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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 2014

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 2014 as follows:

Chairman's Statement

2014 is the final year of China Taiping's "Three Year Rebuilding". I am delighted to report that in 2014, we have seized the opportunities, outperformed the market and completed all our operational indicators of the "Three Year Rebuilding" in an all-round and high-quality manner, with continuously improving business quality, steadily rising performance indicators, substantially higher quality of development and significantly higher brand value.

All-round Completion of "Three-year Rebuilding" Operational Indicators with High Quality

Since the implementation of the "Three Year Rebuilding" strategy in 2012, all Taiping staff has strived forward against difficulties, with the results of major operational indicators exceeding the target of doubling the results. By the end of 2014, the Group's gross premium rise from HK\$49.9 billion in 2011 to HK\$111.5 billion in 2014, the total assets grow from HK\$191.4 billion in the end of 2011 to HK\$443.5 billion in 2014, and the net profit increase more than 1 time over 2011. The "Three Year Rebuilding" has ignited the entrepreneurial enthusiasm of Taiping staff, boosted Taiping's overall strength, and enabled the Company to write a splendid chapter in its development history.

Operational Highlights

In 2014, the Group's profit attributable to the shareholders amounted to HK\$4.04 billion, increased by 140%. By the end of 2014, the Group's net assets attributable to the shareholders reached HK\$36.0 billion, increased by 68%. All business lines of the Company reached record highs in terms of premium scale, with continuous improvements in profitability. With its market share exceeding 5%, TPL has become one of the four companies whose new premium of individual insurance exceeding RMB10 billion; and TPI's market ranking maintained at No.8. The overall premium of overseas property and casualty insurance companies increased by 13.6%. In particular, TP Macau maintained its leading market position while CTPI (HK)'s market ranking rose to No.4. TPRe achieved a breakthrough in its business of long-term life reinsurance, with the business of property and casualty reinsurance experiencing fast growth and maintaining its leading position in the Hong Kong market. Please refer to "Management Review and Analysis" for details of the operating performances and financial conditions of each operating business.

Business Measures and Results

In 2014, we have focused on the final-year of the "Three Year Rebuilding" initiative with strict implementation to ensure high-quality delivery of all the indicators for business expansion and innovation development. We accelerated the implementation of the comprehensive operational model of "One Client, One Taiping" and established a comprehensive operational platform for such aspects as life insurance, property and casualty insurance, pension, reinsurance, asset management, fixed asset investment, financial lease and internet finance. We vigorously promote the expansion of "headquarters to headquarters" cooperation by signing strategic cooperation agreements with 48 large clients, which led to the fast growth of business segments such as enterprise annuity, life bancassurance and PRC property and casualty insurance. We accelerated the implementation of the innovation-driven strategy by initially establishing an innovative development platform which integrates the innovations of technology, products, services and business models. This led to a series of innovation achievements such as Li Bao Tong (立保通), Internet of Vehicles (車聯網) and financial lease. We initiated our business deployment in new overseas markets, diversified cross-border operational models and expanded business into new areas. We also innovated and improved the governance system and internal risks controlling mechanism for managing a modern state-owned enterprise. By establishing a "four-in-one" supervisory mechanism, our bottom line can be well maintained and our business can be operated in compliance with law.

Honors

In 2014, we substantially improved our brand value, with our industrial influence continuing to grow. Taiping was the sponsor and insurer of the International Horticultural Exposition 2014 Qingdao, achieving a positive brand effect.

The Company was among the most valuable Chinese brands by the Hurun Research Institute, top 500 Chinese companies by the *Fortune* magazine and China's most valuable brands in 2014.

Taiping was awarded the "Most Trustworthy Insurance Agency by the Masses" in the Fifth List of Brands and Lifestyle (第五屆品牌生活榜) by China Comment (《半月談》), a magazine under Xinhua News Agency (新華社).

A total of nine companies of the Group received an A grade rating by international credit-rating agencies, which made the Group rank top among its domestic counterparts.

Opportunities and Challenges

The Chinese economy has entered a new normal where the new "Ten National Stimulus Measures" (國十條) has upgraded the insurance industry to a new level and the deepening reform and the rule of law have created huge policy bonuses for the development of the insurance industry; meanwhile, the changing lifestyle of residents and a society aging at a faster pace, the country has rolled out its tax-preference policy for health insurance and the pilot program of tax-deferment pension. Given these conditions, the new normal has created unprecedented opportunities for developing the insurance industry. In the meantime, the industry also faces multiple challenges, including the slowing growth of the world economy, the faster development of the Solvency II and rate marketization. Confronted by these challenges, we will act according to the trend and deploy new strategies to "develop the most unique and high-potential boutique insurance company" as early as possible.

Development Prospects

The completion of the "Three Year Rebuilding" has boosted the confidence in the development of the Group. China Taiping stands at a new starting point in 2015 to begin a new chapter of "developing the most unique and high-potential boutique insurance company" as our business segments register new records. In 2015, we will stick to steady growth, innovation as the driving force, the principle of "Customer First", benefit as the priority and business operation in compliance with the law so as to promote the company's scale, benefit, management and service to a new level and realize the steady, robust and sustainable growth of the Group business. In a new year, we will strive to develop the six characteristics of a state-owned insurance enterprise, namely, social responsibility, comprehensive financial service, internationalized operation, strategic alliance between head offices, internet finance and the "four-in-one" supervisory system. Also in 2015, we will stick to our ambitions, with better strategic planning, diligent study, quick adaption to market changes, innovation as well as strict regulation and management. All these efforts will give full play to the potential of the six characteristics and develop China Taiping into a boutique insurance company with a good balance between scale and speed, excellent business, efficient allocation of resources and a high-caliber team.

ACKNOWLEDGEMENTS

On behalf of the Board of CTIH, I would like to express my heartfelt gratitude to all 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 the staff for their commitment and dedication to their work.

WANG Bin
Chairman

Hong Kong, 26 March 2015

Management Review and Analysis

2014 Highlights and Consolidated Results of Operations

The Strategic Goal of "Building a New Taiping in Three Years" Has Been Comprehensively and Excellently Achieved

- The goal of doubling total premium, net profit, and total assets (three important indicators) over 2011 has been achieved
- All subsidiaries and business lines have obtained considerable developments
- Synergetic development has been achieved in scale, quality, and efficiency in general
- Overall strength continues to improve and industry influence has been enhanced substantially

Significant Enhancements in Operational Efficiency

- Total premium was over HK\$100 billion, increasing by 29.3% over the Last Year
- Total assets was HK\$443.5 billion, increasing by 39.2% over the end of Last Year
- Profit attributable to shareholders was HK\$4.04 billion, increasing by 1.4 times
- Return on shareholders' equity was 14.1%, reaching a new high in recent years
- New business values was HK\$4.33 billion, increasing by 37.4% over the Last Year
- Group embedded value per share attributable to shareholders was HK\$20.1, increasing by 30.5% over the last year-end figure of HK\$15.4, while TPL's embedded value increased by 44.4% over the Last Year
- The combined ratio of property and casualty insurance and reinsurance business continued to be kept in a satisfactory range

PRC Insurance Businesses¹ Developed Rapidly, Quality of Business and Operating Efficiency Have Been Steadily Improved

- Gross premiums of life insurance² increased by 27.9% over the Last Year, faster than market average by 9.8 percentage points, with its market share reaching 5.4%
- Monthly per capita production of life insurance agents was RMB16,331, resulting in a total premium of over RMB10 billion from new policies which ranked fourth in the industry
- Persistency ratios of the individual agents and bancassurance lines continued to be stable at the forefront of the industry; loss ratio of short-term group insurance was kept in a satisfactory range
- Premium of PRC property and casualty insurance increased by 22.9% over the Last Year, faster than market average by 6.5 percentage points, continuing to making underwriting profit
- Balance of pension assets under management was over RMB80 billion

Overseas Insurance Businesses Recorded Steady Growth, Continued to Increase in Profit Contribution

- The premium of CTPI (HK) increased by 10.6% over the Last Year, ranking No.4 in the market, and the underwriting profit increased by 39.6% over the Last Year
- TP Macau continued to be No.1 in the market and the underwriting profit increased by 63.8% over the Last Year
- The premium of TP UK increased by 60.4% over the Last Year
- Property and Casualty Reinsurance business of TPRe continued to rank No.1 in the Hong Kong Market and that of long-term life insurance had breakthroughs, leading to an increase by 63.4% in total premium over the Last Year; underwriting profit of non-life-insurance businesses increased by 2.2 times

¹ Calculated in RMB

² Including TPL and TPP

2014 Highlights and Consolidated Results of Operations (Continued)

Investment Income Increased Significantly with All Kinds of Investments Outperformed

- The total investment return of the Group was 5.8% overall, reaching a new high in recent years
- The investment assets within the Group amounted to HK\$357.3 billion. Besides, the third-party entrusted investment assets also increased rapidly to HK\$168.2 billion at the year end.
- Allocation scale of alternative investment has developed steadily with a return of 7.75%
- Rental income from real estate properties increased substantially and the "Wutong Renjia" senior housing community commenced operation
- Taiping & Sinopec Financial Leasing Co., Ltd. was officially put into operation, achieving profitability in the first year

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

- In 2014, China Taiping signed Group Strategic Cooperation Agreements with 13 large clients, including China Tobacco, China Mobile, China Datang and China Merchants Bank. As at the end of 2014, China Taiping had established strategic cooperation relationships with 48 large clients
- Our cross-selling initiatives achieved HK\$2.43 billion of insurance sales, including HK\$1.96 billion of property insurance sales through TPL, HK\$320 million of pension sales through TPL, and HK\$80 million of property insurance sales through TPP
- The Sinopec gas station pilot project realized significant breakthroughs. By the end of 2014, over a thousand of outlets had been stationed, with insurance sales of nearly HK\$90 million

Brand Influence and Brand Value have been Significantly Improved

In order to cooperate with the Group in successfully achieving the strategic goals of "Building a New Taiping in Three Years" and then "creating the most unique and high potential boutique insurance company", China Taiping innovated its brand promotion channels and devoted more efforts on brand publicity. In 2014, the ranking of China Taiping in the "Fortune" China 500 list increased substantially. After it was included in the list of the Best China Brands 2014 and the 2014 Hurun Most Valuable Chinese Brands List, China Taiping was awarded by Xinhua News Agency the "Most Trustworthy Insurance Institution" in the 5th Brand and Lifestyle Ranking 2015. A total of nine companies of the Group received an A grade rating by international credit-rating agencies, which made the Group rank top among its domestic counterparts. The China Taiping brand is increasingly recognized by customers, investors, the media and the industry at home and abroad.

Status of Restructuring

All target assets have already been transferred to CTIH in 2014, with all settlement procedures completed, and the 2014 financial results of CTIH have consolidated all target assets. The restructuring process has been completed successfully.

Management Review and Analysis

CONSOLIDATED FINANCIAL RESULTS

Reason for restating 2013 figures

On 27 May 2013, CTIH entered into a framework agreement whereby the Company agreed to acquire certain assets and interests from TPG and TPG (HK). The last lot of target companies including TPFH, TP Singapore, TP UK and TP Indonesia have been transferred and vested to CTIH in 2014.

Since these target companies 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. For details of the restatement of figures, please refer to note 1 of the financial statements.

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

For the year ended 31 December, HK\$ million

	2014	2013 (Restated)	Change
Gross premiums written	111,523.30	86,281.43	+29.3%
Profit from operations before taxation	6,613.62	2,714.82	+1.4 times
Profit from operations after taxation	4,874.10	2,340.05	+1.1 times
Net profit attributable to the owners	4,041.68	1,652.93	+1.4 times
Basic earnings per share (HK\$)	1.442	0.748	+0.694 dollar
Final dividend proposed	-	-	-
Total assets	443,548.99	318,542.06	+39.2%
Total equity	51,338.52	25,458.01	+1.0 times
Owners' equity	35,992.98	21,421.45	+68.0%
- Per share (HK\$)	11.581	8.351	+3.230 dollar
Group embedded value	82,017.45	47,666.93	+72.1%
Owners' group embedded value	62,432.45	37,536.53	+66.3%
- Per share (HK\$)	20.088	15.390	+4.698 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

	2014	2013 (Restated)	Change
Life insurance	3,408.90	1,293.78	+1.6 times
PRC property and casualty insurance	491.13	341.99	+43.6%
Overseas property and casualty insurance and reinsurance	889.69	853.56	+4.2%
Pension and group life insurance	55.83	2.43	+22.0 times
Others ¹	28.55	(151.71)	-
Net profit from operations	4,874.10	2,340.05	+1.1 times
Non-controlling interests	(832.42)	(687.12)	+21.1%
Net profit attributable to the owners	4,041.68	1,652.93	+1.4 times

¹ Others mainly include the operating results of the holding company, asset management, TPcC, TPIH, TPFH and consolidation adjustments..

CONSOLIDATED FINANCIAL RESULTS (Continued)

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

HK\$ million	2014	2013 (Restated)
Total equity as at 1 January, as previously reported	25,085.65	23,340.96
Effect of application of merger accounting	372.36	1,520.42
Total equity as at 1 January, as restated	25,458.01	24,861.38
Net profit recognized in statement of profit or loss	4,874.10	2,340.05
Net changes in AFS investment reserve	5,457.13	(1,638.16)
Revaluation gain arising from reclassification of own-use properties into investment properties	205.60	32.41
Exchange (loss)/gain arising from translation of financial statements of foreign operations	(108.03)	592.94
Issue of perpetual subordinated capital securities	4,629.07	-
Acquisition of certain target interest, target assets and liabilities	56.32	(2,794.16)
Rights issue	6,400.67	-
Deemed disposal of partial interest in a subsidiary	-	15.69
Capital contribution made to subsidiaries by its non-controlling shareholder	4,400.09	2,047.86
Dividend declared/payable to non-controlling interests	(34.44)	-
Total equity as at 31 December	51,338.52	25,458.01
Attributable to:		
Owners of the Company (including capital securities)	40,700.25	21,421.45
Non-controlling interests	10,638.27	4,036.56
	51,338.52	25,458.01

The **gross premiums written** for the Year increased by 29.3% to HK\$111,523 million from (Restated) HK\$86,281 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 profit attributable to shareholders** for the Year was HK\$4,042 million (2013 (Restated): HK\$1,653 million). As the product mix of the Group's insurance businesses continue to improve, the insurance agency force productivity continues to steadily increase, and the strategic cooperation with large clients is now bearing results and outstanding investment return, the life insurance operations of the Group for the year ended 31 December 2014 produced a 163.5% growth in profit over the same period in 2013, the Group's Mainland property and casualty insurance operations also achieved a 43.6% increase in profit, and our other major business lines remain solid profit contributors.

Late 2013, CTIH increased its ownership interest in TPL from 50.05% to 75.1% and TPI from 61.21% to 100%, CTIH was further able to benefit from their excellent performances. Taking into account these above factors, the profit attributable to shareholders for the year 2014 grown by 144.5% when compared with the period in 2013 (Restated).

CONSOLIDATED INVESTMENT PERFORMANCE

Assets Management Business

I. Investment Assets of the Group

During 2014, due to the recovery of the U.S. economy, improved external demand and the ease of liquidity in China, the stock markets of China and the U.S. had performed well, with the Shanghai-Shenzhen 300 Index increased by 52% during the year. Hang Seng Index slightly increased by 1.3% due to the mediocre performance of Hong Kong stock market. As for the bond market, the bond yields continued to decline in both China and U.S., as a result of slower economic growth in China and the Federal Reserve's exit of quantitative easing and the expectation of interest raise. The Company conducted in-depth studies into the changing macro situation, striving to guard against market risks and optimize the structure of asset allocation. Based on controlling market risks, the Company achieved a good investment performance by properly raising the proportion of equity assets and seizing the opportunities of equity investment.

Investment Income

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

For the year ended 31 December, HK\$ million

	2014	2013 (Restated)	Change
Net investment income ¹	13,926.51	10,152.10	+37.2%
Net realized and unrealized investment gains/(losses) ²	3,539.25	1,127.60	+2.1 times
Total investment income	17,465.76	11,279.70	+54.8%
Total investment yield ³	5.8%	5.1%	+0.7pt

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

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

³ In the calculation of total investment yield, as the denominator, the average investment assets takes into account the effect of securities purchase under resale agreements and securities sold under repurchase agreements.

Net investment income increased by 37.2% from HK\$10,152 million in 2013 to HK\$13,927 million in 2014, mainly because of the growing scale of investment assets. In 2014, the Company grasped the investment opportunities brought by the fluctuations of the capital market and optimized its asset structure. The realized and unrealized gains increased by 213.9% from HK\$1,128 million in 2013 to HK\$3,539 million in 2014.

By the combined effects of the above factors, the income of investment assets of the Company amounted to HK\$17,466 million in 2014, increasing by 54.8% over the HK\$11,280 million in 2013; the total investment yield rose from 5.1% in 2013 to 5.8% in 2014.

CONSOLIDATED INVESTMENT PERFORMANCE (Continued)

Investment Portfolio

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

As at 31 December, HK\$ million

	2014	% of Total	2013 (Restated)	% of Total
By investment category				
Fixed income				
Debt securities	149,598.62	41.9%	143,539.39	49.0%
Term deposits	55,613.51	15.6%	55,408.18	18.9%
Debt products	60,454.02	16.9%	32,883.34	11.2%
Other fixed income investments	14,961.28	4.2%	9,896.12	3.4%
Equity investments				
Equity securities	20,433.59	5.7%	6,407.84	2.2%
Investment funds	5,381.66	1.5%	7,577.20	2.6%
Other equity investments	10,211.02	2.9%	5,150.43	1.8%
Investment properties	15,997.16	4.5%	14,605.96	5.0%
Cash, cash equivalents and others	24,610.44	6.8%	17,283.17	5.9%
Total invested asset	357,261.30	100.0%	292,751.63	100.0%

The Company took the initiative in improving its investment portfolio to respond to the new economic situation, with the proportion of fixed income investments to total investment assets decreased from 82.5% in 2013 to 78.6% in 2014, and the proportion of equity investments increased from 6.6% in 2013 to 10.1% in 2014.

Analysis of investment in securities

Debt securities

As at the end of 2014, debt securities held by the Group amounted to HK\$149.6 billion, of which 93.9% were domestic bonds. 95.5% out of such domestic bonds were government bonds, financial policy bonds with high credit ratings and corporate government rated AAA. Investment grade bonds with BBB ratings or higher reached 99.9%. Foreign bonds accounted for the remaining 6.1%, of which 91.4% were investment grade with international ratings.

Alternative investments:

The risk exposures of alternative investments held by the Group further reduced. Under the same basis, alternative investment represents 19.1% of the total assets, a further decrease of 0.4 percentage point compared to first half of 2014. Among them, investment properties represents 3.6% of the total assets, a further decrease of 0.7 percentage point compared to first half of 2014. Continuous optimization in credit ratings of debt financial products, 86% were rated AAA, an increase of 4 percentage points from first half of 2014.

Alternative investments key risk exposures represented a low percentage of the total assets.

Local Government Debt Financing – as of the end of 2014, local government debt investments of approximately HK\$12 billion, represented 2.7% of the total assets. In 2015, with the replacement of local government debts to platform debts, the risk exposures of investment in local government debt reduced. 93% of the projects were rated AAA, with the remaining 7% were rated AA+. 67% of the projects had bank and central government-owned/large enterprises as guarantor. Major projects were located in tier 1 or new tier 1 cities.

Real Estate Financial Investment Debt Products – as of the end of 2014, real estate financial investment debt products of approximately HK\$16.7 billion, represented 3.8% of the total assets. Continuous optimization in credit ratings of the real estate financial investment debt products. All projects had bank guarantees or large enterprises guarantees or various forms of mortgages/ pledges or hybrid credit enhancements

Purchased External Trust Products – as of the end of 2014, Trust products of HK\$7.2 billion represented about 1.6% of the total assets. Trust products related to real estate were approximately HK\$4.9 billion, representing about 1.1% of the total assets. 90% of the purchased external trust products had external ratings of AAA, while the remaining 10% had ratings of AA

II. Third-party Assets under Management

By the end of 2014, the total third-party entrusted investment assets managed by the Group amounted to HK\$168.2 billion, including discretionary assets of HK\$119.8 billion, representing an increase of 79% as compared with last year.

In 2014, TPAM recorded a total management fees of HK\$480 million, including HK\$250 million derived from assets outside of the Group, which accounted for over 50% of total fee. The size of the asset management products offered to third parties and the alternative investment assets sold to the external parties grow rapidly, increased by 200% and 64% as compared with the beginning of the year, respectively.

By the end of 2014, the Company enjoyed a high market ranking in the management of investment-linked accounts. Among the 13 investment-linked accounts, 7 of which were among the top 30% of the industry in terms of investment yield.

By the end of 2014, the yields of pension annuity products managed by the Company outperformed. The two equity pension products, namely Jinyisheng (金溢盛股票) and Jinyilong (金溢隆股票) (both of which were operated for a full year) ranked No.1 and No.2 among their counterparts, respectively.

LIFE INSURANCE BUSINESS

The Group's life insurance segment is operated by TPL, which is a PRC-incorporated company and has been 75.1% 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

	2014	2013	Change
Gross premiums written and premium deposits	84,488.47	65,374.06	+29.2%
Less: Premium deposits of universal life products	1,860.53	92.23	+19.2 times
Premium deposits of unit-linked products	70.77	66.77	+6.0%
Premium deposits of other products	348.08	307.35	+13.3%
Gross premiums written recognized in statement of profit or loss	82,209.09	64,907.71	+26.7%
Policy fees	79.37	91.99	-13.7%
Net premiums written and policy fees	42,062.25	64,696.02	-35.0%
Net earned premiums and policy fees	41,937.43	64,654.98	-35.1%
Net policyholders' benefits	(22,707.78)	(12,357.44)	+83.8%
Net commission expenses	(8,094.38)	(6,287.12)	+28.7%
Change in life insurance contract liabilities, net of reinsurance	(10,626.02)	(46,208.18)	-77.0%
Total investment income	14,040.71	8,797.52	+59.6%
Administrative and other expenses	(10,561.87)	(7,587.38)	+39.2%
Finance costs	(246.83)	(418.40)	-41.0%
Profit from operation before taxation	4,531.13	1,402.48	+2.2 times
Profit from operation after taxation	3,408.90	1,293.78	+1.6 times
Profit from operation attributable to the owners	2,560.09	689.82	+2.7 times
Total assets	366,919.12	262,821.03	+39.6%
Total equity	29,626.90	20,758.35	+42.7%
Regulatory solvency margin ratio ¹	275%	166%	+109 pts

¹ Based on CIRC regulations.

LIFE INSURANCE BUSINESS (Continued)

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

	2014	2013	Change
Market share ¹	5.1%	4.8%	+ 0.3 pt
Number of provincial branches	37	34	+3
Number of sub-branches and marketing centers	1,012	926	+86
Number of customers			
- Individual	6,740,402	6,968,292	-227,890
- Corporate	2,065	1,599	+466
Distribution network			
- Number of individual agents	133,734	112,796	+20,938
- Number of bancassurance outlets	25,650	27,847	-2,197
Agent monthly productivity (RMB)	16,331	10,600	+5,731
Persistency ratios – 13th month ²			
- Individual	92.6%	92.9%	-0.3 pt
- Bancassurance	91.1%	92.3%	-1.2 pts
Compound persistency ratios – 25th month ²			
- Individual	88.7%	88.4%	+0.3 pt
- Bancassurance	88.5%	89.6%	-1.1 pts

¹ Based on premiums as published by the CIRC.

² Based on the amount of premiums.

LIFE INSURANCE BUSINESS (Continued)

Operating Profit

The life insurance business produced a net operating profit of HK\$3,409 million during the Year (2013: HK\$1,294 million), representing an increase of 163.5% 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 26.7% to HK\$82,209 million from HK\$64,908 million in the Last Year. This growth was primarily driven by continued strength in the individual agency force channel, and higher levels of regular premium sales in the individual channel.

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

For the year ended 31 December 2014, 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	38,812.53	1,812.37	18.53	203.38	40,846.81	48.3%
Bancassurance	41,440.23	47.98	52.24	1.10	41,541.55	49.2%
Group	124.74	0.18	-	143.60	268.52	0.3%
Other Channels ¹	1,831.59	-	-	-	1,831.59	2.2%
	82,209.09	1,860.53	70.77	348.08	84,488.47	100.0%

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%

¹ Other Channels mainly consists of telemarketing.

LIFE INSURANCE BUSINESS *(Continued)*

During the Year, premiums distributed through the individual agency force channel increased to HK\$38,813 million from HK\$28,524 million in the Last Year, representing a significant increase of 36.1%. TPL's initiative to increase its agent numbers over the past 24 months has established a strong foundation for the agency force channel. The larger agent numbers and their improving productivity (monthly per capita production of RMB16,331 during the Period (31 December 2013: RMB10,600) has allowed TPL to grow its premium levels much faster than market averages. The number of outstanding sales agents has increased substantially. In 2014, for the elite categories of a million (in RMB) in sales, 500,000 in sales and 300,000 in sales, the number of people were 1,257, 2,894 and 6,070, respectively (in 2013, the number of people were 523, 1,148 and 2,472, respectively).

In the bancassurance channel, premium increased to HK\$41,440 million from HK\$34,901 million in the Last Year, representing a strong increase of 18.8%. Within this, first year bancassurance regular premium increased to HK\$3,003 million from HK\$2,038 million in the Last Year, representing a substantial increase of 47.4%, which was much higher than market averages.

The persistency ratios remained stable and at the forefront of the industry and was at 92.6% and 91.1% at the 13th month, and 88.7% and 88.5% at the 25th month, for the individual agency and bancassurance channels, respectively.

LIFE INSURANCE BUSINESS (Continued)

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

For the year ended 31 December, HK\$ million

Individual

	2014	% of Total	2013	% of Total
Single Premium	1,920.35	4.9%	3,029.64	10.6%
Regular Premium				
– First Year	12,745.09	32.8%	7,941.82	27.8%
– Renewal Year	24,147.09	62.3%	17,552.75	61.6%
	38,812.53	100.0%	28,524.21	100.0%

Bancassurance

	2014	% of Total	2013	% of Total
Single Premium	22,962.68	55.4%	18,871.88	54.1%
Regular Premium				
– First Year	3,003.45	7.2%	2,038.16	5.8%
– Renewal Year	15,474.10	37.4%	13,990.52	40.1%
	41,440.23	100.0%	34,900.56	100.0%

Group

	2014	% of Total	2013	% of Total
Employee Benefit (“EB”)	124.74	100.0%	53.52	100.0%
	124.74	100.0%	53.52	100.0%

Other Channels

	2014	% of Total	2013	% of Total
Single Premium	0.59	0.1%	0.11	0.1%
Regular Premium				
– First Year	569.10	31.1%	528.02	36.9%
– Renewal Year	1,261.90	68.8%	901.29	63.0%
	1,831.59	100.0%	1,429.42	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

	2014	% of Total	2013	% of Total
3-9 years	2,049.69	16.1%	2,458.94	31.0%
10-19 years	7,200.70	56.5%	2,203.99	27.8%
20-29 years	3,229.10	25.3%	2,999.16	37.7%
30 years+	265.60	2.1%	279.73	3.5%
	12,745.09	100.0%	7,941.82	100.0%

Individual first year regular premium - by feature

	2014	% of Total	2013	% of Total
Short term savings	44.75	0.4%	187.91	2.4%
Long term savings	8,343.09	65.5%	4,463.60	56.2%
Long term protection	3,815.29	29.9%	2,790.86	35.1%
Others	541.96	4.2%	499.45	6.3%
	12,745.09	100.0%	7,941.82	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

	2014	% of Total	2013	% of Total
5 - 9 years	960.46	32.0%	518.34	25.4%
10 - 14 years	1,912.87	63.7%	1,475.78	72.4%
Others	130.12	4.3%	44.04	2.2%
	3,003.45	100.0%	2,038.16	100.0%

LIFE INSURANCE BUSINESS (Continued)

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

HK\$ million

	2014	% of Total	2013	% of Total
Participating	53,569.44	65.2%	59,753.49	92.0%
Annuity	21,589.60	26.2%	0.01	0.0%
Long-term health	3,451.49	4.2%	2,517.15	3.9%
Traditional life	2,169.31	2.6%	1,632.27	2.5%
Accident and short-term health	1,428.08	1.7%	1,003.46	1.5%
Universal life	0.01	0.0%	0.05	0.0%
Investment-linked	1.16	0.1%	1.28	0.1%
Total	82,209.09	100.0%	64,907.71	100.0%

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

For the year ended 31 December, HK\$ million

	2014	% of Total		2013	% of Total
Sichuan	8,970.26	10.9%	Sichuan	7,428.05	11.4%
Shandong	7,638.98	9.3%	Shandong	5,824.78	9.0%
Henan	6,214.42	7.6%	Guangdong	5,185.75	8.0%
Guangdong	5,877.99	7.2%	Beijing	4,238.54	6.5%
Beijing	4,954.27	6.0%	Henan	3,698.54	5.7%
Others	48,553.17	59.0%	Others	38,532.05	59.4%
Total	82,209.09	100.0%	Total	64,907.71	100.0%

Highlights on Embedded Value

The embedded value of TPL (expressed in terms of HKD) increased 44.4% to HK\$65,553 million from HK\$45,390 million at the end of Last Year. The new business value after cost of capital for the Year increased to HK\$4,326 million from HK\$3,148 million at the end of Last Year, representing a growth of 37.4%. These latest actuarial figures of TPL are disclosed below in the section titled "Embedded Value of TPL".

LIFE INSURANCE BUSINESS (Continued)

Net Policyholders' Benefits

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

For the year ended 31 December, HK\$ million

	2014	2013	Change
Surrenders and net claims	12,011.21	7,093.02	+69.3%
Annuity, dividends and maturity payments	8,521.12	4,603.91	+85.1%
Interest allocated to investment and other contracts	2,175.45	660.51	+2.3 times
	22,707.78	12,357.44	+83.8%

Administrative and Other Expenses

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

For the year ended 31 December, HK\$ million

	2014	2013	Change
Staff costs	6,221.80	4,266.62	+45.8%
Rental expenses	442.00	421.17	+5.0%
Others	3,898.07	2,899.59	+34.4%
	10,561.87	7,587.38	+39.2%

Financial Strength and Solvency Margin

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

At 31 December, RMB million

	2014	2013
Actual Solvency Margin	19,870	11,151
Minimum Statutory Solvency Margin	7,220	6,719
Solvency Margin Ratio	275%	166%

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 has been 100% owned by the Group since November 2013. TPI is principally engaged in the underwriting of motor, marine and non-marine policies in Mainland China.

The figures below 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

	2014	2013	Change
Gross premiums written	16,749.92	13,518.87	+23.9%
Net premiums written	15,013.11	11,497.42	+30.6%
Net earned premiums	13,671.15	10,225.42	+33.7%
Net claims incurred	(7,447.03)	(5,402.93)	+37.8%
Underwriting expenses	(4,929.76)	(4,287.82)	+15.0%
Net commission expenses	(1,273.22)	(515.34)	+1.5 times
Underwriting profit	21.14	19.33	+9.4%
Total investment income	762.06	454.74	+67.6%
Other gain and other income	59.73	26.49	+1.3 times
Other administrative expenses	(131.84)	(118.73)	+11.1%
Finance costs	(74.71)	(49.65)	+50.5%
Profit from operation before taxation	636.38	332.18	+91.6%
Profit from operation after taxation	491.13	341.99	+43.6%
Profit from operation attributable to the owners	491.13	227.88	+1.2 times
Retained ratio	89.6%	85.0%	+4.6 pts
Loss ratio ¹	54.4%	52.8%	+1.6 pts
Expense ratio ¹	45.4%	47.0%	-1.6 pts
Combined ratio ²	99.8%	99.8%	-
Total assets	20,993.70	19,527.01	+7.5%
Total equity	5,157.83	4,426.25	+16.5%
Regulatory solvency margin ratio ³	174%	166%	+8 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.

³ Based on CIRC regulations.

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:

	2014	2013	Change
Market share ¹	1.8%	1.7%	+0.1 pt
Number of provincial branches	30	29	+1
Number of sub-branches and marketing centers	475	435	+40
Number of customers			
- Individual	3,615,790	2,963,968	+651,822
- Corporate	206,570	196,825	+9,745
Number of direct sales representatives	6,902	6,074	+ 828

¹ Based on premiums published by the CIRC.

Operating Profit

The property and casualty insurance business operated by TPI produced a net operating profit of HK\$491 million during the Year (2013: HK\$342 million), representing an increase of 43.6%. During the Year, TPI was able to continue expanding the scale of its business, while maintaining solid underwriting results.

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

Gross Premiums Written

TPI's gross premiums written increased by 23.9% to HK\$16,750 million from HK\$13,519 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	2014	% of Total	2013	% of Total
Motor	13,801.83	82.4%	11,130.03	82.3%
Marine	329.16	2.0%	274.33	2.0%
Non-marine	2,618.93	15.6%	2,114.51	15.7%
	16,749.92	100.0%	13,518.87	100.0%

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

For the year ended 31 December, HK\$ million

	2014	% of Total		2013	% of Total
Sichuan	1,801.87	10.8%	Sichuan	1,478.62	10.9%
Shenzhen	1,275.11	7.6%	Shenzhen	1,000.08	7.4%
Hebei	1,064.64	6.4%	Shanghai	879.43	6.5%
Shandong	1,058.41	6.3%	Guangdong	871.91	6.4%
Guangdong	1,056.78	6.3%	Zhejiang	697.58	5.2%
Others	10,493.11	62.6%	Others	8,591.25	63.6%
Total	16,749.92	100.0%	Total	13,518.87	100.0%

Combined Ratio

TPI's expense ratio decreased to 45.4% from 47.0% in the Last Year primarily due to strengthened cost controls. The loss ratio increased by 1.6 percentage points to 54.4% from 52.8% in the Last Year. TPI's combined ratio remained stable at 99.8% during the Year. TPI's loss ratios, expense ratios and combined ratios were as follows:

For the year ended 31 December

	2014	2013
Loss ratio	54.4%	52.8%
Expense ratio	45.4%	47.0%
Combined ratio	99.8%	99.8%

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

	2014	2013	Change
Staff costs	1,434.20	1,349.55	+6.3%
Rental expenses	115.44	96.71	+19.4%
Business tax and additional charges	938.89	757.70	+23.9%
Others	2,573.07	2,202.59	+16.8%
	5,061.60	4,406.55	+14.9%

Financial Strength and Solvency Margin

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

At 31 December, RMB million

	2014	2013
Actual Solvency Margin	3,107	2,282
Minimum Statutory Solvency Margin	1,785	1,374
Solvency Margin Ratio	174%	166%

OVERSEAS PROPERTY AND CASUALTY INSURANCE AND REINSURANCE

OVERSEAS PROPERTY AND CASUALTY INSURANCE BUSINESS

The Group's property and casualty insurance segment cover Hong Kong, Macau, Singapore, UK and Indonesia, and is operated by CTPI (HK), TP Macau, TP Singapore, TP UK and, TP Indonesia respectively.

CTPI (HK), TP Macau, TP Singapore, TP UK are wholly-owned by the Group. TP Indonesia is 55% owned by the Group.

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

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

For the year ended 31 December, HK\$ million

	2014	2013	Change
Gross premiums written			
CTPI (HK)	1,381.29	1,248.66	+10.6%
TP Macau	547.98	455.68	+20.3%
TP Singapore	510.47	500.35	+2.0%
TP UK	324.19	202.17	+60.4%
TP Indonesia	99.88	114.76	-13.0%
Underwriting profit			
CTPI (HK)	41.01	29.38	+39.6%
TP Macau	62.74	38.30	+63.8%
TP Singapore	53.11	58.81	-9.7%
TP UK	3.34	8.70	-61.6%
TP Indonesia	1.42	1.27	+11.8%
Profit from operation after taxation			
CTPI (HK)	296.24	282.00	+5.0%
TP Macau	86.71	45.38	+91.1%
TP Singapore	95.95	87.56	+9.6%
TP UK	18.96	20.65	-8.2%
TP Indonesia	4.26	13.44	-68.3%
Combined ratio			
CTPI (HK)	97.0%	97.8%	-0.8 pt
TP Macau	80.6%	84.7%	-4.1 pts
TP Singapore	87.0%	85.2%	+1.8 pts
TP UK	98.6%	94.1%	+4.5 pts
TP Indonesia	93.4%	93.2%	+0.2 pts
Regulatory solvency margin ratio ¹			
CTPI (HK)	1,766%	1,722%	+44 pts
TP Macau	203%	192%	+11 pts
TP Singapore	175%	168%	+7 pts
TP UK	579%	750%	-171 pts
TP Indonesia	470%	261%	+209 pts

¹ Based on the local regulations.

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

	2014	2013	Change
Gross premiums written	6,108.14	3,737.47	+63.4%
Underwriting profit	123.73	114.52	+8.0%
Profit from operation after taxation	387.57	404.53	-4.2%
Non-life reinsurance business Combined ratio	89.3%	96.5%	-7.2 pts
Regulatory solvency margin ratio ¹	372%	451%	-79 pts

¹ Based on Hong Kong local regulations.

Operating Profit

The reinsurance business produced a net operating profit after tax of HK\$388 million during the Year (2013: HK\$405 million), representing a decrease of 4.2%. Mainly due to initial investment of the life reinsurance business.

Gross Premiums Written

TPRe's gross premiums written for the Year increased by 63.4% to HK\$6,108 million from HK\$3,737 million in the Last Year. Although market conditions softened due to general overcapacity for the non-life business, TPRe was able to maintain its core portfolio with overall premium growth, especially in Mainland China. TPRe also had important advancements in its life reinsurance business, achieving premiums of HK\$2,101 million (Last Year: HK\$43.93 million), mostly in Hong Kong. The life reinsurance business line complements TPRe's short tail property reinsurance portfolio. The underwriting profit of the non-life reinsurance business was HK\$372 million, representing an increase of 224.8% from HK\$115 million in the Last Year.

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

	2014	2013	Change
Gross premiums written	3,672.70	1,661.73	+1.2 times
Net premiums written	3,297.47	1,345.49	+1.5 times
Net earned premiums	3,224.78	1,258.46	+1.6 times
Net policyholders' benefits	(704.73)	(472.22)	+49.2%
Net commission expenses	(217.70)	(101.38)	+1.1 times
Change in insurance contract liabilities, net of reinsurance	(1,593.34)	(234.26)	+5.8 times
Total investment income	345.53	166.31	+1.1 times
Pension administration fee income	227.35	148.23	+53.4%
Agency fee income	58.68	41.83	+40.3%
Administrative and other expenses	(1,316.27)	(882.07)	+49.2%
Profit/(loss) from operation before taxation	44.46	(47.73)	-
Profit from operation after taxation	55.83	2.43	+22.0 times
Profit from operation attributable to the owners	55.83	3.10	+17.0 times
			-
Total assets	7,136.14	5,059.48	+41.0%
Total equity	1,483.03	1,308.67	+13.3%
Regulatory solvency margin ratio ¹	297%	303%	-6 pts

¹ Based on CIRC regulations.

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

	2014	2013	Change
Annuity invested assets (HK\$ million)	53,247	38,787	+37.3%
Annuity entrusted assets (HK\$ million)	46,243	35,805	+29.2%
Number of enterprises in funds and schemes	6,958	6,862	+96
Number of branches	18	17	+1

PENSION AND GROUP LIFE INSURANCE BUSINESSES *(Continued)*

Operating Result

The pension and group life insurance businesses incurred a net operating profit of HK\$55.83 million during the Year (2013: HK\$2.43 million). After breaking even and producing an operating profit in 2013, TPP continued to build its scale and the profitability of its operations.

Gross Premiums Written

TPP's gross premiums written for the Year increased significantly by 121.0% to HK\$3,673 million from HK\$1,662 million in the Last Year.

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

	2014	2013	Change
Management fee income	527.13	292.56	+80.2%
Profit from operating	118.99	29.05	+3.1 times
Profit from operating attributable to the owners	101.72	22.44	+3.5 times
Assets under management	384,193	251,967	+52.5%

Operating Profit

The asset management business produced a net operating profit of HK\$119 million during the Year (2013: HK\$29.05 million), representing a significantly increase of 309.6% compared to Last Year.

LIQUIDITY AND FINANCIAL RESOURCES

The Group's cash and bank deposits as at 31 December 2014 amounted to HK\$86,885 million (2013 *Restated*): HK\$72,422 million).

FINANCIAL LEVERAGE

The interest-bearing notes and bank facilities drawn as at 31 December 2014 amounted to HK\$11,067 million and HK\$10,421 million (31 December 2013 *Restated*: HK\$10,284 million and HK\$7,289 million). As of 31 December 2014, CTIH's consolidated financial leverage ratio (calculated by debt over the summation of debt plus equity) was 29.5% (31 December 2013 *Restated*: 40.8%). Such ratio does not include the debt owed to shareholders.

CAPITAL STRUCTURE

During the Year, CTIH issued 862,735,270 consideration shares to TPG (HK), TPG (HK)'s equity ownership interest in CTIH increased to 68.96%. Furthermore, CTIH has raised approximately HK\$6,413 million by way of a rights issue of 539,408,176 rights share on the basis of 21 rights shares for every 100 shares held at a subscription price of HK\$11.89 per rights share. For the year ended 31 December 2013, CTIH did not issue new shares.

During the Year, CTIH had issued for the first time, USD600 million of perpetual subordinated capital securities, with an initial distribution rate of 5.45%, callable in 2019. Particulars are set out in note 40 to the consolidated financial statements.

STAFF AND STAFF REMUNERATION

As at 31 December 2014, the Group had a total of 43,933 employees (2013: 40,821 employees), an increase of 3,112 employees. Total remuneration for the Year amounted to HK\$9,674 million (2013 *Restated*): HK\$7,032 million), an increase of 37.6%. 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 2014.

OUTLOOK

Implementing The “Boutique Strategy” to Create The “Most Unique and High Potential Boutique Insurance Company”

- The “Three Year Rebuilding” strategic objectives have been fully completed, which boosted the Group’s overall strength, brand influence, market position as well as operation and management capabilities. Basing on its actual situation and actively adapting to the new normal of the Chinese economic development, China Taiping will develop in a market-oriented, customer-focused and innovation-driven manner, and create the “most unique and high potential boutique insurance company” as its strategic objective in a future period.
- 2015 is the first year of implementing the “Boutique Strategy”. China Taiping will adhere to the general principles of steady growth, innovation-driven, customer first, focusing on benefit, and operating in conformity, committing concrete efforts to promote the corporate scale, benefit, management and service to a new level and achieve fast, robust and sustainable growth of the overall business.

Life Insurance Business – TPL

- To achieve concurrent growth of scale and value, continuously optimizing business structure, and have individual regular premium and new business value to grow faster than peers;
- To innovate the development model of individual insurance agents to achieve sustainable growth of agents based on the consolidation and improvement of agent retention rate;
- To improve the bancassurance operation of outlets and clients to improve per capita productivity and outlet productivity;
- To continue to strengthen renewal management to lead the industry with quality business;
- To strengthen differentiated management of agencies and act according to the actual situation. To implement the operational strategy and resource allocation based on the agency’s development; and
- To enhance cost controls, reduce fee deficit and improve business value.

PRC Property and Casualty Insurance Business – TPI

- To develop innovative, differentiated and refined business;
- To pursue steady increase of market share, persistency ratio and underwriting profitability;
- To actively respond to the market reform of premium rate of commercial motor insurance;
- To expand and improve the development of third and fourth-tier agencies; and
- To achieve new breakthroughs in insurances for agriculture, liability, credit, accident and health, and marine.

Group Insurance and Pension Business – TPP

- To expand cooperation projects with the government, and grow the business with strategic clients;
- To grasp policies and opportunities to boost health and pension business; and
- To further improve the asset management scale and profitability of pension.

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

- CTPI (HK) will retain and grow its pool of large clients, achieve breakthroughs in major projects, and have faster business development in accident and medical insurances, more cooperation with the mainland, a larger business market of self-insurance and continuously growing its market share;
- TP Macau will enhance product innovation, increase new business growth points, consolidate its leading market position and stabilize its profitability;
- TP Singapore will further explore potential business and pursue benefit-oriented business to achieve fast growth of premium;
- TP UK will achieve breakthroughs in expanding its business with Chinese-funded companies, pursue participation in the Lloyd’s business and maintain faster business growth;
- TP Indonesia will pursue steady growth of the business with Chinese-funded companies, further boost local business, and improve benefit and scale.

OUTLOOK *(Continued)*

Reinsurance Business – TPRe and TPRB

- TPRe will expedite the development of its PRC reinsurance market and life reinsurance business, improve the risk management against catastrophes, and achieve sustainable profit growth;
- TPRB will continue to improve its professional capabilities and further expand its PRC business, new business fields and facultative reinsurance.

INVESTMENT

In respect of investment business, the Group is committed to building a leading platform for investment management. Regarding the application of insurance funds investment, the Group will adopt the international practice to further improve its system of investment management. In accordance with the requirement of the Solvency II issued by the CIRC, the Group will optimize the investment structure of alternative assets and improve the stability and return of risk asset investment. In respect of third-party asset management business, the Group will improve its comprehensive financial presence, and leverage on its cross-border strength to continue to boost its third-party assets under management.

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 other business segments (including property and casualty insurance, reinsurance and pension and group life insurance) (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 2014 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 75.1%-owned by the Company. The Embedded Value and the New Business Value of TPL as at 31 December 2014 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

	2014	2013
Adjusted net worth ¹	40,958	17,371
Value of in-force for TPL ²	40,194	33,879
Fair value adjustments to HTM assets ³	865	(3,583)
Group embedded value	82,017	47,667
Attributable to:		
Owners of the Company	62,432	37,537
Non-controlling interests	19,585	10,130
Group embedded value	82,017	47,667

- 1 The adjusted net worth is based on CTIH's audited net asset value, after making the following major adjustments:
 - i TPL's net asset value is calculated on the PRC statutory basis;
 - ii Goodwill and intangible assets produced during consolidation have been deducted.
- 2 The value of in-force for TPL is post cost of capital. The cost of capital is HK\$6,135 million for 2014 (2013: HK\$4,859 million).
- 3 Fair value adjustment to HTM assets and its impact on profit/loss sharing with policyholders for participating business.

Embedded Value of TPL

1. EMBEDDED VALUE

At 31 December, HK\$ million

	2014	2013
Adjusted net worth ¹	24,819	15,244
Value of in-force business ²	40,194	33,879
Fair value adjustments to HTM assets ³	540	(3,733)
Embedded Value	65,553	45,390
Attributable to:		
Owners of the Company	49,230	34,088
Non-controlling interests	16,323	11,302
Embedded Value	65,553	45,390

1 Adjusted net worth is mainly the shareholders' net assets of TPL as calculated on a PRC statutory basis.

2 The value of in-force for TPL is post cost of capital. The cost of capital is HK\$6,135 million for 2014 (2013: HK\$4,859 million).

3 Fair value adjustments to HTM assets and its impact on profit/loss sharing with policyholders for participating business.

2. NEW BUSINESS VALUE

HK\$ million

		For the Past 12 Months as of 31 December 2014	For the Past 12 Months as of 31 December 2013
New business value before cost of capital	a	5,878	4,114
Cost of capital	b	1,552	966
New business value after cost of capital	c=a-b	4,326	3,148

New business profit margin for the agency force business for the Year was 33% (2013: 34%).
New business profit margin for the bancassurance regular business for the Year was 33% (2013: 29%).

Embedded Value of TPL (Continued)

3. MOVEMENT ANALYSIS OF EMBEDDED VALUE

The following analysis shows the movement of the Embedded Value from 1 January 2014 to 31 December 2014.

	<i>Notes</i>	<i>HK\$ million</i>
Embedded Value as at 1 January 2014		45,390
New business value	<i>a</i>	4,326
Expected return on Embedded Value	<i>b</i>	4,215
Fair value adjustments to HTM assets	<i>c</i>	4,262
Investment return and other experience variance and others	<i>d</i>	7,360
Embedded Value as at 31 December 2014		65,553

Notes:

- (a) New business contribution from sales of new business in 2014.
- (b) Return on value of in-force business plus expected interest on adjusted net assets.
- (c) Fair value adjustments to held-to-maturity fixed income assets.
- (d) Differences between the actual experience and expected experience for investment return, dividend, mortality, morbidity, lapses, expenses, income tax and business taxes, as well as the effect from reinsurance contracts.

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% (2013: 11.0%) for all in force and new business.

4.2 Investment return

The investment returns have been assumed to be 5.3% in 2015 (2013: assumed to be 5.1% in 2014), increasing to 5.5% in 2016 and thereafter (2013: 5.5% in 2016 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% (2013: 37% 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 (2013: 100%).

Embedded Value of TPL (Continued)

5. SENSITIVITY TESTING

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

At 31 December 2014, HK\$ million

Assumptions	Value of in-force business	New business value
Base scenario	40,194	4,326
Risk discount rate of 12%	37,480	3,494
Risk discount rate of 10%	43,091	5,297
Investment return increased by 25bp every year	41,916	4,783
Investment return decreased by 25bp every year	38,270	3,869
10% increase in maintenance expenses	39,812	4,262
10% decrease in maintenance expenses	40,378	4,390
10% increase in lapse rates	39,757	4,172
10% decrease in lapse rates	40,459	4,491
10% increase in mortality and morbidity rates	39,520	4,221
10% decrease in mortality and morbidity rates	40,681	4,432
10% increase in claim ratio	40,080	4,315
10% decrease in claim ratio	40,111	4,337
Policyholder dividend increased from 70% to 80%	33,037	3,129
Required capital at 150% of solvency margin	36,876	3,551

Consolidated Statement of Profit or Loss
for the year ended 31 December 2014
(Expressed in Hong Kong dollars)

		2014	2013
		\$'000	(Restated) \$'000
	Notes		
Income			
Gross premiums written and policy fees	4	111,602,669	86,373,412
Less: Premiums ceded to reinsurers and retrocessionaires		(43,182,475)	(3,328,291)
Net premiums written and policy fees		68,420,194	83,045,121
Change in unearned premium provisions, net of reinsurance		(1,706,169)	(1,551,654)
Net earned premiums and policy fees		66,714,025	81,493,467
Net investment income	5(a)	14,094,538	10,469,397
Net realised investment gains	5(b)	2,275,502	400,136
Net unrealised investment gains and impairment	5(c)	1,284,259	622,314
Other income	6(a)	898,704	529,448
Other (losses)/gains	6(b)	(149,853)	46,172
Total income		85,117,175	93,560,934
Benefits, losses and expenses			
Net policyholders' benefits	7(a)	(34,030,114)	(21,476,062)
Net commission expenses	7(b)	(10,887,494)	(8,136,281)
Administrative and other expenses		(18,418,330)	(13,931,477)
Change in life insurance contract liabilities, net of reinsurance	7(c)	(14,349,985)	(46,442,437)
Total benefits, losses and expenses		(77,685,923)	(89,986,257)
Profit from operations		7,431,252	3,574,677
Share of results of associates and joint venture		1,965	(779)
Finance costs	8(a)	(819,593)	(859,081)
Profit before taxation	8	6,613,624	2,714,817
Income tax charge	11(a)	(1,739,522)	(374,764)
Profit after taxation		4,874,102	2,340,053
Attributable to:			
Owners of the Company		4,041,682	1,652,934
Non-controlling interests		832,420	687,119
		4,874,102	2,340,053
		dollar	dollar
Earnings per share attributable to the owners of the Company	14		
Basic		1.442	0.748
Diluted		1.440	0.746

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 2014
(Expressed in Hong Kong dollars)

	Notes	2014 \$'000	2013 (Restated) \$'000
Profit after taxation		4,874,102	2,340,053
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)	237,812	36,614
- Net deferred tax	31(a)	(32,213)	(4,205)
Exchange differences on translation of the financial statements of subsidiaries, associates and joint venture which are not foreign operations	39(a)	(72,011)	590,099
Items that may be subsequently reclassified to profit or loss:			
Exchange differences on translation of the financial statements of foreign operations	39(a)	(36,029)	2,841
Available-for-sale securities			
- Net fair value changes during the year		8,846,463	(2,131,385)
- Reclassification adjustment to profit or loss on impairment		121,106	309,261
- Reclassification adjustment to profit or loss on disposal		(1,674,919)	(309,682)
- Net deferred tax	31(a)	(1,835,525)	493,651
Total comprehensive income for the year		10,428,786	1,327,247
Attributable to:			
Owners of the Company		8,192,739	965,448
Non-controlling interests		2,236,047	361,799
		10,428,786	1,327,247

Consolidated Statement of Financial Position
as at 31 December 2014
(Expressed in Hong Kong dollars)

		2014	2013	1 January
			(Restated)	2013
	Notes	\$'000	\$'000	(Restated) \$'000
Assets				
Statutory deposits	25	5,054,556	4,738,712	2,510,690
Fixed assets	15(a)			
- Property and equipment		7,683,451	6,339,985	4,986,336
- Investment properties		14,803,012	12,728,758	9,109,191
- Prepaid lease payments		1,371,991	474,799	164,177
		23,858,454	19,543,542	14,259,704
Goodwill	16(a)	668,517	770,353	303,647
Intangible assets	16(b)	261,668	263,548	264,769
Investments in associates and joint venture	18	25,164	25,133	26,513
Deferred tax assets	31(a)	253,613	265,386	145,987
Investments in debt and equity securities	19(a)	246,105,105	197,887,314	161,621,562
Securities purchased under resale agreements	36	916,850	214,949	80,163
Amounts due from group companies	20(a)	12,254	35,478	2,967,844
Insurance debtors	21	6,843,970	3,152,442	2,798,813
Reinsurers' share of insurance contract provisions	22	41,274,875	3,251,762	3,080,722
Policyholder account assets in respect of unit-linked products	46	2,501,087	2,778,038	3,141,049
Other debtors	23	33,896,782	17,899,408	8,510,650
Tax recoverable		689	32,900	25,737
Assets classified as held-for-sale	12	45,130	-	-
Pledged deposits at banks	24	515,897	353,246	304,661
Deposits at banks with original maturity more than three months		47,341,957	36,942,976	36,487,590
Cash and bank balances	26	33,972,417	30,386,870	18,590,951
		443,548,985	318,542,057	255,121,052
Liabilities				
Life insurance contract liabilities	27	223,864,197	172,199,677	121,422,778
Unearned premium provisions	28	10,095,759	8,508,544	6,691,704
Provision for outstanding claims	29	13,489,781	12,501,254	11,328,990
Investment contract liabilities	30	17,571,466	19,110,007	25,981,726
Deferred tax liabilities	31(a)	4,398,953	1,928,117	1,702,803
Interest-bearing notes	32	11,067,161	10,284,082	13,334,736
Bank borrowings	37	10,420,582	7,289,019	4,320,486
Securities sold under repurchase agreements	36	39,524,110	41,211,333	35,426,815
Shareholder's loans	20(c)	-	4,434,929	-
Amounts due to group companies	20(b)	128,065	115,951	446,792
Insurance creditors	33	49,940,394	5,376,906	4,500,370
Other payables and accruals	34	10,262,634	9,521,498	4,704,020
Current taxation		1,331,978	500,721	335,976
Insurance protection fund	35	115,389	102,006	62,480
		392,210,469	293,084,044	230,259,676
Net assets		51,338,516	25,458,013	24,861,376

Consolidated Statement of Financial Position (Continued)
as at 31 December 2014
(Expressed in Hong Kong dollars)

		2014	2013	1 January
			(Restated)	2013
	Notes	\$'000	\$'000	(Restated)
				\$'000
Capital and reserves attributable to the owners of the Company				
Share capital	38	27,291,104	85,294	85,294
Reserves	39(a)	8,701,879	21,336,152	17,707,569
		35,992,983	21,421,446	17,792,863
Perpetual subordinated capital securities	40	4,707,267	-	-
		40,700,250	21,421,446	17,792,863
Non-controlling interests	39(a)	10,638,266	4,036,567	7,068,513
Total equity		51,338,516	25,458,013	24,861,376

Approved and authorized for issue by the board of directors on 26 March 2015.

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

Statement of Financial Position
as at 31 December 2014
(Expressed in Hong Kong dollars)

	Notes	2014 \$'000	2013 \$'000
Assets			
Fixed assets	15(b)		
- Property and equipment		10,487	11,495
- Investment properties		243,419	202,300
Investments in subsidiaries	17	30,322,999	28,057,781
Investments in associates	18(a)	6,993	6,993
Investments in debt and equity securities	19(b)	641,565	359,204
Amounts due from group companies	20(a)	6,499,413	4,778,116
Other debtors	23	77,469	20,949
Deposits at bank with original maturity more than three months		2,343,307	-
Cash and bank balances	26	4,300,166	951,745
		44,445,818	34,388,583
Liabilities			
Deferred tax liabilities	31(a)	13	-
Bank borrowings		1,770,000	-
Shareholder's loans	20(c)	-	4,434,929
Amounts due to group companies	20(b)	11,012,831	10,977,098
Other payables and accruals	34	114,486	58,354
Current taxation		-	106
		12,897,330	15,470,487
Net assets		31,548,488	18,918,096
Capital and reserves			
Share capital	38	27,291,104	85,294
Reserves	39(b)	(449,883)	18,832,802
		26,841,221	18,918,096
Perpetual subordinated capital securities	40	4,707,267	-
Total equity		31,548,488	18,918,096

Approved and authorized for issue by the board of directors on 26 March 2015.

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

Consolidated Statement of Changes in Equity
for the year ended 31 December 2014
(Expressed in Hong Kong dollars)

		Share	Share	Shares to	Capital	Merger	Exchange	Fair	Employee	Shares		Retained	Perpetual	Attributable	Non-	Total
	Notes	capital	premium	be issued	reserve	reserve	reserve	value	share-based	held for	Award	profits	subordinated	to owners	controlling	
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	compensation	Share	Revaluation	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at 1 January 2014		85,294	9,055,686	9,996,790	(6,482,946)	(3,231,273)	1,425,018	(830,949)	28,986	(20,285)	384,001	11,011,124	-	21,421,446	4,036,567	25,458,013
Profit for the year		-	-	-	-	-	-	-	-	-	-	3,963,486	78,196	4,041,682	832,420	4,874,102
Other comprehensive income for the year, net of deferred tax		-	-	-	-	-	(104,720)	4,051,366	-	-	204,411	-	-	4,151,057	1,403,627	5,554,684
Total comprehensive income		-	-	-	-	-	(104,720)	4,051,366	-	-	204,411	3,963,486	78,196	8,192,739	2,236,047	10,428,786
Share options lapsed	39(a)	-	-	-	-	-	-	-	(1,025)	-	-	1,025	-	-	-	-
Issue of perpetual subordinated capital securities		-	-	-	-	-	-	-	-	-	-	-	4,629,071	4,629,071	-	4,629,071
Acquisition of certain target interests, target assets and liabilities	1	-	-	1,753,271	4,008	(1,701,195)	-	-	-	-	-	-	-	56,084	-	56,084
Transition to no par-value regime on 3 March 2014		9,055,686	(9,055,686)	-	-	-	-	-	-	-	-	-	-	-	-	-
Rights Issue	38	6,400,063	-	-	-	-	-	-	-	847	-	-	-	6,400,910	-	6,400,910
Shares issued to TPG(HK) under Acquisition		11,750,061	-	(11,750,061)	-	-	-	-	-	-	-	-	-	-	-	-
Capital contributions made to subsidiaries		-	-	-	-	-	-	-	-	-	-	-	-	-	4,400,089	4,400,089
Dividend declared by subsidiaries to non-controlling interests		-	-	-	-	-	-	-	-	-	-	-	-	-	(34,437)	(34,437)
At 31 December 2014		27,291,104	-	-	(6,478,938)	(4,932,468)	1,320,298	3,220,417	27,961	(19,438)	588,412	14,975,635	4,707,267	40,700,250	10,638,266	51,338,516

Consolidated Statement of Changes in Equity (Continued)
for the year ended 31 December 2014
(Expressed in Hong Kong dollars)

		Share	Share	Shares to	Capital	Merger	Exchange	Fair	Employee	Shares		Retained	Perpetual	Attributable	Non-	Total
	Notes	capital	premium	be issued	reserve	reserve	reserve	value	share-based	held for	Award	profits	subordinated	to owners	controlling	
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	compensation	Share	Scheme	\$'000	capital	of the	interests	\$'000
									reserve				securities	Company		\$'000
Balance at 1 January 2013, as previously reported		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
Effect of merger accounting	1	-	-	-	24,855	574,250	(21,629)	255,954	-	-	-	651,711	-	1,485,141	35,275	1,520,416
Balance at 1 January 2013, as restated		85,294	9,055,686	-	(1,563,948)	(816,615)	1,087,107	222,289	46,431	(33,038)	356,159	9,353,498	-	17,792,863	7,068,513	24,861,376
Profit for the year		-	-	-	-	-	-	-	-	-	-	1,652,934	-	1,652,934	687,119	2,340,053
Other comprehensive income for the year, net of deferred tax		-	-	-	-	-	337,911	(1,053,238)	-	-	27,842	-	-	(687,485)	(325,321)	(1,012,806)
Total comprehensive income		-	-	-	-	-	337,911	(1,053,238)	-	-	27,842	1,652,934	-	965,449	361,798	1,327,247
Share options lapsed	39(a)	-	-	-	-	-	-	-	(3,015)	-	-	3,015	-	-	-	-
Vested shares for 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 interests 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 (Restated)		85,294	9,055,686	9,996,790	(6,482,946)	(3,231,273)	1,425,018	(830,949)	28,986	(20,285)	384,001	11,011,124	-	21,421,446	4,036,567	25,458,013

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

Consolidated Statement of Cash Flows
for the year ended 31 December 2014
(Expressed in Hong Kong dollars)

	2014	2013
	\$'000	(Restated) \$'000
Notes		
Operating activities		
Profit before taxation	6,613,624	2,714,817
Adjustments for:		
- Depreciation of property and equipment	449,924	388,592
- Amortisation of intangible assets	165	195
- Surplus on revaluation of investment properties	(1,377,126)	(932,254)
- Employee share-based compensation benefits	-	(17,445)
- Amortisation of prepaid lease payments	26,216	3,659
- Finance costs	819,593	859,081
- Dividend income	(832,118)	(582,514)
- Interest income	(12,723,126)	(9,489,774)
- Share of results of associates and joint venture	(1,965)	779
- Loss on disposal of property and equipment	2,381	1,180
- Gain on disposal of investment properties	(20,344)	-
- Net realised and unrealised gains on listed and unlisted debt and equity securities classified as held-to-maturity and available-for-sale	(1,785,856)	(379,425)
- Net realised and unrealised losses/(gains) on derivatives	8,815	(9,418)
- Impairment on investments in debt and equity securities	121,106	309,261
- Recognition of impairment losses on insurance debtors and other debtors	76,865	5,989
Operating loss before changes in working capital	(8,621,846)	(7,127,277)

Consolidated Statement of Cash Flows (Continued)
for the year ended 31 December 2014
(Expressed in Hong Kong dollars)

	2014	2013
	\$'000	(Restated) \$'000
Notes		
(Increase)/decrease in held-for-trading securities	(3,748,193)	163,339
Decrease in securities designated at fair value through profit or loss	4,487	544,636
Increase in insurance and other debtors	(5,725,013)	(633,515)
Increase in insurance creditors and other payables and accrual	46,944,994	3,205,663
Increase in provision for outstanding claims	1,051,407	1,046,638
Increase in reinsurers' share of insurance contract provisions	(37,878,465)	(171,040)
Decrease in policyholder account assets in respect of unit-linked products	276,951	363,011
Decrease in investment contract liabilities	(1,468,428)	(7,563,764)
Increase in life insurance contract liabilities	52,026,760	46,231,440
Increase in unearned premium provisions	1,621,253	1,655,611
Increase in insurance protection fund	13,383	39,526
Increase in loans and advances	(10,079,578)	(7,405,615)
Cash generated from operations	34,417,712	30,348,653
Hong Kong Profits Tax (paid)/recovered and payment for purchase of tax reserve certificates	(71,145)	2,416
Tax paid outside Hong Kong	(201,829)	(53,379)
Tax paid	(272,974)	(50,963)
Net cash from operating activities	34,144,738	30,297,690

Consolidated Statement of Cash Flows (Continued)
for the year ended 31 December 2014
(Expressed in Hong Kong dollars)

	Notes	2014 \$'000	2013 (Restated) \$'000
Investing activities			
Increase in pledged deposits at banks		(162,651)	(48,585)
Increase in statutory deposits		(315,844)	(2,228,022)
Increase in deposits at banks with original maturity more than three months		(10,398,981)	(455,386)
Decrease in amounts due from group companies		25,548	403,531
Payment for purchase of securities classified as loans and receivables		(30,785,477)	(13,255,374)
Proceeds from redemption of loans and receivables		3,933,600	665,717
Payment for purchase of held-to-maturity debt securities		(15,070,554)	(10,080,040)
Proceeds from redemption of held-to-maturity debt securities		10,768,731	1,339,341
Payment for purchase of available-for-sale securities		(80,770,035)	(57,967,199)
Proceeds from sale of available-for-sale securities		75,696,689	44,980,970
Increase in securities purchased under resale agreements		(701,901)	(134,786)
(Decrease)/increase in securities sold under repurchase agreements		(1,687,223)	5,784,518
Interest income received		11,120,910	8,438,632
Dividend income received		832,118	582,514
Payment for purchase of property and equipment		(4,151,394)	(1,814,585)
Proceeds from sale of property and equipment		13,891	6,100
Payment for purchase of investment properties		(511,458)	(272,678)
Proceeds from sale of investment properties		75,362	541
Payment for prepaid lease payments		(964,747)	(309,199)
Proceeds from sale of intangible assets		1,715	-
Capital distribution from associate		1,346	1,358
Net cash inflow from acquisition of a subsidiary	17A(c)	-	123,770
Deposit into restricted deposit for acquisition of a subsidiary	17A(c)	-	(2,391,153)
Receipt of over-payment to restricted deposits for acquisition of a subsidiary		455,156	-
Net cash used in investing activities		(42,595,199)	(26,630,015)

Consolidated Statement of Cash Flows (Continued)
for the year ended 31 December 2014
(Expressed in Hong Kong dollars)

		2014	2013
			(Restated)
	Notes	\$'000	\$'000
Financing activities			
Increase/(decrease) in amounts due to group companies		10,793	(812,496)
Net proceeds from Rights Issue	38	6,400,063	-
Proceeds from disposal of rights allotted to Shares held under the Share Award Schemes under Rights Issue	42(b)	847	-
Proceeds from interest-bearing notes issued		1,140,876	2,572,034
Redemption of interest-bearing notes		(377,952)	(5,733,532)
Net bank borrowings raised		3,392,640	3,578,185
Repayment of bank borrowings		(300,000)	(600,000)
Proceeds from shareholders' loans		-	4,434,929
Repayment of shareholders' loans		(4,434,929)	-
Proceeds from issuance of perpetual subordinated capital securities	40	4,629,071	-
Capital contributions made to subsidiaries by non-controlling shareholders		4,400,089	2,047,856
Dividend paid by subsidiaries to non-controlling interests		(34,437)	-
Proceeds from partial disposal of interests in a subsidiary		-	15,693
Interest paid		(492,831)	(929,947)
Net cash from financing activities		14,334,230	4,572,722
Effect of changes in exchange rates		92,931	1,164,369
Net increase in cash and cash equivalents		5,976,700	9,404,766
Cash and cash equivalents at 1 January	26	27,995,717	18,590,951
Cash and cash equivalents at 31 December	26	33,972,417	27,995,717

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

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*

The Company is a limited liability company incorporated in Hong Kong and its shares are listed on the Stock Exchange of Hong Kong Limited. The address of the registered office of the Company is disclosed in the corporate information section to the annual report.

The principal activities of the Company and its subsidiaries are set out in Note 17.

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. In accordance with transitional and saving arrangements for Part 9 of the Hong Kong Companies Ordinance (Cap. 622), “Accounts and Audit”, as set out in sections 76 to 87 of Schedule 11 to the Hong Kong Companies Ordinance (Cap. 622), the consolidated financial statements are prepared in accordance with the applicable requirements of the predecessor Companies Ordinance (Cap. 32) for the financial year and the comparative period. 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 the 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 or measured primarily based on actuarial methods as explained in the accounting policies set out below:

Stated at fair value

- (i) investment properties;
- (ii) investments in debt and equity securities classified as available-for-sale, other than those carried at cost less impairment;
- (iii) investments in debt and equity securities classified as held-for-trading and designated at fair value through profit or loss;

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

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

Stated at fair value (Continued)

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

Measured primarily based on actuarial methods

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

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.

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

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

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.

(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 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.

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

(d) Recognition and measurement of contracts (Continued)

(i) Recognition of gross premiums written (Continued)

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.

(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. 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.

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

(d) Recognition and measurement of contracts (Continued)

(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 are used in performing these tests. Any deficiency is recognised in the consolidated statement of profit or loss for the current year.

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.

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 due for payments. 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.

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

(d) Recognition and measurement of contracts (Continued)

(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.

(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.

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

(d) Recognition and measurement of contracts (Continued)

(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.

(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 venture

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 venture 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 recognise 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 investment 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 venture (Continued)

The requirements of HKAS 39 are applied to determine whether it is necessary to recognise 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 associates or joint venture 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.

(ii) Acquisition of additional interests in subsidiaries

On acquisition of additional interests 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 unrealised 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 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-organisation; 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, 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 financial assets carried at amortised cost, 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 venture;
- 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 differences 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 differences arise 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 realised, 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 foreign operation (i.e. a disposal of the Group's entire interest in an foreign operation, or a disposal involving loss of control over a subsidiary that includes an foreign operation, or a disposal involving loss of significant influence over an associate that includes an foreign operation), 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 foreign operation, 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.

(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.

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

(z) Share based payment transactions (Continued)

(i) Share Option Scheme and Share Award Scheme (Continued)

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 of 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.

(aa) Perpetual subordinated capital securities

Perpetual subordinated capital securities with no contractual obligation to repay its principal nor to pay any distribution are classified as part of equity. Respective distributions if and when declared are treated as equity movement.

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”).

Amendments to HKFRS 10, HKFRS 12 and HKAS 27	Investment Entities
Amendments to HKAS 32	Offsetting Financial Assets and Financial Liabilities
Amendments to HKAS 36	Recoverable Amount Disclosures for Non-Financial Assets
Amendments to HKAS 39	Novation of Derivatives and Continuation of Hedge Accounting
HK(IFRIC) – INT 21	Levies
Amendments to HKFRSs	Annual Improvements to HKFRSs 2010-2012 Cycle

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.

Annual Improvements to HKFRSs 2010-2012 Cycle

These amendments include changes from the 2010-2012 cycle of the annual improvements project, that affect 7 standards only the below are effective for relevant transactions on or after 1 July 2014:

- *HKFRS 2 Share-based payment*

The amendment clarifies the definition of a ‘vesting condition’ and separately defines ‘performance condition’ and ‘service condition’

- *HKFRS 3 Business Combination and consequential amendments to HKFRS 9 Financial instruments, HKAS 37 Provision, Contingent Liabilities and Contingent Assets and HKAS 39 Financial Instruments*

The standard is amended to clarify that an obligation to pay contingent consideration which meets the definition of a financial instrument is classified as a financial liability or as equity, on the basis of the definitions in HKAS 32 *Financial Instruments: Presentation*. All non-equity contingent consideration, both financial and non-financial, is measured at fair value at each reporting date, with changes in fair value recognised in profit or loss.

In addition, the requirements of Part 9 “Accounts and Audit” of the new Hong Kong Companies Ordinance (Cap. 622) come into operations as from the Company’s first financial year commencing on or after 3 March 2014 in accordance with section 358 of that Ordinance. The Group is in the process of making an assessment of expected impact of the changes in the Companies Ordinance on the consolidated financial statements in the period of initial application of Part 9 of the new Hong Kong Companies Ordinance (Cap. 622). So far it has concluded that the impact is unlikely to be significant and only the presentation and the disclosure of information in the consolidated financial statements will be affected.

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.

During February and March 2014, the Company issued and allotted 571,656,306 shares and 152,479,270 shares to TPG(HK) as the consideration for the Tranche A and Tranche B target interests respectively. The acquisitions of TPFH, TP Singapore and certain target assets under Tranche C became unconditional in the first half of 2014. The acquisition of TP UK, TP Indonesia and certain target assets under Tranche C became unconditional in the third quarter of 2014 and the Company issued and allotted 138,599,694 shares as the consideration of Tranche C target interests in October 2014.

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 these 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 recognises 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 2013 are summarized below:

	For the year ended 31 December 2013 (Originally stated) \$'000	Effect of merger accounting \$'000	For the year ended 31 December 2013 (Restated) \$'000
Income			
Gross premiums written and policy fees	85,556,135	817,277	86,373,412
Less: Premiums ceded to reinsurers and retrocessionaires	(3,090,662)	(237,629)	(3,328,291)
Net premiums written and policy fees	82,465,473	579,648	83,045,121
Change in unearned premium provision, net of reinsurance	(1,534,906)	(16,748)	(1,551,654)
Net earned premiums and policy fees	80,930,567	562,900	81,493,467
Net investment income	10,411,602	57,795	10,469,397
Net realised investment gains	387,678	12,458	400,136
Net unrealised investment gains and impairment	616,195	6,119	622,314
Other income	477,882	51,566	529,448
Other gains	18,546	27,626	46,172
Total income	92,842,470	718,464	93,560,934
Benefits, losses and expenses			
Net policyholders' benefits	(21,217,636)	(258,426)	(21,476,062)
Net commission expenses	(8,045,222)	(91,059)	(8,136,281)
Administrative and other expenses	(13,733,659)	(197,818)	(13,931,477)
Change in life insurance contract liabilities, net of reinsurance	(46,442,437)	-	(46,442,437)
Total benefits, losses and expenses	(89,438,954)	(547,303)	(89,986,257)
Profit from operations	3,403,516	171,161	3,574,677
Share of results of associates and joint venture	(779)	-	(779)
Finance costs	(845,937)	(13,144)	(859,081)
Profit before taxation	2,556,800	158,017	2,714,817
Income tax charge	(345,661)	(29,103)	(374,764)
Profit after taxation	2,211,139	128,914	2,340,053
Attributable to:			
Owners of the Company	1,530,069	122,865	1,652,934
Non-controlling interests	681,070	6,049	687,119
	2,211,139	128,914	2,340,053

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 2013 are summarized below:

	As at 31 December 2013 <i>(Originally stated)</i> \$'000	Effect of merger accounting \$'000	As at 31 December 2013 <i>(Restated)</i> \$'000
Assets			
Statutory deposits	4,731,632	7,080	4,738,712
Fixed assets			
- Property and equipment	5,856,078	483,907	6,339,985
- Investment properties	12,692,232	36,526	12,728,758
- Prepaid lease payments	474,799	-	474,799
	19,023,109	520,433	19,543,542
Goodwill	770,353	-	770,353
Intangible assets	263,288	260	263,548
Investments in associates and joint ventures	25,133	-	25,133
Deferred tax assets	261,970	3,416	265,386
Investments in debt and equity securities	196,215,901	1,671,413	197,887,314
Securities purchased under resale agreements	214,949	-	214,949
Amounts due from group companies	44,807	(9,329)	35,478
Insurance debtors	2,980,687	171,755	3,152,442
Reinsurers' share of insurance contract provisions	2,813,245	438,517	3,251,762
Policyholder account assets in respect of unit-linked products	2,778,038	-	2,778,038
Other debtors	17,639,934	259,474	17,899,408
Tax recoverable	32,900	-	32,900
Pledged deposits at banks	337,169	16,077	353,246
Deposits at banks with original maturity more than three months	36,879,922	63,054	36,942,976
Cash and bank balances	30,003,139	383,731	30,386,870
	315,016,176	3,525,881	318,542,057

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 2013 are summarized below (Continued):

	As at 31 December 2013 (Originally stated) \$'000	Effect of merger accounting \$'000	As at 31 December 2013 (Restated) \$'000
Liabilities			
Life insurance contract liabilities	172,199,677	-	172,199,677
Unearned premium provisions	8,011,415	497,129	8,508,544
Provision for outstanding claims	11,459,169	1,042,085	12,501,254
Investment contract liabilities	19,110,007	-	19,110,007
Deferred tax liabilities	1,927,387	730	1,928,117
Interest-bearing notes	10,297,265	(13,183)	10,284,082
Bank borrowings	7,289,019	-	7,289,019
Securities sold under repurchase agreements	41,211,333	-	41,211,333
Shareholder's loans	4,434,929	-	4,434,929
Amounts due to group companies	115,823	128	115,951
Insurance creditors	5,225,123	151,783	5,376,906
Other payables and accruals	9,306,641	214,857	9,521,498
Current taxation	475,545	25,176	500,721
Insurance protection fund	102,006	-	102,006
	<u>291,165,339</u>	<u>1,918,705</u>	<u>293,084,044</u>
Net assets	<u>23,850,837</u>	<u>1,607,176</u>	<u>25,458,013</u>
Capital and reserves attributable to the owners of the Company			
Share capital	85,294	-	85,294
Reserves	<u>19,761,941</u>	<u>1,574,211</u>	<u>21,336,152</u>
	19,847,235	1,574,211	21,421,446
Non-controlling interests	<u>4,003,602</u>	<u>32,965</u>	<u>4,036,567</u>
Total equity	<u>23,850,837</u>	<u>1,607,176</u>	<u>25,458,013</u>

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 2013 are summarized below:

	As at 1 January 2013 (Originally stated) \$'000	Effect of merger accounting \$'000	As at 1 January 2013 (Restated) \$'000
Assets			
Statutory deposits	2,506,505	4,185	2,510,690
Fixed assets			
- Property and equipment	4,785,947	200,389	4,986,336
- Investment properties	9,068,163	41,028	9,109,191
- Prepaid lease payments	164,177	-	164,177
	14,018,287	241,417	14,259,704
Goodwill	303,647	-	303,647
Intangible assets	264,509	260	264,769
Investments in associates and joint venture	26,513	-	26,513
Deferred tax assets	140,721	5,266	145,987
Investments in debt and equity securities	160,058,584	1,562,978	161,621,562
Securities purchased under resale agreements	80,163	-	80,163
Amounts due from group companies	2,965,618	2,226	2,967,844
Insurance debtors	2,627,032	171,781	2,798,813
Reinsurers' share of insurance contract provisions	2,675,521	405,201	3,080,722
Policyholder account assets in respect of unit-linked products	3,141,049	-	3,141,049
Other debtors	8,421,449	89,201	8,510,650
Tax recoverable	25,737	-	25,737
Pledged deposits at banks	288,586	16,075	304,661
Deposits at banks with original maturity more than three months	36,186,207	301,383	36,487,590
Cash and bank balances	18,023,573	567,378	18,590,951
	251,753,701	3,367,351	255,121,052

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 2013 are summarized below (Continued):

	As at 1 January 2013 (Originally stated) \$'000	Effect of merger accounting \$'000	As at 1 January 2013 (Restated) \$'000
Liabilities			
Life insurance contract liabilities	121,422,778	-	121,422,778
Unearned premium provisions	6,216,073	475,631	6,691,704
Provision for outstanding claims	10,316,951	1,012,039	11,328,990
Investment contract liabilities	25,981,726	-	25,981,726
Deferred tax liabilities	1,701,119	1,684	1,702,803
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	446,641	151	446,792
Insurance creditors	4,356,459	143,911	4,500,370
Other payables and accruals	4,506,704	197,316	4,704,020
Current taxation	319,773	16,203	335,976
Insurance protection fund	62,480	-	62,480
	<u>228,412,741</u>	<u>1,846,935</u>	<u>230,259,676</u>
Net assets	<u>23,340,960</u>	<u>1,520,416</u>	<u>24,861,376</u>
Capital and reserves attributable to the owners of the Company			
Share capital	85,294	-	85,294
Reserves	<u>16,222,428</u>	<u>1,485,141</u>	<u>17,707,569</u>
	16,307,722	1,485,141	17,792,863
Non-controlling interests	<u>7,033,238</u>	<u>35,275</u>	<u>7,068,513</u>
Total equity	<u>23,340,960</u>	<u>1,520,416</u>	<u>24,861,376</u>

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

	For the year ended 31 December 2013 <i>HK dollar</i>
Basic earnings per share before adjustment	0.775
Adjustment arising from acquisition of target assets and target interests	<u>(0.027)</u>
Reported basic earnings per share	<u>0.748</u>

Impact on diluted earnings per share

	For the year ended 31 December 2013 <i>HK dollar</i>
Diluted earnings per share before adjustment	0.773
Adjustment arising from acquisition of target assets and target interests	<u>(0.027)</u>
Reported diluted earnings per share	<u>0.746</u>

Note: The above calculation on the basic and diluted earnings per share for the year ended 31 December 2013 had been adjusted to reflect the bonus impact of the Rights Issue.

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, Hong Kong, Macau, Singapore, UK and Indonesia 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, Macau, Singapore, UK and Indonesia. The Group focuses its property and casualty insurance business by offering a wide range of insurance products covering different types of property insurance (including compulsory motor insurance), liability insurance, credit insurance, guarantee insurance business 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, life, marine cargo and hull and miscellaneous non-marine classes. Whilst diversifying its underwriting portfolio, the Group does not actively seek acceptance of any liability reinsurance business from customers operating outside of the Asia Pacific region. In the Asia Pacific region, where these are core-markets of the Group, liability reinsurance businesses are written on a limited scale in order to provide customers in the region with comprehensive reinsurance services.

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:

RMB'000	Before reinsurance		After reinsurance	
	Year ended 31 December		Year ended 31 December	
	2014	2013	2014	2013
0-200	95.62%	96.48%	96.58%	97.35%
201-500	3.93%	3.08%	3.42%	2.65%
>500	0.45%	0.44%	-	-
	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 2014 and 2013.

TPI

	Year ended 31 December 2014				
	Gross written premiums \$'000	Inward reinsurance premiums \$'000	Premiums ceded to reinsurers \$'000	Net written premiums \$'000	Ceding ratio %
Motor	13,801,829	-	965,776	12,836,053	7.0%
Marine	329,165	22,071	182,020	169,216	51.8%
Non-marine	2,618,929	79,530	690,620	2,007,839	25.6%
Total	<u>16,749,923</u>	<u>101,601</u>	<u>1,838,416</u>	<u>15,013,108</u>	<u>10.9%</u>

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	45.0%
Non-marine	2,114,504	65,305	682,964	1,496,845	31.3%
Total	<u>13,518,869</u>	<u>72,402</u>	<u>2,093,854</u>	<u>11,497,417</u>	<u>15.4%</u>

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 2014				
	Gross written premiums \$'000	Inward reinsurance premiums \$'000	Premiums ceded to reinsurers \$'000	Net written premiums \$'000	Ceding ratio %
Motor	320,552	446,962	27,812	739,702	3.6%
Marine	287,431	159,002	290,982	155,451	65.2%
Non-marine	773,303	56,384	335,628	494,059	40.5%
Total	<u>1,381,286</u>	<u>662,348</u>	<u>654,422</u>	<u>1,389,212</u>	32.0%

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	3.4%
Marine	237,240	19,764	122,896	134,108	47.8%
Non-marine	733,606	27,761	296,955	464,412	39.0%
Total	<u>1,248,663</u>	<u>533,368</u>	<u>445,624</u>	<u>1,336,407</u>	25.0%

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 2014.

By business line:

	% to total gross premiums written	
	2014	2013
Proportional treaty	81.4%	66.8%
Non-proportional treaty	13.1%	24.7%
Facultative	5.5%	8.5%
	100.0%	100.0%

By geographical territory:

	% to total gross premiums written	
	2014	2013
Hong Kong & Macau	39.9%	12.2%
Mainland China (& Taiwan)	33.3%	46.9%
Japan	4.1%	5.1%
Rest of Asia	11.2%	18.7%
Europe	7.9%	11.5%
Others	3.6%	5.6%
	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:

	31 December 2014	The Group 31 December 2013 (Restated)	1 January 2013 (Restated)	The Company 31 December 2014	31 December 2013
	\$'000	\$'000	\$'000	\$'000	\$'000
Financial assets					
- held-to-maturity investments	107,900,866	103,995,793	92,472,864	-	-
- available-for-sale investments	70,577,599	56,745,276	44,577,853	641,565	359,204
- held-for-trading investments	4,887,205	1,139,011	1,302,352	-	-
- designated at fair value through profit or loss	584,173	588,659	1,133,296	-	-
- loans and receivables					
- debt investments	383,842	1,002,929	1,523,556	-	-
- investment funds	909,865	645,171	-	-	-
- debt products	60,861,555	33,770,475	20,611,641	-	-
- statutory deposits	5,054,556	4,738,712	2,510,690	-	-
- securities purchased under resale agreements	916,850	214,949	80,163	-	-
- amounts due from group companies	12,254	35,478	2,967,844	6,506,515	4,778,116
- other debtors	28,245,056	15,474,480	7,542,441	70,367	13,386
- pledged deposits at banks	515,897	353,246	304,661	-	-
- deposits at banks with original maturity more than three months	47,341,957	36,942,976	36,487,590	2,343,307	-
- cash and bank balances	33,972,417	30,386,870	18,590,951	4,300,166	951,745
	362,164,092	286,034,025	230,105,902	13,861,920	6,102,451
Policyholder account assets in respect of unit-linked products (Note 46)	2,501,087	2,778,038	3,141,049	-	-
	364,665,179	288,812,063	233,246,951	13,861,920	6,102,451

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:

	31 December 2014	The Group 31 December 2013 (Restated)	1 January 2013 (Restated)	The Company 31 December 2014	31 December 2013
	\$'000	\$'000	\$'000	\$'000	\$'000
Financial liabilities at fair value through profit or loss					
- Investment contract liabilities	2,501,087	2,778,038	3,141,049	-	-
Financial liabilities measured at amortised cost					
- Investment contract liabilities	15,070,379	16,331,969	22,840,677	-	-
- Interest-bearing notes	11,067,161	10,284,082	13,334,736	-	-
- Bank borrowings	10,420,582	7,289,019	4,320,486	1,770,000	-
- Securities sold under repurchase agreements	39,524,110	41,211,333	35,426,815	-	-
- Shareholder's loan	-	4,434,929	-	-	4,434,929
- Amounts due to group companies	128,065	115,951	446,792	11,012,669	10,977,098
	76,210,297	79,667,283	76,369,506	12,782,669	15,412,027
	78,711,384	82,445,321	79,510,555	12,782,669	15,412,027

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 \$40,513.96 million, \$419.28 million and \$437.73 million respectively (31 December 2013 as restated: \$38,494.27 million, \$322.37 million and \$466.54 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 0.4% of the total investments held by the Group as at 31 December 2014 (31 December 2013 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 \$620.64 million (31 December 2013: \$336.74 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 0.2% of the total investments held by the Company as at 31 December 2014 (31 December 2013: the Company's total equity will be increased by approximately 0.1% 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 2013.

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 and the Company's investment in equity securities and investment funds was carried at a fair value of \$29,356.27 million and \$20.92 million, respectively (31 December 2013 as restated: \$14,024.30 million and \$22.47 million, respectively). It representing less than 10% (31 December 2013 as restated: less than 10%) of the total investments held by the Group and the Company, respectively.

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 2014, with all other variables held constant, would increase/decrease the Group's profit before tax by \$461.44 million and fair value reserve by \$2,474.19 million (31 December 2013 as restated: Group's profit before tax by \$93.88 million and fair value reserve by \$1,308.55 million).

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 2014, with all other variables held constant, will increase/decrease the fair value reserve by \$2.09 million (31 December 2013: increase/decrease the fair value reserve by \$2.25 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 the consolidated statement of profit or loss.

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

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

The following table presents the financial and insurance assets and liabilities, denominated in non-functional currencies of the respective business units of the Group:

The Group

31 December 2014					
	RMB \$'000	USD \$'000	HKD \$'000	Other foreign currencies \$'000	Total \$'000
Financial and insurance assets:					
Statutory deposits	-	51,464	25,967	50,795	128,226
Investments in debt and equity securities	2,740,429	7,735,982	907,556	691,997	12,075,964
- debt securities and debt products	1,301,926	6,748,636	13,261	670,680	8,734,503
- equity securities/investment funds	1,438,503	987,346	894,295	21,317	3,341,461
Amounts due from group companies	4,835	3,938	-	(26)	8,747
Other debtors	83,051	184,092	11,620	16,992	295,755
Insurance debtors	544,605	634,968	31,609	492,332	1,703,514
Reinsurers' share of insurance contract provisions	176,316	214,283	37,991	90,275	518,865
Pledged deposits at banks	92,784	332,978	65,951	8,111	499,824
Deposits at banks with original maturity more than three months	572,288	273,261	11,233	-	856,782
Cash and bank balances	718,828	762,488	382,888	443,462	2,307,666
	<u>4,933,136</u>	<u>10,193,454</u>	<u>1,474,815</u>	<u>1,793,938</u>	<u>18,395,343</u>

2 INSURANCE, FINANCIAL AND CAPITAL RISK MANAGEMENT (Continued)

(f) Financial risk (Continued)

(i) Market risk (Continued)

(c) Foreign exchange risk (Continued)

31 December 2014					
	RMB \$'000	USD \$'000	HKD \$'000	Other foreign currencies \$'000	Total \$'000
Financial and insurance liabilities:					
Interest-bearing notes	-	4,653,996	-	-	4,653,996
Bank borrowings	-	1,939,165	-	-	1,939,165
Unearned premium provisions	820,560	358,175	13,287	304,806	1,496,828
Provision for outstanding claims	1,293,540	988,951	53,843	1,814,296	4,150,630
Insurance creditors	25,997	174,622	47,717	65,987	314,323
Amounts due to group companies	14,690	279	1,968	-	16,937
	<u>2,154,787</u>	<u>8,115,188</u>	<u>116,815</u>	<u>2,185,089</u>	<u>12,571,879</u>
Net assets/(liabilities)	<u>2,778,349</u>	<u>2,078,266</u>	<u>1,358,000</u>	<u>(391,151)</u>	<u>5,823,464</u>

The Company

31 December 2014					
	RMB \$'000	USD \$'000	HKD \$'000	Other foreign currencies \$'000	Total \$'000
Financial assets:					
Investments in debt and equity securities	-	620,643	-	-	620,643
- debt securities	-	620,643	-	-	620,643
Amounts due from group companies	685,115	38,951	-	7,164	731,230
Other debtors	9,557	720	-	-	10,277
Deposits at bank with original maturity more than three months	256,766	2,086,542	-	-	2,343,308
Cash and bank balances	2,687,320	518,129	-	-	3,205,449
	<u>3,638,758</u>	<u>3,264,985</u>	<u>-</u>	<u>7,164</u>	<u>6,910,907</u>
Financial liabilities:					
Amounts due to group companies	162,225	6,562,568	-	764	6,725,557
Net assets/(liabilities)	<u>3,476,533</u>	<u>(3,297,583)</u>	<u>-</u>	<u>6,400</u>	<u>185,350</u>

2 INSURANCE, FINANCIAL AND CAPITAL RISK MANAGEMENT (Continued)

(f) Financial risk (Continued)

(i) Market risk (Continued)

(c) Foreign exchange risk (Continued)

The Group

	31 December 2013 (Restated)				
	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	1,031,594	6,947,499	964,392	887,111	9,830,596
- debt securities and debt products	923,166	6,002,099	-	842,498	7,767,763
- equity securities/investment funds	108,428	945,400	964,392	44,613	2,062,833
Amounts due from group companies	3,168	-	-	2	3,170
Other debtors	90,144	90,553	30,291	21,837	232,825
Insurance debtors	571,987	331,820	40,345	338,037	1,282,189
Reinsurers' share of insurance contract provisions	138,148	206,804	35,571	72,041	452,564
Pledged deposits at banks	-	278,314	49,566	9,152	337,032
Deposits at bank with original maturity more than three months	758,997	73,368	14,113	6,722	853,200
Cash and bank balances	1,235,871	821,777	236,207	480,617	2,774,472
	<u>3,829,909</u>	<u>8,800,540</u>	<u>1,395,485</u>	<u>1,873,452</u>	<u>15,899,386</u>
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	257,194	13,865	246,733	1,290,669
Provision for outstanding claims	1,357,877	987,151	41,238	2,088,799	4,475,065
Insurance creditors	9,504	88,488	59,578	30,543	188,113
Shareholder's loans	-	4,434,929	-	-	4,434,929
Amounts due to group companies	13,065	233	205	-	13,503
	<u>2,153,323</u>	<u>12,327,889</u>	<u>114,886</u>	<u>2,366,075</u>	<u>16,962,173</u>
Net assets/(liabilities)	<u>1,676,586</u>	<u>(3,527,349)</u>	<u>1,280,599</u>	<u>(492,623)</u>	<u>(1,062,787)</u>

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 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
	<u>1,047,234</u>	<u>849,102</u>	<u>-</u>	<u>48,770</u>	<u>1,945,106</u>
Financial liabilities:					
Shareholder's loans	-	4,434,929	-	-	4,434,929
Amounts due to group companies	153,101	6,550,790	-	-	6,703,891
	<u>153,101</u>	<u>10,985,719</u>	<u>-</u>	<u>-</u>	<u>11,138,820</u>
Net assets/(liabilities)	<u>894,133</u>	<u>(10,136,617)</u>	<u>-</u>	<u>48,770</u>	<u>(9,193,714)</u>

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 products, 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 2014		31 December 2013 (Restated)		1 January 2013 (Restated)	
	\$'000	% of Total	\$'000	% of Total	\$'000	% of Total
Statutory deposits and deposits with banks	86,359,692	23.1%	72,057,862	26.5%	57,588,943	26.8%
Investments in debt securities and debt products	210,517,226	56.4%	178,052,383	65.5%	143,817,470	67.0%
Reinsurers' share of insurance contract provisions	41,274,875	11.1%	3,251,762	1.2%	3,080,722	1.4%
Insurance debtors	6,843,970	1.8%	3,152,442	1.1%	2,798,813	1.3%
Other debtors	28,245,056	7.6%	15,474,480	5.7%	7,542,441	3.5%
	<u>373,240,819</u>	<u>100.0%</u>	<u>271,988,929</u>	<u>100.0%</u>	<u>214,828,389</u>	<u>100.0%</u>

The Company

	31 December 2014		31 December 2013	
	\$'000	% of Total	\$'000	% of Total
Deposits with banks	6,643,310	90.5%	951,584	73.1%
Investments in debt securities	620,642	8.5%	336,739	25.9%
Other debtors	77,469	1.0%	13,386	1.0%
	<u>7,341,421</u>	<u>100.0%</u>	<u>1,301,709</u>	<u>100.0%</u>

For the distribution of investments in debt securities by class for 31 December 2014 and 2013, 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 and debt products, the Group has established detailed credit control policy. In addition, the risk level of the various investment sectors is continuously monitored with the investment mix adjusted accordingly. In respect of the debt securities and debt products invested by life insurance and property and casualty insurance business in the PRC, the investment procedures manual, which is managed by an investment committee, includes the minimum acceptable domestic credit rating of the issuers as required by the CIRC. Any non-compliance or violation of the manual will be followed up and rectification action will be taken immediately. In respect of the debt securities invested by property and casualty insurance business in Hong Kong, more than 92% of the bonds are with ratings of investment grade or above. In respect of the debt securities invested by reinsurance business, 80% of the debt securities are with ratings of investment grade.

As at 31 December 2014, debt securities held by the Group amounted to \$149.6 billion, of which domestic bonds and foreign bonds representing for 94% and 6% respectively. Approximately 99% of domestic securities were investment grade bonds with BBB ratings or higher.

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.

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

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 2014. The directors of the Company consider the Group's exposure of the credit risk in respect of insurance and other debtors are insignificant.

The credit risk associated with reinsurance companies is managed by regular evaluation of the credit quality of the relevant reinsurers. The Group's policy is to generally use reinsurers with investment grade (i.e. BBB or higher) credit ratings. In addition, majority of the reinsurers' share of insurance contract provisions are held under a net settlement arrangement against the corresponding insurance creditor balances with the same reinsurer.

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. The majority of the expected outflow from in force insurance contracts are expected to take place after 5 years.

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 2014					
Financial and insurance liabilities:					
Interest-bearing notes	5,228,082	2,981,940	6,167,272	14,377,294	11,067,161
Bank borrowings	1,506,581	9,360,773	-	10,867,354	10,420,582
Investment contract liabilities	4,865,766	7,007,645	9,246,802	21,120,213	17,571,466
Securities sold under repurchase agreements	39,598,425	-	-	39,598,425	39,524,110
Amounts due to group companies	128,065	-	-	128,065	128,065
Provision for outstanding claims	7,732,982	4,968,534	788,265	13,489,781	13,489,781
Insurance creditors	49,932,430	7,958	6	49,940,394	49,940,394
	108,992,331	24,326,850	16,202,345	149,521,526	142,141,559
At 31 December 2013 (Restated)					
Financial and insurance liabilities:					
Interest-bearing notes	525,728	2,428,727	12,995,335	15,949,790	10,284,082
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	115,951	-	-	115,951	115,951
Provision for outstanding claims	6,755,107	4,826,684	919,463	12,501,254	12,501,254
Insurance creditors	5,368,192	8,714	-	5,376,906	5,376,906
	60,007,879	24,651,583	30,787,996	115,447,458	100,323,481
At 1 January 2013 (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	446,792	-	-	446,792	446,792
Provision for outstanding claims	5,888,642	4,489,793	950,555	11,328,990	11,328,990
Insurance creditors	4,491,515	8,855	-	4,500,370	4,500,370
	56,645,251	21,598,446	24,625,506	102,869,203	95,339,915

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 2014					
Financial liabilities:					
Amounts due to group companies	1,186,578	6,659,888	6,121,508	13,967,974	11,012,831
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

(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 each regulated insurance subsidiary are set out in the solvency rules at each jurisdiction. The Group's capital includes the components of total equity of \$51.34 billion (2013 as restated: \$25.46 billion), interest-bearing notes of \$11.07 billion (2013: \$10.30 billion), bank borrowings of \$10.42 billion (2013: \$7.29 billion), perpetual subordinated capital securities of \$4.63 billion (2013: \$Nil) and shareholder's loans of \$Nil (2013: \$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)

The key assumption underlying the estimates of provision for outstanding claims is the ultimate claims expenses. A respective percentage change in the ultimate claims expenses alone results in a similar percentage change in provision for outstanding claims.

Analysis of claims development – gross of reinsurance for TPI

For the year ended 31 December 2014

	2010	2011	Accident year		2014	Total
	\$'000	\$'000	2012	2013	\$'000	\$'000
<i>Estimate of cumulative claims</i>						
At the end of accident year	3,362,397	3,868,375	4,696,982	6,868,514	8,630,053	
One year later	3,191,742	3,430,100	4,375,982	6,521,248	-	
Two years later	3,092,304	3,385,004	4,329,546	-	-	
Three years later	3,131,034	3,369,365	-	-	-	
Four years later	3,115,961	-	-	-	-	
Estimate of cumulative claims	3,115,961	3,369,365	4,329,546	6,521,248	8,630,053	25,966,173
Cumulative payments to date	(3,078,887)	(3,270,344)	(4,147,108)	(5,907,698)	(5,015,992)	(21,420,029)
Liabilities recognised in the consolidated statement of financial position	37,074	99,021	182,438	613,550	3,614,061	4,546,144
Liabilities in respect of accident years 2009 and earlier						337,160
Total liabilities included in the consolidated statement of financial position						4,883,304

For the year ended 31 December 2013

	2009	2010	Accident year		2013	Total
	\$'000	\$'000	2011	2012	\$'000	\$'000
<i>Estimate of cumulative claims</i>						
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

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 2014

	2010 \$'000	2011 \$'000	Accident year		2014 \$'000	Total \$'000
			2012 \$'000	2013 \$'000		
<i>Estimate of cumulative claims</i>						
At the end of accident year	2,936,648	3,404,191	4,069,016	5,621,015	7,367,765	
One year later	2,812,917	3,026,779	3,800,876	5,329,523	-	
Two years later	2,742,525	2,983,463	3,759,518	-	-	
Three years later	2,780,169	2,965,617	-	-	-	
Four years later	2,764,403	-	-	-	-	
Estimate of cumulative claims	2,764,403	2,965,617	3,759,518	5,329,523	7,367,765	22,186,826
Cumulative payments to date	(2,735,125)	(2,913,329)	(3,628,773)	(4,856,371)	(4,378,285)	(18,511,883)
Liabilities recognised in the consolidated statement of financial position	29,278	52,288	130,745	473,152	2,989,480	3,674,943
Liabilities in respect of accident years 2009 and earlier						181,965
Total liabilities included in the consolidated statement of financial position						<u>3,856,908</u>

For the year ended 31 December 2013

	2009 \$'000	2010 \$'000	Accident year		2013 \$'000	Total \$'000
			2011 \$'000	2012 \$'000		
<i>Estimate of cumulative claims</i>						
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						221,050
Total liabilities included in the consolidated statement of financial position						<u>3,220,146</u>

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 2014

	2010 \$'000	2011 \$'000	Accident year		2014 \$'000	Total \$'000
			2012 \$'000	2013 \$'000		
<i>Estimate of cumulative claims</i>						
At the end of accident year	618,956	698,862	720,922	854,760	1,270,017	
One year later	547,117	626,253	771,805	1,075,407	-	
Two years later	590,651	740,918	806,280	-	-	
Three years later	612,427	589,208	-	-	-	
Four years later	510,142	-	-	-	-	
Estimate of cumulative claims	510,142	589,208	806,280	1,075,407	1,270,017	4,251,054
Cumulative payments to date	(439,921)	(365,199)	(451,756)	(563,991)	(323,762)	(2,144,629)
Liabilities recognised in the consolidated statement of financial position	70,221	224,009	354,524	511,416	946,255	2,106,425
Liabilities in respect of accident years 2009 and earlier						106,140
Total liabilities included in the consolidated statement of financial position						<u>2,212,565</u>

For the year ended 31 December 2013

	2009 \$'000	2010 \$'000	Accident year		2013 \$'000	Total \$'000
			2011 \$'000	2012 \$'000		
<i>Estimate of cumulative claims</i>						
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						<u>2,001,774</u>

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 2014

	2010 \$'000	2011 \$'000	Accident year		2014 \$'000	Total \$'000
			2012 \$'000	2013 \$'000		
<i>Estimate of cumulative claims</i>						
At the end of accident year	392,784	440,204	373,321	659,823	895,380	
One year later	360,330	419,670	447,440	836,752	-	
Two years later	402,275	533,434	462,522	-	-	
Three years later	437,175	419,716	-	-	-	
Four years later	354,202	-	-	-	-	
Estimate of cumulative claims	354,202	419,716	462,522	836,752	895,380	2,968,572
Cumulative payments to date	(306,961)	(268,060)	(234,751)	(472,685)	(288,547)	(1,571,004)
Liabilities recognised in the consolidated statement of financial position	47,241	151,656	227,771	364,067	606,833	1,397,568
Liabilities in respect of accident years 2009 and earlier						58,550
Total liabilities included in the consolidated statement of financial position						<u>1,456,118</u>

For the year ended 31 December 2013

	2009 \$'000	2010 \$'000	Accident year		2013 \$'000	Total \$'000
			2011 \$'000	2012 \$'000		
<i>Estimate of cumulative claims</i>						
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						<u>1,373,321</u>

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 2014

	2010	2011	Underwriting year		2014	Total
	\$'000	\$'000	2012	2013	\$'000	\$'000
			\$'000	\$'000		
<i>Estimate of cumulative claims (note)</i>						
At the end of underwriting year	1,102,624	2,049,249	1,215,625	1,831,001	1,515,741	
One year later	2,141,938	3,462,921	1,994,635	2,492,623	-	
Two years later	2,089,192	3,302,816	1,970,600	-	-	
Three years later	2,001,716	3,135,866	-	-	-	
Four years later	1,981,333	-	-	-	-	
Estimate of cumulative claims	1,981,333	3,135,866	1,970,600	2,492,623	1,515,741	11,096,163
Cumulative payments to date	(1,708,565)	(2,684,191)	(1,320,099)	(1,233,240)	(119,753)	(7,065,848)
Liabilities recognised in the consolidated statement of financial position	272,768	451,675	650,501	1,259,383	1,395,988	4,030,315
Liabilities in respect of underwriting years 2009 and earlier						386,665
Total liabilities included in the consolidated statement of financial position						<u>4,416,980</u>

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

For the year ended 31 December 2013

	2009	2010	Underwriting year		2013	Total
	\$'000	\$'000	2011	2012	\$'000	\$'000
			\$'000	\$'000		
<i>Estimate of cumulative claims (note)</i>						
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						<u>4,665,971</u>

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 2014

	2010	2011	Underwriting year		2014	Total
	\$'000	\$'000	2012	2013	\$'000	\$'000
			\$'000	\$'000		
<i>Estimate of cumulative claims (note)</i>						
At the end of underwriting year	1,044,956	1,744,919	1,146,649	1,629,374	1,453,910	
One year later	1,874,500	2,994,129	1,874,450	2,285,047	-	
Two years later	1,919,808	2,785,114	1,828,770	-	-	
Three years later	1,865,372	2,641,760	-	-	-	
Four years later	1,850,072	-	-	-	-	
Estimate of cumulative claims	1,850,072	2,641,760	1,828,770	2,285,047	1,453,910	10,059,559
Cumulative payments to date	(1,607,216)	(2,233,631)	(1,227,968)	(1,156,176)	(129,544)	(6,354,535)
Liabilities recognised in the consolidated statement of financial position	242,856	408,129	600,802	1,128,871	1,324,366	3,705,024
Liabilities in respect of underwriting years 2009 and earlier						344,158
Total liabilities included in the consolidated statement of financial position						4,049,182

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

For the year ended 31 December 2013

	2009	2010	Underwriting year		2013	Total
	\$'000	\$'000	2011	2012	\$'000	\$'000
			\$'000	\$'000		
<i>Estimate of cumulative claims (note)</i>						
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.

3 SEGMENT INFORMATION

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. Accordingly, the Group's operating segments are detailed as follows:

- Life insurance business;
- PRC property and casualty insurance business;
- Overseas property and casualty insurance business;
- Reinsurance business; and
- Other businesses which comprised of the pension and group life business, asset management business, insurance intermediary business, E-commerce for insurance, property investment business, securities dealing and broking business (Type 1 regulated activity under SFO).

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 SEGMENT INFORMATION (Continued)

a. Segmental statement of profit or loss for 2014

	For the year ended 31 December 2014						Total \$'000
	Life insurance \$'000	PRC property and casualty insurance \$'000	Overseas property and casualty insurance \$'000	Reinsurance \$'000	Other businesses \$'000	Inter- segment elimination and adjustment \$'000	
Income							
Gross premiums written	82,209,094	16,749,923	2,863,807	6,108,144	3,668,780	(76,450)	111,523,298
Policy fees	79,371	-	-	-	-	-	79,371
	82,288,465	16,749,923	2,863,807	6,108,144	3,668,780	(76,450)	111,602,669
Less: Premiums ceded to reinsurers and retrocessionaires	(40,226,213)	(1,736,815)	(443,469)	(401,613)	(375,232)	867	(43,182,475)
Net premiums written and policy fees	42,062,252	15,013,108	2,420,338	5,706,531	3,293,548	(75,583)	68,420,194
Change in unearned premium provisions, net of reinsurance	(124,820)	(1,341,962)	(52,431)	(137,062)	(49,894)	-	(1,706,169)
Net earned premiums and policy fees	41,937,432	13,671,146	2,367,907	5,569,469	3,243,654	(75,583)	66,714,025
Net investment income (note (i))	11,451,521	750,349	314,678	400,277	1,034,811	142,902	14,094,538
Net realised investment gains (note (ii))	1,444,419	65,409	76,487	62,764	208,589	417,834	2,275,502
Net unrealised investment gains/(losses) and impairment (note (iii))	1,144,769	(53,701)	65,882	4,621	463,784	(341,096)	1,284,259
Other income	618,716	64,010	20,918	3,666	1,586,876	(1,395,482)	898,704
Other gains/ (losses)	462	(4,278)	(475)	(92,177)	(54,136)	751	(149,853)
Segment income	56,597,319	14,492,935	2,845,397	5,948,620	6,483,578	(1,250,674)	85,117,175
Benefits, losses and expenses							
Net policyholders' benefits	(22,707,779)	(7,447,031)	(1,238,527)	(1,990,848)	(644,457)	(1,472)	(34,030,114)
Net commission expenses	(8,094,378)	(1,273,219)	(605,640)	(1,285,635)	(217,702)	589,080	(10,887,494)
Administrative and other expenses	(10,561,872)	(5,061,594)	(418,110)	(156,266)	(3,110,741)	890,253	(18,418,330)
Change in life insurance contract liabilities, net of reinsurance	(10,626,015)	-	-	(2,034,720)	(1,689,250)	-	(14,349,985)
Total benefits, losses and expenses	(51,990,044)	(13,781,844)	(2,262,277)	(5,467,469)	(5,662,150)	1,477,861	(77,685,923)
Profit from operations	4,607,275	711,091	583,120	481,151	821,428	227,187	7,431,252
Share of results of associates and joint venture	170,687	-	-	-	(21)	(168,701)	1,965
Finance costs	(246,831)	(74,709)	-	-	(555,612)	57,559	(819,593)
Profit before taxation	4,531,131	636,382	583,120	481,151	265,795	116,045	6,613,624
Income tax charge	(1,122,228)	(145,250)	(80,998)	(93,586)	(220,416)	(77,044)	(1,739,522)
Profit after taxation	3,408,903	491,132	502,122	387,565	45,379	39,001	4,874,102
Non-controlling interests							(832,420)
Profit attributable to owners of Company							<u>4,041,682</u>

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

3 SEGMENT INFORMATION (Continued)

a. Segmental statement of profit or loss for 2014 (Continued)

	For the year ended 31 December 2014						Total \$'000
	Life insurance \$'000	PRC property and casualty insurance \$'000	Overseas property and casualty insurance \$'000	Reinsurance \$'000	Other businesses \$'000	Inter- segment elimination and adjustment \$'000	
Note (i): Net investment income							
Interest income from debt securities							
- Held-to-maturity	4,792,617	73,341	62,540	222,364	21,252	(3,015)	5,169,099
- Available-for-sale	1,519,438	160,002	69,416	78,821	131,273	-	1,958,950
- Held-for-trading	153	-	-	690	587	223	1,653
- Designated at fair value through profit or loss	-	-	24,531	-	2,513	-	27,044
- Loans and receivables	588,023	118,353	-	36,171	66,924	637	810,108
Interest income from debt products							
- Loans and receivables	1,681,717	114,113	-	8,759	39,878	341,880	2,186,347
Dividend income from equity securities							
- Available-for-sale	312,857	19,363	20,053	7,770	15,456	(69,182)	306,317
- Held-for-trading	68	-	1,030	-	415	9,118	10,631
- Designated at fair value through profit or loss	-	-	1,778	-	-	-	1,778
Dividend income from investment funds							
- Available-for-sale	375,020	33,615	776	744	8,530	(47,691)	370,994
- Held-for-trading	59,221	26,400	-	1,451	39,959	-	127,031
- Designated at fair value through profit or loss	-	-	2,764	-	-	-	2,764
- Loans and receivables	-	-	12,603	-	-	-	12,603
Bank deposits and other interest income	3,191,860	205,173	36,621	41,739	263,646	(49,716)	3,689,323
Rentals receivable from investment properties	52,492	-	82,566	1,821	464,180	(61,765)	539,294
Net interest expenses on securities sold/purchased under repurchase/resale agreements	(1,121,945)	(11)	-	(53)	(19,802)	22,413	(1,119,398)
	11,451,521	750,349	314,678	400,277	1,034,811	142,902	14,094,538

3 SEGMENT INFORMATION (Continued)

a. Segmental statement of profit or loss for 2014 (Continued)

For the year ended 31 December 2014							
	Life insurance \$'000	PRC property and casualty insurance \$'000	Overseas property and casualty insurance \$'000	Reinsurance \$'000	Other businesses \$'000	Inter- segment elimination and adjustment \$'000	Total \$'000
Note (ii): Net realised investment gains/(losses)							
Debt securities							
- Held-to-maturity	-	-	860	-	26,186	-	27,046
- Available-for-sale	(63,556)	(5,997)	37,864	31,585	2,262	-	2,158
- Held-for-trading	10,323	350	(597)	1,143	5,419	914	17,552
- Designated at fair value through profit or loss	-	-	2,239	-	-	-	2,239
Equity securities							
- Available-for-sale	1,421,084	61,900	26,406	30,003	127,536	(18)	1,666,911
- Held-for-trading	6,101	-	1,139	-	3,226	429,350	439,816
- Designated at fair value through profit or loss	-	-	(166)	-	-	-	(166)
Investment funds							
- Available-for-sale	60,486	9,156	7,462	-	20,485	(7,848)	89,741
- Held-for-trading	19,082	-	1,664	33	3,131	(4,564)	19,346
- Designated at fair value through profit or loss	-	-	(384)	-	-	-	(384)
Derivative financial instruments	(9,101)	-	-	-	-	-	(9,101)
Gain on disposal of investment properties	-	-	-	-	20,344	-	20,344
	1,444,419	65,409	76,487	62,764	208,589	417,834	2,275,502
Note (iii): Net unrealised investment gains/(losses) and impairment							
Debt securities							
- Held-for-trading	10,677	-	8,794	(10)	1,514	2,032	23,007
- Designated at fair value through profit or loss	-	-	7,054	-	-	-	7,054
Equity securities							
- Held-for-trading	(9)	-	2,707	-	(9,009)	4,234	(2,077)
- Designated at fair value through profit or loss	-	-	(2,380)	-	-	-	(2,380)
Investment funds							
- Held-for-trading	131,334	19,658	5,999	(1,359)	23,821	(182,785)	(3,332)
- Designated at fair value through profit or loss	-	-	5,681	-	-	-	5,681
Derivative financial instruments	-	-	-	-	286	-	286
Surplus on revaluation of investment properties	1,030,167	-	52,495	5,990	453,051	(164,577)	1,377,126
Impairment loss recognised:							
- Available-for-sale equity securities and investment funds	(27,400)	(73,359)	(14,468)	-	(5,879)	-	(121,106)
	1,144,769	(53,701)	65,882	4,621	463,784	(341,096)	1,284,259

3 SEGMENT INFORMATION (Continued)

b. Segmental statement of financial position for 2014

	31 December 2014						Total \$'000
	Life insurance \$'000	PRC property and casualty insurance \$'000	Overseas property and casualty insurance \$'000	Reinsurance \$'000	Other businesses \$'000	Inter- segment elimination and adjustment \$'000	
Statutory deposits	3,422,628	1,058,585	9,765	50,795	512,783	-	5,054,556
Fixed assets							
- Property and equipment	3,983,667	1,132,223	799,758	83,219	390,828	1,293,756	7,683,451
- Investment properties	4,622,287	255,660	2,074,043	85,020	10,232,475	(2,466,473)	14,803,012
- Prepaid lease payments	61,391	60,312	-	-	1,250,288	-	1,371,991
Investments in debts and equity securities							
- Debt securities (note (i))	130,982,246	4,641,888	3,320,277	6,170,217	4,375,617	165,426	149,655,671
- Equity securities (note (ii))	25,684,492	793,466	424,168	131,682	736,582	(1,155,935)	26,614,455
- Investment funds (note (iii))	12,995,466	2,160,980	628,697	661,990	1,925,508	(9,399,217)	8,973,424
- Debt products (note (iv))	48,170,769	3,878,773	-	154,652	1,596,606	7,060,755	60,861,555
Cash and bank deposits	57,711,017	4,167,320	1,763,394	2,866,298	12,339,289	2,982,953	81,830,271
Goodwill	-	-	-	-	-	668,517	668,517
Intangible assets	-	261,408	-	-	260	-	261,668
Investments in associates	1,976,130	-	-	-	20,782	(1,971,748)	25,164
Reinsurers' share of insurance contract provisions	37,615,242	1,553,715	1,440,760	434,570	230,588	-	41,274,875
Policyholder account assets in respect of unit-linked products	2,501,087	-	-	-	-	-	2,501,087
Other segment assets	30,330,232	1,171,357	1,545,716	2,109,582	7,212,213	(399,812)	41,969,288
Segment assets	360,056,654	21,135,687	12,006,578	12,748,025	40,823,819	(3,221,778)	443,548,985
Life insurance contract liabilities	219,651,594	-	-	2,034,719	2,177,884	-	223,864,197
Unearned premium provisions	458,131	6,615,807	1,278,641	1,260,223	482,957	-	10,095,759
Provision for outstanding claims	92,296	4,883,304	3,607,838	4,449,570	456,773	-	13,489,781
Investment contract liabilities	16,684,373	-	-	-	887,093	-	17,571,466
Deferred tax liabilities	2,885,345	40,765	42,518	-	1,558,280	(127,955)	4,398,953
Interest-bearing notes	5,070,560	1,394,404	-	-	4,653,996	(51,799)	11,067,161
Bank borrowings	-	-	-	-	10,420,582	-	10,420,582
Securities sold under repurchase agreements	39,031,840	38,029	-	-	450,311	3,930	39,524,110
Other segment liabilities	53,418,072	2,863,561	1,295,648	535,238	4,337,503	(671,562)	61,778,460
Segment liabilities	337,292,211	15,835,870	6,224,645	8,279,750	25,425,379	(847,386)	392,210,469
Non-controlling interests							(10,638,266)
Net assets attributable to the owners of the Company							40,700,250

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 SEGMENT INFORMATION (Continued)

b. Segmental statement of financial position for 2014 (Continued)

		31 December 2014					Total
		Life insurance	PRC property and casualty insurance	Overseas property and casualty insurance	Reinsurance	Other businesses	
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Note (i): Debt securities							
By category:							
- Held-to-maturity	100,393,478	1,166,694	1,594,064	4,394,087	404,342	(51,799)	107,900,866
- Available-for-sale	30,479,708	3,310,401	1,060,532	1,743,271	3,920,046	-	40,513,958
- Held-for-trading	45,678	-	126,490	10,042	19,842	217,225	419,277
- Designated at fair value through profit or loss	-	-	437,728	-	-	-	437,728
- Loans and receivables	63,382	164,793	101,463	22,817	31,387	-	383,842
	130,982,246	4,641,888	3,320,277	6,170,217	4,375,617	165,426	149,655,671
By class:							
- Governments and central banks	30,955,505	164,793	50,770	405,892	51,951	-	31,628,911
- Banks and other financial institutions	58,974,128	836,331	1,690,598	2,222,099	432,858	(51,799)	64,104,215
- Corporate entities	41,052,613	3,640,764	1,578,909	3,542,226	3,890,808	217,225	53,922,545
	130,982,246	4,641,888	3,320,277	6,170,217	4,375,617	165,426	149,655,671
Note (ii): Equity securities							
By category:							
- Available-for-sale	25,684,242	793,466	269,159	131,682	718,700	(1,908,065)	25,689,184
- Held-for-trading	250	-	105,577	-	17,882	752,130	875,839
- Designated at fair value through profit or loss	-	-	49,432	-	-	-	49,432
	25,684,492	793,466	424,168	131,682	736,582	(1,155,935)	26,614,455
Note (iii): Investment funds							
By category:							
- Available-for-sale	7,978,640	716,376	157,577	110,675	413,448	(5,002,259)	4,374,457
- Held-for-trading	5,016,826	1,444,604	112,286	18,148	1,397,183	(4,396,958)	3,592,089
- Designated at fair value through profit or loss	-	-	97,013	-	-	-	97,013
- Loans and receivables	-	-	261,821	533,167	114,877	-	909,865
	12,995,466	2,160,980	628,697	661,990	1,925,508	(9,399,217)	8,973,424
Note (iv): Debt products							
By category:							
- Loans and receivables	48,170,769	3,878,773	-	154,652	1,596,606	7,060,755	60,861,555

3 SEGMENT INFORMATION (Continued)

c. Other segmental information for 2014

	31 December 2014						Total
	Life insurance	PRC property and casualty insurance	Overseas property and casualty insurance	Reinsurance	Other businesses	Inter-segment elimination and adjustment	
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Capital expenditure	1,443,862	589,804	42,149	3,399	1,285,362	-	3,364,576
Depreciation and amortisation	245,783	93,929	25,844	2,916	94,429	13,404	476,305
Significant non-cash (income) / expenses (net exchange (gain)/ loss and net unrealised investment (gains)/losses and impairment)	(1,145,923)	51,218	(66,627)	74,516	(467,181)	340,345	(1,213,652)

3 SEGMENT INFORMATION (Continued)

d. Segmental statement of profit or loss for 2013

	For the year ended 31 December 2013 (Restated)						Total \$'000
	Life insurance \$'000	PRC property and casualty insurance \$'000	Overseas property and casualty insurance \$'000	Reinsurance \$'000	Other businesses \$'000	Inter- segment elimination and adjustment \$'000	
Income							
Gross premiums written	64,907,714	13,518,869	2,521,621	3,737,473	1,658,583	(62,835)	86,281,425
Policy fees	91,987	-	-	-	-	-	91,987
	64,999,701	13,518,869	2,521,621	3,737,473	1,658,583	(62,835)	86,373,412
Less: Premiums ceded to reinsurers and retrocessionaires	(303,678)	(2,021,452)	(335,991)	(347,496)	(316,240)	(3,434)	(3,328,291)
Net premiums written and policy fees	64,696,023	11,497,417	2,185,630	3,389,977	1,342,343	(66,269)	83,045,121
Change in unearned premium provisions, net of reinsurance	(41,048)	(1,271,998)	(41,884)	(109,695)	(87,029)	-	(1,551,654)
Net earned premiums and policy fees	64,654,975	10,225,419	2,143,746	3,280,282	1,255,314	(66,269)	81,493,467
Net investment income (note (i))	8,781,218	501,242	279,287	324,119	641,776	(58,245)	10,469,397
Net realised investment gains/(losses) (note (ii))	321,612	(46,504)	55,087	49,278	17,213	3,450	400,136
Net unrealised investment gains/(losses) and impairment (note (iii))	(16,065)	-	37,684	8,185	680,726	(88,216)	622,314
Other income	277,951	47,180	20,309	656	1,065,563	(882,211)	529,448
Other gains/(losses)	(8,937)	(17,563)	36,552	(48,595)	71,822	12,893	46,172
Segment income	74,010,754	10,709,774	2,572,665	3,613,925	3,732,414	(1,078,598)	93,560,934
Benefits, losses and expenses							
Net policyholders' benefits	(12,357,438)	(5,402,928)	(1,169,369)	(2,070,699)	(472,217)	(3,411)	(21,476,062)
Net commission expenses	(6,287,125)	(515,340)	(508,733)	(980,241)	(101,381)	256,539	(8,136,281)
Administrative and other expenses	(7,571,293)	(4,409,678)	(375,004)	(129,123)	(2,148,825)	702,446	(13,931,477)
Change in life insurance contract liabilities, net of reinsurance	(46,208,182)	-	-	-	(234,255)	-	(46,442,437)
Total benefits, losses and expenses	(72,424,038)	(10,327,946)	(2,053,106)	(3,180,063)	(2,956,678)	955,574	(89,986,257)
Profit from operations	1,586,716	381,828	519,559	433,862	775,736	(123,024)	3,574,677
Share of results of associates and joint venture	234,159	-	-	-	2,238	(237,176)	(779)
Finance costs	(418,402)	(49,651)	-	-	(408,511)	17,483	(859,081)
Profit before taxation	1,402,473	332,177	519,559	433,862	369,463	(342,717)	2,714,817
Income tax (charge)/credit	(108,698)	9,812	(70,525)	(29,330)	(195,799)	19,776	(374,764)
Profit/(loss) after taxation	1,293,775	341,989	449,034	404,532	173,664	(322,941)	2,340,053
Non-controlling interests							(687,119)
Profit attributable to owners of the Company							<u>1,652,934</u>

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

3 SEGMENT INFORMATION (Continued)

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

	For the year ended 31 December 2013 (Restated)						Total \$'000
	Life insurance \$'000	PRC property and casualty insurance \$'000	Overseas property and casualty insurance \$'000	Reinsurance \$'000	Other businesses \$'000	Inter- segment elimination and adjustment \$'000	
Note (i): Net investment income							
Interest income from debt securities							
- Held-to-maturity	4,914,152	68,494	20,209	184,493	7,186	(347)	5,194,187
- Available-for-sale	786,543	145,928	99,874	71,461	87,999	(471)	1,191,334
- Held-for-trading	96	-	227	1,435	113	-	1,871
- Designated at fair value through profit or loss	-	25	25,007	-	7,671	-	32,703
- Loans and receivables	25,577	27,608	2,474	13,806	27,737	-	97,202
Interest income from debt products							
- 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	6,537	17,244	3,258	11,433	-	288,332
- Held-for-trading	-	-	1,257	-	623	-	1,880
- Designated at fair value through profit or loss	-	-	1,456	-	-	-	1,456
Dividend income from investment funds							
- Available-for-sale	263,738	6,489	1,051	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	-	-	158	-	1,293	-	1,451
Bank deposits and other interest income	2,190,333	167,711	34,963	36,886	171,817	(16,665)	2,585,045
Rentals receivable from investment properties	56,428	-	75,367	432	305,644	(40,762)	397,109
Net interest (expenses)/income on securities sold/purchased under repurchase/resale agreements	(1,046,904)	(8,317)	-	141	(13,371)	-	(1,068,451)
	<u>8,781,218</u>	<u>501,242</u>	<u>279,287</u>	<u>324,119</u>	<u>641,776</u>	<u>(58,245)</u>	<u>10,469,397</u>

Note (ii): Net realised investment gains/(losses)

Debt securities							
- Held-to-maturity	-	-	111	-	-	-	111
- Available-for-sale	39,217	(17,890)	16,885	13,574	(15)	-	51,771
- Held-for-trading	9,511	-	2,696	(563)	(274)	-	11,370
- Designated at fair value through profit or loss	-	(982)	(1,989)	-	-	-	(2,971)
- Loans and receivables	-	-	(243)	-	-	-	(243)
Equity securities							
- Available-for-sale	161,593	(32,645)	30,459	26,164	21,160	3,450	210,181
- Held-for-trading	-	-	1,383	-	2,713	-	4,096
- Designated at fair value through profit or loss	-	-	2,851	-	-	-	2,851
Investment funds							
- Available-for-sale	111,291	5,013	689	-	369	-	117,362
- Held-for-trading	-	-	-	-	155	-	155
- Designated at fair value through profit or loss	-	-	2,245	-	-	-	2,245
Derivative financial instruments	-	-	-	10,103	(6,895)	-	3,208
	<u>321,612</u>	<u>(46,504)</u>	<u>55,087</u>	<u>49,278</u>	<u>17,213</u>	<u>3,450</u>	<u>400,136</u>

3 SEGMENT INFORMATION (Continued)

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

	For the year ended 31 December 2013 (Restated)						Total \$'000
	Life insurance \$'000	PRC property and casualty insurance \$'000	Overseas property and casualty insurance \$'000	Reinsurance \$'000	Other businesses \$'000	Inter- segment elimination and adjustment \$'000	
Note (iii): Net unrealised investment gains/(losses) and impairment							
Debt securities							
- Held-for-trading	(1,363)	-	(5,283)	774	(517)	-	(6,389)
- Designated at fair value through profit or loss	-	-	(17,940)	-	-	-	(17,940)
Equity securities							
- Held-for-trading	-	-	2,193	-	3,801	-	5,994
- Designated at fair value through profit or loss	-	-	3,191	-	-	-	3,191
Investment funds							
- Held-for-trading	-	-	5,596	2,101	(146)	-	7,551
- Designated at fair value through profit or loss	-	-	704	-	-	-	704
Derivative financial instruments	-	-	-	-	6,210	-	6,210
Surplus on revaluation of investment properties	294,559	-	49,223	5,310	671,378	(88,216)	932,254
Impairment loss recognised:							
- Available-for-sale equity securities and investment funds	(309,261)	-	-	-	-	-	(309,261)
	<u>(16,065)</u>	<u>-</u>	<u>37,684</u>	<u>8,185</u>	<u>680,726</u>	<u>(88,216)</u>	<u>622,314</u>

3 SEGMENT INFORMATION (Continued)

e. Segmental statement of financial position for 2013

	31 December 2013 (Restated)						
	Life insurance	PRC property and casualty insurance	Overseas property and casualty insurance	Reinsurance	Other businesses	Inter-segment elimination and adjustment	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Statutory deposits	3,434,103	805,470	6,080	57,933	435,126	-	4,738,712
Fixed assets							
- Property and equipment	3,164,545	737,898	835,728	82,739	208,946	1,310,129	6,339,985
- Investment properties	3,203,368	-	1,909,395	79,030	9,823,315	(2,286,350)	12,728,758
- Prepaid lease payments	62,994	102,606	-	-	309,199	-	474,799
Investment in debt and equity securities							
- Debt securities (note (i))	128,423,893	5,331,365	3,221,029	5,088,695	2,275,280	(58,354)	144,281,908
- Equity securities (note (ii))	9,870,777	638,249	498,877	144,491	504,341	(4,401)	11,652,334
- Investment funds (note (iii))	6,750,611	164,349	597,730	419,492	250,415	-	8,182,597
- Debt products (note (iv))	28,905,589	3,427,780	-	155,171	1,231,059	50,876	33,770,475
Cash and bank deposits	54,473,054	5,714,019	1,271,049	2,380,452	3,844,518	-	67,683,092
Goodwill	-	-	-	-	-	770,353	770,353
Intangible assets	-	261,408	1,880	-	260	-	263,548
Investments in associates and joint venture	1,810,767	81,666	-	-	20,992	(1,888,292)	25,133
Reinsurers' share of insurance contract provisions	(229,027)	1,463,888	1,303,611	514,790	198,500	-	3,251,762
Policyholder account assets in respect of unit-linked products	2,778,038	-	-	-	-	-	2,778,038
Other segment assets	17,136,466	1,059,740	1,569,932	1,196,521	1,549,442	(911,538)	21,600,563
Segment assets	259,785,178	19,788,438	11,215,311	10,119,314	20,651,393	(3,017,577)	318,542,057
Life insurance contract liabilities	171,723,680	-	-	-	475,997	-	172,199,677
Unearned premium provisions	320,561	5,446,973	1,209,598	1,110,205	421,207	-	8,508,544
Provision for outstanding claims	86,819	3,993,761	3,376,748	4,678,002	365,924	-	12,501,254
Investment contract liabilities	18,422,567	-	-	-	687,440	-	19,110,007
Deferred tax liabilities	523,932	-	49,790	2,982	1,440,863	(89,450)	1,928,117
Interest-bearing notes	5,469,127	254,378	-	-	4,618,931	(58,354)	10,284,082
Bank borrowings	-	-	-	-	7,289,019	-	7,289,019
Securities sold under repurchase agreements	37,672,339	2,925,226	-	-	613,768	-	41,211,333
Shareholder's loans	-	-	-	-	4,434,929	-	4,434,929
Other segment liabilities	9,047,119	2,480,429	1,110,314	433,057	3,388,916	(842,753)	15,617,082
Segment liabilities	243,266,144	15,100,767	5,746,450	6,224,246	23,736,994	(990,557)	293,084,044
Non-controlling interests							(4,036,567)
Net assets attributable to the owners of the Company							21,421,446

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 SEGMENT INFORMATION (Continued)

e. Segmental statement of financial position for 2013 (Continued)

	31 December 2013 (Restated)						
	Life insurance	PRC property and casualty insurance	Overseas property and casualty insurance	Reinsurance	Other businesses	Inter-segment elimination and adjustment	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Note (i): Debt securities							
By category:							
- Held-to-maturity	97,858,888	1,385,814	911,786	3,552,894	329,256	(42,845)	103,995,793
- Available-for-sale	30,212,233	3,653,016	1,503,402	1,339,031	1,802,096	(15,509)	38,494,269
- Held-for-trading	28,440	-	239,891	8,530	45,512	-	322,373
- Designated at fair value through profit or loss	-	-	466,544	-	-	-	466,544
- Loans and receivables	324,332	292,535	99,406	188,240	98,416	-	1,002,929
	<u>128,423,893</u>	<u>5,331,365</u>	<u>3,221,029</u>	<u>5,088,695</u>	<u>2,275,280</u>	<u>(58,354)</u>	<u>144,281,908</u>
By class:							
- Governments and central banks	32,039,695	292,535	59,535	546,416	136,573	-	33,074,754
- Banks and other financial institutions	59,087,726	1,501,975	1,878,888	2,267,370	302,074	(58,354)	64,979,679
- Corporate entities	37,296,472	3,536,855	1,282,606	2,274,909	1,836,633	-	46,227,475
	<u>128,423,893</u>	<u>5,331,365</u>	<u>3,221,029</u>	<u>5,088,695</u>	<u>2,275,280</u>	<u>(58,354)</u>	<u>144,281,908</u>
Note (ii): Equity securities							
By category:							
- Available-for-sale	9,870,777	638,249	342,506	144,491	482,957	(4,401)	11,474,579
- Held-for-trading	-	-	104,279	-	21,384	-	125,663
- Designated at fair value through profit or loss	-	-	52,092	-	-	-	52,092
	<u>9,870,777</u>	<u>638,249</u>	<u>498,877</u>	<u>144,491</u>	<u>504,341</u>	<u>(4,401)</u>	<u>11,652,334</u>
Note (iii): Investment funds							
By category:							
- Available-for-sale	6,178,330	164,349	217,143	77,762	138,844	-	6,776,428
- Held-for-trading	572,281	-	80,722	31,546	6,426	-	690,975
- Designated at fair value through profit or loss	-	-	70,023	-	-	-	70,023
- Loans and receivables	-	-	229,842	310,184	105,145	-	645,171
	<u>6,750,611</u>	<u>164,349</u>	<u>597,730</u>	<u>419,492</u>	<u>250,415</u>	<u>-</u>	<u>8,182,597</u>
Note (iv): Debt products							
By category:							
- Loans and receivables	<u>28,905,589</u>	<u>3,427,780</u>	<u>-</u>	<u>155,171</u>	<u>1,231,059</u>	<u>50,876</u>	<u>33,770,475</u>

3 SEGMENT INFORMATION (Continued)

f. Other segmental information for 2013

	31 December 2013 (Restated)						Total
	Life insurance	PRC property and casualty insurance	Overseas property and casualty insurance	Reinsurance	Other businesses	Inter-segment elimination and adjustment	
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Capital expenditure	<u>817,280</u>	<u>202,396</u>	<u>314,126</u>	<u>2,841</u>	<u>612,242</u>	<u>(6,022)</u>	<u>1,942,863</u>
Depreciation and amortisation	<u>221,884</u>	<u>78,268</u>	<u>22,382</u>	<u>2,722</u>	<u>49,797</u>	<u>17,393</u>	<u>392,446</u>
Significant non-cash (income) / expenses (net exchange (gain)/ loss and net unrealised investment (gains)/losses and impairment)	<u>23,367</u>	<u>11,223</u>	<u>(73,389)</u>	<u>40,448</u>	<u>(752,318)</u>	<u>75,014</u>	<u>(675,655)</u>

3 SEGMENT INFORMATION (Continued)

Geographical distribution:

More than 93% (2013 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 2014				
		PRC (other than Hong Kong and Macau)	Rest of the world	Total
	Hong Kong and Macau \$'000	Hong Kong and Macau \$'000	\$'000	\$'000
Non-current assets (other than financial instruments, deferred tax assets, rights arising under insurance contracts and interest in associates)				
	2,729,813	21,421,420	637,406	24,788,639
31 December 2013 (Restated)				
		PRC (other than Hong Kong and Macau)	Rest of the world	Total
	Hong Kong and Macau \$'000	Hong Kong and Macau \$'000	\$'000	\$'000
Non-current assets (other than financial instruments, deferred tax assets, rights arising under insurance contracts and interest in associates and joint venture)				
	2,749,449	17,262,794	565,200	20,577,443

Information about major customers:

There were no customers for the year ended 31 December 2014 and 2013 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, all classes of reinsurance business, pension and group life business. Apart from these, the Group also carries on operations in asset management, property investment, E-commerce for insurance, insurance intermediaries and securities dealing and broking.

	Year ended 31 December 2014					Total \$'000
	Life insurance contracts \$'000	PRC property and casualty insurance contracts \$'000	Overseas property and casualty insurance contracts \$'000	Reinsurance contracts \$'000	Other businesses - pension and group life contracts \$'000	
Gross premiums written	82,209,094	16,749,923	2,863,807	6,108,144	3,592,330	111,523,298
Policy fees	79,371	-	-	-	-	79,371
	<u>82,288,465</u>	<u>16,749,923</u>	<u>2,863,807</u>	<u>6,108,144</u>	<u>3,592,330</u>	<u>111,602,669</u>

	Year ended 31 December 2013 (Restated)					Total \$'000
	Life insurance contracts \$'000	PRC property and casualty insurance contracts \$'000	Overseas property and casualty insurance contracts \$'000	Reinsurance contracts \$'000	Other businesses - pension and group life contracts \$'000	
Gross premiums written	64,907,714	13,518,869	2,521,621	3,737,473	1,595,748	86,281,425
Policy fees	91,987	-	-	-	-	91,987
	<u>64,999,701</u>	<u>13,518,869</u>	<u>2,521,621</u>	<u>3,737,473</u>	<u>1,595,748</u>	<u>86,373,412</u>

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

	Year ended 31 December 2014				Total \$'000
	Individual \$'000	Bancassurance \$'000	Group \$'000	Other Channels \$'000	
Single Premium	1,920,351	22,962,678	-	590	24,883,619
Regular Premium					
– First Year	12,745,093	3,003,452	-	569,100	16,317,645
– Renewal Year	24,147,088	15,474,098	-	1,261,903	40,883,089
Employee Benefit (“EB”)	-	-	124,741	-	124,741
	<u>38,812,532</u>	<u>41,440,228</u>	<u>124,741</u>	<u>1,831,593</u>	<u>82,209,094</u>

4 GROSS PREMIUMS WRITTEN AND POLICY FEES (Continued)

Principal activities (Continued)

In respect of life insurance contracts, the detailed breakdowns are as follows (Continued):

	Year ended 31 December 2013				Total \$'000
	Individual \$'000	Bancassurance \$'000	Group \$'000	Other Channels \$'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
	<u>28,524,223</u>	<u>34,900,557</u>	<u>53,517</u>	<u>1,429,417</u>	<u>64,907,714</u>

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

For the year ended 31 December

By Payment Term

	2014 \$'000	% of Total	2013 \$'000	% of Total
3 - 9 years	2,049,695	16.1%	2,458,938	31.0%
10 - 19 years	7,200,699	56.5%	2,203,986	27.7%
20 - 29 years	3,229,098	25.3%	2,999,160	37.8%
30 years+	265,601	2.1%	279,731	3.5%
	<u>12,745,093</u>	<u>100.0%</u>	<u>7,941,815</u>	<u>100.0%</u>

By Feature

	2014 \$'000	% of Total	2013 \$'000	% of Total
Short term savings	44,750	0.3%	187,912	2.4%
Long term savings	8,343,095	65.5%	4,463,604	56.2%
Long term protection	3,815,288	29.9%	2,790,855	35.1%
Others	541,960	4.3%	499,444	6.3%
	<u>12,745,093</u>	<u>100.0%</u>	<u>7,941,815</u>	<u>100.0%</u>

4 GROSS PREMIUMS WRITTEN AND POLICY FEES (Continued)

Principal activities (Continued)

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

By Payment Term

	2014 \$'000	% of Total	2013 \$'000	% of Total
5 - 9 years	960,464	32.0%	518,340	25.4%
10 - 14 years	1,912,866	63.7%	1,475,783	72.4%
Others	130,122	4.3%	44,042	2.2%
	3,003,452	100.0%	2,038,165	100.0%

5. INVESTMENT INCOME

	Year ended 31 December	
	2014	2013 (Restated)
	\$'000	\$'000
Net investment income (note (a))	14,094,538	10,469,397
Net realised investment gains (note (b))	2,275,502	400,136
Net unrealised investment gains and impairment (note (c))	1,284,259	622,314
	17,654,299	11,491,847

5 INVESTMENT INCOME (Continued)

	Year ended 31 December	
	2014	2013
		<i>(Restated)</i>
	\$'000	\$'000
(a) Net investment income		
Interest income from debt securities <i>(note (i))</i> :		
- Held-to-maturity	5,169,099	5,194,187
- Available-for-sale	1,958,950	1,191,334
- Held-for-trading	1,653	1,871
- Designated at fair value through profit or loss	27,044	32,703
- Loans and receivables	810,108	97,202
	7,966,854	6,517,297
Interest income from debt products <i>(note (i))</i>	2,186,347	1,455,883
Dividend income from equity securities <i>(note (ii))</i> :		
- Available-for-sale	306,317	288,332
- Held-for-trading	10,631	1,880
- Designated at fair value through profit or loss	1,778	1,456
	318,726	291,668
Dividend income from investment funds <i>(note (iii))</i> :		
- Available-for-sale	370,994	273,359
- Held-for-trading	127,031	16,036
- Designated at fair value through profit or loss	2,764	1,451
- Loans and receivables	12,603	-
	513,392	290,846
Bank deposits and other interest income	3,689,323	2,585,045
Gross rentals receivable from investment properties	551,169	406,845
Less: direct outgoings	(11,875)	(9,736)
Net rentals receivable from investment properties	539,294	397,109
Net interest expenses on securities sold/purchased under repurchase/resale agreements	(1,119,398)	(1,068,451)
	14,094,538	10,469,397

Notes:

	Year ended 31 December	
	2014	2013
		<i>(Restated)</i>
	\$'000	\$'000
(i) Interest income from debt securities and debt products:		
Listed	1,448,269	1,149,248
Unlisted	8,704,932	6,823,932
	10,153,201	7,973,180
(ii) Dividend income from equity securities:		
Listed	236,652	208,873
Unlisted	82,074	82,795
	318,726	291,668
(iii) Dividend income from investment funds:		
Listed	96,924	30,464
Unlisted	416,468	260,382
	513,392	290,846

5 INVESTMENT INCOME (Continued)

	Year ended 31 December	
	2014	2013
		(Restated)
	\$'000	\$'000
(b) Net realised investment gains		
Debt securities (note (i)):		
- Held-to-maturity	27,046	111
- Available-for-sale	2,158	51,771
- Held-for-trading	17,552	11,370
- Designated at fair value through profit or loss	2,239	(2,971)
- Loans and receivables	-	(243)
	48,995	60,038
Equity securities (note (ii)):		
- Available-for-sale	1,666,911	210,181
- Held-for-trading	439,816	4,096
- Designated at fair value through profit or loss	(166)	2,851
	2,106,561	217,128
Investment funds (note (iii)):		
- Available-for-sale	89,741	117,362
- Held-for-trading	19,346	155
- Designated at fair value through profit or loss	(384)	2,245
	108,703	119,762
Derivative financial instruments	(9,101)	3,208
Gain on disposal of investment properties	20,344	-
	2,275,502	400,136

Notes:

	Year ended 31 December	
	2014	2013
		(Restated)
	\$'000	\$'000
(i) Net realised investment gains/(losses) on debt securities:		
Listed	103,964	40,529
Unlisted	(54,969)	19,509
	48,995	60,038
(ii) Net realised investment gains on equity securities:		
Listed	2,106,091	213,062
Unlisted	470	4,066
	2,106,561	217,128
(iii) Net realised investment gains/(losses) on investment funds:		
Listed	(203,562)	(34,049)
Unlisted	312,265	153,811
	108,703	119,762

5 INVESTMENT INCOME (Continued)

	Year ended 31 December	
	2014	2013
		(Restated)
	\$'000	\$'000
(c) Net unrealised investment gains and impairment		
Debt securities (note (i)):		
- Held-for-trading	23,007	(6,389)
- Designated at fair value through profit or loss	7,054	(17,940)
	30,061	(24,329)
Equity securities (note (ii)):		
- Held-for-trading	(2,077)	5,994
- Designated at fair value through profit or loss	(2,380)	3,191
	(4,457)	9,185
Investment funds (note (iii)):		
- Held-for-trading	(3,332)	7,551
- Designated at fair value through profit or loss	5,681	704
	2,349	8,255
Derivative financial instruments	286	6,210
Surplus on revaluation of investment properties	1,377,126	932,254
Impairment loss recognised:		
- Available-for-sale equity securities and investment funds	(121,106)	(309,261)
	1,284,259	622,314

Notes:

	Year ended 31 December	
	2014	2013
		(Restated)
	\$'000	\$'000
(i) Net unrealised investment gains/(losses) on debt securities:		
Listed	21,270	(19,046)
Unlisted	8,791	(5,283)
	30,061	(24,329)
(ii) Net unrealised investment (losses)/gains on equity securities:		
Listed	(4,457)	9,185
(iii) Net unrealised investment gains/(losses) on investment funds:		
Listed	4,564	20
Unlisted	(2,215)	8,235
	2,349	8,255

6 OTHER INCOME/OTHER GAINS

(a) Other income

	Year ended 31 December	
	2014	2013
		(Restated)
	\$'000	\$'000
Fee income from provision of assets management services	140,084	57,966
Fee income from provision of insurance intermediary services	39,675	33,525
Fee income from provision of pension administration services	227,348	148,233
Fee income from provision of securities broking services	57,510	44,251
Fee income from provision of property management services	86,516	45,281
Fee income from provision of agency services	64,499	31,286
Others	283,072	168,906
	898,704	529,448

(b) Other (losses)/gains

	Year ended 31 December	
	2014	2013
		(Restated)
	\$'000	\$'000
Loss on disposal of property and equipment	(2,381)	(1,180)
Net exchange (loss)/gain	(70,607)	53,341
Recognition of impairment losses on insurance debtors and other debtors	(76,865)	(5,989)
	(149,853)	46,172

7 NET POLICYHOLDERS' BENEFITS AND NET COMMISSION EXPENSES

(a) Net policyholders' benefits

	Year ended 31 December 2014					Total \$'000
	Life insurance contracts \$'000	PRC property and casualty insurance contracts \$'000	Overseas property and casualty insurance contracts \$'000	Reinsurance contracts \$'000	Other businesses - pension and group life contracts \$'000	
Claims and claim adjustment expenses	1,166,428	8,782,560	1,389,293	2,050,982	810,261	14,199,524
Surrenders	13,928,970	-	-	113	43,395	13,972,478
Annuity, dividends and maturity payments	8,521,121	-	-	-	10,451	8,531,572
Interest allocated to investment and other contracts	2,175,452	-	-	-	-	2,175,452
	25,791,971	8,782,560	1,389,293	2,051,095	864,107	38,879,026
Less: Reinsurers' and retrocessionaires' share	(3,084,192)	(1,024,740)	(460,083)	(60,247)	(219,650)	(4,848,912)
	<u>22,707,779</u>	<u>7,757,820</u>	<u>929,210</u>	<u>1,990,848</u>	<u>644,457</u>	<u>34,030,114</u>

	Year ended 31 December 2013 (Restated)					Total \$'000
	Life insurance contracts \$'000	PRC property and casualty insurance contracts \$'000	Overseas property and casualty insurance contracts \$'000	Reinsurance contracts \$'000	Other businesses - pension and group life contracts \$'000	
Claims and claim adjustment expenses	872,556	6,607,370	1,227,551	2,322,132	635,092	11,664,701
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 and other contracts	660,507	-	-	-	-	660,507
	12,500,321	6,607,370	1,227,551	2,322,132	693,134	23,350,508
Less: Reinsurers' and retrocessionaires' share	(142,883)	(940,733)	(318,480)	(251,433)	(220,917)	(1,874,446)
	<u>12,357,438</u>	<u>5,666,637</u>	<u>909,071</u>	<u>2,070,699</u>	<u>472,217</u>	<u>21,476,062</u>

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

(b) Net commission expenses

	Year ended 31 December 2014					Total \$'000
	Life insurance contracts \$'000	PRC property and casualty insurance contracts \$'000	Overseas property and casualty insurance contracts \$'000	Reinsurance contracts \$'000	Other businesses - pension and group life contracts \$'000	
Gross commission expenses	8,306,012	1,505,252	640,065	1,357,606	211,762	12,020,697
Reinsurance commission income	(285,398)	(445,996)	(247,420)	(71,971)	(82,418)	(1,133,203)
Net commission expenses	8,020,614	1,059,256	392,645	1,285,635	129,344	10,887,494

	Year ended 31 December 2013 (Restated)					Total \$'000
	Life insurance contracts \$'000	PRC property and casualty insurance contracts \$'000	Overseas property and casualty insurance contracts \$'000	Reinsurance contracts \$'000	Other businesses - pension and group life contracts \$'000	
Gross commission expenses	6,291,520	1,128,150	517,087	1,079,851	126,249	9,142,857
Reinsurance commission income	(41,322)	(592,039)	(211,099)	(99,610)	(62,506)	(1,006,576)
Net commission expenses	6,250,198	536,111	305,988	980,241	63,743	8,136,281

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

	Year ended 31 December 2014					Total \$'000
	Life insurance contracts \$'000	PRC property and casualty insurance contracts \$'000	Overseas property and casualty insurance contracts \$'000	Reinsurance contracts \$'000	Other businesses - pension and group life contracts \$'000	
Change in life insurance contracts	48,295,879	-	-	2,034,720	1,696,278	52,026,877
Less: Reinsurers' share	(37,669,864)	-	-	-	(7,028)	(37,676,892)
	10,626,015	-	-	2,034,720	1,689,250	14,349,985

	Year ended 31 December 2013 (Restated)					Total \$'000
	Life insurance contracts \$'000	PRC property and casualty insurance contracts \$'000	Overseas property and casualty insurance contracts \$'000	Reinsurance contracts \$'000	Other businesses - pension and group life contracts \$'000	
Change in life insurance contracts	45,997,100	-	-	-	234,341	46,231,441
Less: Reinsurers' share	210,996	-	-	-	-	210,996
	46,208,096	-	-	-	234,341	46,442,437

8 PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging:

		Year ended 31 December	
		2014	2013
			(Restated)
		\$'000	\$'000
(a) Finance costs:			
Interests on interest-bearing notes			
- wholly payable within 5 years		318,525	536,387
- wholly not payable within 5 years		238,340	132,873
Interests on other loans		262,728	189,821
		819,593	859,081
(b) Staff costs (including directors' remuneration):			
Salaries, wages, bonuses and other benefits		8,673,734	6,369,028
Employee share-based compensation benefits		-	-
Contributions to defined contribution retirement plans		999,982	663,715
		9,673,716	7,032,743
(c) Other items:			
Auditor's remuneration		10,161	13,570
Depreciation of property and equipment		449,924	388,592
Amortisation of prepaid lease payments		26,216	3,659
Amortisation of intangible assets		165	195
Operating lease charges in respect of properties		606,403	554,180

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

(a) Taxation in the consolidated statement of profit or loss represents:

	Year ended 31 December	
	2014	2013
	\$'000	(Restated) \$'000
Current tax – Hong Kong Profits Tax		
Provision for the year	122,929	80,870
Over-provision in respect of prior years	65	(13)
	122,994	80,857
Current tax – Outside Hong Kong		
Provision for the year	975,989	126,336
Over-provision in respect of prior years	30,456	(10,102)
	1,006,445	116,234
Deferred tax (note)		
Origination and reversal of temporary differences	610,083	177,673
Income tax charge	1,739,522	374,764

Note: For details of deferred tax recognised, refer to Note 31(a).

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 2013: 16.5%) on its assessable profits from property and casualty insurance, reinsurance, asset management, property investment, insurance intermediary, securities dealing and broking businesses, except for its assessable profits from the business of reinsurance of offshore risks, which is calculated at 8.25% (31 December 2013: 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 2013: 25%).

11 INCOME TAX IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS (Continued)

(b) Reconciliation between tax charge and accounting profit at applicable tax rates:

	Year ended 31 December	
	2014	2013
		(Restated)
	\$'000	\$'000
Profit before taxation	6,613,624	2,714,817
Notional tax on profit before taxation	1,659,274	629,854
Tax effect of non-deductible expenses	518,258	351,803
Tax effect of non-taxable income	(456,420)	(494,141)
Tax effect of temporary differences not recognised	25,814	(44,240)
Effect of tax concession granted to the business of reinsurance with offshore risks	(35,978)	(28,673)
Tax effect of tax losses not recognised	71,334	83,941
Utilisation of tax losses not previously recognised	(70,915)	(105,298)
Tax effect of different tax rates of group entities operating in other jurisdictions	(2,366)	(8,367)
Under/(over)-provision in prior years	30,521	(10,115)
Income tax charge	1,739,522	374,764

12 ASSETS CLASSIFIED AS HELD-FOR-SALE

During the Year, the directors of a wholly owned subsidiary resolved to dispose some of investment properties located in Hong Kong to independent third parties. Negotiations with interest parties have subsequently taken place. Accordingly, such properties were transferred from investments properties to assets classified as held-for-sale with the fair value of \$45,130,000. Up to February 2015, the Group had disposed of the majority of such properties to independent third parties in aggregated considerations of \$35,350,000.

13 DIVIDENDS

No dividend was proposed, approved or paid during 2014 or 2013, 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 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.

	Year ended 31 December	
	2014	2013
		(Restated)
	\$'000	\$'000
Profit attributable to owners of the Company	4,041,682	1,652,934
Distribution relating to perpetual subordinated capital securities	(78,196)	-
Profit used to determine basic earnings per share	3,963,486	1,652,934
Weighted average number of ordinary shares	2,748,890,183	2,211,037,407
Basic earnings per share (HK\$ per share)	1.442	0.748

Some target assets and target interests are considered as transferred into the Group upon the Acquisition becoming 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 share includes 315,778,632 shares (2013 as restated: 315,778,632 shares) that are deemed to be issued under merger accounting.

The weighted average numbers of ordinary shares for the purposes of basic earnings per share in 2013 had been adjusted for the effects of the Rights Issue of the Company completed in November 2014.

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 and the weighted average number after adjusting for the effects of the potential dilution from ordinary shares issuable under the Company's Share Option Scheme and Share Award Scheme.

	Year ended 31 December	
	2014	2013
		(Restated)
	\$'000	\$'000
Profit attributable to owners of the Company	4,041,682	1,652,934
Distribution relating to perpetual subordinated capital securities	(78,196)	-
Profit used to determine diluted earnings per share	3,963,486	1,652,934
Weighted average number of ordinary shares	2,753,011,268	2,215,663,561
Diluted earnings per share (HK\$ per share)	1.440	0.746

The weighted average numbers of ordinary shares for the purposes of diluted earnings per share in 2013 had been adjusted for the effects of the Rights Issue of the Company completed in November 2014.

(c) Reconciliations

	31 December 2014	31 December 2013
		(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	2,748,890,183	2,211,037,407
Effect of Share Option Scheme	3,106,741	3,605,781
Effect of Share Award Scheme	1,014,344	1,020,373
Weighted average number of ordinary shares used in calculating diluted earnings per share	2,753,011,268	2,215,663,561

15 FIXED ASSETS

(a) The Group

	Property and equipment						Investment properties			Total
	Land and buildings	Construction in progress	Furniture and fixtures	Computer equipment	Motor vehicles	Sub-total	Completed investment properties	Investment properties under construction	Prepaid lease payments	
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Cost or valuation:										
At 1 January 2013 (Originally reported)	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
Effect of merger accounting	164,761	78,960	22,977	27,364	7,104	301,166	41,028	-	-	342,194
At 1 January 2013 (Restated)	4,736,088	194,663	471,857	954,831	254,767	6,612,206	7,649,664	1,459,527	184,855	15,906,252
Exchange adjustments	102,726	5,250	11,324	25,989	7,069	152,358	187,802	50,244	5,643	396,047
Additions	514,365	186,498	113,524	280,627	63,672	1,158,686	210,612	264,366	309,199	1,942,863
Disposals	(9,733)	-	(34,030)	(73,269)	(21,505)	(138,537)	(541)	-	-	(139,078)
Reclassification	-	(27,474)	2,200	25,274	-	-	-	-	-	-
Surplus on revaluation	-	-	-	-	-	-	649,885	282,369	-	932,254
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 construction in progress to land and buildings	84,706	(84,706)	-	-	-	-	-	-	-	-
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 1 January 2014 (Restated)	5,905,136	274,231	564,875	1,213,577	304,081	8,261,900	10,672,252	2,056,506	499,697	21,490,355
Exchange adjustments	(36,478)	(917)	(2,085)	(4,536)	(1,171)	(45,187)	(30,071)	(3,102)	(1,654)	(80,014)
Additions	764,739	596,833	157,846	273,298	55,038	1,847,754	52,772	499,303	964,747	3,364,576
Disposals	(1,632)	(4,737)	(16,062)	(61,592)	(19,482)	(103,505)	(55,018)	-	-	(158,523)
Reclassification	-	(22,521)	(419)	22,940	-	-	-	-	-	-
Surplus on revaluation	-	-	-	-	-	-	492,649	884,477	-	1,377,126
Surplus on revaluation upon transfer from land and buildings and construction in progress to investment properties	115,319	122,493	-	-	-	237,812	-	-	-	237,812
Transfer from land and buildings to completed investment properties	(385,414)	-	-	-	-	(385,414)	352,645	-	-	(32,769)
Transfer from construction in progress and prepaid lease payments to land and building and completed investment properties	262,600	(478,620)	-	-	-	(216,020)	255,660	-	(45,828)	(6,188)
Transfer from Completed investment properties to Assets held for sale	-	-	-	-	-	-	(45,130)	-	-	(45,130)
Transfer of investment properties under construction to completed investment properties	-	-	-	-	-	-	3,437,184	(3,437,184)	-	-
Transfer from completed investment properties to land and buildings	329,931	-	-	-	-	329,931	(329,931)	-	-	-
At 31 December 2014	6,954,201	486,762	704,155	1,443,687	338,466	9,927,271	14,803,012	-	1,416,962	26,147,245
Representing:										
Cost	6,954,201	486,762	704,155	1,443,687	338,466	9,927,271	-	-	1,416,962	11,344,233
Valuation – 2014	-	-	-	-	-	-	14,803,012	-	-	14,803,012
	6,954,201	486,762	704,155	1,443,687	338,466	9,927,271	14,803,012	-	1,416,962	26,147,245

15 FIXED ASSETS (Continued)

(a) The Group (Continued)

	Property and equipment						Investment properties			Total
	Land and buildings	Construction in progress	Furniture and fixtures	Computer equipment	Motor vehicles	Sub-total	Completed investment properties	Investment properties under construction	Prepaid lease payments	
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Accumulated depreciation and impairment :										
At 1 January 2013 (Originally reported)	538,000	-	318,373	542,967	125,753	1,525,093	-	-	20,678	1,545,771
Effect of merger accounting	54,981	-	17,718	23,207	4,871	100,777	-	-	-	100,777
At 1 January 2013 (Restated)	592,981	-	336,091	566,174	130,624	1,625,870	-	-	20,678	1,646,548
Exchange adjustments	9,899	-	8,832	17,221	4,131	40,083	-	-	561	40,644
Charge for the year	104,519	-	75,539	165,798	42,736	388,592	-	-	3,659	392,251
Written back on disposal	(9,398)	-	(32,727)	(68,394)	(20,738)	(131,257)	-	-	-	(131,257)
Reclassification	-	-	5	(56)	13	(38)	-	-	-	(38)
Recognition 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 1 January 2014 (Restated)	696,610	-	387,740	680,782	156,783	1,921,915	-	-	24,898	1,946,813
Exchange adjustments	(4,418)	-	(1,291)	(1,930)	(502)	(8,141)	-	-	45	(8,096)
Charge for the year	118,229	-	94,979	193,903	42,813	449,924	-	-	26,216	476,140
Written back on disposal	(265)	-	(19,637)	(53,753)	(13,578)	(87,233)	-	-	-	(87,233)
Reclassification	-	-	47	39	38	124	-	-	-	124
Transfer from construction in progress and prepaid lease payments to land and building and completed investment properties	-	-	-	-	-	-	-	-	(6,188)	(6,188)
Transfer from land and buildings to completed investment properties	(32,769)	-	-	-	-	(32,769)	-	-	-	(32,769)
At 31 December 2014	777,387	-	461,838	819,041	185,554	2,243,820	-	-	44,971	2,288,791
Net book value:										
At 31 December 2014	6,176,814	486,762	242,317	624,646	152,912	7,683,451	14,803,012	-	1,371,991	23,858,454
At 31 December 2013 (Restated)	5,208,526	274,231	177,135	532,795	147,298	6,339,985	10,672,252	2,056,506	474,799	19,543,542
At 1 January 2013 (Restated)	4,143,107	194,663	135,766	388,657	124,143	4,986,336	7,649,664	1,459,527	164,177	14,259,704

15 FIXED ASSETS (Continued)

(b) The Company

	Property and equipment				Completed investment properties	Total
	Land and buildings	Furniture and fixtures	Motor vehicles	Sub-total		
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Cost:						
At 1 January 2013	-	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
Exchange adjustment	-	15	-	15	251	266
Additions	-	1,293	923	2,216	40,617	42,833
Surplus on revaluation	-	-	-	-	251	251
At 31 December 2014	3,944	10,469	3,567	17,980	243,419	261,399
Accumulated depreciation:						
At 1 January 2013	-	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
Charge for the year	120	2,585	534	3,239	-	3,239
At 31 December 2014	140	5,793	1,560	7,493	-	7,493
Net book value:						
At 31 December 2014	3,804	4,676	2,007	10,487	243,419	253,906
At 31 December 2013	3,924	5,953	1,618	11,495	202,300	213,795

(c) Land and buildings

The analysis of net book value of land and buildings was as follows:

	31 December 2014	The Group 31 December 2013 (Restated)	1 January 2013 (Restated)	The Company 31 December 2014	31 December 2013
	\$'000	\$'000	\$'000	\$'000	\$'000
In Hong Kong					
- Long leases	994,414	1,019,884	648,368	3,804	3,924
- Medium-term leases	7,638	7,823	8,007	-	-
Outside Hong Kong					
- Freehold	36,008	84,511	95,699	-	-
- Long leases	452,059	380,875	12,039	-	-
- Medium-term leases	4,686,695	3,715,433	3,378,994	-	-
	6,176,814	5,208,526	4,143,107	3,804	3,924

15 FIXED ASSETS (Continued)

(d) Investment properties

The analysis of net book value of investment properties was as follows:

	The Group			The Company	
	31 December 2014	31 December 2013 (Restated)	1 January 2013 (Restated)	31 December 2014	31 December 2013
	\$'000	\$'000	\$'000	\$'000	\$'000
Completed investment properties					
In Hong Kong					
- Long leases	1,445,507	1,408,477	1,507,872	202,500	202,300
- Medium-term leases	183,830	215,470	213,300	-	-
Outside Hong Kong					
- Freehold	35,776	35,616	35,085	-	-
- Long leases	2,659,497	2,545,505	127,730	-	-
- Medium-term leases	10,478,402	6,467,184	5,765,677	40,919	-
Investment properties under construction					
Outside Hong Kong					
- Medium-term leases	-	2,056,506	1,459,527	-	-
	14,803,012	12,728,758	9,109,191	243,419	202,300

The investment properties of the Group located in Hong Kong were revalued at dates of transfer and as of 31 December 2014, 2013 and 1 January 2013 by independent firms of surveyors, Asset Appraisal Limited and Jones Lang LaSalle Sallmanns Limited, who have among their staff, associates of the Hong Kong Institute of Surveyors. The investment properties of the Group located outside Hong Kong were revalued at dates of transfer and as of 31 December 2014, 2013 and 1 January 2013 by independent real estate appraisal companies, Jones Lang LaSalle Sallmanns Limited, Asset Appraisal Limited and Shenzhen Tianjian Guozhonglian Asset Appraisal and Valuation Company Limited. A revaluation surplus of \$1,377,126,000 (31 December 2013 as restated: \$932,254,000) has been recognised in the consolidated statement of profit or loss (see Note 5(c)).

15 FIXED ASSETS (Continued)

(d) Investment properties (Continued)

Fair value measurement of investment properties

The following table analysis the Group's investment properties carried at fair value by level of inputs to valuation techniques used to measure fair value.

	Fair value hierarchy	Fair value at 31 December 2014 \$'000	Fair value at 31 December 2013 (Restated) \$'000	Valuation technique(s)	Significant unobservable inputs	Range of unobservable inputs	Correlation of unobservable inputs to fair value
Completed commercial property units	Level 3	13,760,581	9,622,866	Income approach	Yield	3.0% - 6.5%	The higher the yield, the lower the fair value
					Market unit rent	\$7 - \$667 per square meter	The higher the rent, the higher the fair value
Completed residential property units	Level 3	304,227	326,978	Income approach	Yield	2.0% - 4.5%	The higher the yield, the lower the fair value
					Market unit rent	\$2 - \$643 per square meter	The higher the rent, the higher the fair value
Completed industrial property units	Level 3	738,204	722,408	Income approach	Yield	8.0%	The higher the yield, the lower the fair value
					Market unit rent	\$1 per square meter	The higher the rent, the higher the fair value
Investment properties under construction	Level 3	-	2,056,506	Market approach (Residual method)	Market transaction price	-	The higher the market transaction price, the higher the fair value
					Developer's margin	-	The higher the developer's margin, the higher the fair value
					Construction cost	-	The higher the construction cost, the higher the fair value
		14,803,012	12,728,758				

15 FIXED ASSETS (Continued)

(d) Investment properties (Continued)

Fair value measurement of investment properties (Continued)

There was no transfer into or out of Level 3 during the Year.

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

The gross carrying amounts of the investment properties of the Group held for use in operating leases were \$14,753,640,000 (31 December 2013 as restated: \$10,453,295,000).

The valuation for completed investment properties was made based on income approach and by reference to market evidence of transaction prices for similar properties. The valuation for investment properties under construction was made based on residual method, which reflects the expectations of the market participants of the value of investment properties upon completion, after deductions for the costs required to complete and adjustments for profits.

As at 31 December 2014, the Group had contracted with tenants for the following future minimum lease payments:

	31 December 2014	The Group 31 December 2013 (Restated)	1 January 2013 (Restated)
	\$'000	\$'000	\$'000
Within 1 year	518,247	510,558	347,027
In the second to fifth year inclusive	342,385	423,457	448,446
After 5 years	5,388	20,126	30,505
	866,020	954,141	825,978

15 FIXED ASSETS (Continued)

(e) Prepaid lease payments

	31 December	The Group	
	2014	31 December	1 January
	\$'000	2013	2013
		\$'000	\$'000
Prepaid lease payments comprises:			
Leasehold land outside Hong Kong			
- Long lease	1,310,601	474,799	164,177
- Medium lease	61,390	-	-
	1,371,991	474,799	164,177
Current	-	2,319	2,248
Non-current	1,371,991	472,480	161,929
	1,371,991	474,799	164,177

16 GOODWILL AND INTANGIBLE ASSETS

(a) Goodwill

	The Group
	\$'000
Cost:	
At 1 January 2013	626,923
Acquired on acquisition of a subsidiary (see Note 17A)	466,706
At 31 December 2013	1,093,629
Adjustment on goodwill acquired (see Note 17A)	(101,836)
At 31 December 2014	991,793
Impairment loss:	
At 1 January 2013, 31 December 2013 and 2014	323,276
Carrying amount:	
At 31 December 2014	668,517
At 31 December 2013	770,353
At 1 January 2013	303,647

16 GOODWILL AND INTANGIBLE ASSETS (Continued)

(b) Intangible assets

	The Group \$'000
Cost:	
At 1 January 2013 (Originally reported)	264,932
Effect of merger accounting	<u>563</u>
At 1 January 2013 (Restated)	265,495
Disposal	<u>(1,175)</u>
At 31 December 2013 (Restated)	264,320
Disposal	<u>(2,349)</u>
At 31 December 2014	<u>261,971</u>
Amortisation/Impairment:	
At 1 January 2013 (Originally reported)	423
Effect of merger accounting	<u>303</u>
At 1 January 2013 (Restated)	726
Charge for the year	195
Written off on disposal	<u>(149)</u>
At 31 December 2013 (Restated)	772
Charge for the year	165
Written off on disposal	<u>(634)</u>
At 31 December 2014	<u>303</u>
Carrying amount:	
At 31 December 2014	<u><u>261,668</u></u>
At 31 December 2013 (Restated)	<u><u>263,548</u></u>
At 1 January 2013 (Restated)	<u><u>264,769</u></u>

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 2014, the valuation of the trade name is determined based on the future premiums estimated by TPI and discounted at 14% (2013: 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.

16 GOODWILL AND INTANGIBLE ASSETS (Continued)

(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 2013, 31 December 2013 and 2014 were allocated to cash generating units in the following operating segments:

	Goodwill \$'000	Intangible assets \$'000	Total \$'000
At 31 December 2014			
Life insurance	154,909	-	154,909
Property and casualty insurance	148,738	261,408	410,146
Other business	364,870	-	364,870
	<u>668,517</u>	<u>261,408</u>	<u>929,925</u>
 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
	<u>770,353</u>	<u>261,408</u>	<u>1,031,761</u>
 At 1 January 2013			
Life insurance	154,909	-	154,909
Property and casualty insurance	148,738	261,408	410,146
	<u>303,647</u>	<u>261,408</u>	<u>565,055</u>

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 ASSETS (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% (2013: 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	31 December
	2014	2013
	\$'000	\$'000
Unlisted shares, at cost	30,828,122	28,639,187
Less: Impairment loss	(505,123)	(581,406)
	30,322,999	28,057,781

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.

All target assets and target interests under the Acquisition had been completed during the Year and the Company issued the consideration shares accordingly. Details of Acquisition are set out in Note 1.

The acquisition of entire interests of Taiping Real Estate (Beijing) Co. Ltd. in November 2013 was set out in Note 17A.

(a) 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)

(a) General information of subsidiaries (Continued)

Name of company	Place of incorporation and operation	Proportion of ownership interest								Principal activity
		Particulars of issued and paid up capital		Group's effective interest 31 December		Held by the Company		Held by subsidiaries		
		2014	2013	2014	2013	2014	2013	2014	2013	
Taiping Reinsurance Company Limited <i>(notes (i) & (iv))</i>	Hong Kong	Ordinary \$2,100,000,000 Deferred \$600,000,000	Ordinary \$1,750,000,000 Deferred \$600,000,000	100%	100%	-	-	100%	100%	Reinsurance business
Taiping Life Insurance Company Limited <i>(notes (ii), (iii), (v), (viii) & (xv))</i>	PRC	RMB10,030,000,000	RMB6,230,000,000	75.1%	75.1%	75.1%	75.1%	-	-	Life insurance business
Taiping General Insurance Company Limited <i>(notes (ii), (iii), (v) & (ix))</i>	PRC	RMB4,070,000,000	RMB4,070,000,000	100%	100%	99.99%	99.99%	0.01%	0.01%	Property and casualty insurance business
Taiping Pension Company Limited <i>(notes (ii), (iii), (v), (x) & (xvi))</i>	PRC	RMB2,000,000,000	RMB1,700,000,000	100%	100%	99.99%	99.99%	0.01%	0.01%	Pension and Group Life business
Taiping Asset Management Company Limited <i>(notes (ii), (iii), (v) & (xi))</i>	PRC	RMB500,000,000	RMB500,000,000	80%	80%	80%	80%	-	-	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 <i>(note (i))</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 <i>(note (i))</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 <i>(note (v))</i>	Macau	MOP120,000,000	MOP120,000,000	100%	100%	-	-	100%	100%	Property and casualty insurance in Macau

17 INVESTMENTS IN SUBSIDIARIES (Continued)

(a) General information of subsidiaries (Continued)

Name of company	Place of incorporation and operation	Proportion of ownership interest								Principal activity
		Particulars of issued and paid up capital		Group's effective interest 31 December		Held by the Company		Held by subsidiaries		
		2014	2013	2014	2013	2014	2013	2014	2013	
China Taiping Insurance (Singapore) PTE. Ltd. <i>(notes (v) & (xviii))</i>	Singapore	SGD65,000,000	SGD50,000,000	100%	100%	-	-	100%	100%	Property and casualty insurance in Singapore
China Taiping Insurance (UK) Company Limited <i>(note (v))</i>	United Kingdom	GBP15,000,000	GBP15,000,000	100%	100%	-	-	100%	100%	Property and casualty insurance in United Kingdom
PT China Taiping Insurance Indonesia <i>(note (v))</i>	Indonesia	IDR100,000,000,000	IDR70,000,000,000	55%	55%	55%	55%	-	-	Property and casualty insurance in Indonesia
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	BVI/Hong Kong	US\$1	US\$1	100%	100%	100%	100%	-	-	Financing
China Taiping Fortunes Limited <i>(note (vi))</i>	BVI/Hong Kong	US\$1	US\$1	100%	100%	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 <i>(notes (ii) & (vii))</i>	PRC	RMB382,500,000	RMB262,500,000	80%	80%	80%	80%	-	-	E-commerce for insurance
Taiping Senior Living Investments Co. Ltd. <i>(notes (ii) & (xvii))</i>	PRC	RMB1,080,000,000	RMB580,000,000	75.1%	75.1%	-	-	100%	100%	Elderly care investment and asset management
Taiping Investment Holdings Company Limited <i>(note (v))</i>	Hong Kong	\$215,000,000	\$215,000,000	100%	100%	100%	100%	-	-	Investment holding
Taiping Real Estate (Shanghai) Company Limited <i>(notes (ii) & (v))</i>	PRC	RMB980,000,000	RMB980,000,000	90.29%	90.29%	-	-	100%	100%	Property investment

17 INVESTMENTS IN SUBSIDIARIES (Continued)

(a) General information of subsidiaries (Continued)

Name of company	Place of incorporation and operation	Proportion of ownership interest								Principal activity
		Particulars of issued and paid up capital		Group's effective interest 31 December		Held by the Company		Held by subsidiaries		
		2014	2013	2014	2013	2014	2013	2014	2013	
Dragon Jade Industrial District Management (Shenzhen) Co., Ltd. (notes (ii) & (v))	PRC	RMB42,800,000	RMB42,800,000	100%	100%	100%	100%	-	-	Property investment
Ming Lee Investment Limited (note (v))	Hong Kong	\$10,000	\$10,000	100%	100%	100%	100%	-	-	Property investment
Taiping Real Estate (Suzhou Industrial Park) Co. Ltd. (notes (ii) & (xii))	PRC	RMB321,040,000	RMB241,040,000	85.06%	85.06%	-	-	100%	100%	Property investment
Taiping Real Estate (Beijing) Co. Ltd. (formerly known as Exchange (Beijing) Co. Ltd.) (notes (ii) & (xiii))	PRC	RMB276,779,700	RMB276,779,700	75.1%	75.1%	-	-	100%	100%	Property investment
Taiping Real Estate (Nanning) Co. Ltd. (notes (ii) & (xiv))	PRC	RMB150,000,000	RMB80,000,000	80.08%	80.08%	-	-	100%	100%	Property investment
Taiping Financial Holdings Company Limited (notes (v) & (xx))	Hong Kong	Ordinary \$224,553,150 Deferred \$10,000,000	Ordinary \$224,553,150 Deferred \$10,000,000	100%	100%	100%	100%	-	-	Investment holding
Taiping Securities (HK) Company Limited (note (v))	Hong Kong	\$363,870,350	\$363,870,350	100%	100%	-	-	100%	100%	Securities broking services
Taiping & Sinopec Financial Leasing Co. Ltd. (notes (ii) & (xix))	PRC	RMB5,000,000,000	-	37.55%	-	-	-	50%	-	Financial leasing
Pacific Asia Group Limited (note (v))	Hong Kong	\$1	\$1	100%	100%	100%	100%	-	-	Back-to-back financing arrangement
Walkman Limited (note (v))	Hong Kong	\$1	\$1	100%	100%	100%	100%	-	-	Back-to-back financing arrangement
Mano Limited (note (v))	Hong Kong	\$1	\$1	100%	100%	100%	100%	-	-	Back-to-back financing arrangement
Prospect Inc. Limited (note (v))	Hong Kong	\$1	\$1	100%	100%	100%	100%	-	-	Back-to-back financing arrangement

17 INVESTMENTS IN SUBSIDIARIES (Continued)

(a) General information of subsidiaries (Continued)

Name of company	Place of incorporation and operation	Proportion of ownership interest								Principal activity
		Particulars of issued and paid up capital		Group's effective interest 31 December		Held by the Company		Held by subsidiaries		
		2014	2013	2014	2013	2014	2013	2014	2013	
Taiping Financial Service Centre (Shanghai) Company Limited (notes (ii) & (v))	PRC	RMB15,000,000	RMB15,000,000	100%	100%	100%	100%	-	-	Provision of back office services
Taiping Financial Audit Service (Shenzhen) Company Limited (notes (ii) & (v))	PRC	RMB10,500,000	RMB10,500,000	100%	100%	100%	100%	-	-	Provision of internal audit services
China Taiping Insurance Service (Japan) Co., Ltd. (note (v))	Japan	JPY30,000,000	JPY30,000,000	100%	100%	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.
- (iii) China Taiping Insurance Group 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 November 2013, the registered capital of TPre has been increased by \$500 million to \$2,350 million. The registered capital of TPre has been further increased by \$350 million to \$2,700 million in December 2014. CTIH has contributed such additional capital in cash.
- (v) 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.

17 INVESTMENTS IN SUBSIDIARIES (Continued)

(a) General information of subsidiaries (Continued)

Notes:

- (vi) In September 2013, China Taiping Fortunes Limited was established in BVI and is a wholly-owned subsidiary of CTIH.
- (vii) 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.
- (viii) 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.
- (ix) 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 in December 2013. CTIH has contributed such additional capital in cash.
- (x) 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.
- (xi) 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.
- (xii) In July 2013, TPR(Suzhou) was established in PRC by TPL, TPI and SZTPI. The registered capital of TPR(Suzhou) has been increased by RMB80 million to RMB321.04 million in March 2014. TPL, TPI and SZTPI contributed such additional capital in cash, in proportion to their respective equity interest in TPR(Suzhou).
- (xiii) In July 2013, TPL entered into the share transfer agreement to acquire the entire equity interest in TPR(BJ) (formerly known as 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.
- (xiv) In November 2013, TPR(Nanning) was established in PRC by TPL and TPI. The registered capital of TPR(Nanning) has been increased by RMB70 million to RMB150 million, TPL and TPI contributed such additional capital in cash, in proportion to their respective equity interest in TPR(Nanning).
- (xv) In January 2014, the registered capital of TPL has been increased by RMB3,800 million to RMB10,030 million. CTIH and Ageas contributed such additional capital in cash in the amounts of RMB2,853.8 million, RMB946.2 million, respectively, in portion to their respective equity interest in TPL.
- (xvi) In January 2014, the registered capital of TPP has been increased by RMB300 million to RMB2,000 million. CTIH has contributed such additional capital in cash.
- (xvii) In February and April 2014, the registered capital of TPSI has been increased by RMB300 million and RMB200 million, respectively. TPL has contributed such additional capital in cash.
- (xviii) In August 2014, the registered capital of TP Singapore has been increased by SGD15 million, which was contributed to capital by capitalization of advance capital of holding company of SGD1.6 million and retained earnings of SGD13.4 million.
- (xix) In October 2014, TSFL was established in PRC by TPL and a third party. TPL holds 50% of the equity interest.

17 INVESTMENTS IN SUBSIDIARIES (Continued)

(a) General information of subsidiaries (Continued)

Notes:

- (xx) Holders of the non-voting deferred shares in TPFH are entitled to a fixed non-cumulative dividend at the rate of 5% per annum for any financial year of TPFH in respect of which the net profits of TPFH available for dividend exceed \$10,000,000,000. The holders of non-voting deferred shares are not allowed to participate in the profits or assets of TPFH or to vote at meetings of TPFH. On the winding-up of TPFH, the holders of the non-voting deferred shares are entitled out of the surplus assets of TPFH to a return of the capital paid up on these shares held by them respectively after a total sum of \$10,000,000,000 has been distributed in such winding up in respect of each of the ordinary shares of TPFH.

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 Hong Kong. The principal activities of these subsidiaries are summarized as follows:

Principal activities	Principal place of business	Number of subsidiaries 31 December	
		2014	2013 (Restated)
Investment holding	Hong Kong	27	14
	Macau	1	-
	PRC	1	1
	Singapore	1	1
		30	16
Insurance broker	PRC	1	1
Back-to-back financing	Hong Kong	1	1
Financial advisory services	Hong Kong	1	1
Inactive	Hong Kong	4	5
Nominee services	Hong Kong	1	1
Money lending	Hong Kong	-	1
Money lending and property investment	Hong Kong	2	1
Property investment	Hong Kong	8	9
Property management	PRC	2	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	1
		53	40

17 INVESTMENTS IN SUBSIDIARIES (Continued)

(b) Details of non-wholly owned subsidiaries that have material non-controlling interests

The table below shows details of non-wholly-owned subsidiaries of the Group that have material non-controlling interests:

Name of subsidiary	Place of incorporation and principal place of business	Proportion of ownership interests and voting rights held by non-controlling interests		Profit allocated to non-controlling interests 31 December		Accumulated non-controlling interests	
		2014	2013	2014	2013	2014	2013
				\$'000	\$'000	\$'000	(Restated) \$'000
Taiping Life Insurance Company Limited	PRC	24.9%	24.9%	833,167	603,955	7,245,073	3,852,267
Taiping & Sinopec Financial Leasing Co. Ltd.	PRC	62.45%	-	5,140	-	3,174,262	-
Individually immaterial subsidiaries with non-controlling interests						218,931	184,300
						10,638,266	4,036,567

Summarized financial information in respect of the Group's subsidiaries that have material non-controlling interests are set out below:

Taiping Life Insurance Company Limited

	31 December 2014 \$'000	31 December 2013 \$'000
Total assets (note)	366,919,107	262,821,027
Total liabilities (note)	337,292,211	242,062,676
Equity attributable to owners of the Company	21,955,142	11,722,222
Non-controlling interests	7,245,073	3,852,267
Gross premiums written (note)	82,209,094	64,907,714
Total income (note)	56,597,319	74,010,754
Total expenses (note)	51,990,044	72,424,038
Profit for the year	3,346,049	1,289,609
Profit attributable to owners of the Company	2,512,882	685,654
Profit attributable to the non-controlling interests	833,167	603,955
Profit for the year	3,346,049	1,289,609

17 INVESTMENTS IN SUBSIDIARIES (Continued)

(b) Details of non-wholly owned subsidiaries that have material non-controlling interests (Continued)

	Year ended 31 December	
	2014	2013
	\$'000	\$'000
Other comprehensive income attributable to:		
- Owners of the Company	4,227,182	(644,851)
- The non-controlling interests	1,401,554	(338,467)
Other comprehensive income for the year	5,628,736	(983,318)
Total comprehensive income attributable to:		
- Owners of the Company	6,740,064	40,803
- The non-controlling interests	2,234,721	265,488
Total comprehensive income for the year	8,974,785	306,291
Dividends paid to non-controlling interests	33,976	-
Net cash inflow from operating activities (note)	42,671,208	31,268,291
Net cash outflow from investing activities (note)	(46,834,437)	(25,141,712)
Net cash (outflow)/inflow from financing activities (note)	(464,456)	4,483,407
Net cash (outflow)/ inflow (note)	(4,628,260)	10,613,612

Note: These financial information represent amounts before intragroup eliminations.

17 INVESTMENTS IN SUBSIDIARIES (Continued)

(b) Details of non-wholly owned subsidiaries that have material non-controlling interests (Continued)

Taiping & Sinopec Financial Leasing Co. Limited

	31 December 2014 \$'000
Total assets (note)	8,006,794
Total liabilities (note)	1,660,329
Equity attributable to owners of the Company	3,172,203
Non-controlling interests	3,174,262
Gross premiums written (note)	-
Total income (note)	82,620
Total expenses (note)	70,521
Profit for the year	8,230
Profit attributable to owners of the Company	3,090
Profit attributable to the non-controlling interests	5,140
Profit for the year	8,230
Other comprehensive income attributable to:	
- Owners of the Company	13
- The non-controlling interests	22
Other comprehensive income for the year	35
Total comprehensive income attributable to:	
- Owners of the Company	3,103
- The non-controlling interests	5,162
Total comprehensive income for the year	8,265
Dividends paid to non-controlling interests	-
Net cash outflow from operating activities (note)	(3,398,555)
Net cash outflow from investing activities (note)	(6,266)
Net cash inflow from financing activities (note)	6,338,200
Net cash inflow (note)	2,933,379

Note: These financial information represent amounts before intragroup eliminations.

17 INVESTMENTS IN SUBSIDIARIES (Continued)

(c) Change in ownership in subsidiaries

During 2013, the Group disposed of 20% of its interest in TPeC, reducing its equity interest held to 80%. The proceeds on disposal of RMB12,500,000 (equivalent to \$15,693,000) were received in cash. An amount of \$2,552,000 (being the proportionate share of the carrying amount of the net assets of TPeC) has been transferred to non-controlling interests. The difference of \$13,141,000 between the increase in the non-controlling interests and the consideration received has been credited to retained earnings.

In addition, the Group has acquired 25.05%, 38.79%, 4.00% and 20.00% additional interest in TPL, TPI, TPP and TPAM respectively in the Acquisition transactions as detailed in Note 1 in 2013, increasing its equity interest held to 75.1%, 100%, 100% and 80% respectively. The transaction has been settled with Consideration Shares of \$9,717,900,000. An amount of \$5,444,152,000 (being the proportionate share of the carrying amount of the net assets of TPL, TPI, TPP and TPAM) has been transferred out of non-controlling interests. The difference of \$4,273,748,000 between the decrease in the non-controlling interests and the Consideration Shares has been debited to capital reserve in 2013.

17A ACQUISITION OF A SUBSIDIARY

In November 2013, the Group acquired the entire equity interest in Taiping Real Estate (Beijing) Co Ltd. (formerly known as Exchange (Beijing) Co. Ltd. (京匯通置業有限公司)) 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 TPR(BJ) 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 TPR(BJ). The Group investment into TPR(BJ) will be beneficial to its overall assets composition and investment portfolio from a diversification, asset-liability matching, and risk-return perspective.

Acquisition-related costs amounting to \$332,000 had been excluded from the consideration transferred and had been recognised as an expense in 2013, recorded in the 'administrative and other expense' in the consolidated statement of profit or loss.

In June 2014, the consideration of the acquisition have been finalised at the amount of RMB1,520,942,000 (equivalent to \$1,930,981,000). The amount of goodwill arising as a result of the acquisition was adjusted to \$364,870,000.

17A ACQUISITION OF A SUBSIDIARY (Continued)

(a) Assets and liabilities recognised 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	<u>(602,270)</u>
	<u>1,566,111</u>

(b) Goodwill arising on acquisition

	\$'000
Finalised consideration	1,930,981
Less: Net assets acquired	<u>(1,566,111)</u>
Finalised goodwill arising on acquisition	<u>364,870</u>

Goodwill arose in the acquisition of TPR(BJ) 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 TPR(BJ). These benefits are not recognised separately from goodwill because they do not meet the recognition criteria for identifiable intangible assets.

(c) Net cash outflow on acquisition of TPR(BJ)

	\$'000
Cash consideration	1,930,981
Less: cash and cash equivalent balances acquired	<u>(123,770)</u>
	<u>1,807,211</u>

Included in the profit for the year 2013 was \$4,798,000 attributable to the additional business generated by TPR(BJ). Income for the year 2013 included \$15,563,000 generated from TPR(BJ).

Had the acquisition been completed on 1 January 2013, total group revenue for the year 2013 would have been \$93,666,000,000, and profit for the year 2013 would have been \$2,783,000,000. 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 INVESTMENTS IN ASSOCIATES AND JOINT VENTURE

(a) Investments in associates

	31 December 2014 \$'000	The Group 31 December 2013 \$'000	1 January 2013 \$'000	The Company 31 December 2014 \$'000	31 December 2013 \$'000
Unlisted shares, at cost	-	-	-	6,993	6,993
Share of post-acquisition profits and other comprehensive income, net of dividends received	25,164	24,925	26,305	-	-
	25,164	24,925	26,305	6,993	6,993

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						Principal activity
					Group's effective interest 31 December		Held by the Company		Held by subsidiaries		
			2014	2013	2014	2013	2014	2013	2014	2013	
Savills Taiping Property Management Limited (Note (ii))	Incorporated	Hong Kong	\$10,000	\$10,000	25%	25%	25%	25%	-	-	Property management
Huatai Insurance Agency & Consultant Service Limited (Note (i))	Incorporated	PRC	RMB 50,000,000	RMB 50,000,000	25%	25%	25%	25%	-	-	Insurance agency and consultancy

Notes:

- (i) The company is a PRC limited company.
- (ii) 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. To give details of other associates would, in the opinion of the directors of the Company, result in particulars of excessive length.

Summary of financial information of associates

	Assets \$'000	Liabilities \$'000	Equity \$'000	Revenues \$'000	Profit/(Loss) \$'000
31 December 2014					
100 per cent	312,860	216,120	96,740	334,019	5,243
Group's effective interest	78,215	54,030	25,164	83,505	1,965
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)

18 INVESTMENTS IN ASSOCIATES AND JOINT VENTURE (Continued)

(b) Investments in joint venture

	31 December 2014 \$'000	The Group 31 December 2013 \$'000	1 January 2013 \$'000	The Company 31 December 2014 \$'000	31 December 2013 \$'000
Cost of unlisted investment	-	180	180	-	-
Share of post-acquisition profits and other comprehensive income, net of dividends received	-	28	28	-	-
	-	208	208	-	-

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

Name of joint venture	Form of business structure	Place of incorporation and operation	Particulars of issued and paid up capital		Proportion of ownership interest						Proportion of voting power held	Principal activity	
					Group's effective interest		Held by the Company		Held by subsidiaries				
					31 December								
					2014	2013	2014	2013	2014	2013			2014
北京世紀億茂物業管理有限公司 (「北京世紀億茂」) (Note)	Incorporated	PRC	-	RMB10,000	-	51%	-	-	-	51%	-	50%	Property management

Note: The company is a PRC limited company.

The Group held 51% of the share capital of 北京世紀億茂 and controls 50% of the voting power in general meeting. However, 北京世紀億茂 was jointly controlled by the Group and another shareholder by virtue of contractual arrangements between shareholders. Therefore, 北京世紀億茂 was classified as a joint venture of the Group. During the year, the Group acquired the remaining 49% of the share capital from the third party in consideration of \$232,000 and 北京世紀億茂 becomes a wholly-owned subsidiary of the Group. The transaction is completed during the Year and no goodwill is recognised as at the end of the reporting date.

Summary of financial information of joint venture

	Assets \$'000	Liabilities \$'000	Equity \$'000	Revenues \$'000	Profit \$'000
31 December 2013					
100 per cent	459	51	408	161	16
Group's effective interest	234	26	208	82	8

19 INVESTMENTS IN DEBT AND EQUITY SECURITIES

(a) The Group

	31 December 2014 \$'000	31 December 2013 (Restated) \$'000	1 January 2013 (Restated) \$'000
Debt securities (note (i))	149,655,671	144,281,908	123,205,829
Equity securities (note (ii))	26,614,455	11,652,334	8,321,685
Investment funds (note (iii))	8,973,424	8,182,597	9,482,407
Debt products (note (iv))	60,861,555	33,770,475	20,611,641
	246,105,105	197,887,314	161,621,562
	31 December 2014 \$'000	31 December 2013 (Restated) \$'000	1 January 2013 (Restated) \$'000
Note (i) Debt securities			
Held-to-maturity:			
- Listed in Hong Kong	2,385,089	1,115,401	574,448
- Listed outside Hong Kong	14,809,935	10,004,739	4,567,434
- Unlisted	90,705,842	92,875,653	87,330,982
	107,900,866	103,995,793	92,472,864
Issued by:			
Government and central banks	23,378,311	23,734,786	22,304,869
Banks and other financial institutions	55,029,598	55,393,797	50,939,139
Corporate entities	29,492,957	24,867,210	19,228,856
	107,900,866	103,995,793	92,472,864
Available-for-sale:			
- Listed in Hong Kong	1,054,344	660,270	436,784
- Listed outside Hong Kong	20,095,652	15,605,644	12,461,089
- Unlisted	19,363,962	22,228,355	15,031,622
	40,513,958	38,494,269	27,929,495
Issued by:			
Government and central banks	7,929,737	8,347,286	9,890,357
Banks and other financial institutions	8,613,208	9,030,917	6,138,898
Corporate entities	23,971,013	21,116,066	11,900,240
	40,513,958	38,494,269	27,929,495
Held-for-trading:			
- Listed outside Hong Kong	280,114	44,325	26,105
- Unlisted	139,163	278,048	163,308
	419,277	322,373	189,413
Issued by:			
Government and central banks	-	44,242	36,998
Banks and other financial institutions	41,734	112,166	76,047
Corporate entities	377,543	165,965	76,368
	419,277	322,373	189,413

19 INVESTMENTS IN DEBT AND EQUITY SECURITIES (Continued)

(a) The Group (Continued)

	31 December 2014 \$'000	31 December 2013 (Restated) \$'000	1 January 2013 (Restated) \$'000
Note (i) Debt securities (Continued)			
Designated at fair value through profit or loss:			
- Listed in Hong Kong	93,861	74,551	41,806
- Listed outside Hong Kong	343,867	391,993	493,723
- Unlisted	-	-	554,972
	437,728	466,544	1,090,501
Issued by:			
Government and central banks	38,484	44,917	63,146
Banks and other financial institutions	318,212	343,393	935,964
Corporate entities	81,032	78,234	91,391
	437,728	466,544	1,090,501
Loans and receivables:			
- Unlisted	383,842	1,002,929	1,523,556
Issued by:			
Government and central banks	282,379	903,523	1,153,575
Banks and other financial institutions	101,463	99,406	369,981
	383,842	1,002,929	1,523,556
Total debt securities	149,655,671	144,281,908	123,205,829

The held-to-maturity debt securities include an amount of \$1,293,202,000 (31 December 2013 as restated: \$1,425,219,000) 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 2016 to 2023 (31 December 2013 as restated: 2014 to 2023) and bear interest ranging from 5% to 6% (31 December 2013 as restated: 5% to 6%) per annum. The fair value of the unlisted debt securities classified as loans and receivables are determined with reference to the estimated cash flows discounted using a discount factor as at the end of the reporting period.

19 INVESTMENTS IN DEBT AND EQUITY SECURITIES (Continued)

(a) The Group (Continued)

	31 December 2014 \$'000	31 December 2013 (Restated) \$'000	1 January 2013 (Restated) \$'000
Note (ii) Equity securities			
Available-for-sale:			
- Listed in Hong Kong	908,226	1,073,210	576,544
- Listed outside Hong Kong	19,442,990	5,221,023	5,012,777
- Unlisted, at fair value	32,427	15,917	62,774
- Unlisted, at cost	5,305,541	5,164,429	2,541,111
	25,689,184	11,474,579	8,193,206
Held-for-trading:			
- Listed in Hong Kong	771,767	90,107	76,159
- Listed outside Hong Kong	104,072	35,556	36,430
	875,839	125,663	112,589
Designated at fair value through profit or loss:			
- Listed in Hong Kong	6,557	11,191	-
- Listed outside Hong Kong	42,875	40,901	15,890
	49,432	52,092	15,890
Total equity securities	26,614,455	11,652,334	8,321,685

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

19 INVESTMENTS IN DEBT AND EQUITY SECURITIES (Continued)

(a) The Group (Continued)

	31 December 2014 \$'000	31 December 2013 (Restated) \$'000	1 January 2013 (Restated) \$'000
Note (iii) Investment funds			
Available-for-sale:			
- Listed in Hong Kong	90,220	125,364	50,130
- Listed outside Hong Kong	1,451,511	2,589,545	3,412,890
- Unlisted, at fair value	2,816,518	4,060,486	4,991,136
- Unlisted, at cost	16,208	1,033	996
	4,374,457	6,776,428	8,455,152
Held-for-trading:			
- Listed outside Hong Kong	66,185	21,618	19,194
- Unlisted	3,525,904	669,357	981,156
	3,592,089	690,975	1,000,350
Designated at fair value through profit or loss:			
- Listed outside Hong Kong	97,013	70,023	26,905
- Unlisted	-	-	-
	97,013	70,023	26,905
Loans and receivables:			
- Unlisted	909,865	645,171	-
Total investment funds	8,973,424	8,182,597	9,482,407

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

19 INVESTMENTS IN DEBT AND EQUITY SECURITIES (Continued)

(a) The Group (Continued)

	31 December 2014 \$'000	31 December 2013 (Restated) \$'000	1 January 2013 (Restated) \$'000
Note (iv) Debt products			
Loans and receivables:			
- Unlisted	60,861,555	33,770,475	20,611,641

The debt products include debt investments and relevant financial products on infrastructure and property development projects in the PRC and other financial products such as trust schemes and bank financial products, managed by affiliated or unaffiliated asset managers. The debt products will mature from 2015 to 2025 (31 December 2013 as restated: 2014 to 2025) and bear interest ranging from 3% to 9% (31 December 2013 as restated: 4% to 8%) per annum. As at 31 December 2014, the debt products held by the Group had domestic credit ratings of AA or above. The fair value of the debt products is determined with reference to the estimated cash flows discounted using current market interest rates as at the end of the reporting period.

The Group has determined that the above interests in debt products are investments in unconsolidated structured entities. As at 31 December 2014, the Group's funding provided and maximum exposure to these unconsolidated structured entities equals the carrying values of the debt products.

Analysed for reporting purposes as:

	31 December 2014 \$'000	31 December 2013 (Restated) \$'000	1 January 2013 (Restated) \$'000
Held-to-maturity			
- Current	1,293,202	1,425,219	699,895
- Non-current	106,607,664	102,570,574	91,772,969
Available-for-sale			
- Current	3,058,138	1,714,094	2,055,920
- Non-current	67,519,461	55,031,182	42,521,933
Held-for trading			
- Current	4,887,205	1,139,011	1,302,352
Designated at fair value through profit or loss			
- Current	584,173	588,659	1,133,296
Loans and receivables			
- Current	7,334,326	1,319,642	647,467
- Non-current	54,820,936	34,098,933	21,487,730
	246,105,105	197,887,314	161,621,562

19 INVESTMENTS IN DEBT AND EQUITY SECURITIES (Continued)

(b) The Company

	31 December 2014 \$'000	31 December 2013 \$'000
Debt securities (<i>note (i)</i>)	620,642	336,739
Investment funds (<i>note (ii)</i>)	20,923	22,465
	641,565	359,204
(i) Debt securities		
Available-for-sale		
- Listed in Hong Kong	303,620	90,664
- Listed outside Hong Kong	317,022	246,075
	620,642	336,739
Issued by:		
Government and central banks	8,003	-
Banks and other financial institutions	322,104	235,829
Corporate entities	290,535	100,910
	620,642	336,739
(ii) Investment funds		
Available-for-sale		
- Unlisted	20,923	22,465
Analysed for reporting purposes as:		
	31 December 2014 \$'000	31 December 2013 \$'000
Available-for-sale		
- Non-current	641,565	359,204

20 AMOUNTS DUE FROM/(TO) GROUP COMPANIES

(a) Due from group companies

	31 December 2014	The Group 31 December 2013 (Restated)	1 January 2013 (Restated)	The Company 31 December 2014	31 December 2013
	\$'000	\$'000	\$'000	\$'000	\$'000
Amount due from the ultimate holding company	857	723	-	857	140
Amount due from the immediate holding company	5,088	28,492	2,964,854	4,150	26,885
Amounts due from fellow Subsidiaries	6,309	6,263	2,990	2	-
Amounts due from subsidiaries	-	-	-	6,494,404	4,751,091
	12,254	35,478	2,967,844	6,499,413	4,778,116

Included in the amounts due from subsidiaries, is the amount due from Share China Assets Limited ("SCA") of \$4,042,012,000 (31 December 2013: \$4,042,012,000). 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 1 January 2013 (*restated*), an amount due from the immediate holding company of \$2,936,261,000, is 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.

Included in amounts due from subsidiaries are loans from subsidiaries which are unsecured, bear effective interest ranging from 1.83% to 4% (2013: 4%) and are repayable as follows:

	The Company 31 December 2014	31 December 2013
	\$'000	\$'000
Within 1 year	-	143,731
After 1 year but within 5 years	1,470,000	-
	1,470,000	143,731

The remaining amounts due from group companies are unsecured, interest free and repayable on demand.

20 AMOUNTS DUE FROM/(TO) GROUP COMPANIES

(b) Due to group companies

	31 December 2014	The Group 31 December 2013 (Restated)	1 January 2013 (Restated)	The Company 31 December 2014	31 December 2013
	\$'000	\$'000	\$'000	\$'000	\$'000
Amount due to the ultimate holding company	100,841	93,031	4,853	2,057	-
Amount due to the immediate holding company	5,596	1,758	423,837	5,461	438
Amounts due to fellow subsidiaries	21,628	21,162	18,102	-	-
Amounts due to subsidiaries	-	-	-	11,005,313	10,976,660
	128,065	115,951	446,792	11,012,831	10,977,098

Included in amounts due to subsidiaries are loans from subsidiaries which are unsecured, bear effective interest ranging from 1.51% to 6% (2013: 1.6% to 4.125%) and are repayable as follows:

	The Company 31 December 2014	31 December 2013
	\$'000	\$'000
Within 1 year	600,000	852,627
After 1 year but within 5 years	5,490,987	5,511,590
After 5 years	4,625,886	4,624,657
	10,716,873	10,988,874

The remaining amounts due to group companies are unsecured, interest free and repayable on demand.

(c) Shareholders' loans

The Company obtained loans of US\$250,000,000 and US\$320,000,000 from the immediate holding company, TPG (HK) in December 2013. The loans bear fixed interest at a rate of 6.03% and are repayable within 15 years and 10 years, respectively. During the Year, the Company repaid shareholders' loans to TPG (HK).

21 INSURANCE DEBTORS

	31 December 2014	The Group 31 December 2013 (Restated)	1 January 2013 (Restated)
	\$'000	\$'000	\$'000
Amounts due from insurance customers	6,789,933	3,143,831	2,797,395
Less: allowance for impaired debts (Note (b))	(117,802)	(100,925)	(122,082)
	6,672,131	3,042,906	2,675,313
Deposits retained by cedants	171,839	109,536	123,500
	6,843,970	3,152,442	2,798,813

Included in the amounts of insurance debtors is \$6,803,379,000 (2013 as restated: \$3,116,399,000), which is expected to be recovered within one year.

Amounts due from insurance customers include amounts due from fellow subsidiaries of \$Nil (31 December 2013 as restated: \$53,000) which are insurance related in nature.

(a) Ageing analysis

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

	31 December 2014	The Group 31 December 2013 (Restated)	1 January 2013 (Restated)
	\$'000	\$'000	\$'000
Neither past due nor impaired			
- Uninvoiced	3,925,972	672,618	574,277
- Current	1,997,639	1,675,619	1,485,882
Past due but not impaired			
- Less than 3 months	325,415	336,023	398,545
- More than 3 months but less than 12 months	308,148	315,993	204,230
- More than 12 months	114,957	42,653	12,379
Past due and impaired	117,802	100,925	122,082
	6,789,933	3,143,831	2,797,395

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.

21 INSURANCE DEBTORS (Continued)

(a) Ageing analysis (Continued)

The amount of impaired debts is \$117,802,000 (31 December 2013 as restated: \$100,925,000). 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	
	2014	2013
		(Restated)
	\$'000	\$'000
At 1 January	100,925	122,082
Addition/(Reversal) of impairment losses	27,316	5,377
Exchange difference	(256)	2,572
Uncollectible amounts written off	(10,183)	(29,106)
At 31 December	117,802	100,925

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.

	31 December	The Group	
	2014	31 December	1 January
		2013	2013
		(Restated)	(Restated)
	\$'000	\$'000	\$'000
Life insurance contract liabilities (Note 27)	37,523,849	(314,562)	(97,131)
Unearned premium provisions (Note 28)	1,125,484	1,216,773	1,097,635
Provision for outstanding claims (Note 29)	2,625,542	2,349,551	2,080,218
	41,274,875	3,251,762	3,080,722

23 OTHER DEBTORS

	31 December 2014	The Group 31 December 2013 (Restated)	1 January 2013 (Restated)	The Company 31 December 2014	31 December 2013
	\$'000	\$'000	\$'000	\$'000	\$'000
Other debtors and deposits	13,926,761	7,959,476	5,973,474	77,469	20,949
Interest receivable from interest-bearing financial assets	5,880,778	4,242,987	3,200,432	22,554	4,710
Deposits for the purchase of property	3,300,698	996,934	341,035	-	-
Tax certificate paid to Hong Kong Inland Revenue Department	70,548	65,692	54,957	-	-
Business tax prepaid	1,883,519	1,087,814	436,921	-	-
Rental and utility deposits	104,771	128,602	82,002	327	2,435
Prepayments	396,961	274,488	135,296	6,463	7,563
Others	2,289,486	1,162,959	1,722,831	48,125	6,241
Loans and advances (note (b))	20,052,908	9,973,330	2,567,715	-	-
	33,979,669	17,932,806	8,541,189	77,469	20,949
Less: allowance for impaired debts (note (a))	(82,887)	(33,398)	(30,539)	-	-
	33,896,782	17,899,408	8,510,650	77,469	20,949

As at 31 December 2014, other debtors include an amount of \$20,227,000 (2013: \$20,227,000) that was pledged to a financial institution for providing security in connection with a reinsurance arrangement.

(a) Movement in the allowance for impaired debts:

	The Group 2014	2013 (Restated)
	\$'000	\$'000
At 1 January	33,398	34,675
Impairment losses recognised	54,410	702
Impairment losses reversed	(4,861)	(121)
Impairment losses written off	(211)	(2,597)
Exchange difference	151	739
At 31 December	82,887	33,398

The amount of impaired debts is \$82,887,000 (31 December 2013 as restated: \$33,398,000). The Group has taken various actions to recover the debts, but these debts have not yet been recovered.

23 OTHER DEBTORS (Continued)

(b) Loans and advances are repayable with the following terms:

	31 December 2014 \$'000	31 December 2013 \$'000	1 January 2013 \$'000	Interest rate
Secured loans:				
- to policyholders	14,961,277	9,973,330	2,567,715	6.4%
Unsecured loans:				
- to third parties	5,040,715	-	-	5.1%-6.8%
	<u>20,001,992</u>	<u>9,973,330</u>	<u>2,567,715</u>	
Analysed as:				
Current	14,961,277	9,973,330	2,567,715	
Non-current	5,040,715	-	-	
	<u>20,001,992</u>	<u>9,973,330</u>	<u>2,567,715</u>	

Included in the carrying amount of loans and advances as at 31 December 2014 is accumulated impairment loss of \$50,916,000 (1 January and 31 December 2013: Nil)

24 PLEDGED DEPOSITS AT BANKS

The deposits at banks of \$515,897,000 (31 December 2013 as restated: \$353,246,000) 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

- (a) Certain subsidiaries of the Group have placed \$4,988,269,000 (31 December 2013: \$4,672,016,000) with banks as capital guarantee funds, pursuant to the relevant PRC insurance rules and regulations. The funds can only be used with the prior approval of the relevant authorities in the event that the PRC subsidiaries cannot meet the statutory solvency requirements or go into liquidation.
- (b) A subsidiary of the Group has pledged a deposit of \$50,795,000 (31 December 2013: \$57,933,000) registered in favour of the Monetary Authority of Singapore pursuant to section 14A of the Singapore Insurance Act.
- (c) A subsidiary of the Group has pledged a deposit of \$9,765,000 (31 December 2013 as restated: \$6,080,000) with banks as guarantee fund, pursuant to Regulation of the Minister of Finance of the Republic of Indonesia.
- (d) A subsidiary of the Group has deposited a sum of \$1,686,000 (31 December 2013: \$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 2014 is 0.10% (2013: 0.10%).
- (e) A subsidiary of the Group deposited a sum of \$4,041,000 (31 December 2013 as restated: \$1,000,000) with The Stock Exchange of Hong Kong Limited, Hong Kong Securities Clearing Company Limited and the Hong Kong Securities and Futures Commission. They are non-interest bearing.

26 CASH AND BANK BALANCES

	31 December 2014	The Group 31 December 2013 (Restated)	1 January 2013 (Restated)	The Company 31 December 2014	31 December 2013
	\$'000	\$'000	\$'000	\$'000	\$'000
Deposits with banks and other financial institutions with original maturity less than three months	13,236,206	11,468,140	9,968,104	4,166,548	941,540
Money market fund	2,056	5,755	1,509	-	-
Cash at bank and in hand	20,734,155	16,521,822	8,621,338	133,618	10,205
Cash and cash equivalents in the consolidated statement of cash flows	33,972,417	27,995,717	18,590,951	4,300,166	951,745
Restricted deposits (Note 17A)	-	2,391,153	-	-	-
Cash and bank balances in the consolidated statement of financial position	33,972,417	30,386,870	18,590,951	4,300,166	951,745

27 LIFE INSURANCE CONTRACT LIABILITIES

	2014			2013		
	Gross	Reinsurers'	Net	Gross	Reinsurers'	Net
	\$'000	share	\$'000	\$'000	share	\$'000
Balance as at 1 January	172,199,677	314,562	172,514,239	121,422,778	97,131	121,519,909
Premiums written						
during the year	84,405,008	(40,054,264)	44,350,744	64,125,225	(138,937)	63,986,288
Surrenders	(13,972,478)	-	(13,972,478)	(6,375,770)	-	(6,375,770)
Annuity, dividend and maturity						
payments	(8,531,572)	-	(8,531,572)	(4,649,530)	-	(4,649,530)
Other movements	(9,874,198)	2,377,489	(7,496,709)	(6,868,485)	349,934	(6,518,551)
Exchange alignment	(362,240)	(161,636)	(523,876)	4,545,459	6,434	4,551,893
Balance as at 31 December	223,864,197	(37,523,849)	186,340,348	172,199,677	314,562	172,514,239

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 ranged from 3.17% - 5.61% (31 December 2013: 3.07% - 5.34%);
- 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.

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 2014			31 December 2013 (Restated)			1 January 2013 (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))	458,131	(86,758)	371,373	320,561	(73,715)	246,846	256,742	(57,830)	198,912
PRC property and casualty insurance (note (ii))	6,615,807	(527,318)	6,088,489	5,446,973	(690,272)	4,756,701	4,018,115	(659,047)	3,359,068
Overseas property and casualty insurance (note (iii))	1,278,641	(321,837)	956,804	1,209,598	(291,464)	918,134	1,117,311	(230,834)	886,477
Reinsurance (note (vi))	1,260,223	(66,244)	1,193,979	1,110,205	(50,676)	1,059,529	973,829	(39,605)	934,224
Other businesses (note (v))	482,957	(123,327)	359,630	421,207	(110,646)	310,561	325,707	(110,319)	215,388
	10,095,759	(1,125,484)	8,970,275	8,508,544	(1,216,773)	7,291,771	6,691,704	(1,097,635)	5,594,069

Notes:

- (i) Analysis of movement in the unearned premium provisions for the life insurance business:

	2014			2013		
	Reinsurers'			Reinsurers'		
	Gross	share	Net	Gross	share	Net
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance as at 1 January	320,561	(73,715)	246,846	256,742	(57,830)	198,912
Premiums written during the year	1,478,489	(186,856)	1,291,633	1,003,460	(167,820)	835,640
Premiums earned during the year	(1,340,436)	173,623	(1,166,813)	(948,564)	153,970	(794,594)
Exchange alignment	(483)	190	(293)	8,923	(2,035)	6,888
Balance as at 31 December	458,131	(86,758)	371,373	320,561	(73,715)	246,846

- (ii) Analysis of movement in the unearned premium provisions for the PRC property and casualty insurance business:

	2014			2013 (Restated)		
	Reinsurers'			Reinsurers'		
	Gross	share	Net	Gross	share	Net
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance as at 1 January	5,446,973	(690,272)	4,756,701	4,018,116	(659,047)	3,359,069
Premiums written during the year	16,749,923	(1,280,550)	15,469,373	13,518,869	(1,522,921)	11,995,948
Premiums earned during the year	(15,567,658)	1,440,398	(14,127,260)	(12,236,452)	1,512,502	(10,723,950)
Exchange alignment	(13,431)	3,106	(10,325)	146,440	(20,806)	125,634
Balance as at 31 December	6,615,807	(527,318)	6,088,489	5,446,973	(690,272)	4,756,701

- (iii) Analysis of movement in the unearned premium provisions for the overseas property and casualty insurance business:

	2014			2013 (Restated)		
	Reinsurers'			Reinsurers'		
	Gross	share	Net	Gross	share	Net
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance as at 1 January	1,209,598	(291,464)	918,134	1,117,311	(230,828)	886,483
Premiums written during the year	2,863,807	(898,867)	1,964,940	2,521,621	(837,956)	1,683,665
Premiums earned during the year	(2,778,693)	866,183	(1,912,510)	(2,407,202)	765,448	(1,641,754)
Exchange alignment	(16,071)	2,311	(13,760)	(22,132)	11,872	(10,260)
Balance as at 31 December	1,278,641	(321,837)	956,804	1,209,598	(291,464)	918,134

28 UNEARNED PREMIUM PROVISIONS (Continued)

(iv) Analysis of movement in the unearned premium provisions for the reinsurance business:

	2014 Reinsurers'			2013 Reinsurers'		
	Gross \$'000	share \$'000	Net \$'000	Gross \$'000	share \$'000	Net \$'000
Balance as at 1 January	1,110,205	(50,676)	1,059,529	973,829	(39,605)	934,224
Premiums written during the year	4,153,703	(401,613)	3,752,090	3,737,473	(347,496)	3,389,977
Premiums earned during the year	(4,000,771)	385,744	(3,615,027)	(3,617,547)	337,265	(3,280,282)
Exchange alignment	(2,914)	301	(2,613)	16,450	(840)	15,610
Balance as at 31 December	<u>1,260,223</u>	<u>(66,244)</u>	<u>1,193,979</u>	<u>1,110,205</u>	<u>(50,676)</u>	<u>1,059,529</u>

(v) Analysis of movement in the unearned premium provisions for other business:

	2014 Reinsurers'			2013 Reinsurers'		
	Gross \$'000	share \$'000	Net \$'000	Gross \$'000	share \$'000	Net \$'000
Balance as at 1 January	421,207	(110,646)	310,561	325,707	(110,319)	215,388
Premiums written during the year	1,872,368	(360,325)	1,512,043	1,374,778	(313,161)	1,061,617
Premiums earned during the year	(1,809,479)	347,329	(1,462,150)	(1,290,826)	316,240	(974,586)
Exchange alignment	(1,139)	315	(824)	11,548	(3,406)	8,142
Balance as at 31 December	<u>482,957</u>	<u>(123,327)</u>	<u>359,630</u>	<u>421,207</u>	<u>(110,646)</u>	<u>310,561</u>

29 PROVISION FOR OUTSTANDING CLAIMS

	31 December 2014 Reinsurers'			31 December 2013 (Restated) Reinsurers'			1 January 2013 (Restated) Reinsurers'		
	Gross \$'000	share \$'000	Net \$'000	Gross \$'000	share \$'000	Net \$'000	Gross \$'000	share \$'000	Net \$'000
Life insurance	92,296	(11,660)	80,636	86,819	(11,909)	74,910	109,850	(24,689)	85,161
PRC property and casualty insurance (note (i))	4,883,304	(1,026,396)	3,856,908	3,993,762	(773,616)	3,220,146	3,227,013	(561,278)	2,665,735
Overseas property and casualty insurance (note (ii))	3,607,838	(1,118,929)	2,488,909	3,376,747	(1,012,147)	2,364,600	3,188,646	(1,067,327)	2,121,319
Reinsurance (note (iii))	4,449,570	(368,325)	4,081,245	4,678,002	(464,114)	4,213,888	4,559,241	(370,843)	4,188,398
Other businesses (note (iv))	456,773	(100,232)	356,541	365,924	(87,765)	278,159	244,240	(56,081)	188,159
	<u>13,489,781</u>	<u>(2,625,542)</u>	<u>10,864,239</u>	<u>12,501,254</u>	<u>(2,349,551)</u>	<u>10,151,703</u>	<u>11,328,990</u>	<u>(2,080,218)</u>	<u>9,248,772</u>

29 PROVISION FOR OUTSTANDING CLAIMS (Continued)

Notes:

- (i) Analysis of movement in the provision for outstanding claims for the PRC property and casualty insurance business:

	2014			2013 (Restated)		
	Gross	Reinsurers'	Net	Gross	Reinsurers'	Net
	\$'000	share	\$'000	\$'000	share	\$'000
		\$'000			\$'000	
Balance as at 1 January	3,993,762	(773,616)	3,220,146	3,227,013	(561,278)	2,665,735
Claims paid during the year	(7,883,364)	770,465	(7,112,899)	(5,952,205)	749,053	(5,203,152)
Claims incurred during the year	8,782,560	(1,024,740)	7,757,820	6,607,370	(940,733)	5,666,637
Exchange alignment	(9,654)	1,495	(8,159)	111,584	(20,658)	90,926
Balance as at 31 December	<u>4,883,304</u>	<u>(1,026,396)</u>	<u>3,856,908</u>	<u>3,993,762</u>	<u>(773,616)</u>	<u>3,220,146</u>

- (ii) Analysis of movement in the provision for outstanding claims for the overseas property and casualty insurance business:

	2014			2013 (Restated)		
	Gross	Reinsurers'	Net	Gross	Reinsurers'	Net
	\$'000	share	\$'000	\$'000	share	\$'000
		\$'000			\$'000	
Balance as at 1 January	3,376,747	(1,012,147)	2,364,600	3,188,646	(1,067,325)	2,121,321
Claims paid during the year	(1,127,191)	345,857	(781,334)	(1,001,646)	347,559	(654,087)
Claims incurred during the year	1,389,293	(460,083)	929,210	1,227,551	(318,480)	909,071
Exchange alignment	(31,011)	7,444	(23,567)	(37,804)	26,099	(11,705)
Balance as at 31 December	<u>3,607,838</u>	<u>(1,118,929)</u>	<u>2,488,909</u>	<u>3,376,747</u>	<u>(1,012,147)</u>	<u>2,364,600</u>

- (iii) Analysis of movement in the provision for outstanding claims for the reinsurance business:

	2014			2013		
	Gross	Reinsurers'	Net	Gross	Reinsurers'	Net
	\$'000	share	\$'000	\$'000	share	\$'000
		\$'000			\$'000	
Balance as at 1 January	4,678,002	(464,114)	4,213,888	4,559,241	(370,843)	4,188,398
Claims paid during the year	(2,258,295)	154,490	(2,103,805)	(2,242,743)	162,138	(2,080,605)
Claims incurred during the year	2,050,982	(60,247)	1,990,735	2,322,132	(251,433)	2,070,699
Exchange alignment	(21,119)	1,546	(19,573)	39,372	(3,976)	35,396
Balance as at 31 December	<u>4,449,570</u>	<u>(368,325)</u>	<u>4,081,245</u>	<u>4,678,002</u>	<u>(464,114)</u>	<u>4,213,888</u>

- (iv) Analysis of movement in the provision for outstanding claims for other business:

	2014			2013		
	Gross	Reinsurers'	Net	Gross	Reinsurers'	Net
	\$'000	share	\$'000	\$'000	share	\$'000
		\$'000			\$'000	
Balance as at 1 January	365,924	(87,765)	278,159	244,240	(56,081)	188,159
Claims paid during the year	(718,581)	206,944	(511,637)	(522,861)	191,463	(331,398)
Claims incurred during the year	810,261	(219,650)	590,611	635,092	(220,917)	414,175
Exchange alignment	(831)	239	(592)	9,453	(2,230)	7,223
Balance as at 31 December	<u>456,773</u>	<u>(100,232)</u>	<u>356,541</u>	<u>365,924</u>	<u>(87,765)</u>	<u>278,159</u>

30 INVESTMENT CONTRACT LIABILITIES

(a) Unit-linked products

	The Group	
	2014	2013
	\$'000	\$'000
Balance as at 1 January	2,778,038	3,141,049
Premiums received during the year	70,770	66,772
Investment gain allocated to investment contracts	547,027	431,292
Surrenders and others	(884,329)	(952,139)
Exchange alignment	(10,419)	91,064
Balance as at 31 December	2,501,087	2,778,038

(b) Universal life and other products

	The Group	
	2014	2013
	\$'000	\$'000
Balance as at 1 January	16,331,969	22,840,677
Premiums received during the year	2,604,342	602,216
Interest allocated to investment contracts, net of management fee	1,410,559	659,192
Surrenders and others	(5,216,797)	(8,371,098)
Exchange alignment	(59,694)	600,982
Balance as at 31 December	15,070,379	16,331,969

31 DEFERRED TAX ASSETS AND LIABILITIES

(a) Deferred tax assets and liabilities recognised:

The Group

The components of deferred tax assets/(liabilities) (prior to the offsetting of balances within the same taxation jurisdiction) recognised in the consolidated statement of financial position and the movements during the year were as follows:

Deferred tax arising from:	Difference in depreciation allowances and related depreciation \$'000	Revaluation of properties \$'000	Fair value adjustment arising from business combination \$'000	Fair value adjustment of available- for-sale securities \$'000	Life insurance contract liabilities \$'000	Unused tax losses \$'000	Securities held for trading \$'000	Others \$'000	Total \$'000
At 1 January 2014	4,205	(1,700,873)	(79,222)	689,348	(1,103,918)	554,878	(236,992)	209,843	(1,662,731)
(Charged)/credited to consolidated statement of profit or loss	(5,145)	(337,601)	-	(39,019)	-	(464,963)	(158,734)	395,379	(610,083)
Credited/(charged) to other comprehensive income	-	(32,213)	-	(1,835,525)	-	-	-	-	(1,867,738)
Exchange difference	(8)	(3,245)	-	(2,485)	3,689	(3,818)	115	964	(4,788)
At 31 December 2014	<u>(948)</u>	<u>(2,073,932)</u>	<u>(79,222)</u>	<u>(1,187,681)</u>	<u>(1,100,229)</u>	<u>86,097</u>	<u>(395,611)</u>	<u>606,186</u>	<u>(4,145,340)</u>
At 1 January 2013 (Originally reported)	7,676	(1,078,096)	(79,222)	431,257	(1,070,398)	324,258	(234,017)	138,144	(1,560,398)
Effect of merger accounting	(860)	-	-	(2,299)	-	3,194	-	3,547	3,582
At 1 January 2013 (Restated)	6,816	(1,078,096)	(79,222)	428,958	(1,070,398)	327,452	(234,017)	141,691	(1,556,816)
Arising on acquisition of a subsidiary (Note 17A)	-	(370,315)	-	-	-	-	-	-	(370,315)
(Charged)/credited to consolidated statement of profit or loss	(3,053)	(214,221)	-	(243,100)	-	215,257	4,285	63,159	(177,673)
Credited/(charged) to other comprehensive income	-	(4,205)	-	493,651	-	-	-	-	489,446
Exchange difference	442	(34,036)	-	9,839	(33,520)	12,169	(7,260)	4,993	(47,373)
At 31 December 2013 (Restated)	<u>4,205</u>	<u>(1,700,873)</u>	<u>(79,222)</u>	<u>689,348</u>	<u>(1,103,918)</u>	<u>554,878</u>	<u>(236,992)</u>	<u>209,843</u>	<u>(1,662,731)</u>

31 DEFERRED TAX ASSETS AND LIABILITIES (Continued)

(a) Deferred tax assets and liabilities recognised: (Continued)

The Group (Continued)

	31 December 2014 \$'000	31 December 2013 (Restated) \$'000
Net deferred tax asset recognised in the consolidated statement of financial position	253,613	265,386
Net deferred tax liability recognised in the consolidated statement of financial position	(4,398,953)	(1,928,117)
	(4,145,340)	(1,662,731)

The Company

The component of deferred tax liabilities recognised in the statement of financial position and the movements during the year were as follows:

Deferred tax arising from:	Revaluation of properties \$'000
At 1 January 2013 and 2014	-
Charged to consolidated statement of profit or loss	(13)
At 31 December 2014	(13)

(b) Deferred tax assets not recognised

At 31 December 2014, the Group did not recognise deferred tax assets in respect of certain tax losses of \$2,012,901,000 (31 December 2013 as restated: \$1,868,105,000) and certain temporary differences of \$293,224,000 (31 December 2013 as restated: \$166,576,000). \$682,250,000 (31 December 2013 as restated: \$803,149,000) of the total tax losses can be carried forward up to five years after the year in which the loss was originated to offset future taxable profits, while the remaining tax losses and temporary difference do not expire under current tax legislation.

32 INTEREST-BEARING NOTES

	The Group	
	31 December 2014	31 December 2013 (Restated)
	\$'000	\$'000
RMB subordinated notes due 2019 (note (a))	-	381,567
RMB subordinated notes due 2020 (note (b))	4,690,268	4,705,993
RMB subordinated notes due 2021 (note (c))	380,292	381,567
USD notes due 2022 (note (d))	2,275,199	2,242,921
RMB subordinated notes due 2023 (note (e))	253,528	254,378
RMB subordinated notes due 2024 (note (f))	1,140,876	-
USD notes due 2028 (note (g))	2,326,998	2,317,656
	<u>11,067,161</u>	<u>10,284,082</u>

Notes:

- (a) 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.

The notes had been early redeemed at par during the Year.

- (b) 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.

- (c) 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.

- (d) On 22 November 2012, China Taiping Capital Limited, 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 any time 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.

32 INTEREST-BEARING NOTES (Continued)

Notes (Continued):

- (d) 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.

- (e) On 26 December 2013, TPI, a subsidiary of the Group issued 6.0% 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.

- (f) During the first quarter of 2014, TPI, a subsidiary of the Group issued 6.0% subordinated notes at par for the principal amount of RMB900,000,000. The notes will mature during the first quarter 2024 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.

- (g) On 2 October 2013, China Taiping Fortunes Limited, a subsidiary of the Group issued 6.0% 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.

The following subsidiary had issued interest-bearing notes, some of which are held by the Group:

	At 31 December 2014		
	Held by Group \$'000	Held by third parties \$'000	Total \$'000
China Taiping Capital Limited	51,799	2,275,199	2,326,998
	At 31 December 2013 (Restated)		
	Held by Group \$'000	Held by third parties \$'000	Total \$'000
China Taiping Capital Limited	58,354	2,242,921	2,301,275

33 INSURANCE CREDITORS

	31 December 2014	The Group 31 December 2013 (Restated)	1 January 2013 (Restated)
	\$'000	\$'000	\$'000
Amounts due to insurance customers/creditors	43,452,163	817,079	1,068,687
Amounts due to insurance intermediaries	1,603,748	1,048,918	755,424
Deposits retained from retrocessionaires	245,699	226,082	244,696
Prepaid premiums received	4,638,784	3,284,827	2,431,563
	49,940,394	5,376,906	4,500,370

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 Nil (31 December 2013 as restated: \$1,000) which are insurance related in nature.

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

	31 December 2014	The Group 31 December 2013 (Restated)	1 January 2013 (Restated)
	\$'000	\$'000	\$'000
Current	43,083,400	678,057	878,328
More than 3 months but less than 12 months	204,738	101,379	156,699
More than 12 months	164,025	37,643	33,660
	43,452,163	817,079	1,068,687

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

	31 December 2014		
	Held-to-maturity securities \$'000	Available-for-sale securities \$'000	Total \$'000
Carrying amount of transferred assets	28,173,526	16,835,198	45,008,724
Carrying amount of associated liabilities - securities sold under repurchase agreements	25,345,987	14,178,123	39,524,110
Net position	2,827,539	2,657,075	5,484,614
	31 December 2013		
	Held-to-maturity securities \$'000	Available-for-sale securities \$'000	Total \$'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
	1 January 2013		
	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

36 SECURITIES PURCHASED UNDER RESALE AGREEMENTS/ SECURITIES SOLD UNDER REPURCHASE AGREEMENTS (Continued)

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 2014, most of the securities purchased under resale agreements and the securities sold under repurchase agreements will mature within 14 days (31 December 2013: within 79 days), with interest rates of 3% to 6% (31 December 2013: 3% to 26%) and 4% to 9% (31 December 2013: 3% to 9%) per annum respectively.

37 BANK BORROWINGS

	31 December 2014 \$'000	The Group 31 December 2013 \$'000	1 January 2013 \$'000
Bank loans - unsecured	10,420,582	7,289,019	4,320,486

The loans are repayable as follows:

	31 December 2014 \$'000	The Group 31 December 2013 \$'000	1 January 2013 \$'000
Within 1 year	1,920,856	300,000	598,981
After 1 year but within 5 years	8,499,726	6,989,019	3,721,505
	10,420,582	7,289,019	4,320,486

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

As at 31 December 2014, all bank loans are unsecured and carry interest at HIBOR plus 1.3% to HIBOR plus 2.15% or LIBOR plus 1.7% (31 December 2013: HIBOR plus 1.3% to HIBOR plus 2.1% or LIBOR plus 2.4%) per annum, with effective interest rates ranging from 1.5% to 4.6% (31 December 2013: 1.29% to 2.66%) per annum.

38 SHARE CAPITAL

	2014		2013	
	No. of shares	\$'000	No. of shares	\$'000
Ordinary shares, issued and fully paid:				
At 1 January	1,705,875,092	85,294	1,705,875,092	85,294
Transit to no-par value regime on 3 March 2014 (<i>note (a)</i>)	-	9,055,686	-	-
Issue of shares under Acquisition (<i>Note 1</i>)	862,735,270	11,750,061	-	-
Rights Issue (<i>note (b)</i>)	539,408,176	6,400,063	-	-
At 31 December (<i>note (c)</i>)	3,108,018,538	27,291,104	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) In accordance with transitional provisions set out in section 37 of Schedule 11 to Hong Kong Companies Ordinance (Cap. 622), on 3 March 2014, any amount standing to the credit of the share premium account has become part of Company's share capital.

Under the Hong Kong Companies Ordinance (Cap. 622), which commenced operation on 3 March 2014, the concept of authorized share capital no longer exists.

- (b) In 2014, the Company raised approximately \$6,413,563,000 by way of a right issue on the basis of 21 Rights Shares for every 100 Shares held by the Qualifying Shareholders at the subscription price of \$11.89 per Rights Share. The Company has issued 539,408,176 new shares from the Rights Issue. The net proceeds of the Rights Issue, after deduction of related expenses, was approximately \$6,400,063,000. Of which, the Company repaid the shareholder's loans in the sum of US\$570,000,000 (equivalent to approximately HK\$4,434,929,000) owing to the immediate holding company, and the remaining net proceeds will be used as general working capital of the Group.
- (c) The issued and paid up capital of \$27,291,104,000 included \$13,500,000 in relation to the expenses for Rights Issue. Prior to the deduction of such expenses, the issued and paid up capital is \$27,304,604,000.

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	Perpetual subordinated capital securities \$'000	Attributable to owners of the Company \$'000	Non- controlling interests \$'000	Total \$'000
At 1 January 2014 <i>(Restated)</i>	9,055,686	9,996,790	(6,482,946)	(3,231,273)	1,425,018	(830,949)	28,986	(20,285)	384,001	11,011,124	-	21,336,152	4,036,567	25,372,719
Profit for the year	-	-	-	-	-	-	-	-	-	3,963,486	78,196	4,041,682	832,420	4,874,102
Other comprehensive income for the year :														
Revaluation gain arising from reclassification of own-use properties to investment properties	-	-	-	-	-	-	-	-	204,411	-	-	204,411	1,188	205,599
Exchange differences on translation of the financial statements of subsidiaries, associates and joint ventures	-	-	-	-	(104,720)	-	-	-	-	-	-	(104,720)	(3,320)	(108,040)
Available-for-sale securities (note):	-	-	-	-	-	4,051,366	-	-	-	-	-	4,051,366	1,405,759	5,457,125
- changes in fair value	-	-	-	-	-	6,625,429	-	-	-	-	-	6,625,429	2,221,034	8,846,463
- deferred tax recognised	-	-	-	-	-	(1,367,864)	-	-	-	-	-	(1,367,864)	(467,661)	(1,835,525)
- transferred to profit or loss	-	-	-	-	-	(1,206,199)	-	-	-	-	-	(1,206,199)	(347,614)	(1,553,813)
Total comprehensive income	-	-	-	-	(104,720)	4,051,366	-	-	204,411	3,963,486	78,196	8,192,739	2,236,047	10,428,786
Share options lapsed	-	-	-	-	-	-	(1,025)	-	-	1,025	-	-	-	-
Issue of perpetual subordinated capital securities	-	-	-	-	-	-	-	-	-	-	4,629,071	4,629,071	-	4,629,071
Acquisition of certain target interests, target assets and liabilities	-	1,753,271	4,008	(1,701,195)	-	-	-	-	-	-	-	56,084	-	56,084
Transition to no par-regime on 3 March 2014	(9,055,686)	-	-	-	-	-	-	-	-	-	-	(9,055,686)	-	(9,055,686)
Rights Issue	-	-	-	-	-	-	-	847	-	-	-	847	-	847
Share issued to TPG (HK) under Acquisition	-	(11,750,061)	-	-	-	-	-	-	-	-	-	(11,750,061)	-	(11,750,061)
Capital contributions made to subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	4,400,089	4,400,089
Dividend declared by subsidiaries to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	(34,437)	(34,437)
At 31 December 2014	-	-	(6,478,938)	(4,932,468)	1,320,298	3,220,417	27,961	(19,438)	588,412	14,975,635	4,707,267	13,409,146	10,638,266	24,047,412

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	Perpetual subordinated capital securities	Attributable to owners of the Company	Non- controlling interests	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
At 1 January 2013 as previously reported	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
Effect of merger accounting	-	-	24,855	574,250	(21,629)	255,954	-	-	-	651,711	-	1,485,141	35,275	1,520,416
At 1 January 2013, as restated	9,055,686	-	(1,563,948)	(816,615)	1,087,107	222,289	46,431	(33,038)	356,159	9,353,498	-	17,707,569	7,068,513	24,776,082
Profit for the year	-	-	-	-	-	-	-	-	-	1,652,934	-	1,652,934	687,119	2,340,053
Other comprehensive income 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 venture	-	-	-	-	337,911	-	-	-	-	-	-	337,911	255,029	592,940
Available-for-sale securities (note):	-	-	-	-	-	(1,053,238)	-	-	-	-	-	(1,053,238)	(584,917)	(1,638,155)
- changes in fair value	-	-	-	-	-	(1,410,956)	-	-	-	-	-	(1,410,956)	(720,429)	(2,131,385)
- deferred tax recognised	-	-	-	-	-	308,905	-	-	-	-	-	308,905	184,746	493,651
- transferred to profit or loss	-	-	-	-	-	48,813	-	-	-	-	-	48,813	(49,234)	(421)
Total comprehensive income	-	-	-	-	337,911	(1,053,238)	-	-	27,842	1,652,934	-	965,449	361,798	1,327,247
Share options lapsed	-	-	-	-	-	-	(3,015)	-	-	3,015	-	-	-	-
Vested shares for Share Award Scheme	-	-	-	-	-	-	(14,430)	12,753	-	1,677	-	-	-	-
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 interests 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 (Restated)	9,055,686	9,996,790	(6,482,946)	(3,231,273)	1,425,018	(830,949)	28,986	(20,285)	384,001	11,011,124	-	21,336,152	4,036,567	25,372,719

39 RESERVES (Continued)

(a) The Group (Continued)

Note:

	2014					Total \$'000
	Life insurance \$'000	PRC property and casualty insurance \$'000	Overseas property and casualty insurance \$'000	Reinsurance \$'000	Other businesses \$'000	
Debt securities	2,709,276	115,529	(34,808)	(22,190)	70,541	2,838,348
Equity securities	4,106,396	96,782	(61,628)	(9,603)	62,338	4,194,285
Investment funds	694,731	2,608	12,654	(5,120)	(444,856)	260,017
	7,510,403	214,919	(83,782)	(36,913)	(311,977)	7,292,650
Deferred tax charged to reserves	(1,877,600)	(53,729)	13,440	801	81,563	(1,835,525)
Shared by non-controlling interests	(1,402,568)	-	-	-	(3,191)	(1,405,759)
	4,230,235	161,190	(70,342)	(36,112)	(233,605)	4,051,366
	2013 (Restated)					Total \$'000
	Life insurance \$'000	PRC property and casualty insurance \$'000	Overseas property and casualty insurance \$'000	Reinsurance \$'000	Other businesses \$'000	
Debt securities	(2,271,368)	(81,214)	(82,339)	(47,538)	(77,050)	(2,559,509)
Equity securities	(9,402)	8,980	12,385	157	19,117	31,237
Investment funds	362,401	27,613	(2,672)	3,403	5,721	396,466
	(1,918,369)	(44,621)	(72,626)	(43,978)	(52,212)	(2,131,806)
Deferred tax charged to reserves	479,592	11,154	(8,518)	2,854	8,569	493,651
Shared by non-controlling interests	563,568	19,758	-	-	1,591	584,917
	(875,209)	(13,709)	(81,144)	(41,124)	(42,052)	(1,053,238)

Included in the retained profits is an amount of \$56,408,000 (2013 as restated: \$54,443,000), being the retained profits attributable to associates.

Included in the fair value reserve is a deficit of \$24,840,000 (2013: deficit of \$24,840,000), being the fair value reserves attributable to associates.

39 RESERVES (Continued)

(b) The Company

	Share premium \$'000	Shares to be issued \$'000	Capital reserve \$'000	Exchange reserve \$'000	Fair value reserve \$'000	Employee share-based compensation reserve \$'000	Shares held for Share Award Scheme \$'000	Retained profits \$'000	Perpetual subordinated capital securities \$'000	Total \$'000
At 1 January 2014	9,055,686	9,996,790	(666,239)	(515)	9,791	28,985	(13,898)	422,202	-	18,832,802
Available-for-sale securities:										
- Changes in fair value (note)	-	-	-	-	1,209	-	-	-	-	1,209
Exchange difference on translation of foreign operations	-	-	-	(3)	-	-	-	-	-	(3)
Profit for the year	-	-	-	-	-	-	-	(236,253)	78,196	(158,057)
Acquisition of certain target interests, target assets and liabilities	-	1,753,271	4,244	-	-	-	-	-	-	1,757,515
Share issued to TPG(HK) under Acquisition	-	(11,750,061)	-	-	-	-	-	-	-	(11,750,061)
Rights Issue	-	-	-	-	-	-	594	-	-	594
Issue of perpetual subordinated share capital	-	-	-	-	-	-	-	-	4,629,071	4,629,071
Transition to no par-regime on 3 March 2014	(9,055,686)	-	-	-	-	-	-	-	-	(9,055,686)
Share options lapsed	-	-	-	-	-	(1,024)	-	1,024	-	-
At 31 December 2014	-	-	(661,995)	(518)	11,000	27,961	(13,304)	186,973	4,707,267	4,257,384

	Share premium \$'000	Shares to be issued \$'000	Capital reserve \$'000	Exchange reserve \$'000	Fair value reserve \$'000	Employee share-based compensation reserve \$'000	Shares held for Share Award Scheme \$'000	Retained profits \$'000	Perpetual subordinated capital securities \$'000	Total \$'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)	-	-	-	-	(7,968)	-	-	-	-	(7,968)
Exchange difference on translation of foreign operations	-	-	-	(515)	-	-	-	-	-	(515)
Profit for the year	-	-	-	-	-	-	-	120,339	-	120,339
Acquisition of certain target interests, target assets and liabilities	-	278,890	(91)	-	-	-	-	-	-	278,799
Acquisition of additional interest in subsidiaries	-	9,717,900	(666,148)	-	-	-	-	-	-	9,051,752
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

39 RESERVES (Continued)

(b) The Company (Continued)

	2014 \$'000	2013 \$'000
Note: Changes in fair value		
Debt securities	2,751	(12,219)
Equity securities	-	2,946
Investment funds	(1,542)	1,305
	1,209	(7,968)

(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) 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.

(iv) Share premium

Prior to 3 March 2014, the application of the share premium account was governed by sections 48B and 49H of the predecessor Hong Kong Companies Ordinance (Cap. 32). In accordance with the transitional provisions set out in section 37 of Schedule 11 to the new Hong Kong Companies Ordinance (Cap. 622), on 3 March 2014 any amount standing to the credit of the share premium account has become part of the Company's share capital (note 38). The use of share capital as from 3 March 2014 governed by the new Hong Kong Companies Ordinance (Cap. 622).

(v) Exchange reserve

The exchange reserve is comprised of all of the foreign exchange differences arising from the translation of the financial statements of Group entities that has on functional currency different from 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)

(vi) 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).

(vii) 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(z)(i).

(viii) 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(z)(ii).

(ix) 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 PERPETUAL SUBORDINATED CAPITAL SECURITIES

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

The perpetual subordinated capital securities, with an aggregate principal amount of USD600,000,000 (equivalent to \$4,650,090,000) were recorded as equity amounting to \$4,629,071,000 net of issuance costs.

41 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 \$30,000 (\$25,000 before 1 June 2014). 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 2013: 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.

42 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.

42 EQUITY COMPENSATION BENEFITS (Continued)

(a) Share Option Scheme (Continued)

The exercise price of and the number of Shares subject to the outstanding Share Options will be adjusted in the following manner with effect from 26 November 2014:

Date of grant	Before Adjustments		After Adjustments	
	Exercise price per Share \$	Number of Shares subject to outstanding Share Options	Exercise price per Share \$	Number of Shares subject to outstanding Share Options
02/11/2005	2.875	2,767,000	2.731	2,913,098
29/12/2006	9.800	175,000	9.309	184,240
26/02/2007	9.490	800,000	9.014	842,240
29/06/2007	14.220	175,000	13.507	184,240
31/12/2007	21.400	175,000	20.327	184,240
30/06/2008	19.316	175,000	18.347	184,240
31/12/2008	11.920	175,000	11.322	184,240
31/12/2009	25.100	350,000	23.841	368,480
30/06/2010	25.910	175,000	24.611	184,240
31/12/2010	24.180	175,000	22.967	184,240
30/06/2011	17.580	175,000	16.698	184,240
30/12/2011	14.728	175,000	13.989	184,240
		<u>5,492,000</u>		<u>5,781,978</u>

(i) Movements in share options

	2014 Number	2013 Number
At 1 January	6,292,000	8,642,000
Lapsed	(800,000)	(2,350,000)
Adjustment after Rights Issue	289,978	-
At 31 December	<u>5,781,978</u>	<u>6,292,000</u>
Options exercisable as at 31 December	<u>5,781,978</u>	<u>6,292,000</u>

42 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 (note) \$	2014 Number (note)	2013 Number
02/11/2005	23/11/2005 to 27/11/2015	2.731	2,913,098	3,567,000
29/12/2006	29/12/2006 to 28/12/2016	9.309	184,240	175,000
26/02/2007	26/02/2007 to 25/02/2017	9.014	842,240	800,000
29/06/2007	29/06/2007 to 28/06/2017	13.507	184,240	175,000
31/12/2007	31/12/2007 to 30/12/2017	20.327	184,240	175,000
30/06/2008	30/06/2008 to 29/06/2018	18.347	184,240	175,000
31/12/2008	31/12/2008 to 30/12/2018	11.322	184,240	175,000
31/12/2009	31/12/2009 to 30/12/2019	23.841	368,480	350,000
30/06/2010	30/06/2010 to 29/06/2020	24.611	184,240	175,000
31/12/2010	31/12/2010 to 30/12/2020	22.967	184,240	175,000
30/06/2011	30/06/2011 to 29/06/2021	16.698	184,240	175,000
30/12/2011	30/12/2011 to 29/12/2021	13.989	184,240	175,000
			5,781,978	6,292,000

Note:

Upon the completion of the Rights Issue on 26 November 2014, the exercise price per Share and number of Shares which may be issued in respect of the outstanding share options have been adjusted pursuant to the terms of the share option schemes, details of which were set out in the announcement of the Company dated 25 November 2014.

42 EQUITY COMPENSATION BENEFITS (Continued)

(a) Share Option Scheme (Continued)

(iii) Details of share options lapsed during the Year. The options were granted for \$1 in consideration.

Exercise period	Exercise price \$	2014 Number	2013 Number
23/11/2005 to 22/11/2015	2.875	(800,000)	(2,350,000)

(b) Share Award Scheme

The purpose of the Share Award Scheme is to recognise 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:

	2014 Number	2013 Number
At 1 January	-	567,600
Vested (<i>note</i>)	-	(567,600)
At 31 December	-	-

Note: The amount represents awarded shares vested during the Year.

Apart from the awarded shares, as at 31 December 2014, 969,200 shares (31 December 2013: 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.

The nil-paid rights shares allotted under the Rights Issue held during the Year by the Shares held under the Share Award Scheme, were disposed in the market in accordance with the terms of the Share Award Scheme, with the net proceeds of sale of such rights were remitted back to the relevant group companies. The net proceed mentioned above amounted to \$847,000.

42 EQUITY COMPENSATION BENEFITS (Continued)

(b) Share Award Scheme (Continued)

(ii) Details of the awarded shares vested are as follows:

Date of award	Average fair value per share \$	Year ended 31 December 2013	
		Number of awarded shares vested	Cost of related awarded shares (including acquisition transaction costs) \$'000
22/02/2010	24.45	7,600	168
30/09/2010	26.00	51,400	1,187
04/11/2010	28.50	59,000	1,363
11/11/2010	28.85	449,600	10,035
		<u>567,600</u>	<u>12,753</u>

43 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 2014							
Assets							
Deposits at banks and other financial institutions (including statutory deposits)	49,351	16,073,266	13,002,511	36,444,209	63,382	-	65,632,719
Pledged deposits at banks	73	357,089	65,951	92,784	-	-	515,897
Debt securities (under held-to-maturity)	-	121,242	1,171,960	10,549,997	96,057,667	-	107,900,866
Debt securities (under available-for-sale)	-	2,040,343	1,636,414	13,587,030	23,030,870	219,301	40,513,958
Debt securities (under held-for-trading)	-	-	25,175	231,158	154,780	8,164	419,277
Debt securities (under designated at fair value through profit or loss)	-	16,743	21,021	218,068	156,684	25,212	437,728
Debt securities and debt products (under loans and receivables)	-	1,061,563	5,595,498	21,164,050	33,424,286	-	61,245,397
Securities purchased under resale agreements	110,378	806,472	-	-	-	-	916,850
Loans and advances	-	33,697	15,364,904	4,033,749	620,558	-	20,052,908
	159,802	20,510,415	36,883,434	86,321,045	153,508,227	252,677	297,635,600
Liabilities							
Interest-bearing notes	-	-	4,690,268	1,774,696	4,602,197	-	11,067,161
Bank borrowings	-	55,000	1,865,856	8,499,726	-	-	10,420,582
	-	55,000	6,556,124	10,274,422	4,602,197	-	21,487,743

43 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 2013 (Restated)							
Assets							
Deposits at banks and other financial institutions (including statutory deposits)	8,692,623	3,186,673	371,492	40,705,574	190,783	2,683	53,149,828
Money market funds	5,486	-	-	-	-	269	5,755
Pledged deposits at banks	77	303,466	49,703	-	-	-	353,246
Certificates of deposit (under available-for-sale)	-	-	5,010	-	-	-	5,010
Debt securities (under held-to-maturity)	-	100,565	1,324,654	8,693,815	93,876,759	-	103,995,793
Debt securities (under available-for-sale)	-	340,236	563,400	14,578,443	22,784,911	222,269	38,489,259
Debt securities (under held-for-trading)	-	-	50,839	74,144	188,860	8,530	322,373
Debt securities (under designated at fair value through profit or loss)	-	7,891	25,956	207,442	225,255	-	466,544
Debt securities and debt products (under loans and receivables)	-	69,823	1,249,819	8,817,072	24,636,690	-	34,773,404
Securities purchased under resale agreements	-	214,949	-	-	-	-	214,949
Loans and advances	-	-	9,973,330	-	-	-	9,973,330
	<u>8,698,186</u>	<u>4,223,603</u>	<u>13,614,203</u>	<u>73,076,490</u>	<u>141,903,258</u>	<u>233,751</u>	<u>241,749,491</u>
Liabilities							
Interest-bearing notes	-	-	-	-	10,284,082	-	10,284,082
Bank borrowings	-	-	300,000	6,989,019	-	-	7,289,019
Shareholders' loans	-	-	-	-	4,434,929	-	4,434,929
	<u>-</u>	<u>-</u>	<u>300,000</u>	<u>6,989,019</u>	<u>14,719,011</u>	<u>-</u>	<u>22,008,030</u>

43 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 1 January 2013 (Restated)							
Assets							
Deposits at banks and other financial institutions (including statutory deposits)	5,838,408	6,477,233	5,785,474	30,862,236	-	3,033	48,966,384
Money market funds	1,193	-	-	-	-	316	1,509
Pledged deposits at banks	75	239,159	65,427	-	-	-	304,661
Certificates of deposit (under available-for-sale)	-	-	-	5,028	-	-	5,028
Debt securities (under held-to-maturity)	-	146,509	553,386	6,462,317	85,310,652	-	92,472,864
Debt securities (under available-for-sale)	-	49,636	1,285,985	7,034,878	19,257,271	296,697	27,924,467
Debt securities (under held-for-trading)	-	-	3,922	68,503	94,805	22,183	189,413
Debt securities (under designated at fair value through profit or loss)	-	441,356	176,616	297,505	175,024	-	1,090,501
Debt securities and debt products (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
	<u>5,839,676</u>	<u>7,804,037</u>	<u>10,716,011</u>	<u>49,256,624</u>	<u>121,799,325</u>	<u>322,229</u>	<u>195,737,902</u>
Liabilities							
Interest-bearing notes	-	-	3,205,328	-	10,129,408	-	13,334,736
Bank borrowings	-	-	598,981	3,721,505	-	-	4,320,486
	<u>-</u>	<u>-</u>	<u>3,804,309</u>	<u>3,721,505</u>	<u>10,129,408</u>	<u>-</u>	<u>17,655,222</u>

(b) The Company

	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 2014							
Assets							
Deposits at banks and other financial institutions	41,402	6,211,687	256,766	-	-	-	6,509,855
Debt securities	-	-	-	249,995	370,647	-	620,642
Amounts due from group companies	5,012,933	1,049	1,967	1,483,464	-	-	6,499,413
	<u>5,054,335</u>	<u>6,212,736</u>	<u>258,733</u>	<u>1,733,459</u>	<u>370,647</u>	<u>-</u>	<u>13,629,910</u>

43 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 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
	<u>4,778,116</u>	<u>941,540</u>	<u>-</u>	<u>172,582</u>	<u>164,157</u>	<u>-</u>	<u>6,056,395</u>

44 FAIR VALUES OF FINANCIAL INSTRUMENTS

(a) Fair value of Group's financial assets and financial liabilities that are measured at fair value on a recurring basis

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

- The fair value of financial assets and financial liabilities classified as Level 1 with standard terms and conditions and traded on active liquid markets are determined with reference to recent transaction price or quoted market bid prices and ask prices respectively;
- The fair value of derivative instruments are estimated using discounted cash flow analysis and the applicable yield curve for the duration of the non-applicable derivative;
- The fair value of unlisted investment funds and unlisted debt securities included in financial assets at fair value through profit or loss and available-for-sale investments classified as Level 2 are established by reference to the prices quoted by respective fund administrators or by using valuation techniques including the use of recent arm's length transactions; and
- The fair value of other financial assets and financial liabilities (excluding derivative instruments) classified as Level 3 are determined in accordance with generally accepted pricing models based on discounted cash flow analysis or using prices or rates from unobservable current market transactions as input.

44 FAIR VALUES OF FINANCIAL INSTRUMENTS (Continued)

(a) Financial instruments measured at fair value on a recurring basis (Continued)

Fair value measurements and valuation process

The Group uses valuation techniques to determine the fair value of financial instruments when it is unable to obtain the open market quotation in active markets.

The valuation techniques used by the Group to determine the fair value of investments in debt and equity securities 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. When 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.

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

(i) The Group

	At 31 December 2014			Total \$'000
	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	
Financial assets				
Investments in debt and equity securities:				
- Available-for-sale	43,808,567	21,431,893	15,390	65,255,850
- Held-for-trading	4,692,337	194,868	-	4,887,205
- Designated at fair value though profit or loss	487,161	97,012	-	584,173
Policyholder account assets in respect of unit-linked products	<u>1,997,475</u>	<u>503,612</u>	<u>-</u>	<u>2,501,087</u>
Financial liabilities				
Investment contract liabilities in respect of unit-linked products	<u>(1,997,475)</u>	<u>(503,612)</u>	<u>-</u>	<u>(2,501,087)</u>

44 FAIR VALUES OF FINANCIAL INSTRUMENTS (Continued)

(a) Financial instruments measured at fair value on a recurring basis (Continued)

(i) The Group (Continued)

	At 31 December 2013 (Restated)			Total \$'000
	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	
Financial assets				
Investments in debt and equity securities:				
- Available-for-sale	29,097,055	22,466,875	15,884	51,579,814
- Held-for-trading	768,198	370,813	-	1,139,011
- Designated at fair value through profit or loss	518,636	70,023	-	588,659
Policyholder account assets in respect of unit-linked products	<u>2,587,973</u>	<u>190,065</u>	<u>-</u>	<u>2,778,038</u>
Financial liabilities				
Investment contract liabilities in respect of unit-linked products	<u>(2,587,973)</u>	<u>(190,065)</u>	<u>-</u>	<u>(2,778,038)</u>

(ii) The Company

	At 31 December 2014			Total \$'000
	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	
Financial assets				
Investments in debt and equity securities:				
- Available-for-sale	<u>620,642</u>	<u>20,923</u>	<u>-</u>	<u>641,565</u>
	At 31 December 2013			Total \$'000
	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	
Financial assets				
Investments in debt and equity securities:				
- Available-for-sale	<u>336,739</u>	<u>22,465</u>	<u>-</u>	<u>359,204</u>

44 FAIR VALUES OF FINANCIAL INSTRUMENTS (Continued)

(a) Financial instruments measured at fair value on a recurring basis (Continued)

Reconciliation of Level 3 fair value measurements of financial assets:

The Group

	Available-for-sale unlisted securities \$'000
At 1 January 2014	15,884
Gain or losses recognised in:	
- profit or loss	(351)
- other comprehensive income	477
Disposal/settlement	(620)
At 31 December 2014	15,390
	Available-for-sale unlisted securities \$'000
At 1 January 2013 (<i>Restated</i>)	17,967
Gain or losses recognised in:	
- other comprehensive income	2,861
Disposal/settlements	(4,944)
At 31 December 2013 (<i>Restated</i>)	15,884

At 31 December 2014, available-for-sale debt securities and investment funds with carrying amounts of \$1,135,573,000 were transferred from Level 1 to Level 2 because quoted prices in the market for such investments were no longer regularly available. Conversely, available-for-sale debt securities and investment funds with carrying amounts of \$3,058,159,000 were transferred from Level 2 to Level 1 because quoted prices in active markets were available as at 31 December 2014. No transfer in either direction during the Year ended 31 December 2013.

44 FAIR VALUES OF FINANCIAL INSTRUMENTS (Continued)

(b) 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)

The carrying amounts of the Group's financial instruments carried at cost or amortised cost are not materially different from their fair values as at 31 December 2013 and 2014 except for the following financial instruments, for which their carrying amounts and fair value and the level of fair value hierarchy are disclosed below:

The Group

	Carrying amount \$'000	Fair value \$'000	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000
At 31 December 2014					
Held-to-maturity debt securities	107,900,866	109,116,531	8,052,399	101,064,132	-
Loans and receivables					
- debts securities	383,842	385,060	-	385,060	-
- investment funds	909,865	911,170	-	911,170	-
- debt products	60,861,555	60,971,147	-	-	60,971,147
Interest-bearing notes	(11,067,161)	(11,380,657)	-	(11,380,657)	-
	Carrying amount \$'000	Fair value \$'000	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000

At 31 December 2013 (Restated)

Held-to-maturity debt securities	103,995,793	94,263,222	11,188,113	83,075,109	-
Loans and receivables					
- debts securities	1,002,929	1,134,327	-	1,134,327	-
- investment funds	645,171	625,404	-	625,404	-
- debt products	33,770,475	32,608,973	-	-	32,608,973
Interest-bearing notes	(10,284,082)	(9,504,737)	-	(9,504,737)	-

For listed held-to-maturity debt securities classified as Level 1, fair value is based on unadjusted quoted prices for identical assets traded in active market.

44 FAIR VALUES OF FINANCIAL INSTRUMENTS (Continued)

(b) 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) (Continued)

For unlisted held-to-maturity debt securities and interest-bearing notes issued classified as Level 2, fair value is determined by generally accepted pricing models including discounted cash flow technique by using observable market inputs such as market interest yield. For unlisted investment fund classified as Level 2, fair value is determined by broker quotes that can be corroborated with observable recent market transactions.

For debt products under loans and receivables classified as Level 3, fair value is determined by generally accepted pricing models including discounted cash flow technique by using unobservable discount rates that reflect the credit risk.

45 COMMITMENTS

(a) Capital commitments as of 31 December 2014 were as follows:

	2014	2013	2012
	\$'000	<i>(Restated)</i>	<i>(Restated)</i>
	\$'000	\$'000	\$'000
Contracted for but not provided			
- property and equipment	3,680,262	4,636,740	250,828
- investment properties	34,203	449,700	730,362
- investments in subsidiaries and associates	-	89,032	-
	3,714,465	5,175,472	981,190
Authorized but not contracted for	4,970,416	1,921,840	2,333,347

(b) As of 31 December 2014, the total future minimum lease payments under non-cancellable operating leases are payable as follows:

	2014	2013	2012
	\$'000	<i>(Restated)</i>	<i>(Restated)</i>
	\$'000	\$'000	\$'000
Within 1 year	739,122	423,907	352,475
After 1 year but within 5 years	763,078	571,418	438,676
After 5 years	19,427	2,743	13,410
	1,521,627	998,068	804,561

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

46 POLICYHOLDER ACCOUNT ASSETS IN RESPECT OF UNIT-LINKED PRODUCTS

	The Group	
	31 December	31 December
	2014	2013
	\$'000	\$'000
Investments in held-for-trading securities		
- Debt securities	164,053	190,065
- Equity securities	960,335	882,085
- Investment funds	971,584	1,380,708
Other debtors	148,396	21,307
Securities purchased under resale agreements	3,930	8,522
Money market fund	22,436	61,368
Deposits at banks with original maturity more than three months	-	-
Cash and bank balances	230,353	233,983
	2,501,087	2,778,038

The above assets are held for policyholders of unit-linked products.

47 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 2014.

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	
		2014	2013
			<i>(Restated)</i>
	<i>Note</i>	\$'000	\$'000
Shareholder's loans and other interest paid	(i)	75,713	19,518
Property project management fee paid	(ii)	7,560	11,897

Notes:

- (i) TPG and TPG(HK) provide financial assistance and shareholder's loans to and received interest from the Company and certain subsidiaries of the Group.
- (ii) Certain fellow subsidiary of the Group provides property project management service to and received management fee from certain subsidiaries of the Company.

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 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 2014, all target interests and target assets had been transferred to the Group. Please refer to Note 1 for details.
- (b) On 7 March, 2013, relevant approvals for the increase of the capital of TPL by RMB2,500 million to RMB6,230 million were 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.

Business transactions between state-owned enterprises controlled by the PRC (collectively “State-Owned Entities”) are within the scope of related party transaction. 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 2014, the carrying amount of goodwill and intangible assets were \$668.52 million (31 December 2013: \$770.35 million) and \$261.67 million (31 December 2013: \$263.29 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 2014, the carrying amount of available-for-sale financial assets were \$70,577.60 million (31 December 2013 as restated: \$56,745.28 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 \$10,095.76 million (31 December 2013 as restated: \$8,508.54 million), provision for outstanding claims of \$13,489.78 million (31 December 2013 as restated: \$12,502.13 million) and life insurance contract liabilities of \$223,864.20 million (31 December 2013: \$172,199.68 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 discount rate. 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 2014, a deferred tax liability of \$1,100 million (as at 31 December 2013: \$1,104 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 2014 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 2014

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 2014 and which have not been adopted in these financial statements.

Amendments to HKFRSs	Annual Improvements to HKFRSs 2010-2012 Cycle ¹
Amendments to HKFRSs	Annual Improvements to HKFRSs 2011-2013 Cycle ¹
Amendments to HKFRSs	Annual Improvements to HKFRSs 2012-2014 Cycle ²
Amendments to HKAS 1	Disclosure Initiative ²
Amendments to HKAS 19	Defined benefit plans: Employee contributions ¹
Amendments to HKAS 27	Equity Method in Separate Financial Statements ²
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between and Investor and its Associate or Joint Venture ²
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	Investment Entities: Applying the consolidation exception ²
Amendments to HKFRS 11	Accounting for Acquisitions of Interest in Joint Operations ²
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation ²
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer Plants ²
HKFRS 9	Financial Instruments ⁴
HKFRS 14	Regulatory Deferral Accounts ²
HKFRS 15	Revenue from contracts with customers ³

Note:

¹ Effective for annual periods beginning on or after 1 July 2014, with earlier application permitted.

² Effective for annual periods beginning on or after 1 January 2016, with earlier application permitted.

³ Effective for annual periods beginning on or after 1 January 2017, with earlier application permitted.

⁴ Effective for annual periods beginning on or after 1 January 2018, with earlier application permitted.

51 POSSIBLE IMPACT OF NEW HKFRSs ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 31 DECEMBER 2014 (Continued)

Annual Improvements to HKFRSs 2010-2012 Cycle

These amendments include changes from the 2010-2012 cycle of the annual improvements project, that affect the below standards:

- *HKFRS 8 Operating Segments*

The standard is amended to require disclosure of the judgements made by management in aggregating operating segments and a reconciliation of segment assets to the entity's assets when segment assets are reported.

- *HKAS 16 Property, Plant and Equipment and HKAS 38 Intangible Assets*

Both standards are amended to clarify how the gross carrying amount and the accumulated depreciation are treated where an entity uses the revaluation model.

- *HKAS 24 Related Party Disclosures*

The reporting entity is not required to disclose the compensation paid by the management entity (as a related party) to the management entity's employee or directors, but it is required to disclose the amounts charged to the reporting entity by the management entity for services provided.

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 amendments include changes from the 2011-2013 cycle of the annual improvements project that affect 4 standards:

- *HKFRS 3 Business Combinations*

It clarifies that HKFRS 3 does not apply to the accounting for the formation of any joint arrangement under HKFRS 11 in the financial statements of the joint arrangement.

- *HKFRS 13 Fair Value Measurement*

It clarifies that the portfolio exception in HKFRS 13, which allows an entity to measure the fair value of a group of financial assets and financial liabilities on a net basis, applies to all contracts (including non-financial contracts) within the scope of HKAS 39 or HKFRS 9.

51 POSSIBLE IMPACT OF NEW HKFRSs ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 31 DECEMBER 2014 (Continued)

Annual Improvements to HKFRSs 2011-2013 Cycle (Continued)

- *HKAS 40 Investment Property*

Preparers also need to refer to the guidance in HKFRS 3 to determine whether the acquisition of an investment property is a business combination.

The directors do not anticipate that the application of the amendments included in the *Annual Improvements to HKFRSs 2011-2013 Cycle* will have a material effect on the Group's consolidated financial statements.

Annual Improvements to HKFRSs 2012-2014 Cycle

The amendments include changes from the 2012-2014 cycle of the annual improvements project that affect 4 standards:

- *HKFRS 5 Non-current Assets Held for Sale and Discontinued Operations*

It clarifies that when an asset (or disposal group) is reclassified from 'held for sale' to 'held for distribution', or vice versa, this does not constitute a change to a plan of sale or distribution, and does not have to be accounted for as such. This means that the asset (or disposal group) does not need to be reinstated in the financial statements as if it had never been classified as 'held for sale' or 'held for distribution' simply because the manner of disposal has changed. It also explains that the guidance on changes in a plan of sale should be applied to an asset (or disposal group) which ceases to be held for distribution but is not classified as 'held for sale'.

- *HKFRS 7 Financial Instruments: Disclosures*

There are two amendments:

i) *Service contracts*

If an entity transfers a financial asset to a third party under conditions which allow the transferor to derecognise the asset, HKFRS 7 requires disclosure of all types of continuing involvement that the entity might still have in the transferred assets. It provides guidance about what is meant by continuing involvement.

There is a consequential amendment to HKFRS 1 to give the same relief to first time adopters.

ii) *Interim financial statements*

It clarifies the additional disclosure required by the amendments to HKFRS 7, 'Disclosure – offsetting financial assets and financial liabilities' is not specifically required for all interim periods, unless required by HKAS 34.

51 POSSIBLE IMPACT OF NEW HKFRSs ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 31 DECEMBER 2014 (Continued)

Annual Improvements to HKFRSs 2012-2014 Cycle (Continued)

- *HKAS 19 Employee Benefits*

It clarifies when determining the discount rate for post-employment benefit obligations, it is the currency that the liabilities are denominated in that is important, not the country where they arise. The assessment of whether there is a deep market in high-quality corporate bonds is based on corporate bonds in that currency, not corporate bonds in a particular country. Similarly, where there is no deep market in high-quality corporate bonds in that currency, government bonds in the relevant currency should be used.

- *HKAS 34 Interim Financial Reporting*

It clarifies what is meant by the reference in the standard to ‘information disclosed elsewhere in the interim financial report’. It also amends HKAS 34 to require a cross-reference from the interim financial statements to the location of that information.

The directors do not anticipate that the application of the amendments included in the *Annual Improvements to HKFRSs 2012-2014* will have a material effect on the Group’s consolidated financial statements.

Amendments to HKAS 19 Defined Benefit Plans: Employee Contributions

This narrow scope amendment applies to contributions from employees or third parties to defined benefit plans. The amendment distinguishes between contributions that are linked to service only in the period in which they arise and those linked to service in more than one period. The amendment allows contributions that are linked to service, and do not vary with the length of employee service, to be deducted from the cost of benefits earned in the period that the service is provided. Contributions that are linked to service, and vary according to the length of employee service, must be spread over the service period using the same attribution method that is applied to the benefits.

The directors do not anticipate that the application of the *Amendments to HKAS 19 Defined Benefit Plans: Employee Contributions* will have a material effect on the Group’s consolidated financial statements.

Amendments to HKAS 27 Equity Method in Separate Financial Statements

The amendment allows entities to use equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements.

The directors do not anticipate that the application of the *Amendments to HKAS 27 Equity Method in Separate Financial Statements* will have a material effect on the Group’s consolidated financial statements.

51 POSSIBLE IMPACT OF NEW HKFRSs ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 31 DECEMBER 2014 (Continued)

Amendments to HKAS 16 and HKAS 38 Clarification of Acceptable Methods of Depreciation and Amortisation

The amendments clarify when a method of depreciation or amortisation based on revenue may be appropriate. The amendment to HKAS 16 clarifies that depreciation of an item of property, plant and equipment based on revenue generated by using the asset is not appropriate.

The amendment to HKAS 38 establishes a rebuttable presumption that amortisation of an intangible asset based on revenue generated by using the asset is inappropriate. The presumption may only be rebutted in certain limited circumstances:

- where the intangible asset is expressed as a measure of revenue; or
- where it can be demonstrated that revenue and the consumption of the economic benefits of the intangible asset are highly correlated

The directors do not anticipate that the application of the Amendments to HKAS 16 and HKAS 38 *Clarification of Acceptable Methods of Depreciation and Amortisation* will have a material effect on the Group's consolidated financial statements.

HKFRS 9 Financial Instruments

HKFRS 9 (2014) *Financial Instruments* replaces the whole of HKAS 39.

HKFRS 9 has three financial asset classification categories for investments in debt instruments: amortised cost, fair value through other comprehensive income ("OCI") and fair value through profit or loss. Classification is driven by the entity's business model for managing the debt instruments and their contractual cash flow characteristics. Investments in equity instruments are always measured at fair value. However, management can make an irrevocable election to present changes in fair value in OCI, provided the instrument is not held for trading. If the equity instrument is held for trading, changes in fair value are presented in profit or loss. For financial liabilities there are two classification categories: amortised cost and fair value through profit or loss. Where non-derivative financial liabilities are designated at fair value through profit or loss, the changes in the fair value due to changes in the liability's own credit risk are recognised in OCI, unless such changes in fair value would create an accounting mismatch in profit or loss, in which case, all fair value movements are recognised in profit or loss. There is no subsequent recycling of the amounts in OCI to profit or loss. For financial liabilities held for trading (including derivative financial liabilities), all changes in fair value are presented in profit or loss.

51 POSSIBLE IMPACT OF NEW HKFRSs ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 31 DECEMBER 2014 (Continued)

HKFRS 9 Financial Instruments (Continued)

HKFRS 9 introduces a new model for the recognition of impairment losses – the expected credit losses (ECL) model, which constitutes a change from the incurred loss model in HKAS 39. HKFRS 9 contains a ‘three stage’ approach, which is based on the change in credit quality of financial assets since initial recognition. Assets move through the three stages as credit quality changes and the stages dictate how an entity measures impairment losses and applies the effective interest rate method. The new rules mean that on initial recognition of a non-credit impaired financial asset carried at amortised cost a day-1 loss equal to the 12-month ECL is recognised in profit or loss. In the case of accounts receivables this day-1 loss will be equal to their lifetime ECL. Where there is a significant increase in credit risk, impairment is measured using lifetime ECL rather than 12-month ECL.

HKFRS 9 applies to all hedging relationships, with the exception of portfolio fair value hedges of interest rate risk. The new guidance better aligns hedge accounting with the risk management activities of an entity and provides relief from the more “rule-based” approach of HKAS 39.

The directors are in the progress of assessing the impact of adoption of HKFRS 9 on the Group’s consolidated financial statements.

HKFRS 15 Revenue from Contracts with Customers

HKFRS 15 establishes a comprehensive framework for determining when to recognise revenue and how much revenue to recognise through a 5-step approach : (1) Identify the contract(s) with customer; (2) Identify separate performance obligations in a contract (3) Determine the transaction price (4) Allocate transaction price to performance obligations and (5) recognise revenue when performance obligation is satisfied. The core principle is that a company should recognise revenue to depict the transfer of promised goods or services to the customer in an amount that reflects the consideration to which the company expects to be entitled in exchange for those goods or services. It moves away from a revenue recognition model based on an ‘earnings processes’ to an ‘asset-liability’ approach based on transfer of control.

HKFRS 15 provides specific guidance on capitalisation of contract cost and licence arrangements. It also includes a cohesive set of disclosure requirements about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity’s contracts with customers.

51 POSSIBLE IMPACT OF NEW HKFRSs ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 31 DECEMBER 2014 (Continued)

HKFRS 15 Revenue from Contracts with Customers (Continued)

HKFRS 15 replaces the previous revenue standards:

- HKAS 18 *Revenue*; and
- HKAS 11 *Construction Contracts*,

and the related Interpretations on revenue recognition:

- HK(IFRIC) 13 *Customer Loyalty Programmes*;
- HK(IFRIC) 15 *Agreements for the Construction of Real Estate*;
- HK(IFRIC) 18 *Transfers of Assets from Customers*; and
- SIC-31 *Revenue— Barter Transactions Involving Advertising Services*

The directors do not anticipate that the application of HKFRS 15 *Revenue from Contracts with Customers* will have a material effect on the Group's consolidated financial statements.

Amendments to HKFRS 10 and HKAS 28 Sale or Contribution of Assets between an Investor and its Associate and Joint Venture

The amendments address an inconsistency between HKFRS 10 and HKAS 28 in the sale and contribution of assets between an investor and its associate or joint venture.

A full gain or loss is recognised when a transaction involves a business. A partial gain or loss is recognised when a transaction involves assets that do not constitute a business, even if those assets are in a subsidiary.

The directors do not anticipate that the application of the Amendments to HKFRS 10 and HKAS 28 *Sale or Contribution of Assets between an Investor and its Associate and Joint Venture* will have a material effect on the Group's consolidated financial statements.

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. PRICEWATERHOUSE COOPERS

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 2014 as set out in the announcement have been agreed by the Group's auditor, Messrs. Pricewaterhouse Coopers, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by Messrs. Pricewaterhouse Coopers 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. Pricewaterhouse Coopers of the announcement.

Five Year Financial Summary

(Expressed in Hong Kong dollars)

Results

	2014	2013	2012	2011	2010
	\$'000	(Restated) \$'000	\$'000	\$'000	\$'000
Income					
Gross premiums written and policy fees	111,602,669	86,373,412	60,465,305	50,098,038	48,759,312
Less: Premiums ceded to reinsurers and retrocessionaires	(43,182,475)	(3,328,291)	(2,484,892)	(1,968,198)	(1,942,229)
Net premiums written and policy fees	68,420,194	83,045,121	57,980,413	48,129,840	46,817,083
Change in unearned premium provisions, net of reinsurance	(1,706,169)	(1,551,654)	(1,127,898)	(468,510)	(835,923)
Net earned premiums and policy fees	66,714,025	81,493,467	56,852,515	47,661,330	45,981,160
Investment income	17,654,299	11,491,847	6,611,546	5,196,568	5,479,949
Other income	898,704	529,448	582,141	343,315	228,473
Other (losses)/gains	(149,853)	46,172	50,938	20,082	(163,041)
Total income	85,117,175	93,560,934	64,097,140	53,221,295	51,526,541
Benefits, losses and expenses					
Net policyholders' benefits	(34,030,114)	(21,476,062)	(15,675,765)	(11,887,493)	(9,798,554)
Net commission expenses	(10,887,494)	(8,136,281)	(5,126,240)	(4,408,989)	(4,104,719)
Administrative and other expenses	(18,418,330)	(13,931,477)	(10,599,055)	(8,507,620)	(8,138,148)
Change in life insurance contract liabilities, net of reinsurance	(14,349,985)	(46,442,437)	(30,274,336)	(27,158,701)	(27,543,760)
Total benefits, losses and expenses	(77,685,923)	(89,986,257)	(61,675,396)	(51,962,803)	(49,585,181)
Profit from operations	7,431,252	3,574,677	2,421,744	1,258,492	1,941,360
Share of results of associates and joint venture	1,965	(779)	15,126	251,499	8,947
Gain on disposal of a subsidiary	-	-	-	-	1,263,113
Finance costs	(819,593)	(859,081)	(686,839)	(565,529)	(353,264)
Profit before taxation	6,613,624	2,714,817	1,750,031	944,462	2,860,156
Income tax (charge)/credit	(1,739,522)	(374,764)	102,517	27,718	(206,689)
Profit after taxation	4,874,102	2,340,053	1,852,548	972,180	2,653,467
Attributable to:					
Owners of the Company	4,041,682	1,652,934	1,315,545	547,633	2,244,793
Non-controlling interests	832,420	687,119	537,003	424,547	408,674
	4,874,102	2,340,053	1,852,548	972,180	2,653,467

Note: The results for the years ended 31 December 2014 and 2013 have been prepared in accordance with the merger accounting on business combination as set out on the Annual Report. However, the results for years ended 31 December 2012, 2011 and 2010 have not been restated accordingly.

Five Year Financial Summary (Continued)

(Expressed in Hong Kong dollars)

	2014	2013	2012	2011	2010
		(Restated)			
	\$'000	\$'000	\$'000	\$'000	\$'000
Assets and liabilities					
Statutory deposits	5,054,556	4,738,712	2,506,505	2,332,794	1,466,793
Fixed assets	23,858,454	19,543,542	14,018,287	7,131,747	5,278,720
Goodwill and intangible assets	930,185	1,033,901	568,156	568,438	565,055
Interest in associates and joint venture	25,164	25,133	26,513	1,580,272	1,179,096
Deferred tax assets	253,613	265,386	140,721	145,524	141,609
Investments in debt and equity securities	246,105,105	197,887,314	160,058,584	130,571,536	102,948,026
Securities purchased under resale agreements	916,850	214,949	80,163	119,279	53,471
Amounts due from group					
Companies	12,254	35,478	2,965,618	29,348	9,257
Insurance debtors	6,843,970	3,152,442	2,627,032	2,030,782	1,348,755
Reinsurers' share of insurance contract provisions	41,274,875	3,251,762	2,675,521	2,425,300	2,048,350
Policyholder account assets in respect of unit-linked products	2,501,087	2,778,038	3,141,049	3,729,117	4,909,273
Other debtors	33,896,782	17,899,408	8,421,449	5,252,836	6,590,021
Tax recoverable	689	32,900	25,737	-	-
Assets classified as held-for-sale	45,130	-	-	-	-
Pledged deposits at banks	515,897	353,246	288,586	187,677	160,613
Cash and bank balances and deposits at bank with original maturity more than three months	81,314,374	67,329,846	54,209,780	35,255,927	27,784,628
Total assets	443,548,985	318,542,057	251,753,701	191,360,577	154,483,667
Less: Total liabilities	(392,210,469)	(293,084,044)	(228,412,741)	(174,331,586)	(136,001,794)
Non-controlling interests	(10,638,266)	(4,036,567)	(7,033,238)	(5,439,351)	(5,769,486)
	40,700,250	21,421,446	16,307,722	11,589,640	12,712,387
Share capital	27,291,104	85,294	85,294	85,264	85,181
Reserves	8,701,879	21,336,152	16,222,428	11,504,376	12,627,206
Perpetual subordinated capital securities	4,707,267	-	-	-	-
	40,700,250	21,421,446	16,307,722	11,589,640	12,712,387
	dollar	dollar	dollar	dollar	dollar
Earnings/(loss) per share					
Basic	1.442	0.748	0.695	0.321	1.320
Diluted	1.440	0.746	0.692	0.319	1.309

BIOGRAPHICAL DETAILS OF DIRECTORS, SENIOR MANAGEMENT AND JOINT COMPANY SECRETARY

EXECUTIVE DIRECTORS

Mr. WANG Bin

Chairman, Chairman of the Nomination Committee and the Corporate Governance Committee and Member of the Remuneration Committee

Aged 56

Joined the Board in 2012

Current Positions Held within the Group	TPL	Chairman, 2013-Present
	TPAM	Chairman, 2013-Present
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
		Researcher

Mr. LI Jinfu

Vice Chairman, General Manager and Member of the Remuneration Committee and Corporate Governance Committee

Aged 57

Joined the Board in July 2014

Current Positions Held within the Group	TPL	Director, August 2014-Present
	TPI	Chairman, December 2014-Present Director, August 2014-Present
	TPP	Director, August 2014-Present
	TPAM	Director, August 2014-Present
Current Key Positions Held in TPG	TPG	Vice Chairman, July 2014-Present Director, July 2014-Present General Manager, July 2014-Present
	TPG (HK)	Vice Chairman, July 2014-Present Executive Director, July 2014-Present General Manager, July 2014-Present
Past Key Positions Held in TPG and its subsidiaries	TPG	Chairman of the Board of Supervisors Director Deputy General Manager
	TPG (HK)	Executive Director Deputy General Manager
	TPI	Chairman
Past Offices	China Insurance Regulatory Commission (“CIRC”)	Served in several positions including Assistant to Chairman, Director of Property Insurance Regulatory Department (Reinsurance Regulatory Department), Deputy Director and Director of Jiangsu Branch, Director of Nanjing Special Commissioner’s Office
	People’s Insurance Company of China (“PICC”)	Deputy General Manager of Guangdong Branch and General Manager of Guangzhou Branch
Education, Qualification & Experience	Party School of Guangdong Province	Economics Management

Mr. MENG Zhaoyi

Deputy General Manager and Member of the Corporate Governance Committee

Aged 55

Joined the Board in 2013

Current Positions Held within the Group	TPI	Director, 2012-Present
	TPRe	Chairman, 2011-Present
	TP UK	Chairman, 2009-Present
	TP Indonesia	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 Key Positions Held within the Group	CTPI (HK)	Chairman
	TP Macau	Chairman
	TP Singapore	Chairman
	TP Japan	Chairman
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
		State Council Insurance Expert recognized for outstanding contributions and entitled to special government allowances (2007), Life Office Management Association (U.S.,1999), professional qualifications in securities, futures and options (U.K.,1996). Has long been engaged in banking and insurance regulation, and negotiations related to China's opening up and WTO accession

Mr. XIE Yiqun

Deputy General Manager and Member of the Corporate Governance Committee

Aged 54

Joined the Board in 2004

Current Positions Held Within the Group	TPL	Director, 2001-Present
	TPI	Director, 2004-Present
	TPAM	Director, 2007-Present
	TPP	Chairman, 2015-Present Director, 2005-Present
	SZTPI	Chairman
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	TPSI	Director, General Manager
	TPAM	Chairman
	TPA (HK)	Chairman
	TPL	Chairman
	TP UK	Chairman General Manager
	TP Singapore	Chairman General Manager
	CIC Holdings (Europe) Limited	Chairman
Past Offices	TPIH	Chairman
	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 53

Joined the Board in 2013

Current Key Positions Held in TPG	TPG	Non-executive Director, 2013-Present
	TPG (HK)	Non-executive Director, 2013-Present
Past Offices	Ministry of Finance of China	Deputy Director of the Rural Integrated Reform Working Group Office, the State Council of China Served in various positions in the Ministry of Finance 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 47

Joined the Board in 2013

Current Key Positions Held in TPG	TPG	Non-executive Director, 2013-Present
	TPG (HK)	Non-executive Director, 2013-Present
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 (aid Tibet), 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 48

Joined the Board in 2013

Current Key Positions Held in TPG	TPG	Non-executive Director, 2013-Present
	TPG (HK)	Non-executive Director, 2013-Present
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, China	Master of Finance, International Finance Department

Mr. NI Rongming

Aged 57

Joined the Board in 2013

Current Key Positions Held in TPG	TPG	Non-executive Director, 2013-Present
	TPG (HK)	Non-executive Director, 2013-Present
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, China	Economics Management

INDEPENDENT NON-EXECUTIVE DIRECTORS

Dr. WU Jiesi

Chairman of the Audit Committee, Member of the Remuneration Committee and the Nomination Committee

Aged 63

Joined the Board in 2000

Other Current Offices	China Citic Bank International Limited	Independent Non-executive Director (“INED”)
	Industrial and Commercial Bank of China (Asia) Limited	INED
	China Life Franklin Asset Management Co., Limited	Independent Director
	Silver Base Group Holdings Limited	Non-executive Director
	Shenzhen Investment Limited	Non-executive Director
	Beijing Enterprises Holdings Limited	INED
Past Offices	China Merchant Securities Co. Ltd. (a company listed on the Shanghai Stock Exchange)	Independent Director
	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
Education, Qualification & Experience	ICBC Shenzhen Branch	President
	Nankai University, China	Professor of Theoretical Economics
		Doctorate Degree in Economics
		Extensive experience in finance and management

Mr. ZHU Dajian

Chairman of the Remuneration Committee, Member of the Audit Committee and the Nomination Committee

Aged 61

Joined the Board in August 2014

Other Current Offices	Tongji University	Distinguished Professor PhD instructor, School of Economics and Management Director of Institute of Governance for Sustainable Development Head of Department of Public Management and Policy Vice Chairman of University Academic Committee
	The State Foundation for Social Sciences	Expert
	Social Science Commission, Ministry of Education of China	Member
	Shanghai Municipal Government, China	Special Policy Advisor
	Ellen MacArthur Foundation, United Kingdom; Enel Foundation, Italy; Firmenich, Switzerland	Member of International Expert Committee
Past Offices	Harvard University, United States	Senior Research Scholar
	Melbourne University, Australia	Senior Visiting Scholar
Education, Qualification & Experience	Tongji University, China	Doctorate Degree in Management
	Chinese Academy of Sciences	Master of Science Degree
	Qinghai University, China	Graduate

Mr. WU Ting Yuk Anthony

Member of the Remuneration Committee and the Nomination Committee

Aged 60

Joined the Board in 2013

Other Current Offices	12th Chinese People's Political Consultative Conference National Committee	Member of Standing Committee
	Public Policy Advisory Committee of the National Health and Family Planning Commission of the PRC	Member
	Agricultural Bank of China Limited	Independent Non-executive Director
	Hong Kong General Chamber of Commerce	Director
	Tokyo-Mitsubishi UFJ, Ltd.	Chief Advisor
	Guangdong Investment Limited	Independent Non-executive Director
	Zhuhai Dahengqin Company Limited	Independent Non-executive Director
	Power Assets Holdings Limited	Independent Non-executive Director
	State Administration of Traditional Chinese Medicine of the PRC	International Collaboration Principal Advisor
Past Offices	Foundation of Oxford University	Chairman
	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 and Director
Education, Qualification & Experience	Fidelity Funds	Independent Non-executive Director
	Association of Chartered Certified Accountants of the United Kingdom	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 58

Become Senior Management in 2013

Current Positions Held	TPL	Director
Within the Group	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 49

Become Senior Management in 2013

Current Positions Held	TPL	Director
Within the Group	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 49

Become Senior Management in 2013

Current Positions Held Within the Group	CTPI (HK)	Chairman
	TP Macau	Chairman
	TP Singapore	Chairman
	TP Japan	Chairman
Current Key Positions Held in TPG	TPG	Deputy General Manager
	TPG (HK)	Deputy General Manager
Past Positions Held Within the Group	TPI	Chairman
Education, Qualification & Experience	Renmin University, China	Master Degree in Economics

Mr. WANG Tingke

Deputy General Manager

Aged 50

Become Senior Management in March 2015

Current Key Positions Held in TPG	TPG	Deputy General Manager
	TPG (HK)	Deputy General Manager
Education, Qualification & Experience	School of Economics and Finance, Xi'an Jiaotong University, China	Doctorate Degree in Economics Master Degree in Economics Bachelor Degree in Economics
Mr. JIAO Yanjun		
<i>Assistant to General Manager</i>		
<i>Aged 42</i>		
<i>Become Senior Management in 2013</i>		
Current Positions Held Within the Group	TPIH	Chairman
	TPSI	Executive Director, General Manager
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 55

Become Senior Management in 2013

Current Positions Held Within the 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 42

Become Senior Management in 2013

Current Positions Held Within the Group	TPL	Director
	TPI	Director
	TPP	Director
	TPAM	Director
	TPFH	Chairman Director
	TPA (HK)	Chairman 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

Aged 39

Become Senior Management in 2013

Current Key Positions Held in TPG	TPG	Secretary of the board of directors
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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 40

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
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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 2014.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The principal activities of the Group'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 overseas, pension and group life business, and all classes of global reinsurance business. The Group's subsidiaries also carry on operations in asset management, insurance intermediary, E-commerce for insurance, securities dealing and broking business. 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	1.8%
Five largest insurance customers in aggregate	2.9%

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 close 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 2014 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 (2013: Nil). The directors do not recommend the payment of a final dividend in respect of the year ended 31 December 2014 (2013: 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, there is no 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 2014, the Company's reserves available for distribution amounted to HK\$186.97 million (2013: HK\$422.20 million).

DONATIONS

During the Year, the Group made charitable donations of HK\$2.62 million (2013: HK3.21 million).

DIRECTORS

The directors during the Year and up to the date of this announcement were:

Executive directors

WANG Bin
LI Jinfu (appointed on 31 July 2014)
SONG Shuguang (resigned on 28 March 2014)
MENG Zhaoyi
XIE Yiqun

Non-executive directors

HUANG Weijian
ZHU Xiangwen
WU Changming
NI Rongming
WU Jiesi*
CHE Shujian* (resigned on 27 October 2014)
ZHU Dajian* (appointed on 21 August 2014)
MA Junlu* (passed away on 22 February 2014)
WU Ting Yuk Anthony*

** Independent*

In accordance with Article 93 and 97 of the Company's articles of association, Messrs. LI Jinfu, Wu Changming, Ni Rongming, Wu Jiesi, Zhu Dajian 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 21 August 2014 (being the date of approval of the Company's 2014 Interim Report and 26 March 2015 (being the date of approval of the Company's 2014 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. Li Jinfu was appointed as the Chairman of TPI with effect from December 2014. Mr. Li Jinfu was appointed as a director of TPL, TPI, TPP and TPAM with effect from August 2014.

Mr. Meng Zhaoyi ceased to be the Chairman of CTPI (HK) with effect from January 2015. Mr. Meng Zhaoyi ceased to be the Chairman of TP Macau and TP Singapore with effect from February 2015.

Mr. Xie Yiqun ceased to be the executive director and general manager of TPSI and the chairman of TPIH with effect from January 2015.

Experience including other directorships in listed companies and major appointments

Mr. Wu Ting Yuk Anthony ceased to be the Director of Bauhinia Foundation Research Center and Independent Non-Executive Director of Fidelity Funds with effect from September 2014.

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 2014, 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			
Xie Yiqun	-	-	526,400	526,400	0.02

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 and adjustments made in accordance with the terms of the New Scheme and the supplementary guidance issued by the Stock Exchange regarding adjustment of share option under Rule 17.03(13) of the Listing Rules as a result of the rights issue in November 2014, 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 2014, 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 2014 was HK\$22.20) 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/adjusted 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	³ Market value per share at date of grant of options during the Year	⁴ Market value per share on exercise of options during the Year
Song Shuguang (resigned on 28 March 2014)	800,000	-	2 November 2005	23 November 2005 to 22 November 2015	-	-	-800,000	HK\$2.875	-	-
Xie Yiqun	500,000	526,400	2 November 2005	23 November 2005 to 22 November 2015	26,400 ¹	-	-	HK\$2.731 ²	-	-
Employees	2,267,000	2,386,698	2 November 2005	23 November 2005 to 23 November 2015	119,698 ¹	-	-	HK\$2.731 ²	-	-
	175,000	184,240	29 December 2006	29 December 2006 to 28 December 2016	9,240 ¹	-	-	HK\$9.309 ²	-	-
	800,000	842,240	26 February 2007	26 February 2007 to 25 February 2017	42,240 ¹	-	-	HK\$9.014 ²	-	-
	175,000	184,240	29 June 2007	29 June 2007 to 28 June 2017	9,240 ¹	-	-	HK\$13.507 ²	-	-
	175,000	184,240	31 December 2007	31 December 2007 to 30 December 2017	9,240 ¹	-	-	HK\$20.327 ²	-	-
	175,000	184,240	30 June 2008	30 June 2008 to 29 June 2018	9,240 ¹	-	-	HK\$18.347 ²	-	-
	175,000	184,240	31 December 2008	31 December 2008 to 30 December 2018	9,240 ¹	-	-	HK\$11.322 ²	-	-
	350,000	368,480	31 December 2009	31 December 2009 to 30 December 2019	18,480 ¹	-	-	HK\$23.841 ²	-	-
	175,000	184,240	30 June 2010	30 June 2010 to 29 June 2020	9,240 ¹	-	-	HK\$24.611 ²	-	-
	175,000	184,240	31 December 2010	31 December 2010 to 30 December 2020	9,240 ¹	-	-	HK\$22.967 ²	-	-
	175,000	184,240	30 June 2011	30 June 2011 to 29 June 2021	9,240 ¹	-	-	HK\$16.698 ²	-	-
	175,000	184,240	30 December 2011	30 December 2011 to 29 December 2021	9,240 ¹	-	-	HK\$13.989 ²	-	-

Notes:

- ¹ Pursuant to the terms of the New Scheme, the number of options has been adjusted as a result of the rights issue held in November 2014.
- ² Pursuant to the terms of the New Scheme, the exercise price of the options has been adjusted as a result of the rights issue held in November 2014.
- ³ Being the closing price quoted on the Stock Exchange immediately before the dates on which the options were granted during the Year.
- ⁴ 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 2014, the net total number of shares held under the Share Award Scheme was 969,200 shares (2013: 969,200 shares). As at 31 December 2014, no shares were awarded to selected employees (2013: Nil 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.

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As of 31 December 2014, 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	2,143,423,856 (Note 1)	Long Position	68.96
TPG (HK)	1,822,454,779 shares as beneficial owner and 320,969,077 shares (Note 2) as interest of controlled corporation	2,143,423,856	Long Position	68.96

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) 168,098,887 shares are held by Easiwell, 86,568,240 shares are held by Golden Win and 66,301,950 shares are held by Manhold.

Save as disclosed above, the register required to be kept under section 336 of the SFO showed that the Company had not been notified of any interests or short positions in the Shares and underlying Shares of the Company as at 31 December 2014.

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 AND CONTINUING 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 – extension of CP long stop date

On 30 June 2014, the Company, TPG and TPG (HK) agreed to extend the CP long stop date of the proposed acquisition by the Company of the assets from TPG and TPG (HK) as contemplated under the framework agreement dated 27 May 2013 from 30 June 2014 to 31 December 2014. The details of the transaction were set out in the announcement of the Company dated 30 June 2014.

During the Year, the Group does not have any continuing connected transactions which are required to be disclosed in accordance with the requirement of the Listing Rules and none of the related party transactions as disclosed in note 48 to the consolidated financial statements constitutes a connected transaction or continuing connected transaction under Chapter 14A of the Listing Rules.

INTEREST BEARING NOTES

Particulars of the interest bearing notes of the Company and the Group as at 31 December 2014 are set out in note 32 to the consolidated financial statements.

PERPETUAL SUBORDINATED CAPITAL SECURITIES

Particulars of the perpetual subordinated capital securities of the Company as at 31 December 2014 are set out in note 40 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 41 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 2014 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 2014 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. PricewaterhouseCoopers shall retire and, being eligible, offer themselves for re-appointment. A resolution for the re-appointment of Messrs. PricewaterhouseCoopers as auditor of the Company is to be proposed at the forthcoming annual general meeting.

Prior to the annual general meeting held in 12th June 2014, Messrs. Deloitte Touche Tohmatsu was the auditor of the Company, with its retirement upon the expiration of its terms of office at the conclusion of the annual general meeting for 2014, with Messrs. PricewaterhouseCoopers being appointed as the auditor of the Company.

By order of the Board
WANG Bin
Chairman

Hong Kong, 26 March 2015

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.

Furthermore, Rule 3.10(A) provides that the number of independent non-executive directors should represent at least one third of the board, Rule 3.21 provides that the audit committee should comprise a minimum of three members and Rule 3.25 provides that the chairman of the remuneration committee should be chaired by an independent non-executive director.

Subsequent to the passing away of Mr. Ma Junlu on 22 February 2014, the Company falls below the requirements of Rule 3.10(A), 3.21 and 3.25. On 21 August 2014, Mr. Zhu Dajian was appointed as an independent non-executive director, chairman of the remuneration committee, and member of the audit committee. Following Mr. Zhu’s appointment, the Company fully complied with the requirements of Rule 3.10(A), 3.21 and 3.25.

Subsequent to the resignation of Mr. Che Shujian on 27 October 2014, the Company falls below the requirement of Rule 3.10A and 3.21. In view of the time required for identifying suitable candidate for independent non-executive directors and its appointment, the Company has applied for, and the Stock Exchange has granted, a waiver and an extension of time to the Company from strict compliance with Rules 3.10A and 3.21 until 26 April 2015. The Company will use its best endeavours to identify and appoint a new independent non-executive director within the extended period and will make announcement as and when appropriate.

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 eleven directors, with four executive directors, four non-executive directors, and three independent non-executive directors.

The names of the directors are set out in the Company's 2014 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	Corporate Governance Committee	General meeting
Executive Directors						
Mr. Wang Bin	5/6	1/1	1/1	-	0/0	1/1
Mr. Song Shuguang (resigned on 28 March 2014)	0/1	-	0/1	-	-	-
Mr. Li Jinfu (appointed on 31 July 2014)	3/3	-	-	-	0/0	-
Mr. Meng Zhaoyi	6/6	-	-	-	0/0	0/1
Mr. Xie Yiqun	6/6	-	-	-	0/0	1/1
Non-executive Directors						
Mr. Huang Weijian	6/6	-	-	-	-	1/1
Mr. Zhu Xiangwen	6/6	-	-	-	-	1/1
Mr. Wu Changming	6/6	-	-	-	-	1/1
Mr. Ni Rongming	6/6	-	-	-	-	1/1
Independent Non-executive Directors						
Dr. Wu Jiesi	5/6	0/1	0/1	3/3	-	1/1
Mr. Che Shujian (resigned on 27 October 2014)	5/5	1/1	1/1	3/3	-	1/1
Mr. Zhu Dajian (appointed on 21 August 2014)	1/2	-	-	-	-	-
The late Mr. Ma Junlu (passed away on 22 February 2014)	0/0	-	-	-	-	-
Mr. Wu Ting Yuk Anthony	5/6	1/1	1/1	-	-	1/1

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.

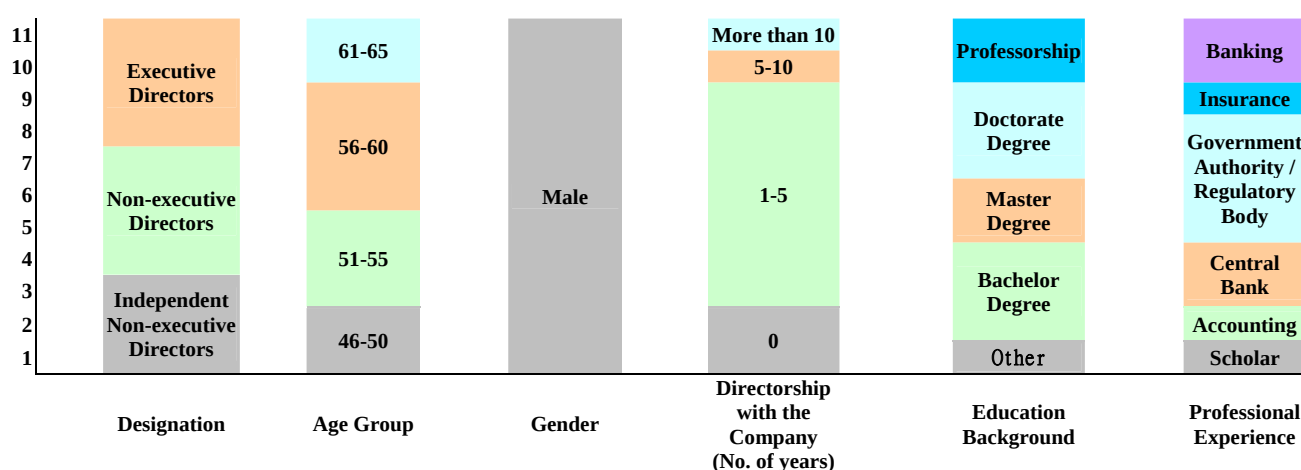
The non-executive directors and the independent non-executive directors are not appointed for specific terms but are subject to retirement by rotation and re-election at the annual general meeting of the Company in accordance with the Company's articles of association.

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:

No. of
Directors



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 General Manager

Mr. Wang Bin is the chairman, while Mr. Li Jinfu is the General Manager. Mr. Li Jinfu was appointed as the general manager on 31 July 2014. 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 four board committees (namely the Nomination Committee, Remuneration Committee, Audit Committee and Corporate Governance Committee) with defined terms of reference which are posted on the websites of the Company and the Stock Exchange (Terms of reference of the Corporate Governance Committee are posted on the website of the Company only). Before the establishment of the Corporate Governance Committee, 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:

- Reviewed the training and continuous professional development of the directors; and
- Reviewed compliance with the code and disclosure in the Corporate Governance Report.

Corporate Governance Committee

A Corporate Governance Committee with specific written terms of reference was established by the Company on 17 October 2014. The principal duties of the Corporate Governance Committee include developing and reviewing the Company's policies and practices on corporate governance, and the compliance with the corporate governance code.

The Corporate Governance Committee is currently comprised of Mr. Wang Bin as chairman, and the other three executive directors, namely Mr. Li Jinfu, Mr. Meng Zhaoyi and Mr. Xie Yiqun, as members.

Since its establishment and up to the date of this report, the Corporate Governance Committee did not held any meeting, but had performed the following duties by written resolutions:

- Reviewed the guidelines for relevant employees in respect of dealings in Shares;
- Reviewed the shareholders' communication policies;
- 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 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. Che Shujian has resigned as a member of the Nomination Committee on 27 October 2014, and Mr. Zhu Dajian, an independent non-executive director of the company, was appointed as a member of the Nomination Committee on 21 August 2014. 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. Zhu Dajian, and Mr. Wu Ting Yuk Anthony, as members.

During the period from 1 January 2014 to the date of this annual report, the Nomination Committee held two 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. Li Jinfu, executive director and general manager of the Company, was appointed as a member of the Remuneration Committee on 30 December 2014. Mr. Zhu Dajian, an independent non-executive director of the Company, was appointed as the chairman of the Remuneration Committee on 21 August 2014. Mr. Song Shuguang resigned as the member of the Remuneration Committee on 28 March 2014. Mr. Ma Junlu passed away on 22 February 2014. The Remuneration Committee is currently comprised of three independent non-executive directors, namely Dr. Wu Jiesi, Mr. Zhu Dajian and Mr. Wu Ting Yuk Anthony, and Mr. Wang Bin and Mr. Li Jinfu as members. The Chairman of the Remuneration Committee is Mr. Zhu Dajian.

During the period from 1 January 2014 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

PricewaterhouseCoopers is the auditor of the Company. The services provided by them include audit, other assurance and non-audit services. During the 2014 financial year, the fees paid and payable for the Group was HK\$18.39 million, of which the fees for the statutory audit and other assurance services were HK\$10.16 million and HK\$2.5 million respectively.

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. Che Shujian resigned as a member of the Audit Committee on 27 October 2014. Mr. Zhu Dajian was appointed as a member of the Audit Committee on 21 August 2014. 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. Zhu Dajian. Dr. Wu Jiesi is the chairman of the Audit Committee.

During the period from 1 January 2014 to the date of this annual report, the Audit Committee held four 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 2014 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.

Risk Management

The Company has set up a comprehensive risk management system covering the entire group. The organizational structure, rules and regulations, working mechanisms and procedures as well as the system for risk management have been established and further improved. Additionally, the Board has conducted a review on the Group's risk management according to its duties in order to ensure effectiveness of implementation.

In 2014, the Group adopted a healthy and moderate risk appetite to cope with various risks during its operation, with its emphasis on the principle that the risks it bears should match the returns, in order to realize the Company's strategic objective of "Three Year Rebuilding". Moreover, the Group further improved the organizational structure of risk control compliance management, standardized the rules and regulations as well as procedures, continuously promotes the establishment and implementation of the working mechanisms for comprehensive risk management, and strictly prevented and screened key risks, thus ensuring legal and compliant operation. The Board considers that the risk management of the Group in 2014 was effective as a whole and that risks were manageable.

I. The Board's Statement in Respect of Comprehensive Risk Management Responsibilities

The Board of the Company will be responsible for establishing and maintaining an effective comprehensive risk management system. The comprehensive risk management of the Company are jointly supervised and implemented by the Board, the management and the staff. The aim of the comprehensive risk management of the Company 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 a comprehensive risk management system, reasonable guarantees can only be given in relation to the objectives mentioned above, and the effectiveness of our risk management over the Company may change as the internal environment, external environment and business situation changes.

The Directors conduct regular self-assessment on the risk management system each year and continue to improve on it. It was considered that no material defect was found in the design and implementation of the risk management during the reporting period. Although general shortcomings and deficiencies in the risk management 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 1 January of the reporting period, the Group's risk management system has been sound and effective.

The Company's risk management report of 2014 has been completed and has been reviewed and approved by the Board. The Board and all of its members are responsible for the risk management report's truthfulness, accuracy and integrity.

II. Three Lines of Defense for Risk Management and Internal Control Compliance

The Company 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 and compliance 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 risk management and 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 and compliance department constitute the second line of defense. Their functional responsibilities for risk management and 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 management 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 and operational compliance risks and to ensure that all of the recommendations from the internal audits are implemented.

III. Status of Risk Management and Internal Control Assessment

3.1 Status of the Risk Management Assessment

In 2014, the Group continued to establish and maintain working mechanisms for all-round supervision, continuously improved construction of the comprehensive risk management system comprising of "Three Lines of Defense", enhanced resource sharing, information exchange and work linkage mechanisms among audit and internal audit, supervision, risk control compliance and other lines, and conscientiously strengthened risk prevention, risk control and risk supervision. In 2014, the Group promoted system uniformity among risk management lines of all companies within the system, established dual reporting mechanisms for risk control compliance lines and further enhanced its vertical management and control of risk management work carried out by all subsidiaries within the system in accordance with the Board's resolutions.

With regard to specific risk management operations, firstly, risk appetite system has been continued to be established and maintained. A risk appetite system covering major domestic and foreign companies was established under the overall framework of the Group and regularly updated in accordance with changes regarding the market, business, supervision, and management objective. Secondly, a risk operation management system of the entire group has been established and maintained. By drawing up specific rules and procedures, operation risk management of the Group was standardized. Thirdly, liquidity risk management has been strengthened and methods were developed for liquidity measurement of companies of the Group; subsidiaries were required to include measurement and monitoring of liquidity risk into the risk appetite indicator system and to monitor and report on a regular basis. Fourthly, establishment of the risk management information system has been enhanced and risk management system of the Group was further upgraded; a risk registry of the Group was developed within the system and comprehensive risk assessment procedures covering major subsidiaries were completed via the system. Fifthly, with respect to compliance and legal issues, special compliance operations including "strengthening two aspects and restraining another two aspects", "suppressing fraud, eliminating falseness, and boosting efficiency", as well as financial compliance inspection were conducted thoroughly. Meanwhile, in order to avoid compliance risks, relevant rules and regulations and systems have been further improved and the function of reviewing compliance and legal issues has been enhanced. Sixthly, auditing operations were strengthened to facilitate "auditing at earlier stages".

3.2 Status of the Internal Control Assessment

In respect of internal control assessment, in 2014, 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 Company established the internal control assessment team and conducted a self-assessment in 2014 in accordance with the actual condition of the internal control system and the requirements for the future development of the Company.

3.2.1 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 Company's development strategy, the Company'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 Company headquarters and subsidiaries such as TPL, TPI, TPP and TPAM.

3.2.2 The Methods and Procedures of the Internal Control Assessment

Pursuant to the above-mentioned regulations and guidelines and such five elements as control environment, risk identification and assessment, control activities, information and communication, and monitoring within the COSO internal control framework, the internal control assessment team has updated the internal control assessment points for 2014 regarding to the functions of all departments based on the Company's real situation. This update was conducted in line with the Company's real situation and changes in functions of departments, and the internal control assessment report was formulated by carrying out evaluations on the soundness, rationality and effectiveness of each assessment points.

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 time, 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.

3.2.3 The Conclusions of the Internal Control Assessment

Pursuant to the "Basic Guidelines for Internal Control of Insurance Companies" issued by CIRC and other laws and regulations, the Company conducted an internal control self-assessment in 2014 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 Company'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

22/F, China Taiping Tower Phase I, 8 Sunning Road, Causeway Bay, Hong Kong

Telephone: (852) 2854 6555

Fax: (852) 2866 2262

Email: ir@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

In order to bring the existing articles in line with the new Companies Ordinance which came into effect on 3 March 2014 and given the numerous changes brought about by the new Companies Ordinance, Shareholders has passed a special resolution for the adoption of the Articles of Association at the annual general meeting held in June 2014, consolidating all previous and proposed amendments, to replace the memorandum of association and the existing articles of association. A copy the Articles of Association is posted on the websites 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.

Corporate Information

DIRECTORS

Executive directors

WANG Bin	<i>Chairman</i>
LI Jinfu	<i>Vice Chairman and General Manager</i>
MENG Zhaoyi	<i>Deputy General Manager</i>
XIE Yiqun	<i>Deputy General Manager</i>

Non-executive directors

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

* *Independent*

JOINT COMPANY SECRETARY

ZHANG Ruo Han
CHAN Man Ko

AUTHORIZED REPRESENTATIVES

WANG Bin
ZHANG Ruo Han

REGISTERED OFFICE

22nd Floor, China Taiping Tower Phase I
8 Sunning Road
Causeway Bay
Hong Kong

Telephone: (852) 2854 6100
Facsimile: (852) 2544 5269
E-mail: mail@cнтаiping.com

REGISTRAR AND TRANSFER OFFICE

Hong Kong Registrars Limited
46th Floor, Hopewell Centre
183 Queen's Road East
Hong Kong

INDEPENDENT AUDITORS

PricewaterhouseCoopers

PRINCIPAL BANKERS

Agricultural Bank of China Hong Kong
Branch
Bank of Communication Co., Ltd.
Hong Kong Branch
Bank of China (Hong Kong) Limited
China Construction Bank (Asia)
Corporation Limited
Nanyang Commercial Bank, Ltd.

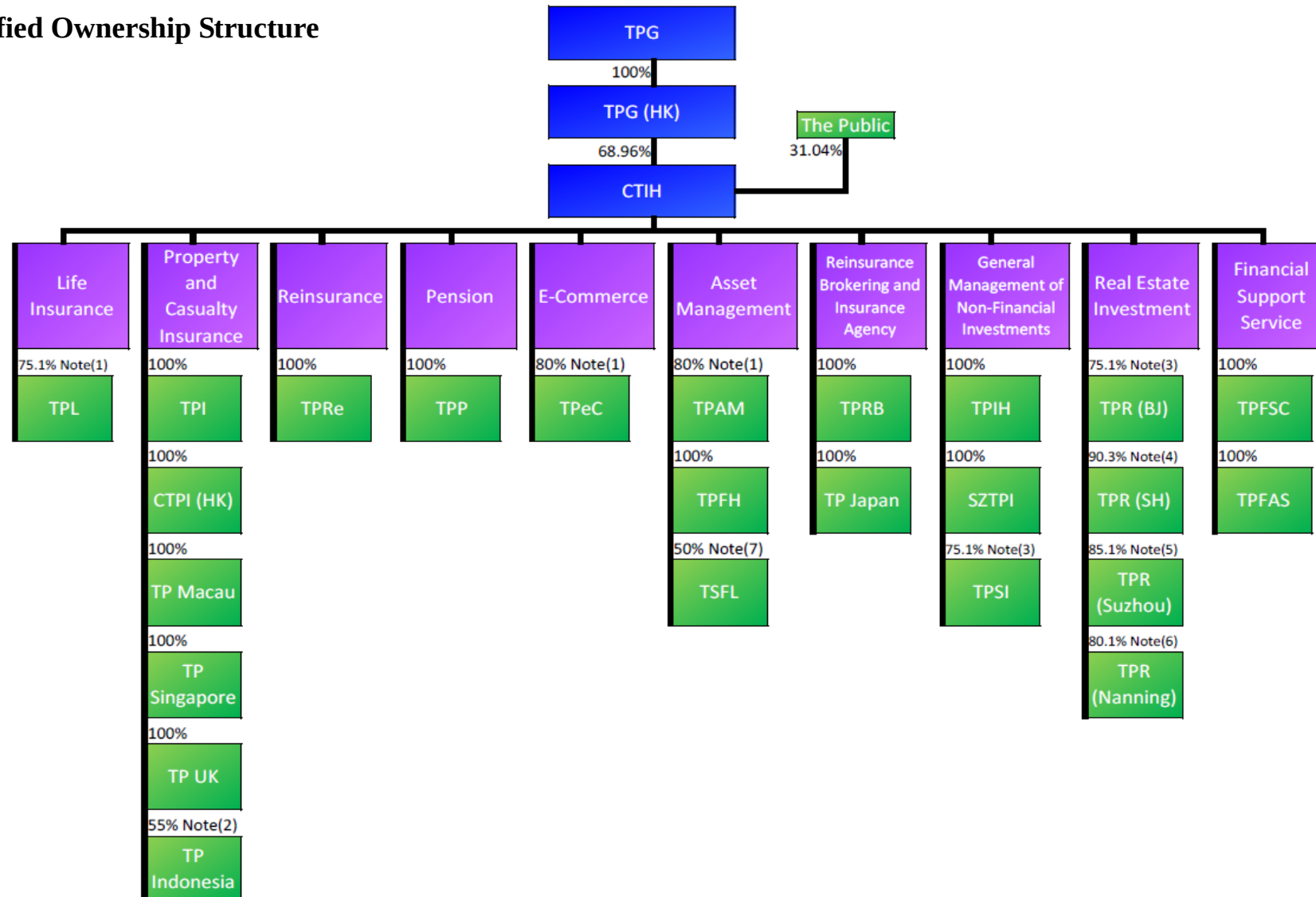
WEBSITE

www.ctih.cнтаiping.com
www.cнтаiping.com

STOCK MARKET LISTING

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

Simplified Ownership Structure



Note (1): Ageas owns the remaining 24.9%, 20% and 20% equity interests in TPL, TPeC and TPAM, respectively.

Note (2): PT Megah Putra Manunggal owns the remaining 45% equity interest in TP Indonesia.

Note (3): TPSI and TPR (BJ) are wholly-owned subsidiaries of TPL. CTIH's effective interest in TPSI and TPR (BJ) is 75.1%.

Note (4): TPIH and TPL own 61% and 39% of the equity interests of TPR (SH), respectively. CTIH's effective interest in TPR (SH) is 90.3%.

Note (5): TPL, TPI and SZTPI own 60%, 20% and 20% of the equity interests in TPR (Suzhou), respectively. CTIH's effective interest in TPR (Suzhou) is 85.1%.

Note (6): TPL and TPI own 80% and 20% of the equity interests in TPR (Nanning), respectively. CTIH's effective interest in TPR (Nanning) is 80.1%.

Note (7): Sinopec Group Company owns the remaining 50% equity interests in TSFL.

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
“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
“Dragon Jade”	Dragon Jade Industrial District Management (Shenzhen) Co., Ltd.
“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
“Last Year”	The year ended 31 December 2013
“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
“Rights Issue”	the issue by the Company of 539,408,176 rights shares at HK\$11.89 per rights share by way of rights on the basis of 21 rights shares for every 100 existing shares

“SFO”	Securities and Futures Ordinance
“Share(s)”	Share(s) in the capital of the Company
“Share Award Scheme”	CIIH Employees’ Share Award Scheme adopted on 10 September 2007
“SZTPI”	深圳市太平投資有限公司 (“Shenzhen Taiping Investment Company Limited”, being the unofficial English name)
“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 2014
“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(BJ)”	Taiping Real Estate (Beijing) Co. Ltd.
“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
“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
“TSFL”	Taiping & Sinopec Financial Leasing Co. Ltd.
“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, 26 March 2015

As at the date of this announcement, the Board comprises 11 directors, of which Mr. WANG Bin, Mr. LI Jinfu, 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. ZHU Dajian 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.