniques such as interviews, questionnaires, seminars, walkthroughs, field inspections, sampling and comparative analysis and others, to ascertain the effectiveness of the internal control design and implementation. Through reviewing the internal control self-assessment forms, it is possible to identify and analyze the weaknesses and defects of the internal control system and to also conduct a comprehensive review. The findings of the internal control assessment are forwarded to the management and the relevant departments of the assessed companies for comments and feedback before the report is finalized.

Pursuant to the internal control assessment results, the Company will continue to rectify any internal control deficiencies. The relevant departments submit assessments every quarter on the improvements made on the reported defects and the follow up measures. At the same times, this helps the relevant departments to identify defects and to draw up timely improvement measures. The internal control assessment team regularly follows up on the progress of these improvement measures.

3.3 The Conclusions of the Internal Control Assessment

Pursuant to the “Basic Guidelines for Internal Control of Insurance Companies” and other laws and regulations, the Company conducted an internal control self-assessment in 2013 on the Control Environment, Risk Identification and Assessment, Control Activities, Information and Communication, and Monitoring. The internal control assessment team inspected and issued the assessment results after a comprehensive review. The assessment results show that the Company has a sound internal control infrastructure, continues to improve the risk management system, has optimized the business control processes, improved the information technology controls, strengthened internal control management and supervision, ensured the achievement of the Group's internal control objectives in terms of organization, personnel, systems, processes and execution, and continues to develop and improve the internal control system according to any changes in external policy. The Company’s internal control system is functioning well and provides reasonable guarantees to achieve the objectives of the Company’s operational management. No major defects were found.

Shareholders' rights

Convening of extraordinary general meeting on requisition by shareholders

Shareholder(s) holding at the date of the deposit of the requisition not less than one-twentieth of the paid-up capital of CTIH may request the Board to convene an extraordinary general meeting, pursuant to Section 113 of the Companies Ordinance (Chapter 32 of the Laws of Hong Kong) before 3 March 2014 and shareholder(s) representing at least 5% of the total voting rights of all shareholders having a right to vote at general meeting of CTIH may request the Board to convene a extraordinary general meeting, pursuant to Section 566 to 568 of the new Companies Ordinance (Chapter 622 of the Laws of Hong Kong) from 3 March 2014 onwards. The objects of the meeting must be stated in the related requisition signed by the shareholders concerned and deposited at the registered office of the Company at 22/F, China Taiping Tower Phase I, 8 Sunning Road, Causeway Bay, Hong Kong, for the attention of the Company Secretary. The requisition may consist of several documents in like form, each signed by one or more of the shareholders concerned.

Procedures for putting forward proposals at shareholders' meetings by shareholders

To put forward a resolution in an annual general meeting, shareholders are requested to follow the requirements and procedures as set out in Section 115A of the Companies Ordinance (Chapter 32 of the Laws of Hong Kong) before 3 March 2014 and Section 615 to 616 of the new Companies Ordinance (Chapter 622 of the Laws of Hong Kong) from 3 March 2014 onwards. A copy of the requisition/request signed by the shareholders concerned (or 2 or more copies which between them contain the signatures of all the shareholders concerned) needs to be deposited at the registered office of the Company, and before 3 March 2014, the concerned shareholders need to deposit or tender with the requisition a sum reasonably sufficient to meet the Company's expenses in giving effect to the requested action and from 3 March 2014 onwards, the Company shall be required to send a copy of the notice of a resolution at the Company's own expense to each shareholder entitled to receive notice of the annual general meeting, if it has received requests that it do so from the shareholders concerned and the shareholders concerned are no longer required to tender with the request any sum to meet the Company's expenses in giving effect to the requested action.

Pursuant to article 95 of the Articles of Association, no person other than a director retiring at the meeting (whether by rotation or otherwise) shall be appointed or reappointed a director at any general meeting unless:

(a) he/she is recommended by the Board, or

(b) during a period of not less than seven days commencing no earlier than the day after the despatch of the notice of the meeting and ending no later than seven days prior to the date appointed for the meeting, there has been given to the secretary notice in writing by some Member (not being the person to be proposed) qualified to attend and vote at the meeting of his intention to propose that person for appointment or reappointment and also notice in writing signed by the person to be proposed of his willingness to be appointed or reappointed.

Detailed procedures for shareholders to proposed a person for election as a Director can be found on the Company's website.

Procedures for directing shareholders' enquiries to the Board

Shareholders may send their enquiries and concerns to the Board by addressing them to our Investor Relations team, the contact details of which are as follows:

Investor Relations
China Taiping Insurance Holdings Company Limited
12/F, China Taiping Tower Phase II, 8 Sunning Road, Causeway Bay, Hong Kong

Telephone: (852) 3602 9888
Fax: (852) 2866 2262
Email: investor_relations@ctih.cntaiping.com

The Company Secretary will forward the enquiries and concerns to the Board and/or relevant board committees of the Company, where appropriate, to answer the shareholders' questions and/or to meet the shareholders' concerns.

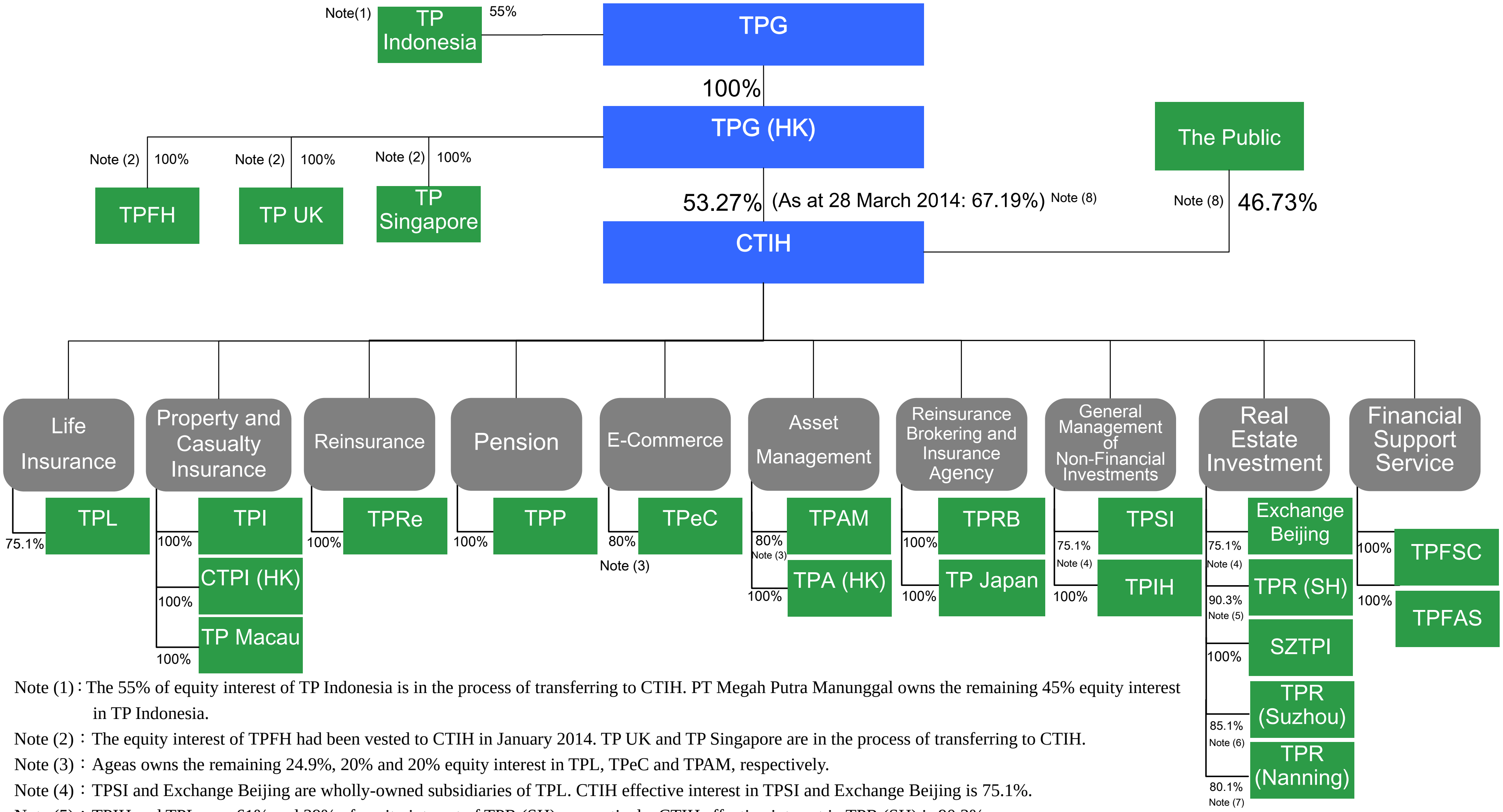
Constitutional Documents

There was no change to the Company's Memorandum and Articles of Association during the Year. A copy of the latest consolidated version of the Memorandum and Articles of Association is posted on the website of the Company and the Stock Exchange.

Investor Relations and Communications

The Company recognizes the importance of communications with the shareholders of the Company (the "**Shareholders**") and the investment community, and also recognizes the value of providing current and relevant information on the Company to the Shareholders and investors. The Company's corporate website, www.ctih.cntaiping.com, features a dedicated Investor Relations section, and is aimed at facilitating effective communications with the Shareholders, investors and other stakeholders. On the website, corporate information, including both financial and non-financial information, are available electronically and in a timely manner. The latest information on the Company, including annual and interim reports, announcements, circulars, press releases as well as constitutional documents, are also available on the website.

Simplified Ownership Structure



Note (1)：The 55% of equity interest of TP Indonesia is in the process of transferring to CTIH. PT Megah Putra Manunggal owns the remaining 45% equity interest in TP Indonesia.

Note (2)：The equity interest of TPFH had been vested to CTIH in January 2014. TP UK and TP Singapore are in the process of transferring to CTIH.

Note (3)：Ageas owns the remaining 24.9%, 20% and 20% equity interest in TPL, TPeC and TPAM, respectively.

Note (4)：TPSI and Exchange Beijing are wholly-owned subsidiaries of TPL. CTIH effective interest in TPSI and Exchange Beijing is 75.1%.

Note (5)：TPIH and TPL own 61% and 39% of equity interest of TPR (SH), respectively. CTIH effective interest in TPR (SH) is 90.3%.

Note (6)：TPL, TPI and SZTPI own 60%, 20% and 20% equity interest in TPR (Suzhou), respectively. CTIH effective interest in TPR (SH) is 85.1%.

Note (7)：TPL and TPI own 80% and 20% equity interest in TPR (Nanning), respectively. CTIH effective interest in TPR (Nanning) is 80.1%.

Note (8)：After the issuance of 571,656,306 and 152,479,270 consideration shares has been issued by CTIH to TPG (HK) in February and March 2014, respectively, TPG (HK) equity interest in CTIH has been increased to 67.19%. The public own the remaining 32.81% equity interest of CTIH.

(As at 31 December 2013)

Definitions

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

"Ageas"	Ageas Insurance International N.V.
"Board"	the board of Directors
"BVI"	British Virgin Islands
"CIRC"	China Insurance Regulatory Commission
"Code"	Corporate Governance Code as set out in Appendix 14 of the Listing Rules
"Connected Subsidiaries"	the non-wholly-owned subsidiaries of the Company which are or shall during the term of the relevant continuing connected transactions become connected persons of the Company
"Consideration Shares"	new shares to be allotted and issued by the Company as payment for the consideration of the Acquisition
"CTPI (HK)"	China Taiping Insurance (HK) Company Limited
"Directors"	The directors of the Company, including the independent non-executive directors
"Grantee"	A person who has been granted the right to accept the Company's offer of share options
"HKAS"	Hong Kong Accounting Standard
"HKFRS"	Hong Kong Financial Reporting Standard
"HKICPA"	Hong Kong Institute of Certified Public Accountants
"HK(IFRIC)-Int"	Hong Kong (International Financial Reporting Interpretations Committee)-Interpretation
"ICBC"	The Industrial and Commercial Bank of China
"ICBC (Asia)"	Industrial and Commercial Bank of China (Asia) Limited
"Independent Shareholders"	Shareholder(s) other than TPG, ICBC (Asia) and their respective associates
"Last Year"	The year ended 31 December 2012
"Listing Rules"	The Rules Governing the Listing of Securities on the Stock Exchange

"Macau"	Macau Special Administrative Region of the PRC
"MAH"	The Ming An (Holdings) Company Limited
"Manhold"	Manhold Limited
"MPF scheme"	Mandatory Provident Fund Scheme
"SFO"	Securities and Futures Ordinance
"Share(s)"	Share(s) of HK$0.05 each in the capital of the Company
"Share Award Scheme"	CIIH Employees' Share Award Scheme adopted on 10 September 2007
"the Stock Exchange"	The Stock Exchange of Hong Kong Limited
"the Company" or "CTIH"	China Taiping Insurance Holdings Company Limited
"the Group"	CTIH and its subsidiaries
"the PRC"	The People's Republic of China
"the Year"	The year ended 31 December 2013
"the Old Scheme"	Share option scheme of the Company adopted on 24 May 2000 and terminated on 7 January 2003
"the New Scheme"	Share option scheme of the Company adopted on 7 January 2003
"TPA (HK)"	Taiping Assets Management (HK) Company Limited,
"TPAM"	Taiping Asset Management Company Limited
"TPeC"	Taiping E-Commerce Company Limited
"TPFAS"	太平金融稽核服務（深圳）有限公司 ("Taiping Financial Audit Service (Shenzhen) Company Limited", being the unofficial English name)
"TPFH"	Taiping Financial Holdings Company Limited

“TPFSC”	太平共享金融服務（上海）有限公司 (“Taiping Financial Service Centre (Shanghai) Company Limited”, being the unofficial English name)
“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
“TPL”	Taiping Life Insurance Company Limited
“TPP”	Taiping Pension Company Limited
“TPR(Nanning)	Taiping Real Estate (Nanning) Co. Ltd.
“TPR(SH)”	Taiping Real Estate Shanghai Company Limited
“TPR(Suzhou)	Taiping Real Estate (Suzhou Industrial Park) Co. Ltd.
“TPRB”	Taiping Reinsurance Brokers Limited
“TPRe”	Taiping Reinsurance Company Limited
“TPSI”	Taiping Senior Living Investments Company Limited
“TP Indonesia”	PT China Taiping Insurance Indonesia
“TP Japan”	China Taiping Insurance Service (Japan) Co. Ltd.

"TP Macau"	China Taiping Insurance (Macau) Company Limited
"TP Singapore"	China Taiping Insurance (Singapore) PTE. Ltd.
"TP UK"	China Taiping Insurance (UK) Company Limited
"SZTPI"	深圳市太平投資有限公司 ("Shenzhen Taiping Investment Company Limited", being the unofficial English name)
"Tranche A"	25.05% equity interest in TPL
"Tranche B"	38.79% equity interest in TPI, 4% equity interest in TPP and 20% equity interest in TPAM
"Tranche C"	all target interests other than Tranche A and Tranche B and other target assets
"RMB"	Renminbi
"HKD"	Hong Kong dollars
"USD"	United States dollars
"EUR"	Euro
"GBP"	British Pound
"AUD"	Australian dollars

By order of the Board of
China Taiping Insurance Holdings Company Limited
ZHANG Ruohan CHAN Man Ko
Joint Company Secretary

Hong Kong, 28 March 2014

As at the date of this announcement, the Board comprises 10 directors, of which Mr. WANG Bin, Mr. MENG Zhaoyi and Mr. XIE Yiqun 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. CHE Shujian and Mr. WU Ting Yuk Anthony are independent non-executive directors of the Company.

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.