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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

INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2015

The Board of Directors of China Taiping Insurance Holdings Company Limited is pleased to announce the unaudited interim financial results of the Company and its subsidiaries for the six months ended 30 June 2015 as follows, which should be read in conjunction with the Management Discussion and Analysis set out below:

MANAGEMENT DISCUSSION AND ANALYSIS

2015 First Half Highlights and Consolidated Results of Operations

Continued Enhancements in Operational Efficiency

- Total premium reached HK\$85.4 billion, increasing by 30.0% over the Last Period
- Total assets were over HK\$500 billion, increasing by 12.9% over the 2014 year-end
- Profit attributable to shareholders was HK\$5.86 billion, increasing by 2.0 times over the Last Period
- Return on shareholders' equity was 12.4%, which was a large increase over the Last Period
- New business value was HK\$3.25 billion, increasing by 36.6% over the Last Period
- Group embedded value per share attributable to shareholders was HK\$24.1, increasing by 19.9% over the 2014 year-end figure of HK\$20.1, while TPL's embedded value increase by 16.9% over the 2014 year-end
- The combined ratio of property and casualty insurance and reinsurance business continued to be kept in a satisfactory range

PRC Insurance Businesses ¹Developed Rapidly, with Steady Improvements in both Business Quality and Operating Efficiency

- Total premiums of the life insurance² increase by 29.4% over the Last Period, faster than market average by 6.4 percentage points, with its market share reaching 5.5%
- Monthly per capita production of regular premium from life insurance agents was RMB21,200, resulting a 65.2% increase in individual premium from new policies over the Last Period, which ranked fourth in the industry; high productivity (RMB300,000 regular premium above) agents increase by more than 69.6% over the Last Period
- Four persistency ratios of the individual agency and bancassurance lines were industry-leading; loss ratio of short-term group insurance was kept in a satisfactory level
- Premium of PRC property and casualty insurance increased by 24.3% over the Last Period, faster than market average by 12.5 percentage points, continuing to making underwriting profit
- Balance of pension assets under management was over RMB98.5 billion, close to the 100 billion mark

¹Calculated in RMB

²Including TPL and TPP

2015 First Half Highlights and Consolidated Results of Operations (Continued)

Overseas Insurance Businesses Recorded Steady Growth, with Continuous Increase in Profit Contribution

- The total premium of CTPI (HK) increased by 17.0% over the Last Period, ranking No. 4 in the market, and the underwriting profit increased by 21.3% over the Last Period
- TP Macau continued to maintain its #1 market share, and the combined ratio remained at an outstanding level
- The total premium of TP UK increased by 8.4% over the Last Period, and the underwriting profit increased by 1.5 times over the Last Period
- The total premium of TP Indonesia increased rapidly, with an aggregate increase of 29.9% over the Last Period, a significant decrease in combined ratio and a turnaround from underwriting loss position as compared to the Last Period
- Property and Casualty Reinsurance business of TPRe continued its value-driven growth, with the combined ratio at a relatively low level of 90.7%, and that of long-term life reinsurance continued to have breakthroughs, with its premium income increased by 201.2% over the Last Period

Asset Management Business Achieved a Fast Growth of Investment Scale and Investment Income

- The Group's invested assets have realized a total investment income of HK\$17.9 billion, increasing by 130.3% over the Last Period, with an annualized investment yield of 7.75%, increasing by 2.61 percentage point over the Last Period
- Among the investment-linked accounts managed by the Group, 46% of them were among the top 1/3 of the industry and 23% of them were among the top 3 of the industry
- Asset under management from third-party asset management business amounted to HK\$227.0 billion, increasing by 35.7% over the 2014 year-end
- TPAM recorded a management fee income of HK\$210 million from assets outside of the Group, increasing by 106.4% over the Last Period

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

- In the first half of 2015, China Taiping signed Group Strategic Cooperation Agreements with large clients, including The Export-Import Bank of China and Fosun Group. As at the end of June 2015, China Taiping had established strategic cooperation relationships with 53 large clients
- Our cross-selling initiatives achieved HK\$1.59 billion of insurance sales, including HK\$1.28 billion of property insurance sales through TPL, HK\$220 million of pension sales through TPL, and HK\$50 million of property insurance sales through TPP
- The Sinopec gas station project was on the fast track. By the end of June 2015, 4,757 outlets had been stationed, with insurance sales of HK\$180 million

Brand Influence and Value have Significantly Improved

In the first half of 2015, the Group was listed among the Best Chinese Brands by Interbrand and the Top 100 Most Valuable Chinese Brands by BrandZ for a second time. The Group's brand value has increased substantially as compared to 2014, with the increase ranking first among peer companies.

CONSOLIDATED FINANCIAL RESULTS

Reason for restating 1H2014 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 TP UK and TP Indonesia have been transferred and vested to CTIH during second half of 2014.

Since these target companies were both under the common control of TPG and TPG (HK) 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 Period were as follows:

HK\$ million

	1H 2015	1H 2014 (Restated)	Change
Total premiums written and policy fees	85,395.58	65,709.78	+30.0%
Profit from operations before taxation	9,651.43	3,188.66	+2.0 times
Profit from operations after taxation	7,262.92	2,377.08	+2.1 times
Net profit attributable to the owners	5,857.69	1,938.93	+2.0 times
Basic earnings per share (HK\$)	1.772	0.718	+1.054 dollar
Interim dividend proposed	-	-	-

HK\$ million

	At 30 June 2015	At 31 December 2014	Change
Total assets	500,720.27	443,548.99	+12.9%
Total equity	76,286.24	51,338.52	+48.6%
Owners' equity	58,616.77	35,992.98	+62.9%
- Per share (HK\$)	16.310	11.581	+4.729 dollar
Group embedded value	108,987.85	82,017.45	+32.9%
Owners' group embedded value	86,572.34	62,432.45	+38.7%
- Per share (HK\$)	24.088	20.088	+4.000 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:

<i>HK\$ million</i>	1H 2015	1H 2014 (Restated)	Change
Life insurance	5,315.61	1,815.45	+1.9 times
PRC property and casualty insurance	706.28	262.80	+1.7 times
Overseas property and casualty insurance and reinsurance	638.76	519.08	+23.1%
Pension and group life insurance	113.08	62.52	+80.9%
Others ¹	489.19	(282.77)	-
Net profit from operations	7,262.92	2,377.08	+2.1 times
Non-controlling interests	1,405.23	438.15	+2.2 times
Net profit attributable to the owners	5,857.69	1,938.93	+2.0 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	2015	2014 <i>(Restated)</i>
Total equity as at 1 January	51,338.52	25,458.01
Net profit recognized in statement of profit or loss	7,262.92	2,377.08
Net changes in AFS investment reserve	4,469.43	1,034.01
Revaluation gain arising from reclassification of own-use properties into investment properties	23.19	29.41
Exchange gain/ (loss) arising from translation of financial statements of foreign operations	6.04	(234.38)
Share issued under Placing and Subscription	13,480.30	-
Acquisition of certain target interest, target assets and liabilities	-	42.29
Distribution to holders of perpetual subordinated capital securities	(126.81)	-
Capital contribution made to subsidiaries by its non-controlling shareholder	-	1,192.06
Dividend declared by subsidiaries to non-controlling interests	(136.80)	(34.01)
Others	(30.55)	-
Total equity as at 30 June	76,286.24	29,864.47
Attributable to:		
Owners of the Company (including capital securities)	63,324.01	24,030.14
Non-controlling interests	12,962.23	5,834.33
	76,286.24	29,864.47

CONSOLIDATED INVESTMENT PERFORMANCE

Assets Management Business

I. Investment Assets of the Group

During the first half of 2015, thanks to the recovery of the U.S. economy, improved external demand and the consecutive cuts of interest rates and required reserve ratio which eased the liquidity in China, the stock markets of China and the U.S. had performed well, with the Shanghai-Shenzhen 300 Index increased by 26.6% during the first half of 2015. Hang Seng Index increased by 11.2%. As for the bond market, the volatility of bond yields increased in the first half of 2015 for both China and International USD-denominated bonds, as a result of slower economic growth in China and the Federal Reserve's exit of quantitative easing and the expectation of interest rate rise. 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:

<i>HK\$ million</i>	1H 2015	1H 2014	Change
Net investment income ¹	7,805.46	6,271.49	+24.5%
Net realized and unrealized investment gains ²	10,132.44	1,516.32	+5.7 times
Total investment income (unannualized)	17,937.90	<u>7,787.81</u>	+1.3 times
Annualized investment yield ³	7.75%	5.14%	+2.61 pts

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 investment yield, as the denominator, the average investment assets takes into account the effect of securities purchased under resale agreements and securities sold under repurchase agreements. The annualized net investment yield was 4.70% (1H 2014:4.35%).

The realized and unrealized gains increased by 568.2% from HK\$1,516 million in the first half of 2014 to HK\$10,132 million in the first half of 2015, mainly because of the increase of investment income from equity securities and investment funds.

Under the combined influence of the above factors, the total income of investment assets of the Group amounted to HK\$17,938 million in the first half of 2015, increasing by 130.3% over the HK\$7,788 million in the first half of 2014; the annualized investment yield rose from 5.14% in the first half of 2014 to 7.75% in the first half of 2015.

CONSOLIDATED INVESTMENT PERFORMANCE (Continued)

Investment Portfolio

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

HK\$ million

	At 30 June 2015	% of Total	At 31 December 2014	% of Total
By investment category				
Fixed income				
Debt securities	156,101.99	40.5%	149,598.62	41.9%
Term deposits	43,122.63	11.2%	55,613.51	15.6%
Debt products	66,945.19	17.4%	60,454.02	16.9%
Other fixed income investments	38,929.50	10.1%	14,961.28	4.2%
Equity investments				
Equity securities	29,648.06	7.7%	20,433.59	5.7%
Investment funds	8,967.50	2.3%	5,381.66	1.5%
Other equity investments	16,676.79	4.3%	10,211.02	2.9%
Investment properties	12,382.18	3.2%	15,997.16	4.5%
Cash, cash equivalents and others	12,893.00	3.3%	24,610.44	6.8%
Total invested asset	385,666.84	100.0%	357,261.30	100.0%

The Company took the initiative in improving its investment portfolio to respond to the new economic situation, with the proportion of equity investments to total investment assets increased from 10.1% in 2014 year-end to 14.3% in the first half of 2015, of which the equity securities and investment funds accounted for an increase of 2.8 percentage point, The proportion of fixed income investments to total investment assets was 79.2%, as a result of the main reduction of the allocation to term deposits by 4.4 percentage point and an increase of short term financial products from banks with maturities within 12 months by 3.6 percentage points.

CONSOLIDATED INVESTMENT PERFORMANCE (Continued)

Analysis of investment in securities

Debt securities

As at the end of the first half of 2015, debt securities held by the Group were of high credit ratings, and thus a lower credit risk. Within the domestic bonds, 94% were government bonds, financial policy bonds with high credit ratings. Investment grade bonds with BBB ratings or higher reached 99.9%. Within the foreign bonds, 80% were investment grade bonds with BBB ratings or higher.

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

Local Government Debt Financing – as of the end of June 2015, local government debt investments of approximately HK\$12.07 billion, represented only 2.4% of the total assets, indicating a decrease of 0.4 percentage point over the 2014 year-end. 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+, same as in the end of 2014. 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 June 2015, real estate financial investment debt products of approximately HK\$20.8 billion, represented only 4.2% 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 June 2015, Trust products of HK\$10.68 billion represented about 2.1% of the total assets. Trust products related to real estate were approximately HK\$5.96 billion, representing about 1.2% of the total assets. 100% of the purchased external trust products had external ratings of AAA, a further optimization in ratings as compared with the end of 2014.

II. Third-party Assets under Management

By the end of June 2015, the total third-party entrusted investment assets managed by the Group amounted to HK\$227.0 billion, increasing by 35.7% over the 2014 year-end.

In the first half of 2015, TPAM recorded a total management fee income of HK\$320 million, grown by 80% when compared with Last Period, including HK\$210 million derived from assets outside of the Group, which accounted for over 60% of total fee income. The size of the asset management products offered to third parties and the alternative investment assets sold to the external parties grew rapidly, and increased by HK\$36.3 billion and HK\$13.6 billion as compared with the 2014 year-end, respectively.

By the end of June 2015, among the investment-linked accounts managed by the Group, 46% of them were among the top 1/3 of the industry and 23% of them were among the top 3 of the industry.

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:

HK\$ million	1H 2015	1H 2014	Change
Direct premiums written and premium deposits	65,003.95	51,490.26	+26.2%
Less: Premium deposits of universal life products	1,205.55	593.55	+1.0 times
Premium deposits of unit-linked products	168.90	21.33	+6.9 times
Premium deposits of other products	136.42	156.49	-12.8%
Direct premiums written recognized in statement of profit or loss	63,493.08	50,718.89	+25.2%
Inward reinsurance premiums	2,547.74	-	-
Policy fees	30.19	34.86	-13.4%
Net premiums written and policy fees	65,065.14	31,515.76	+1.1 times
Net earned premiums and policy fees	65,152.36	31,516.51	+1.1 times
Net policyholders' benefits	(31,906.38)	(10,247.09)	+2.1 times
Net commission expenses	(4,814.18)	(4,846.40)	-0.7%
Change in life insurance contract liabilities, net of reinsurance	(30,913.78)	(14,860.40)	+1.1 times
Total investment income	15,283.50	6,641.47	+1.3 times
Administrative and other expenses	(6,037.83)	(4,329.89)	+39.4%
Finance costs	(121.44)	(125.80)	-3.5%
Profit from operation before taxation	7,100.98	2,383.71	+2.0 times
Profit from operation after taxation	5,315.61	1,815.45	+1.9 times
Profit from operation attributable to the owners	3,992.02	1,363.40	+1.9 times

HK\$ million	At 30 June 2015	At 31 December 2014	Change
Total assets	395,658.34	366,919.12	+7.8%
Total equity	38,655.23	29,626.90	+30.5%
Regulatory solvency margin ratio ¹	325%	268%	+57 pts

¹ Based on CIRC regulations.

LIFE INSURANCE BUSINESS (Continued)

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

	At 30 June 2015	At 31 December 2014	Change
Market share ¹	5.5%	5.1%	+ 0.4 pt
Number of provincial branches	37	37	-
Number of sub-branches and marketing centers	1,032	1,012	+20
Number of customers			
- Individual	6,818,058	6,740,402	+77,656
- Corporate	1,975	2,065	-90
Distribution network			
- Number of individual agents	147,953	133,734	+14,219
- Number of bancassurance outlets	17,679	25,650	-7,971
Agent monthly premiums (RMB)	23,927	16,331	+7,596
Persistency ratios – 13th month ²			
- Individual	92.5%	92.6%	-0.1 pt
- Bancassurance	91.0%	91.1%	-0.1 pt
Compound persistency ratios – 25th month ²			
- Individual	88.0%	88.7%	-0.7 pt
- Bancassurance	87.2%	88.5%	-1.3 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\$5,316 million during the Period (2014: HK\$1,815 million), representing an increase of 192.8% compared to Last Period.

Direct Premiums Written and Premium Deposits

TPL's direct premiums written recognized in the consolidated statement of profit or loss increased by 25.2% to HK\$63,493 million from HK\$50,719 million in the Last Period. This growth was primarily driven by continued strength in the individual agency force channel, and higher levels of regular premium sales in the individual channel.

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

For the six months ended 30 June 2015, HK\$ million

	Direct 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	28,194.16	889.70	42.62	83.36	29,209.84	44.9%
Bancassurance	34,293.43	315.85	126.28	1.25	34,736.81	53.5%
Group	-	-	-	51.81	51.81	0.1%
Other Channels ¹	1,005.49	-	-	-	1,005.49	1.5%
	63,493.08	1,205.55	168.90	136.42	65,003.95	100.0%

For the six months ended 30 June 2014, HK\$ million

	Direct 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	20,105.13	590.04	6.11	91.07	20,792.35	40.4%
Bancassurance	29,733.28	3.51	15.22	0.73	29,752.74	57.8%
Group	12.65	-	-	64.69	77.34	0.1%
Other Channels ¹	867.83	-	-	-	867.83	1.7%
	50,718.89	593.55	21.33	156.49	51,490.26	100.0%

¹ Other Channels mainly consists of telemarketing.

LIFE INSURANCE BUSINESS *(Continued)*

During the Period, premiums distributed through the individual agency force channel increased to HK\$28,194 million from HK\$20,105 million in the Last Period, representing a significant increase of 40.2%. TPL's initiative to increase its agent numbers over the past 32 months has established a strong foundation for the agency force channel. The larger agent numbers and their improving productivity (monthly per capita premiums of RMB23,927 during the Period (31 December 2014: RMB16,331)) has allowed TPL to grow its premium levels much faster than market averages.

In the bancassurance channel, premium increased to HK\$34,293 million from HK\$29,733 million in the Last Period, representing an increase of 15.3%. Within this, first year bancassurance regular premium increased to HK\$2,098 million from HK\$1,611 million in the Last Period, representing a substantial increase of 30.2%, which was much higher than market averages.

The persistency ratios remained stable and at the forefront of the industry and was at 92.5% and 91.0% at the 13th month, and 88.0% and 87.2% at the 25th month, for the individual agency and bancassurance channels, respectively.

LIFE INSURANCE BUSINESS (Continued)

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

HK\$ million

Individual

	1H 2015	% of Total	1H 2014	% of Total
Single Premium	557.45	2.0%	933.42	4.6%
Regular Premium				
– First Year	10,055.04	35.7%	6,089.12	30.3%
– Renewal Year	17,581.67	62.3%	13,082.59	65.1%
	28,194.16	100.0%	20,105.13	100.0%

Bancassurance

	1H 2015	% of Total	1H 2014	% of Total
Single Premium	22,823.01	66.6%	19,782.12	66.5%
Regular Premium			1,611.34	5.4%
– First Year	2,097.99	6.1%		
– Renewal Year	9,372.43	27.3%	8,339.82	28.1%
	34,293.43	100.0%	29,733.28	100.0%

Group

	1H 2015	% of Total	1H 2014	% of Total
Employee Benefit ("EB")	-	-	12.65	100.0%

Other Channels

	1H 2015	% of Total	1H 2014	% of Total
Single Premium	0.79	0.1%	0.44	0.1%
Regular Premium				
– First Year	265.07	26.4%	281.45	32.4%
– Renewal Year	739.63	73.5%	585.94	67.5%
	1,005.49	100.0%	867.83	100.0%

LIFE INSURANCE BUSINESS (Continued)

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

HK\$ million

Individual first year regular premium - by payment term

	1H 2015	% of Total	1H 2014	% of Total
3-9 years	6,143.58	61.1%	1,336.50	21.9%
10-19 years	2,041.36	20.3%	3,265.43	53.6%
20-29 years	1,723.92	17.1%	1,379.54	22.7%
30 years+	146.18	1.5%	107.65	1.8%
	10,055.04	100.0%	6,089.12	100.0%

Individual first year regular premium - by feature

	1H 2015	% of Total	1H 2014	% of Total
Short term savings	38.88	0.4%	24.68	0.4%
Long term savings	7,307.74	72.6%	4,406.90	72.4%
Long term protection	2,390.51	23.8%	1,366.27	22.4%
Others	317.91	3.2%	291.27	4.8%
	10,055.04	100.0%	6,089.12	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

	1H 2015	% of Total	1H 2014	% of Total
5 - 9 years	632.18	30.1%	526.93	32.7%
10 - 14 years	1,337.74	63.8%	1,044.61	64.8%
Others	128.07	6.1%	39.80	2.5%
	2,097.99	100.0%	1,611.34	100.0%

LIFE INSURANCE BUSINESS (Continued)

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

HK\$ million

	1H 2015	% of Total	1H 2014	% of Total
Participating	36,135.18	56.9%	28,870.22	56.9%
Annuity	22,752.17	35.8%	18,724.42	36.9%
Long-term health	2,379.27	3.7%	1,416.69	2.8%
Traditional life	1,324.11	2.1%	1,045.66	2.1%
Accident and short-term health	864.51	1.4%	634.97	1.2%
Universal life	37.27	0.1%	26.38	0.1%
Investment-linked	0.57	0.0%	0.55	0.0%
Total	63,493.08	100.0%	50,718.89	100.0%

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

HK\$ million

	1H 2015	% of Total		1H 2014	% of Total
Sichuan	7,153.56	11.3%	Sichuan	5,296.44	10.4%
Shandong	5,256.12	8.3%	Shandong	4,883.16	9.6%
Beijing	4,303.02	6.8%	Guangdong	4,473.98	8.8%
Guangdong	4,302.69	6.8%	Beijing	3,658.14	7.2%
Henan	3,605.80	5.7%	Henan	3,155.57	6.2%
Others	38,871.89	61.1%	Others	29,251.60	57.8%
Total	63,493.08	100.0%	Total	50,718.89	100.0%

Highlights on Embedded Value

In the first half of 2015, the embedded value of TPL (expressed in terms of HKD) increased 16.9% to HK\$76,610 million from HK\$65,553 million as at 31 December 2014. The new business value after cost of capital for the Period increased to HK\$3,246 million from HK\$2,376 million of the Last Period, representing a growth of 36.6%. These latest actuarial figures of TPL are disclosed below in the section titled "Embedded Value of TPL".

LIFE INSURANCE BUSINESS (Continued)

Net Policyholders' Benefits

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

HK\$ million

	1H 2015	1H 2014	Change
Surrenders and net claims	19,654.35	6,330.76	+2.1 times
Annuity, dividends and maturity payments	11,484.78	3,426.07	+2.4 times
Interest allocated to investment and reinsurance contracts	767.25	490.26	+56.5%
	31,906.38	10,247.09	+2.1 times

Administrative and Other Expenses

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

HK\$ million

	1H 2015	1H 2014	Change
Staff costs	3,144.99	2,363.96	+33.0%
Rental expenses	209.79	239.16	-12.3%
Others	2,683.05	1,726.77	+55.4%
	6,037.83	4,329.89	+39.4%

Financial Strength and Solvency Margin

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

RMB million

	At 30 June 2015	At 31 December 2014
Actual Solvency Margin	26,685	19,301
Minimum Statutory Solvency Margin	8,212	7,209
Solvency Margin Ratio	325%	268%

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:

HK\$ million	1H 2015	1H 2014	Change
Direct premiums written	9,948.85	8,029.41	+23.9%
Net premiums written	8,819.93	7,115.17	+24.0%
Net earned premiums	8,055.20	6,383.52	+26.2%
Net claims incurred	(4,256.81)	(3,492.17)	+21.9%
Underwriting expenses	(2,711.54)	(2,330.04)	+16.4%
Net commission expenses	(1,056.40)	(535.52)	+97.3%
Underwriting profit	30.45	25.79	+18.1%
Total investment income	992.71	412.43	+1.4 times
Other gain and other income	27.24	21.34	+27.6%
Other miscellaneous expenses	(48.03)	(99.13)	-51.6%
Finance costs	(41.40)	(32.55)	+27.2%
Profit from operation before taxation	960.96	327.88	+1.9 times
Profit from operation after taxation and attributable to the owners	706.28	262.80	+1.7 times
Retained ratio	88.7%	88.6%	+0.1 pts
Loss ratio ¹	52.8%	54.7%	-1.9 pts
Expense ratio ¹	46.8%	44.9%	+1.9 pts
Combined ratio ²	99.6%	99.6%	-
HK\$ million	At 30 June 2015	At 31 December 2014	Change
Total assets	25,763.46	20,993.70	+22.7%
Total equity	5,988.69	5,157.83	+16.1%
Regulatory solvency margin ratio ³	171%	174%	-3 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:

	At 30 June 2015	At 31 December 2014	Change
Market share ¹	1.8%	1.8%	-
Number of provincial branches	30	30	-
Number of sub-branches and marketing centers	508	475	+33
Number of customers			
- Individual	4,032,240	3,615,790	+416,450
- Corporate	219,442	206,570	+12,872
Number of direct sales representatives	8,172	6,902	+1,270

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\$706 million during the Period (2014: HK\$263 million), representing an increase of 168.8%. During the Period 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)

Direct Premiums Written

TPI's direct premiums written increased by 23.9% to HK\$9,949 million from HK\$8,029 million in the Last Period. The detailed breakdown of TPI's direct premiums written was as follows:

HK\$ million

Business Line	1H 2015	% of Total	1H 2014	% of Total
Motor	8,016.24	80.6%	6,488.93	80.8%
Marine	185.92	1.9%	171.40	2.1%
Non-marine	1,746.69	17.5%	1,369.08	17.1%
	9,948.85	100.0%	8,029.41	100.0%

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

HK\$ million

	1H 2015	% of Total		1H 2014	% of Total
Sichuan	1,025.67	10.3%	Sichuan	826.18	10.3%
Hebei	681.17	6.8%	Shenzhen	604.33	7.5%
Shandong	674.99	6.8%	Hebei	520.34	6.5%
Shenzhen	673.30	6.8%	Shandong	516.85	6.4%
Shanghai	630.13	6.3%	Guangdong	495.34	6.2%
Others	6,263.59	63.0%	Others	5,066.37	63.1%
Total	9,948.85	100.0%	Total	8,029.41	100.0%

Combined Ratio

TPI's loss ratio improved by 1.9 percentage points to 52.8% from 54.7% in the Last Period. The expense ratio increased to 46.8% from 44.9% in the Last Period. TPI's combined ratio remained stable at 99.6% during the Period. TPI's loss ratios, expense ratios and combined ratios were as follows:

	1H 2015	1H 2014
Loss ratio	52.8%	54.7%
Expense ratio	46.8%	44.9%
Combined ratio	99.6%	99.6%

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

Underwriting and Other Miscellaneous Expenses

The underwriting and other miscellaneous expenses of TPI are summarized as follows:

HK\$ million

	1H 2015	1H 2014	Change
Staff costs	862.04	692.46	+24.5%
Rental expenses	61.97	57.18	+8.4%
Business tax and additional charges	583.83	449.51	+29.9%
Others	1,251.73	1,230.02	+1.8%
	2,759.57	2,429.17	+13.6%

Financial Strength and Solvency Margin

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

RMB million

	At 30 June 2015	At 31 December 2014
Actual Solvency Margin	3,389	3,107
Minimum Statutory Solvency Margin	1,983	1,785
Solvency Margin Ratio	171%	174%

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:

HK\$ million

	1H 2015	1H 2014	Change
Direct premiums written			
CTPI (HK)	824.11	782.33	+5.3%
TP Macau	325.01	315.36	+3.1%
TP Singapore	268.96	282.45	-4.8%
TP UK	161.50	148.61	+8.7%
TP Indonesia	69.83	53.74	+29.9%
Underwriting profit/(loss)			
CTPI (HK)	29.68	24.47	+21.3%
TP Macau	43.89	64.89	-32.4%
TP Singapore	21.16	38.62	-45.2%
TP UK	7.63	3.05	+1.5 times
TP Indonesia	1.12	(1.86)	-
Profit/(loss) from operation after taxation			
CTPI (HK)	196.51	166.57	+18.0%
TP Macau	55.65	70.29	-20.8%
TP Singapore	75.41	43.64	+72.8%
TP UK	8.52	6.36	+34.0%
TP Indonesia	8.16	(0.40)	-
Combined ratio			
CTPI (HK)	96.2%	96.5%	-0.3 pt
TP Macau	76.1%	63.5%	+12.6 pts
TP Singapore	89.5%	81.7%	+7.8 pts
TP UK	94.0%	97.1%	-3.1 pts
TP Indonesia	90.9%	119.5%	-28.6 pts

OVERSEAS PROPERTY AND CASUALTY INSURANCE AND REINSURANCE

(Continued)

	At 30 June 2015	At 31 December 2014	Change
Regulatory solvency margin ratio ¹			
CTPI (HK)	1,603%	1,766%	-163 pts
TP Macau	217%	203%	+14 pts
TP Singapore	228%	218%	+10 pts
TP UK	480%	507%	-27 pts
TP Indonesia	370%	488%	-118 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:

HK\$ million

	1H 2015	1H 2014	Change
Direct premiums written	5,128.02	3,138.46	+63.4%
Underwriting profit(non-life)	175.66	199.54	-12.0%
Profit from operation after taxation	294.52	232.62	+26.6%
Non-life reinsurance business Combined ratio	90.7%	95.9%	-5.2 pts

	At 30 June 2015	At 31 December 2014	Change
Regulatory solvency margin ratio ¹	497%	434%	+63 pts

¹ Based on Hong Kong local regulations.

OVERSEAS PROPERTY AND CASUALTY INSURANCE AND REINSURANCE

(Continued)

Operating Profit

The reinsurance business produced a net operating profit after tax of HK\$295 million during the Period (2014: HK\$233 million), representing an increase of 26.6%. Mainly due to no major claim during the Period.

Direct Premiums Written

TPRe's direct premiums written for the Period increased by 63.4% to HK\$5,128 million from HK\$3,138 million in the Last Period. 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\$2,473 million (Last Period: HK\$821 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\$176 million, representing a decrease of 12.0% from HK\$200 million in the Last Period.

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:

HK\$ million

	1H 2015	1H 2014	Change
Direct premiums written	2,408.08	2,135.15	+12.8%
Net premiums written	2,167.72	1,912.63	+13.3%
Net earned premiums	2,095.03	1,819.87	+15.1%
Net policyholders' benefits	(1,662.39)	(308.93)	+4.4 times
Net commission expenses	(209.67)	(103.19)	+1.0 time
Change in insurance contract liabilities, net of reinsurance	165.80	(1,091.75)	-
Total investment income	277.73	152.54	+82.1%
Pension administration fee income	136.76	74.69	+83.1%
Agency fee income	2.86	28.13	-89.8%
Administrative and other expenses	(715.18)	(535.68)	+33.5%
Profit from operation before taxation	101.42	52.40	+93.5%
Profit from operation after taxation and attributable to the owners	113.08	62.52	+80.9%

HK\$ million

	At 30 June 2015	At 31 December 2014	Change
Total assets	7,471.20	7,136.14	+4.7%
Total equity	1,705.40	1,483.03	+15.0%
Regulatory solvency margin ratio ¹	295%	288%	+7 pts

¹ Based on CIRC regulations.

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

	At 30 June 2015	At 31 December 2014	Change
Annuity invested assets (HK\$ million)	59,941	53,247	+12.6%
Annuity entrusted assets (HK\$ million)	56,138	46,243	+21.4%
Number of enterprises in funds and schemes	6,934	6,958	-24
Number of branches	23	18	+5

PENSION AND GROUP LIFE INSURANCE BUSINESSES (Continued)

Operating Result

The pension and group life insurance businesses incurred a net operating profit of HK\$113 million during the Period (2014: HK\$62.52 million). After breaking even and producing an operating profit in 2013, TPP continued to build its scale and the profitability of its operations.

Direct Premiums Written

TPP's direct premiums written for the Period increased by 12.8% to HK\$2,408 million from HK\$2,135 million in the Last Period.

ASSET MANAGEMENT BUSINESS

The Group's asset management business is operated by TPAM and TPA (HK), which are 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:

HK\$ million

	1H 2015	1H 2014	Change
Management fee and advisory service income	345.33	185.55	+86.1%
Profit from operating	118.89	68.14	+74.5%
Profit from operating attributable to the owners	102.49	61.12	+67.7%

HK\$ million

	At 30 June 2015	At 31 December 2014	Change
Assets under management	499,401	384,193	+30.0%

Operating Profit

The asset management business produced a net operating profit of HK\$119 million during the Period (2014: HK\$68.14 million), representing a significantly increase of 74.5% compared to Last Period.

LIQUIDITY AND FINANCIAL RESOURCES

The Group's cash and bank deposits as at 30 June 2015 amounted to HK\$76.368 billion (31 December 2014: HK\$86.885 billion).

FINANCIAL LEVERAGE

The interest-bearing notes and bank facilities drawn as at 30 June 2015 amounted to HK\$11.037 billion and HK\$15.331 billion (31 December 2014: HK\$11.067 billion and HK\$10.421 billion). As of 30 June 2015, CTIH's consolidated financial leverage ratio (calculated by debt over the summation of debt plus equity) was 25.7% (31 December 2014: 29.5%).

CAPITAL STRUCTURE

During the Period, the CTIH raised approximately HK\$13.482 billion by TPG (HK)'s subscription of 486,000,000 new shares of the Company at the price of HK\$27.74 per share after the placing of existing shares of the Company held by TPG (HK) pursuant to the Placing and Subscription Agreement entered into on 7 May 2015. After completion of the Placing and Subscription Agreement, TPG (HK)'s equity ownership interest in CTIH decreased from 68.96% to 59.64%.

In 2014, 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 billion 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.

In 2014, 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.

STAFF AND STAFF REMUNERATION

As at 30 June 2015, the Group had a total of 42,882 employees (2014 (*Restated*) : 40,890 employees), representing an increase of 1,992 employees. Total remuneration for the Period amounted to HK\$5.121 billion (2014 (*Restated*): HK\$3.906 billion), an increase of 31.1%. Bonuses are linked to both the performance of the Group and the performance of the individual.

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

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

OUTLOOK

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

- 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 efficiency, and operating in conformity, committing concrete efforts to promote the corporate scale, efficiency, management and service to a new level and achieve fast, robust and sustainable growth of the overall business
- In the second half of 2015 and the period to come, China Taiping will closely follow the implementation of the “Boutique Strategy” by boosting the capability of innovative development, seizing market opportunities under the new normal, and fully promoting characteristic operation. The Company will also accelerate its development into a boutique insurance company featuring a balance of scale and speed, quality business, efficient resource allocation as well as a keen-witted and competent team of talents, all in a bid to create more value for the country, investors and customers

Life Insurance Business – TPL

- To stick to professional system operation and vigorously expand high-value business to achieve fast and continuous growth of new business value
- To innovate the human resources development model of personal insurance, solidify and improve the per capita capacity and retention rate of agents, and continuously enhance the manpower reserve
- To deepen the project upgrade of bancassurance, team building, customer management, channel cooperation and compliance operation to improve per capita capacity and the capacity of our branch networks
- To intensify the promotion of multiple channels, and accelerate the implementation of selling life insurance on the telephone and internet and at gas stations
- To continuously strengthen cost control to achieve synergistic development of scale and value

PRC Property and Casualty Insurance Business – TPI

- To grasp the development pace of our business, accelerate the launch of innovative business and the transformation of traditional channels and improve institutional capacity to meet the annual business target
- To further improve our market response mechanism and risk pricing ability so as to prepare for full implementation of the market-oriented reform of commercial auto insurance rates

Group Insurance and Pension Business – TPP

- To vigorously strengthen the project pipeline, deeply tap into market potential and speed up the development of enterprise annuity business to achieve the strategy of “Competing at an advanced level”
- To optimize the group insurance business structure, strengthen the management and control of commission to further improve operational efficiency
- To seek the early opportunity of the tax-preference health insurance sector, start the occupational annuity business with a strong momentum to be fully prepared for our work in all respects
- To take target measures and doubling the efforts of transforming disadvantaged institutions

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

- CTPI (HK) will deepen its large clients management, focus on the renewal of the insurance policies for large projects, accelerate the development of accident insurance, health insurance and innovative business, continuously optimizing the business structure and expand the market scale
- TP Macau will put more efforts to maintain its renewal business, speeding up the process of product upgrade and optimization, in order to consolidate the market share
- TP Singapore will continue its focus on underwriting profit, enhancing the management and control of underwriting risks, strive to expand new business channels, and vigorously developing value-oriented insurances, with active efforts to implement group customer projects
- TP UK will consolidate and improve its traditional advantageous business, continuously strengthen the linkage between domestic and overseas business, focus on promoting large Chinese-funded projects, and further tapping into the insurance market for local Chinese

Reinsurance Business – TPRe and TPRB

- TPRe will actively explore fresh growth points of the property and casualty reinsurance business, seize the opportunities brought by C-ROSS implementation and RMB internationalization, actively expanding the PRC reinsurance market and life reinsurance business, and enhance the investment and management capability in life insurance business to deliver strong growth in premium scale
- TPRB will commit more efforts to build a talent team and improve professional capabilities in order to develop an edge in professional competition

Investments

In the second half of 2015, in respect of traditional investment, the Group will pay more attention to the volatility of equity markets, risk control, position structure optimization, strictly comply with trading disciplines, improve the information system and perfect the investment decision mechanism; in respect of bond asset allocation, the Group will extend bond duration in response to the lowering of interest rates and improve the quality of underlying assets to minimize credit risks.

In respect of alternative investment, the Group will seize the opportunities brought by the “One Belt, One Road” national strategy (Silk Road Economic Belt and 21st Century Maritime Silk Road) to further cater to the needs of the real economy, stick to comprehensive financial service, and deliver continuous innovation to develop into a unique boutique insurance company. Furthermore, the Group will actively explore and promote the development of cross-border investment and financing business by leveraging on its unique advantage as an overseas financial institution.

Embedded Value

BASIS OF PREPARATION

The Group has appointed PricewaterhouseCoopers (“PwC”), an international firm of consulting actuaries, to examine whether the methodology and assumptions used by TPL in the preparation of the Embedded Value and the New Business Value as at 30 June 2015 are consistent with standards generally adopted by insurance companies in the PRC. PwC has also examined the methodologies used by the Group in preparing the Group Embedded Value.

CAUTIONARY STATEMENT

The calculations of Embedded Value and the New Business Value of TPL are based on certain assumptions with respect to future experience. Thus, the actual results could differ significantly from what is envisioned when these calculations were made. In addition, the Group Embedded Value is also based on certain assumptions, and should not be viewed as the only benchmark for evaluating and valuing the businesses and operations of the Group. From an investor’s perspective, the valuation of CTIH is measured by the stock market price of the Company’s shares on any particular day. In valuing CTIH’s shares, investors should take into account not only the Embedded Value and the New Business Value of TPL and the Group Embedded Value, but also various other considerations. In addition, TPL is 75.1%-owned by the Company. The Embedded Value and the New Business Value of TPL as at 30 June 2015 as disclosed below should therefore not be applied 100% in valuing CTIH. Investors are advised to pay particular attention to this factor, as well as the other assumptions underlying the calculations of the Embedded Value and New Business Value of TPL and the Group Embedded Value, if they believe such calculations are important and material to the valuation of the Company.

Group Embedded Value

HK\$ million

	At 30 June 2015	At 31 December 2014	At 30 June 2014
Adjusted net worth ¹	67,680	40,958	21,205
Value of in-force for TPL ²	39,717	40,194	37,932
Net fair value adjustments to HTM assets ³	1,591	865	(1,495)
Group embedded value	108,988	82,017	57,642
Attributable to:			
Owners of the Company	86,572	62,432	44,712
Non-controlling interests	22,416	19,585	12,930
Group embedded value	108,988	82,017	57,642

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\$7,332 million for 30 June 2015 (31 December and 30 June 2014: HK\$6,135 million and HK\$5,475 million respectively).

³ Fair value adjustment to HTM assets after considering profit/loss sharing with policyholders for participating business.

Embedded Value of TPL

1. EMBEDDED VALUE

HK\$ million

	At 30 June 2015	At 31 December 2014	At 30 June 2014
Adjusted net worth ¹	35,621	24,819	15,812
Value of in-force business ²	39,717	40,194	37,932
Net fair value adjustments to HTM assets ³	1,272	540	(1,900)
Embedded Value	76,610	65,553	51,844
Attributable to:			
Owners of the Company	57,534	49,230	38,935
Non-controlling interests	19,076	16,323	12,909
Embedded Value	76,610	65,553	51,844

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\$7,332 million for 30 June 2015 (31 December and 30 June 2014: HK\$6,135 million and HK\$5,475 million respectively).

³ Fair value adjustments to HTM assets after considering profit/loss sharing with policyholders for participating business.

Reconciliation between originally disclosed and reclassified embedded value of TPL as at 30 June 2014:

HK\$ million

	Originally Disclosed	30 June 2014 HTM assets Adjustments	Reclassified
Adjusted net worth	11,521 ⁴	4,291	15,812
Value of in-force business ⁵	40,323 ⁶	(2,391)	37,932
Net fair value adjustments to HTM assets ⁷	-	(1,900)	(1,900)
Embedded Value	51,844	-	51,844

⁴ Included with deficit fair value adjustment to HTM assets of HK\$4,291 million.

⁵ The value of in-force for TPL is post cost of capital.

⁶ Included with the amount of HK\$2,391 million relating to the profit/loss sharing with policyholders for participating business due to deficit fair value adjustments to HTM assets.

⁷ Fair value adjustments to HTM assets after considering profit/loss sharing with policyholders for participating business.

Embedded Value of TPL (Continued)

2. NEW BUSINESS VALUE

HK\$ million

		1H 2015	1H 2014	FY 2014
New business value before cost of capital	a	4,205	3,379	5,878
Cost of capital	b	959	1,003	1,552
New business value after cost of capital	c=a-b	3,246	2,376	4,326

New business profit margin for the agency force business for the first half of the year was 30.0% (2014: 33.0%). New business profit margin for the bancassurance regular business for the first half of the year was 30.0% (2014: 33.0%).

New business value by line of business were as follows:

HK\$ million

	1H 2015	1H 2014	FY 2014
Individual	2,994	2,269	4,261
Bancassurance – Regular premium products	640	520	1,007
Others ¹	(388)	(413)	(942)
	3,246	2,376	4,326

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

Condensed Consolidated Statement of Profit or Loss
for the six months ended 30 June 2015 – unaudited
(Expressed in Hong Kong dollars)

		Six months ended 30 June	
		2015	2014
			<i>(Restated)</i>
	<i>Notes</i>	<i>\$'000</i>	<i>\$'000</i>
Income			
Total premiums written and policy fees	3	85,395,580	65,709,775
Less: Premiums ceded to reinsurers		(4,038,434)	(21,040,004)
Net premiums written and policy fees		81,357,146	44,669,771
Change in unearned premium provisions, net of reinsurance		(1,265,431)	(1,299,102)
Net earned premiums and policy fees		80,091,715	43,370,669
Net investment income	4(a)	8,080,224	6,571,721
Net realised investment gains	4(b)	9,997,668	637,122
Net unrealised investment gains and impairment	4(c)	220,099	878,120
Other income	5(a)	825,255	347,683
Other losses	5(b)	(81,765)	(2,529)
Total income		99,133,196	51,802,786
Benefits, losses and expenses			
Net policyholders' benefits	6(a)	(39,811,942)	(15,548,056)
Net commission expenses	6(b)	(6,759,676)	(6,225,085)
Administrative and other expenses		(10,246,296)	(7,797,973)
Change in life insurance contract liabilities, net of reinsurance	6(c)	(32,188,225)	(18,527,544)
Total benefits, losses and expenses		(89,006,139)	(48,098,658)
Profit from operations		10,127,057	3,704,128
Share of results of associates and joint ventures		1,517	355
Finance costs	7(a)	(477,144)	(515,819)
Profit before taxation	7	9,651,430	3,188,664
Income tax charge	8	(2,388,507)	(811,589)
Profit after taxation		7,262,923	2,377,075
Attributable to:			
Owners of the Company		5,857,694	1,938,929
Non-controlling interests		1,405,229	438,146
		7,262,923	2,377,075
		<i>dollars</i>	<i>dollars</i>
Earnings per share attributable to the owners of the Company	10		
Basic		1.772	0.718
Diluted		1.770	0.717

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

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income
for the six months ended 30 June 2015 – unaudited
(Expressed in Hong Kong dollars)

	Six months ended 30 June	
	2015	2014
		(Restated)
	\$'000	\$'000
Profit after taxation	7,262,923	2,377,075
Other comprehensive income:		
Items that will not be reclassified to profit or loss:		
Revaluation gain arising from reclassification of own-use properties to investment properties		
- Revaluation gain arising during the period	23,184	29,412
Exchange differences on translation of the financial statements of subsidiaries, associates and joint ventures which are not foreign operations	26,038	(277,109)
Items that may be subsequently reclassified to profit or loss:		
Exchange differences on translation of the financial statements of foreign operations	(19,996)	42,737
Available-for-sale securities		
- Net fair value changes during the period	14,876,821	1,938,814
- Reclassification adjustment to profit or loss on impairment	7,454	41,398
- Reclassification adjustment to profit or loss on disposal	(9,000,666)	(592,782)
- Net deferred tax	(1,414,185)	(353,418)
Total comprehensive income for the period	11,761,573	3,206,127
Attributable to:		
Owners of the Company	9,300,806	2,566,408
Non-controlling interests	2,460,767	639,719
	11,761,573	3,206,127

Condensed Consolidated Statement of Financial Position

at 30 June 2015 – unaudited

(Expressed in Hong Kong dollars)

		30 June 2015 \$'000	31 December 2014 \$'000
	Notes		
Assets			
Statutory deposits	15	5,172,912	5,054,556
Fixed assets	11		
- Property and equipment		7,811,276	7,683,451
- Investment properties		14,942,730	14,803,012
- Prepaid lease payments		1,357,388	1,371,991
		24,111,394	23,858,454
Goodwill		668,517	668,517
Intangible assets		261,668	261,668
Interest in associates and joint ventures		447,284	25,164
Deferred tax assets		292,389	253,613
Investments in debt and equity securities	12	295,651,971	246,105,105
Securities purchased under resale agreements	18	29,291	916,850
Amounts due from group companies		13,549	12,254
Insurance debtors	13	14,317,420	6,843,970
Reinsurers' share of insurance contract provisions		38,177,978	41,274,875
Policyholder account assets in respect of unit-linked products		2,583,716	2,501,087
Other debtors	14	47,791,831	33,896,782
Tax recoverable		549	689
Assets classified as held-for-sale		4,250	45,130
Pledged deposits at banks		437,639	515,897
Deposits at banks with original maturity more than three months		34,291,461	47,341,957
Cash and cash equivalents	16	36,466,453	33,972,417
		500,720,272	443,548,985
Liabilities			
Life insurance contract liabilities		252,627,099	223,864,197
Unearned premium provisions		11,874,521	10,095,759
Provision for outstanding claims		14,263,207	13,489,781
Investment contract liabilities		18,783,688	17,571,466
Deferred tax liabilities		5,904,295	4,398,953
Interest-bearing notes		11,037,088	11,067,161
Bank borrowings	19	15,330,648	10,420,582
Securities sold under repurchase agreements	18	32,467,131	39,524,110
Amounts due to group companies		113,579	128,065
Insurance creditors	17	49,143,514	49,940,394
Other payables and accruals		10,555,650	10,262,634
Current taxation		2,209,595	1,331,978
Insurance protection fund		124,021	115,389
		424,434,036	392,210,469
Net assets		76,286,236	51,338,516

Condensed Consolidated Statement of Financial Position (Continued)

at 30 June 2015 – unaudited

(Expressed in Hong Kong dollars)

		At 30 June 2015 \$'000	At 31 December 2014 \$'000
	Notes		
Capital and reserves attributable to the owners of the Company			
Share capital	20	40,771,408	27,291,104
Reserves	23	17,845,363	8,701,879
		58,616,771	35,992,983
Perpetual subordinated capital securities	21	4,707,232	4,707,267
		63,324,003	40,700,250
Non-controlling interests	23	12,962,233	10,638,266
Total equity		76,286,236	51,338,516

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

Condensed Consolidated Statement of Changes in Equity
for the six months ended 30 June 2015 – unaudited
(Expressed in Hong Kong dollars)

	Share capital	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
<i>Notes</i>	<i>\$'000</i>	<i>\$'000</i>	<i>\$'000</i>	<i>\$'000</i>	<i>\$'000</i>	<i>\$'000</i>	<i>\$'000</i>	<i>\$'000</i>	<i>\$'000</i>	<i>\$'000</i>	<i>\$'000</i>	<i>\$'000</i>	<i>\$'000</i>	<i>\$'000</i>	<i>\$'000</i>
Balance at 1 January 2015	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
Profit for the period	-	-	-	-	-	-	-	-	-	-	5,730,919	126,775	5,857,694	1,405,229	7,262,923
Other comprehensive income for the period, net of deferred tax	-	-	-	-	-	3,421	3,416,507	-	-	23,184	-	-	3,443,112	1,055,538	4,498,650
Total comprehensive income	-	-	-	-	-	3,421	3,416,507	-	-	23,184	5,730,919	126,775	9,300,806	2,460,767	11,761,573
Settlement of share-based payment	-	-	-	-	-	-	-	(22,387)	-	-	(8,160)	-	(30,547)	-	(30,547)
Share issued under Placing and Subscription	13,480,304	-	-	-	-	-	-	-	-	-	-	-	13,480,304	-	13,480,304
Distribution to holders of perpetual subordinated capital securities	-	-	-	-	-	-	-	-	-	-	-	(126,810)	(126,810)	-	(126,810)
Dividend declared by a subsidiary to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	-	(136,800)	(136,800)
At 30 June 2015	40,771,408	-	-	(6,478,938)	(4,932,468)	1,323,719	6,636,924	5,574	(19,438)	611,596	20,698,394	4,707,232	63,324,003	12,962,233	76,286,236

Condensed Consolidated Statement of Changes in Equity (Continued)

for the six months ended 30 June 2015 – unaudited

(Expressed in Hong Kong dollars)

		Share capital	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
	Notes	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at 1 January 2014, as previously reported		85,294	9,055,686	9,996,790	(6,482,946)	(3,497,128)	1,522,634	(830,949)	28,986	(20,285)	384,001	10,839,961	-	21,082,044	4,003,602	25,085,646
Effect of merger accounting	1	-	-	-	-	265,855	(97,616)	-	-	-	-	171,163	-	339,402	32,965	372,367
Balance at 1 January 2014, as 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
Profit for the period		-	-	-	-	-	-	-	-	-	-	1,938,929	-	1,938,929	438,146	2,377,075
Other comprehensive income for the period, net of deferred tax		-	-	-	-	-	(195,933)	794,000	-	-	29,412	-	-	627,479	201,573	829,052
Total comprehensive income		-	-	-	-	-	(195,933)	794,000	-	-	29,412	1,938,929	-	2,566,408	639,719	3,206,127
Acquisition of certain target interests, target assets and liabilities		-	-	1,396,980	7,644	(1,362,336)	-	-	-	-	-	-	-	42,288	-	42,288
Transition to no par-value regime on 3 March 2014		9,055,686	(9,055,686)	-	-	-	-	-	-	-	-	-	-	-	-	-
Share issued to TPG(HK) under Acquisition		9,717,899	-	(9,717,899)	-	-	-	-	-	-	-	-	-	-	-	-
Capital contributions made to subsidiaries		-	-	-	-	-	-	-	-	-	-	-	-	-	1,192,061	1,192,061
Dividend declared by a subsidiary to non-controlling interests		-	-	-	-	-	-	-	-	-	-	-	-	-	(34,015)	(34,015)
At 30 June 2014 (restated)		18,858,879	-	1,675,871	(6,475,302)	(4,593,609)	1,229,085	(36,949)	28,986	(20,285)	413,413	12,950,053	-	24,030,142	5,834,332	29,864,474

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

Condensed Consolidated Statement of Cash Flows
for the six months ended 30 June 2015 – unaudited
(Expressed in Hong Kong dollars)

	Six months ended 30 June	
	2015	2014
		<i>(Restated)</i>
	\$'000	\$'000
Net cash generated from operating activities	6,031,953	23,846,242
Net cash used in investing activities	(21,726,113)	(27,664,319)
Net cash generated from financing activities	18,188,196	1,858,346
Net increase/(decrease) in cash and cash equivalents	2,494,036	(1,959,731)
Cash and cash equivalents at 1 January	33,972,417	27,995,717
Cash and cash equivalents at 30 June	36,466,453	26,035,986
Analysis of the balances of cash and cash equivalents:		
Deposits with banks and other financial institutions with original maturity less than three months	19,508,398	2,910,982
Money market funds	7,662	717,905
Cash at bank and in hand	16,950,393	22,407,099
	36,466,453	26,035,986

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

Notes to the Unaudited Condensed Consolidated Financial Results
(Expressed in Hong Kong dollars)

1 BASIS OF PREPARATION

The unaudited condensed consolidated financial statements have been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”), and with HKAS 34 *Interim financial reporting* issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”). It was authorized for issuance on 25 August 2015.

The financial information relating to the financial year ended 31 December 2014 included in the interim financial statements does not constitute the Company’s statutory financial statements for that financial year but is derived from those financial statements. Statutory financial statements for the year ended 31 December 2014 are available from the Company’s registered office. The auditor has expressed an unqualified opinion on those financial statements in their report dated 26 March 2015.

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

Stated at fair value

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

Measured primarily based on actuarial methods

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

The accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2015 are the same as those followed in the preparation of the Group’s annual financial statements for the year ended 31 December 2014.

1 BASIS OF PREPARATION *(Continued)*

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

Amendments to HKFRSs	Annual Improvements to HKFRSs 2010-2012 Cycle
Amendments to HKFRSs	Annual Improvements to HKFRSs 2011-2013 Cycle
Amendments to HKAS 19	Defined benefit plans: Employee contributions

The application of the new and revised HKFRSs in the current interim period has had no material effect on the amounts reported and/or disclosures set out in these condensed consolidated financial statements.

1 BASIS OF PREPARATION (Continued)

Changes in Accounting Policies and Restatement

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 2013, the acquisitions of all the target assets and target interests became 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 has 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 recognized 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 condensed consolidated financial statements are prepared as if the current group structure has been in existence throughout the periods presented. The condensed 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 comparative figures for the six months ended 30 June 2014 have been restated (see below for the financial impact).

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

1 BASIS OF PREPARATION (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 six months ended 30 June 2014 are summarized below:

	For the six months ended 30 June 2014 (Originally stated) \$'000	Effect of merger accounting \$'000	For the six months ended 30 June 2014 (Restated) \$'000
Income			
Total premiums written and policy fees	65,503,069	206,706	65,709,775
Less: Premiums ceded to reinsurers	(20,968,679)	(71,325)	(21,040,004)
Net premiums written and policy fees	44,534,390	135,381	44,669,771
Change in unearned premium provisions, net of reinsurance	(1,279,785)	(19,317)	(1,299,102)
Net earned premiums and policy fees	43,254,605	116,064	43,370,669
Net investment income	6,571,134	587	6,571,721
Net realised investment gains	636,306	816	637,122
Net unrealised investment gains and impairment	880,012	(1,892)	878,120
Other income	348,589	(906)	347,683
Other (losses)/gains	339	(2,868)	(2,529)
Total income	51,690,985	111,801	51,802,786
Benefits, losses and expenses			
Net policyholders' benefits	(15,503,723)	(44,333)	(15,548,056)
Net commission expenses	(6,189,114)	(35,971)	(6,225,085)
Administrative and other expenses	(7,773,574)	(24,399)	(7,797,973)
Change in life insurance contract liabilities, net of reinsurance	(18,527,544)	-	(18,527,544)
Total benefits, losses and expenses	(47,993,955)	(104,703)	(48,098,658)
Profit from operations	3,697,030	7,098	3,704,128
Share of results of associates and joint ventures	355	-	355
Finance costs	(515,819)	-	(515,819)
Profit before taxation	3,181,566	7,098	3,188,664
Income tax charge	(810,449)	(1,140)	(811,589)
Profit after taxation	2,371,117	5,958	2,377,075
Attributable to:			
Owners of the Company	1,932,790	6,139	1,938,929
Non-controlling interests	438,327	(181)	438,146
	2,371,117	5,958	2,377,075

1 BASIS OF PREPARATION (Continued)

Changes in Accounting Policies and Restatement (Continued)

Merger accounting and restatements (Continued)

Impact on basic earnings per share

	For the six months ended 30 June 2014 <i>HK dollar</i>
Basic earnings per share before adjustment	0.760
Adjustment arising from acquisition of target assets and target interests	<u>(0.042)</u>
Reported basic earnings per share	<u><u>0.718</u></u>

Impact on diluted earnings per share

	For the six months ended 30 June 2014 <i>HK dollar</i>
Diluted earnings per share before adjustment	0.759
Adjustment arising from acquisition of target assets and target interests	<u>(0.042)</u>
Reported diluted earnings per share	<u><u>0.717</u></u>

2 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;
- Pension and group life insurance business; and
- Other businesses which comprised the asset management business, insurance intermediary business, E-commerce for insurance, property investment business, securities dealing and broking business.

Information regarding the above segments is reported below.

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

2 SEGMENT INFORMATION (Continued)

(a) Segmental statement of profit or loss for the six months ended 30 June 2015

For the six months ended 30 June 2015								
	Life insurance \$'000	PRC property and casualty insurance \$'000	Overseas property and casualty insurance \$'000	Reinsurance \$'000	Pension and group life insurance \$'000	Other businesses \$'000	Inter-segment elimination and adjustment \$'000	Total \$'000
Income								
Total premiums written	66,040,821	10,053,504	2,174,604	5,128,019	2,408,075	-	(439,635)	85,365,388
Policy fees	30,192	-	-	-	-	-	-	30,192
Total premiums written and policy fees	66,071,013	10,053,504	2,174,604	5,128,019	2,408,075	-	(439,635)	85,395,580
Less: Premiums ceded to reinsurers	(1,005,872)	(1,233,576)	(699,137)	(1,224,992)	(240,355)	-	365,498	(4,038,434)
Net premiums written and policy fees	65,065,141	8,819,928	1,475,467	3,903,027	2,167,720	-	(74,137)	81,357,146
Change in unearned premium provisions, net of reinsurance	87,215	(764,727)	(176,769)	(310,117)	(101,033)	-	-	(1,265,431)
Net earned premiums and policy fees	65,152,356	8,055,201	1,298,698	3,592,910	2,066,687	-	(74,137)	80,091,715
Net investment income (note (i))	6,515,923	454,740	158,519	249,361	140,601	486,153	74,927	8,080,224
Net realised investment gains/(losses) (note (ii))	8,724,634	531,125	102,802	73,012	140,922	107,188	317,985	9,997,668
Net unrealised investment gains/(losses) and impairment (note (iii))	42,945	6,841	46,421	(5,206)	(3,795)	108,368	24,525	220,099
Other income	409,860	30,459	8,217	2,017	151,245	1,082,357	(858,900)	825,255
Other (losses)/gains	(9,009)	(3,223)	4,262	(2,259)	(1,145)	(69,276)	(1,115)	(81,765)
Segment income	80,836,709	9,075,143	1,618,919	3,909,835	2,494,515	1,714,790	(516,715)	99,133,196
Benefits, losses and expenses								
Net policyholders' benefits	(31,906,381)	(4,256,812)	(666,136)	(1,298,576)	(1,684,037)	-	-	(39,811,942)
Net commission expenses	(4,814,175)	(1,056,397)	(362,694)	(696,565)	(209,665)	-	379,820	(6,759,676)
Administrative and other expenses	(6,037,830)	(2,759,569)	(194,993)	(65,319)	(715,183)	(957,044)	483,642	(10,246,296)
Change in life insurance contract liabilities, net of reinsurance	(30,913,783)	-	-	(1,490,227)	215,785	-	-	(32,188,225)
Total benefits, losses and expenses	(73,672,169)	(8,072,778)	(1,223,823)	(3,550,687)	(2,393,100)	(957,044)	863,462	(89,006,139)
Profit from operations	7,164,540	1,002,365	395,096	359,148	101,415	757,746	346,747	10,127,057
Share of results of associates and joint ventures	57,873	-	-	-	-	(478)	(55,878)	1,517
Finance costs	(121,436)	(41,401)	-	-	-	(345,071)	30,764	(477,144)
Profit before taxation	7,100,977	960,964	395,096	359,148	101,415	412,197	321,633	9,651,430
Income tax (charge)/credit	(1,785,372)	(254,680)	(50,852)	(64,628)	11,662	(151,267)	(93,370)	(2,388,507)
Profit after taxation	5,315,605	706,284	344,244	294,520	113,077	260,930	228,263	7,262,923
Non-controlling interests								(1,405,229)
Profit attributable to owners of the Company								<u>5,857,694</u>

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

2 SEGMENT INFORMATION (Continued)

(a) Segmental statement of profit or loss for the six months ended 30 June 2015 (Continued)

For the six months ended 30 June 2015								
	Life insurance \$'000	PRC property and casualty insurance \$'000	Overseas property and casualty insurance \$'000	Reinsurance \$'000	Pension and group life insurance \$'000	Other businesses \$'000	Inter- segment elimination and adjustment \$'000	Total \$'000
Note (i): Net investment income								
Interest income from debt securities								
- Held-to-maturity	2,434,346	48,930	40,323	150,532	-	18,150	(1,837)	2,690,444
- Available-for-sale	703,849	84,470	28,633	44,099	54,535	72,702	-	988,288
- Held-for-trading	143	-	-	346	1	1,954	11,020	13,464
- Designated at fair value through profit or loss	-	3	12,497	-	-	-	-	12,500
- Loans and receivables	1,825	4,842	-	694	-	892	-	8,253
Interest income from debt products								
- Loans and receivables	1,736,816	117,477	-	4,134	35,038	2,159	456,321	2,351,945
Dividend income from equity securities								
- Available-for-sale	219,465	23,235	5,586	2,127	1,555	4,728	14,383	271,079
- Held-for-trading	-	-	690	-	-	159	8,132	8,981
- Designated at fair value through profit or loss	-	-	772	-	-	-	-	772
Dividend income from investment funds								
- Available-for-sale	275,054	36,221	-	5,573	2,785	-	(144,433)	175,200
- Held-for-trading	164,770	40,567	-	363	21,646	1,618	(208,502)	20,462
- Designated at fair value through profit or loss	-	-	2,390	-	-	-	-	2,390
- Loans and receivables	-	-	6,248	16,629	-	-	-	22,877
Bank deposits and other interest income	1,500,687	99,741	15,182	25,391	36,627	129,679	(25,693)	1,781,614
Rentals receivable from investment properties	89,806	4,381	46,198	720	-	255,014	(41,330)	354,789
Net interest expenses on securities sold/purchased under repurchase/ resale agreements	(610,838)	(5,127)	-	(1,247)	(11,586)	(902)	6,866	(622,834)
	6,515,923	454,740	158,519	249,361	140,601	486,153	74,927	8,080,224
Note (ii): Net realised investment gains/(losses)								
Debt securities								
- Held-to-maturity	-	-	17	-	-	-	-	17
- Available-for-sale	109,802	13,200	18,049	17,194	454	11,050	-	169,749
- Held-for-trading	80,905	3,417	-	4,168	965	3,190	19,807	112,452
- Designated at fair value through profit or loss	-	-	3,365	-	-	-	-	3,365
Equity securities								
- Available-for-sale	6,925,693	476,315	47,625	50,292	128,500	12,416	547,475	8,188,316
- Held-for-trading	(3)	-	2,254	-	-	(1,084)	166,207	167,374
- Designated at fair value through profit or loss	-	-	4,205	-	-	-	-	4,205
Investment funds								
- Available-for-sale	1,604,664	45,187	27,287	1,862	1,830	(4,454)	(408,747)	1,267,629
- Held-for-trading	16,409	(6,994)	-	-	9,173	48,437	(6,757)	60,268
Derivative financial instruments	(12,836)	-	-	-	-	-	-	(12,836)
Gain/(loss) on disposal of investment properties	-	-	-	(504)	-	37,633	-	37,129
	8,724,634	531,125	102,802	73,012	140,922	107,188	317,985	9,997,668

2 SEGMENT INFORMATION (Continued)

(a) Segmental statement of profit or loss for the six months ended 30 June 2015 (Continued)

For the six months ended 30 June 2015								
	Life insurance \$'000	PRC property and casualty insurance \$'000	Overseas property and casualty insurance \$'000	Reinsurance \$'000	Pension and group life insurance \$'000	Other businesses \$'000	Inter- segment elimination and adjustment \$'000	Total \$'000
Note (iii): Net unrealised investment gains/(losses) and impairment								
Debt securities								
- Held-for-trading	12,228	-	2,731	80	14	(877)	5,566	19,742
- Designated at fair value through profit or loss	-	-	(3,423)	-	-	-	-	(3,423)
Equity securities								
- Held-for-trading	9	-	2,290	-	-	2,161	(54,560)	(50,100)
- Designated at fair value through profit or loss	-	-	(2,815)	-	-	-	-	(2,815)
Investment funds								
- Held-for-trading	(112,108)	(19,700)	10,041	(125)	(3,809)	3,430	102,647	(19,624)
- Designated at fair value through profit or loss	-	-	1,342	-	-	-	-	1,342
Derivative financial instruments	-	-	-	-	-	(2,610)	-	(2,610)
Surplus on revaluation of investment properties	143,603	26,637	36,665	1,000	-	106,264	(29,128)	285,041
Impairment loss recognised:								
- Available-for-sale equity securities and investment funds	(787)	(96)	(410)	(6,161)	-	-	-	(7,454)
	42,945	6,841	46,421	(5,206)	(3,795)	108,368	24,525	220,099

2 SEGMENT INFORMATION (Continued)

(b) Segmental statement of financial position as at 30 June 2015

	30 June 2015							
	Life insurance	PRC property and casualty insurance	Overseas property and casualty insurance	Reinsurance	Pension and group life insurance	Other businesses	Inter-segment elimination and adjustment	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Statutory deposits	3,423,746	1,061,092	120,830	49,918	507,222	10,104	-	5,172,912
Fixed assets								
- Property and equipment	4,041,761	1,136,786	791,148	82,802	136,059	322,686	1,300,034	7,811,276
- Investment properties	4,718,706	282,446	2,118,789	38,020	-	10,305,508	(2,520,739)	14,942,730
- Prepaid lease payments	60,714	59,687	-	-	-	1,236,987	-	1,357,388
Investment in debt and equity securities								
- Debt securities (note (i))	130,546,231	6,074,731	3,269,511	8,262,183	2,066,690	5,751,497	433,701	156,404,544
- Equity securities (note (ii))	35,257,885	2,258,723	498,273	363,975	518,023	961,540	2,319,265	42,177,684
- Investment funds (note (iii))	23,186,257	1,877,171	1,161,493	684,434	1,026,813	1,834,670	(17,371,016)	12,399,822
- Debt products (note (iv))	67,069,331	3,829,523	-	154,703	1,025,856	36,774	12,553,734	84,669,921
Cash and bank deposits	39,687,460	5,614,747	1,311,921	3,847,205	1,178,120	17,473,444	2,082,656	71,195,553
Goodwill	-	-	-	-	-	-	668,517	668,517
Intangible assets	-	261,408	-	-	-	260	-	261,668
Investments in associates and joint ventures	2,456,052	-	-	-	-	21,270	(2,030,038)	447,284
Reinsurers' share of insurance contract provisions	33,257,296	1,666,379	1,555,000	1,403,216	296,087	-	-	38,177,978
Policyholder account assets in respect of unit-linked products	2,583,716	-	-	-	-	-	-	2,583,716
Other segment assets	42,504,490	1,782,711	1,841,279	2,478,706	716,327	14,980,135	(1,854,369)	62,449,279
Segment assets	388,793,645	25,905,404	12,668,244	17,365,162	7,471,197	52,934,875	(4,418,255)	500,720,272
Life insurance contract liabilities	246,340,912	-	-	4,318,398	1,967,789	-	-	252,627,099
Unearned premium provisions	372,616	7,566,701	1,533,215	1,770,162	631,827	-	-	11,874,521
Provision for outstanding claims	101,806	5,276,121	3,770,926	4,600,629	513,725	-	-	14,263,207
Investment contract liabilities	16,900,797	-	-	704,807	1,178,084	-	-	18,783,688
Deferred tax liabilities	4,294,438	90,187	43,937	-	-	1,592,494	(116,761)	5,904,295
Interest-bearing notes	5,072,216	1,394,859	-	-	-	4,621,812	(51,799)	11,037,088
Bank borrowings	-	-	-	-	-	15,330,648	-	15,330,648
Securities sold under repurchase agreements	30,117,427	1,965,484	-	-	363,931	-	20,289	32,467,131
Other segment liabilities	53,802,894	3,481,417	1,339,316	933,970	1,110,444	3,340,143	(1,861,825)	62,146,359
Segment liabilities	357,003,106	19,774,769	6,687,394	12,327,966	5,765,800	24,885,097	(2,010,096)	424,434,036
Non-controlling interests								(12,962,233)
Net assets attributable to the owners of the Company								63,324,003

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 resources allocation and assessment of segment performance.

2 SEGMENT INFORMATION (Continued)

(b) Segmental statement of financial position as at 30 June 2015 (Continued)

30 June 2015								
	Life insurance	PRC property and casualty insurance	Overseas property and casualty insurance	Reinsurance	Pension and group life insurance	Other businesses	Inter-segment elimination and adjustment	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Note (i): Debt securities								
By category:								
- Held-to-maturity	103,414,332	2,175,103	1,651,984	6,208,216	-	3,129,683	(51,799)	116,527,519
- Available-for-sale	27,006,837	3,733,360	992,190	2,021,488	2,065,223	2,587,904	-	38,407,002
- Held-for-trading	61,659	1,421	119,382	9,654	1,467	2,513	485,500	681,596
- Designated at fair value through profit or loss	-	-	404,341	-	-	-	-	404,341
- Loans and receivables	63,403	164,847	101,614	22,825	-	31,397	-	384,086
	130,546,231	6,074,731	3,269,511	8,262,183	2,066,690	5,751,497	433,701	156,404,544
By class:								
- Governments and central banks	32,019,568	164,847	39,072	855,559	-	44,644	-	33,123,690
- Banks and other financial institutions	56,268,171	363,630	1,646,789	3,112,011	39,296	2,245,649	(51,799)	63,623,747
- Corporate entities	42,258,492	5,546,254	1,583,650	4,294,613	2,027,394	3,461,204	485,500	59,657,107
	130,546,231	6,074,731	3,269,511	8,262,183	2,066,690	5,751,497	433,701	156,404,544
Note (ii): Equity securities								
By category:								
- Available-for-sale	35,257,885	2,257,814	345,472	363,975	518,023	947,404	1,567,778	41,258,351
- Held-for-trading	-	909	109,873	-	-	14,136	751,487	876,405
- Designated at fair value through profit or loss	-	-	42,928	-	-	-	-	42,928
	35,257,885	2,258,723	498,273	363,975	518,023	961,540	2,319,265	42,177,684
Note (iii): Investment funds								
By category:								
- Available-for-sale	22,534,916	1,877,171	583,714	133,426	483,307	378,079	(15,699,199)	10,291,414
- Held-for-trading	651,341	-	129,230	18,013	543,506	1,341,769	(1,671,817)	1,012,042
- Designated at fair value through profit or loss	-	-	186,471	-	-	-	-	186,471
- Loans and receivables	-	-	262,078	532,995	-	114,822	-	909,895
	23,186,257	1,877,171	1,161,493	684,434	1,026,813	1,834,670	(17,371,016)	12,399,822
Note (iv): Debt products								
By category:								
- Loans and receivables	67,069,331	3,829,523	-	154,703	1,025,856	36,774	12,553,734	84,669,921

2 SEGMENT INFORMATION (Continued)

(c) Segmental statement of profit or loss for the six months ended 30 June 2014

For the six months ended 30 June 2014 (Restated)								
	Life insurance \$'000	PRC property and casualty insurance \$'000	Overseas property and casualty insurance \$'000	Reinsurance \$'000	Pension and group life insurance \$'000	Other businesses \$'000	Inter- segment elimination and adjustment \$'000	Total \$'000
Income								
Total premiums written	50,718,889	8,083,201	1,954,810	3,138,457	2,135,146	-	(355,586)	65,674,917
Policy fees	34,858	-	-	-	-	-	-	34,858
Total premiums written and policy fees	50,753,747	8,083,201	1,954,810	3,138,457	2,135,146	-	(355,586)	65,709,775
Less: Premiums ceded to reinsurers	(19,237,982)	(968,028)	(591,392)	(311,295)	(222,512)	-	291,205	(21,040,004)
Net premiums written and policy fees	31,515,765	7,115,173	1,363,418	2,827,162	1,912,634	-	(64,381)	44,669,771
Change in unearned premium provisions, net of reinsurance	747	(731,650)	(157,812)	(317,621)	(92,766)	-	-	(1,299,102)
Net earned premiums and policy fees	31,516,512	6,383,523	1,205,606	2,509,541	1,819,868	-	(64,381)	43,370,669
Net investment income (note (i))	5,373,945	366,189	156,620	193,134	101,067	326,560	54,206	6,571,721
Net realised investment gains/(losses) (note (ii))	544,091	39,105	36,547	15,319	32,711	21,751	(52,402)	637,122
Net unrealised investment gains/ (losses) and impairment (note (iii))	723,433	7,140	30,735	3,960	18,763	280,016	(185,927)	878,120
Other income	283,790	17,974	9,748	3,042	119,560	562,758	(649,189)	347,683
Other (losses)/gains	2,442	3,361	(14,894)	20,337	(21)	(5,684)	(8,070)	(2,529)
Segment income	38,444,213	6,817,292	1,424,362	2,745,333	2,091,948	1,185,401	(905,763)	51,802,786
Benefits, losses and expenses								
Net policyholders' benefits	(10,247,091)	(3,492,174)	(595,001)	(908,473)	(308,926)	-	3,609	(15,548,056)
Net commission expenses	(4,846,398)	(535,515)	(314,787)	(665,424)	(103,187)	-	240,226	(6,225,085)
Administrative and other expenses	(4,329,885)	(2,429,173)	(196,860)	(53,367)	(535,684)	(756,031)	503,027	(7,797,973)
Change in life insurance contract liabilities, net of reinsurance	(16,614,143)	-	-	(821,652)	(1,091,749)	-	-	(18,527,544)
Total benefits, losses and expenses	(36,037,517)	(6,456,862)	(1,106,648)	(2,448,916)	(2,039,546)	(756,031)	746,862	(48,098,658)
Profit from operations	2,406,696	360,430	317,714	296,417	52,402	429,370	(158,901)	3,704,128
Share of results of associates and joint ventures	102,813	-	-	-	-	155	(102,613)	355
Finance costs	(125,797)	(32,551)	-	-	-	(366,855)	9,384	(515,819)
Profit before taxation	2,383,712	327,879	317,714	296,417	52,402	62,670	(252,130)	3,188,664
Income tax (charge)/credit	(568,264)	(65,080)	(31,257)	(63,793)	10,121	(130,571)	37,255	(811,589)
Profit/(loss) after taxation	1,815,448	262,799	286,457	232,624	62,523	(67,901)	(214,875)	2,377,075
Non-controlling interests								(438,146)
Profit attributable to owners of the Company								<u>1,938,929</u>

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

2 SEGMENT INFORMATION (Continued)

(c) Segmental statement of profit or loss for the six months ended 30 June 2014 (Continued)

For the six months ended 30 June 2014 (Restated)								
	Life insurance \$'000	PRC property and casualty insurance \$'000	Overseas property and casualty insurance \$'000	Reinsurance \$'000	Pension and group life insurance \$'000	Other businesses \$'000	Inter- segment elimination and adjustment \$'000	Total \$'000
Note (i): Net investment income								
Interest income from debt securities								
- Held-to-maturity	2,367,375	39,449	25,421	106,075	-	9,874	(521)	2,547,673
- Available-for-sale	777,105	82,763	36,295	36,810	43,141	14,320	(352)	990,082
- Held-for-trading	96	-	-	343	8	142	-	589
- Designated at fair value through profit or loss	-	-	11,796	-	-	-	-	11,796
- Loans and receivables	8,433	7,849	-	3,969	-	9,012	-	29,263
Interest income from debt products								
- Loans and receivables	988,378	103,726	-	4,362	27,902	4,787	133,682	1,262,837
Dividend income from equity securities								
- Available-for-sale	59,637	20,510	16,312	6,918	916	8,020	-	112,313
- Held-for-trading	-	-	544	-	-	342	4,999	5,885
- Designated at fair value through profit or loss	-	-	1,075	-	-	-	-	1,075
Dividend income from investment funds								
- Available-for-sale	104,531	12,426	125	372	1,327	1,686	(33,190)	87,277
- Held-for-trading	12,291	6,420	-	725	-	71	-	19,507
- Designated at fair value through profit or loss	-	-	1,075	-	-	-	-	1,075
- Loans and receivables	-	-	6,251	13,519	-	-	-	19,770
Bank deposits and other interest income	1,502,610	97,126	16,859	19,112	38,062	32,724	(6,854)	1,699,639
Rentals receivable from investment properties	27,259	-	40,867	901	-	245,244	(47,545)	266,726
Net interest expenses on securities sold/purchased under repurchase/resale agreements	(473,770)	(4,080)	-	28	(10,289)	338	3,987	(483,786)
	<u>5,373,945</u>	<u>366,189</u>	<u>156,620</u>	<u>193,134</u>	<u>101,067</u>	<u>326,560</u>	<u>54,206</u>	<u>6,571,721</u>
Note (ii): Net realised investment gains/(losses)								
Debt securities								
- Held-to-maturity	-	-	587	-	-	-	-	587
- Available-for-sale	35,235	(4,537)	26,069	8,436	44	(946)	-	64,301
- Held-for-trading	(890)	-	(637)	-	(882)	62	-	(2,347)
- Designated at fair value through profit or loss	-	-	726	-	-	-	-	726
Equity securities								
- Available-for-sale	639,594	31,658	10,404	6,882	27,144	15,379	-	731,061
- Held-for-trading	-	-	(261)	-	-	2,576	(47,800)	(45,485)
- Designated at fair value through profit or loss	-	-	(117)	-	-	-	(4,570)	(4,687)
Investment funds								
- Available-for-sale	(144,197)	11,984	(431)	1	4,044	-	(32)	(128,631)
- Held-for-trading	14,349	-	-	-	2,361	821	-	17,531
- Designated at fair value through profit or loss	-	-	207	-	-	-	-	207
Gain on disposal of associates	-	-	-	-	-	3,859	-	3,859
	<u>544,091</u>	<u>39,105</u>	<u>36,547</u>	<u>15,319</u>	<u>32,711</u>	<u>21,751</u>	<u>(52,402)</u>	<u>637,122</u>

2 SEGMENT INFORMATION (Continued)

(c) Segmental statement of profit or loss for the six months ended 30 June 2014 (Continued)

For the six months ended 30 June 2014 (Restated)								
	Life insurance \$'000	PRC property and casualty insurance \$'000	Overseas property and casualty insurance \$'000	Reinsurance \$'000	Pension and group life insurance \$'000	Other businesses \$'000	Inter- segment elimination and adjustment \$'000	Total \$'000
Note (iii): Net unrealised investment gains/(losses) and impairment								
Debt securities								
- Held-for-trading	744	-	5,658	(58)	522	20	-	6,886
- Designated at fair value through profit or loss	-	-	5,317	-	-	-	-	5,317
Equity securities								
- Held-for-trading	3	-	1,342	-	-	(5,275)	(9,985)	(13,915)
- Designated at fair value through profit or loss	-	-	(2,967)	-	-	-	(53,980)	(56,947)
Investment funds								
- Held-for-trading	19	-	(7,242)	(72)	18,241	349	-	11,295
- Designated at fair value through profit or loss	88,465	7,140	259	-	-	-	-	95,864
Derivative financial instruments	191	-	-	-	-	286	-	477
Surplus on revaluation of investment properties	661,441	-	42,336	4,090	-	284,636	(121,962)	870,541
Impairment loss recognised:								
- Available-for-sale equity securities and investment funds	(27,430)	-	(13,968)	-	-	-	-	(41,398)
	<u>723,433</u>	<u>7,140</u>	<u>30,735</u>	<u>3,960</u>	<u>18,763</u>	<u>280,016</u>	<u>(185,927)</u>	<u>878,120</u>

2 SEGMENT INFORMATION (Continued)

(d) Segmental statement of financial position as at 31 December 2014

	31 December 2014							
	Life insurance	PRC property and casualty insurance	Overseas property and casualty insurance	Reinsurance	Pension and group life insurance	Other businesses	Inter-segment elimination and adjustment	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Statutory deposits	3,422,628	1,058,585	9,765	50,795	507,056	5,727	-	5,054,556
Fixed assets								
- Property and equipment	3,983,667	1,132,223	799,758	83,219	143,680	247,148	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
Investment in debt and equity securities								
- Debt securities (note (i))	130,982,246	4,641,888	3,320,277	6,170,217	1,778,747	2,596,870	165,426	149,655,671
- Equity securities (note (ii))	25,684,492	793,466	424,168	131,682	298,934	437,648	(1,155,935)	26,614,455
- Investment funds (note (iii))	12,995,466	2,160,980	628,697	661,990	785,236	1,140,272	(9,399,217)	8,973,424
- Debt products (note (iv))	48,170,769	3,878,773	-	154,652	1,457,870	138,736	7,060,755	60,861,555
Cash and bank deposits	57,711,017	4,167,320	1,763,394	2,866,298	1,144,834	11,194,455	2,982,953	81,830,271
Goodwill	-	-	-	-	-	-	668,517	668,517
Intangible assets	-	261,408	-	-	-	260	-	261,668
Investments in associates and joint ventures	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	789,192	6,427,081	(403,872)	41,969,288
Segment assets	360,056,654	21,135,687	12,006,578	12,748,025	7,136,137	33,691,742	(3,225,838)	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	1,198,091	3,143,472	(675,622)	61,778,460
Segment liabilities	337,292,211	15,835,870	6,224,645	8,279,750	5,653,109	19,776,330	(851,446)	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 resources allocation and assessment of segment performance.

2 SEGMENT INFORMATION (Continued)

(d) Segmental statement of financial position as at 31 December 2014 (Continued)

31 December 2014								
	Life insurance	PRC property and casualty insurance	Overseas property and casualty insurance	Reinsurance	Pension and group life insurance	Other businesses	Inter-segment elimination and adjustment	Total
	\$'000	\$'000	\$'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	1,778,747	2,141,299	-	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
	<u>130,982,246</u>	<u>4,641,888</u>	<u>3,320,277</u>	<u>6,170,217</u>	<u>1,778,747</u>	<u>2,596,870</u>	<u>165,426</u>	<u>149,655,671</u>
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	39,548	393,310	(51,799)	64,104,215
- Corporate entities	41,052,613	3,640,764	1,578,909	3,542,226	1,739,199	2,151,609	217,225	53,922,545
	<u>130,982,246</u>	<u>4,641,888</u>	<u>3,320,277</u>	<u>6,170,217</u>	<u>1,778,747</u>	<u>2,596,870</u>	<u>165,426</u>	<u>149,655,671</u>
Note (ii): Equity securities								
By category:								
- Available-for-sale	25,684,242	793,466	269,159	131,682	298,934	419,766	(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
	<u>25,684,492</u>	<u>793,466</u>	<u>424,168</u>	<u>131,682</u>	<u>298,934</u>	<u>437,648</u>	<u>(1,155,935)</u>	<u>26,614,455</u>
Note (iii): Investment funds								
By category:								
- Available-for-sale	7,978,640	716,376	157,577	110,675	235,656	177,792	(5,002,259)	4,374,457
- Held-for-trading	5,016,826	1,444,604	112,286	18,148	549,580	847,603	(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
	<u>12,995,466</u>	<u>2,160,980</u>	<u>628,697</u>	<u>661,990</u>	<u>785,236</u>	<u>1,140,272</u>	<u>(9,399,217)</u>	<u>8,973,424</u>
Note (iv): Debt products								
By category:								
- Loans and receivables	48,170,769	3,878,773	-	154,652	1,457,870	138,736	7,060,755	60,861,555

2 SEGMENT INFORMATION (Continued)

Geographical distribution:

More than 93% (30 June 2014 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 is detailed below:

30 June 2015				
PRC				
	Hong Kong and Macau	(other than Hong Kong and Macau)	Rest of the world	Total
	\$'000	\$'000	\$'000	\$'000
Non-current assets (other than financial instruments, deferred tax assets, rights arising under insurance contracts and interest in associates and joint ventures)	2,666,540	21,720,086	654,953	25,041,579

31 December 2014				
PRC				
	Hong Kong and Macau	(other than Hong Kong and Macau)	Rest of the world	Total
	\$'000	\$'000	\$'000	\$'000
Non-current assets (other than financial instruments, deferred tax assets, rights arising under insurance contracts and interest in associates and joint ventures)	2,729,813	21,421,420	637,406	24,788,639

Information about major customers:

There were no customers for the six months ended 30 June 2015 and 2014 contributing over 10% of the total premiums written and policy fees of the Group.

3 TOTAL PREMIUMS WRITTEN AND POLICY FEES

Principal activities

The principal activity of the Company is investment holding. The principal activities of the Company's subsidiaries are the underwriting of direct life insurance business, property and casualty insurance business, all classes of reinsurance business and pensions 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.

	Six months ended 30 June 2015					Total \$'000
	Life insurance contracts \$'000	PRC property and casualty insurance contracts \$'000	Overseas property and casualty insurance contracts \$'000	Reinsurance contracts \$'000	Pension and group life insurance contracts \$'000	
Total premiums written	66,040,821	10,053,504	1,812,412	5,128,019	2,330,632	85,365,388
Policy fees	30,192	-	-	-	-	30,192
	<u>66,071,013</u>	<u>10,053,504</u>	<u>1,812,412</u>	<u>5,128,019</u>	<u>2,330,632</u>	<u>85,395,580</u>

	Six months ended 30 June 2014 (Restated)					Total \$'000
	Life insurance contracts \$'000	PRC property and casualty insurance contracts \$'000	Overseas property and casualty insurance contracts \$'000	Reinsurance contracts \$'000	Pension and group life insurance contracts \$'000	
Total premiums written	50,718,889	8,083,201	1,669,904	3,138,457	2,064,466	65,674,917
Policy fees	34,858	-	-	-	-	34,858
	<u>50,753,747</u>	<u>8,083,201</u>	<u>1,669,904</u>	<u>3,138,457</u>	<u>2,064,466</u>	<u>65,709,775</u>

4 INVESTMENT INCOME

	Six months ended 30 June	
	2015 \$'000	2014 (Restated) \$'000
Net investment income (note (a))	8,080,224	6,571,721
Net realised investment gains (note (b))	9,997,668	637,122
Net unrealised investment gains and impairment (note (c))	220,099	878,120
	<u>18,297,991</u>	<u>8,086,963</u>

4 INVESTMENT INCOME (Continued)

	Six months ended 30 June	
	2015	2014
		<i>(Restated)</i>
	\$'000	\$'000
(a) Net investment income		
Interest income from debt securities <i>(note (i))</i> :		
- Held-to-maturity	2,690,444	2,547,673
- Available-for-sale	988,288	990,082
- Held-for-trading	13,464	589
- Designated at fair value through profit or loss	12,500	11,796
- Loans and receivables	8,253	29,263
	3,712,949	3,579,403
Interest income from debt products <i>(note (i))</i>	2,351,945	1,262,837
Dividend income from equity securities <i>(note (ii))</i> :		
- Available-for-sale	271,079	112,313
- Held-for-trading	8,981	5,885
- Designated at fair value through profit or loss	772	1,075
	280,832	119,273
Dividend income from investment funds <i>(note (iii))</i> :		
- Available-for-sale	175,200	87,277
- Held-for-trading	20,462	19,507
- Designated at fair value through profit or loss	2,390	1,075
- Loans and receivables	22,877	19,770
	220,929	127,629
Bank deposits and other interest income	1,781,614	1,699,639
Gross rentals receivable from investment properties	358,018	269,990
Less: direct outgoings	(3,229)	(3,264)
Net rentals receivable from investment properties	354,789	266,726
Net interest expenses on securities sold/purchased under repurchase/resale agreements	(622,834)	(483,786)
	8,080,224	6,571,721

4 INVESTMENT INCOME (Continued)

Notes:

		Six months ended 30 June	
		2015	2014
			(Restated)
		\$'000	\$'000
(i)	Interest income from debt securities and debt products:		
	Listed	1,020,112	720,175
	Unlisted	5,044,782	4,122,065
		6,064,894	4,842,240
(ii)	Dividend income from equity securities:		
	Listed	198,273	116,664
	Unlisted	82,559	2,609
		280,832	119,273
(iii)	Dividend income from investment funds:		
	Listed	38,045	73,977
	Unlisted	182,884	53,652
		220,929	127,629

4 INVESTMENT INCOME (Continued)

	Six months ended 30 June	
	2015	2014
		<i>(Restated)</i>
	\$'000	\$'000
(b) Net realised investment gains/(losses)		
Debt securities <i>(note (i))</i> :		
- Held-to-maturity	17	587
- Available-for-sale	169,749	64,301
- Held-for-trading	112,452	(2,347)
- Designated at fair value through profit or loss	3,365	726
	285,583	63,267
Equity securities <i>(note (ii))</i> :		
- Available-for-sale	8,188,316	731,061
- Held-for-trading	167,374	(45,485)
- Designated at fair value through profit or loss	4,205	(4,687)
	8,359,895	680,889
Investment funds <i>(note (iii))</i> :		
- Available-for-sale	1,267,629	(128,631)
- Held-for-trading	60,268	17,531
- Designated at fair value through profit or loss	-	207
	1,327,897	(110,893)
Derivative financial instruments	(12,836)	-
Gain on disposal of investment properties	37,129	-
Gain on disposal of an associate	-	3,859
	9,997,668	637,122

4 INVESTMENT INCOME (Continued)

Notes:

		Six months ended 30 June	
		2015	2014
			(Restated)
		\$'000	\$'000
(i)	Net realised investment gains on debt securities:		
	Listed	192,471	25,982
	Unlisted	93,112	37,285
		285,583	63,267
(ii)	Net realised investment gains/(losses) on equity securities:		
	Listed	8,367,408	680,889
	Unlisted	(7,513)	-
		8,359,895	680,889
(iii)	Net realised investment gains/(losses) on investment funds:		
	Listed	(306,578)	(224,661)
	Unlisted	1,634,475	113,768
		1,327,897	(110,893)

4 INVESTMENT INCOME (Continued)

	Six months ended 30 June	
	2015	2014
		<i>(Restated)</i>
	\$'000	\$'000
(c) Net unrealised investment gains/(losses) and impairment		
Debt securities <i>(note (i))</i> :		
- Held-for-trading	19,742	6,886
- Designated at fair value through profit or loss	(3,423)	5,317
	16,319	12,203
Equity securities <i>(note (ii))</i> :		
- Held-for-trading	(50,100)	(13,915)
- Designated at fair value through profit or loss	(2,815)	(56,947)
	(52,915)	(70,862)
Investment funds <i>(note (iii))</i> :		
- Held-for-trading	(19,624)	11,295
- Designated at fair value through profit or loss	1,342	95,864
	(18,282)	107,159
Derivative financial instruments	(2,610)	477
Surplus on revaluation of investment properties	285,041	870,541
Impairment loss recognised:		
- Available-for-sale equity securities and investment funds	(7,454)	(41,398)
	220,099	878,120

4 INVESTMENT INCOME (Continued)

Notes:

	Six months ended 30 June	
	2015	2014
	\$'000	(Restated) \$'000
(i) Net unrealised investment gains on debt securities:		
Listed	13,863	6,525
Unlisted	2,456	5,678
	16,319	12,203
(ii) Net unrealised investment losses on equity securities:		
Listed	(52,915)	(70,862)
(iii) Net unrealised investment gains/(losses) on investment funds:		
Listed	1,208	235
Unlisted	(19,490)	106,924
	(18,282)	107,159

5 OTHER INCOME / OTHER LOSSES

(a) Other income

	Six months ended 30 June	
	2015	2014
		(Restated)
	\$'000	\$'000
Fee income from provision of asset management and advisory services	164,399	50,620
Fee income from provision of insurance intermediary services	20,883	19,342
Fee income from provision of pension administration services	136,762	74,693
Fee income from provision of securities broking services	49,930	36,136
Fee income from provision of property management services	46,861	34,902
Interest income from loans and advances to third parties	300,254	-
Others	106,166	131,990
	825,255	347,683

(b) Other losses

	Six months ended 30 June	
	2015	2014
		(Restated)
	\$'000	\$'000
Loss on disposal of property and equipment	(231)	(156)
Net impairment losses recognised on property and equipment	-	(232)
Net exchange gain/(losses)	1,250	(3,639)
Impairment reversal on insurance debtors and other debtors	3,648	1,498
Provision for loans and advances to third parties	(86,432)	-
	(81,765)	(2,529)

6 NET POLICYHOLDERS' BENEFITS AND NET COMMISSION EXPENSES

(a) Net policyholders' benefits

	Six months ended 30 June 2015					Total \$'000
	Life insurance contracts \$'000	PRC property and casualty insurance contracts \$'000	Overseas property and casualty insurance contracts \$'000	Reinsurance contracts \$'000	Pension and group life insurance contracts \$'000	
Claims and claim adjustment expenses	768,647	4,674,473	840,108	1,405,403	451,766	8,140,397
Surrenders	24,517,874	-	-	1,376	1,133,519	25,652,769
Annuity, dividends and maturity payments	11,484,780	-	-	-	238,264	11,723,044
Interest allocated to investment and reinsurance contracts	767,247	-	-	428	-	767,675
	37,538,548	4,674,473	840,108	1,407,207	1,823,549	46,283,885
Less: Reinsurers' and retrocessionaires' share	(5,632,167)	(273,338)	(318,295)	(108,631)	(139,512)	(6,471,943)
	<u>31,906,381</u>	<u>4,401,135</u>	<u>521,813</u>	<u>1,298,576</u>	<u>1,684,037</u>	<u>39,811,942</u>

	Six months ended 30 June 2014 (Restated)					Total \$'000
	Life insurance contracts \$'000	PRC property and casualty insurance contracts \$'000	Overseas property and casualty insurance contracts \$'000	Reinsurance contracts \$'000	Pension and group life insurance contracts \$'000	
Claims and claim adjustment expenses	561,781	4,105,462	676,871	931,097	342,358	6,617,569
Surrenders	7,617,781	-	-	-	25,561	7,643,342
Annuity, dividends and maturity payments	3,426,073	-	-	-	39,981	3,466,054
Interest allocated to investment and reinsurance contracts	490,260	-	-	-	-	490,260
	12,095,895	4,105,462	676,871	931,097	407,900	18,217,225
Less: Reinsurers' and retrocessionaires' share	(1,848,804)	(472,397)	(226,370)	(22,624)	(98,974)	(2,669,169)
	<u>10,247,091</u>	<u>3,633,065</u>	<u>450,501</u>	<u>908,473</u>	<u>308,926</u>	<u>15,548,056</u>

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

(b) Net commission expenses

	Six months ended 30 June 2015					Total \$'000
	Life insurance contracts \$'000	PRC property and casualty insurance contracts \$'000	Overseas property and casualty insurance contracts \$'000	Reinsurance contracts \$'000	Pension and group life insurance contracts \$'000	
Gross commission expenses	4,964,819	1,138,212	392,495	815,770	196,871	7,508,167
Reinsurance commission income	(150,644)	(266,962)	(174,808)	(119,205)	(36,872)	(748,491)
Net commission expenses	<u>4,814,175</u>	<u>871,250</u>	<u>217,687</u>	<u>696,565</u>	<u>159,999</u>	<u>6,759,676</u>

	Six months ended 30 June 2014 (Restated)					Total \$'000
	Life insurance contracts \$'000	PRC property and casualty insurance contracts \$'000	Overseas property and casualty insurance contracts \$'000	Reinsurance contracts \$'000	Pension and group life insurance contracts \$'000	
Gross commission expenses	4,901,084	680,712	344,230	705,765	109,310	6,741,101
Reinsurance commission income	(79,960)	(216,925)	(143,405)	(40,341)	(35,385)	(516,016)
Net commission expenses	<u>4,821,124</u>	<u>463,787</u>	<u>200,825</u>	<u>665,424</u>	<u>73,925</u>	<u>6,225,085</u>

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

	Six months ended 30 June 2015					Total \$'000
	Life insurance contracts \$'000	PRC property and casualty insurance contracts \$'000	Overseas property and casualty insurance contracts \$'000	Reinsurance contracts \$'000	Pension and group life insurance contracts \$'000	
Change in life insurance contracts	26,552,613	-	-	2,283,678	(210,292)	28,625,999
Less: Reinsurers' share	4,361,170	-	-	(793,451)	(5,493)	3,562,226
	<u>30,913,783</u>	<u>-</u>	<u>-</u>	<u>1,490,227</u>	<u>(215,785)</u>	<u>32,188,225</u>

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

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

	Six months ended 30 June 2014 (Restated)					Total \$'000
	Life insurance contracts \$'000	PRC property and casualty insurance contracts \$'000	Overseas property and casualty insurance contracts \$'000	Reinsurance contracts \$'000	Pension and group life insurance contracts \$'000	
Change in life insurance contracts	34,199,916	-	-	821,652	1,113,617	36,135,185
Less: Reinsurers' share	(17,585,773)	-	-	-	(21,868)	(17,607,641)
	<u>16,614,143</u>	<u>-</u>	<u>-</u>	<u>821,652</u>	<u>1,091,749</u>	<u>18,527,544</u>

7 PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging:

	Six months ended 30 June	
	2015 \$'000	2014 (Restated) \$'000
(a) Finance costs:		
Interest on interest-bearing notes	280,206	276,671
Interest on other loans	196,938	239,148
	<u>477,144</u>	<u>515,819</u>
(b) Staff costs (including directors' remuneration):		
Salaries, wages, bonuses and other benefits	4,747,807	3,668,624
Contributions to defined contribution retirement plans	373,495	237,255
	<u>5,121,302</u>	<u>3,905,879</u>
(c) Other items:		
Auditor's remuneration	3,842	3,493
Depreciation of property and equipment	260,793	199,264
Amortisation of prepaid lease payments	15,015	6,459
Amortisation of intangible assets	-	94
Operating lease charges in respect of properties	<u>302,393</u>	<u>317,196</u>

8 INCOME TAX CHARGE

Income tax charge in the condensed consolidated statement of profit or loss represents:

	Six months ended 30 June	
	2015	2014
		<i>(Restated)</i>
	\$'000	\$'000
Current tax – Hong Kong Profits Tax		
Provision for the period	87,004	57,221
Current tax – Outside Hong Kong		
Provision for the period	2,250,944	129,169
(Over)/Under-provision in respect of prior years	(1,668)	5,616
	2,249,276	134,785
Deferred tax		
Origination and reversal of temporary differences	52,227	619,583
Income tax charge	2,388,507	811,589

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% (2014: 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% (2014: 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 rate for domestic companies in different provinces in the PRC is 25% (2014: 25%).

At 30 June 2015, the Group did not recognize deferred tax assets in respect of tax losses of approximately \$2,065,724,000 (31 December 2014: \$2,012,901,000) and certain temporary differences of \$345,369,000 (31 December 2014: \$293,224,000). \$736,924,000 (31 December 2014: \$682,250,000) 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.

9 DIVIDENDS

- (a) No final dividend in respect of the previous financial year was proposed, approved or paid during the interim period (2014: \$Nil).
- (b) No interim dividend in respect of the interim period was proposed, approved or paid during the interim period ended 30 June 2015 (2014: \$Nil).

10 EARNINGS PER SHARE

- (a) Basic earnings per share

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

	Six months ended 30 June	
	2015	2014 (Restated)
	\$'000	\$'000
Profit attributable to owners of the Company	5,857,694	1,938,929
Distribution relating to perpetual subordinated capital securities	(126,775)	-
Profit used to determine basic earnings per share	5,730,919	1,938,929
Weighted average number of ordinary shares	3,233,248,233	2,699,790,123
Basic earnings per share (HK\$ per share)	1.772	0.718

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 recognized 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 for the six months ended 30 June 2014 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 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 2014 had been adjusted for the effects of the Rights Issue of the Company completed in November 2014.

10 EARNINGS PER SHARE (Continued)

(b) Diluted earnings per share

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

	Six months ended 30 June	
	2015	2014
	\$'000	(Restated) \$'000
Profit attributable to owners of the Company	5,857,694	1,938,929
Distribution relating to perpetual subordinated capital securities	(126,775)	-
Profit used to determine diluted earnings per share	5,730,919	1,938,929
Weighted average number of ordinary shares	3,237,339,699	2,703,912,144
Diluted earnings per share (HK\$ per share)	1.770	0.717

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

(c) Reconciliations

	At 30 June	
	2015	2014
	Number of shares	(Restated) Number of shares
Weighted average number of ordinary shares less shares held for Share Award Schemes used in calculating basic earnings per share	3,233,248,233	2,699,790,123
Effect of Share Option Scheme	3,122,266	3,101,648
Effect of Share Award Scheme	969,200	1,020,373
Weighted average number of ordinary shares used in calculating diluted earnings per shares	3,237,339,699	2,703,912,144

11 FIXED ASSETS

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

During the period, certain own-use buildings had been leased out under operating leases. Accordingly, a carrying amount of land and buildings of \$2,836,000 (30 June 2014 as restated: \$135,117,000) has been transferred to investment properties at fair value of \$26,020,000 (30 June 2014 as restated: \$164,529,000), based on revaluation by an independent external property valuer. The valuation was arrived at by reference to market evidence of transaction prices for similar properties.

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

	At 30 June 2015 \$'000	At 31 December 2014 \$'000
Within 1 year	550,022	518,247
In the second to fifth year inclusive	1,278,714	342,385
After 5 years	-	5,388
	<u>1,828,736</u>	<u>866,020</u>

The fair values of investment properties of the Group as at 30 June 2015 were measured by an external valuer. The valuation for completed investment properties was arrived at by reference to market evidence of transaction prices for similar properties. The valuation for investment properties under construction was arrived on the basis of residual method, which reflects the expectations of the market participants of the value of investment properties when complete, after deductions for the costs required to complete and adjustments for profits. A revaluation surplus of \$285,041,000 (30 June 2014 as restated: \$870,541,000) has been recognized in the consolidated statement of profit or loss during the period.

As at 30 June 2015, land and buildings of \$16,885,000 (31 December 2014: \$13,694,000) and investment properties of \$31,748,000 (31 December 2014: \$33,404,000) located in Macau had been pledged in favour of Autoridade Monetária de Macau ("AMCM") to guarantee the technical reserves in accordance with the Macau Insurance Ordinance.

A subsidiary of the Group also pledged land and buildings located in Hong Kong of a carrying amount of \$1,974,000 (31 December 2014: \$2,059,000) to secure general banking facilities granted to the Group.

12 INVESTMENTS IN DEBT AND EQUITY SECURITIES

	At 30 June 2015 \$'000	At 31 December 2014 \$'000
Debt securities (<i>Note (i)</i>)	156,404,544	149,655,671
Equity securities (<i>Note (ii)</i>)	42,177,684	26,614,455
Investment funds (<i>Note (iii)</i>)	12,399,822	8,973,424
Debt products (<i>Note (iv)</i>)	84,669,921	60,861,555
	295,651,971	246,105,105

	At 30 June 2015 \$'000	At 31 December 2014 \$'000
Note (i) Debt securities		
Held-to-maturity:		
- Listed in Hong Kong	4,831,098	2,385,089
- Listed outside Hong Kong	17,579,143	14,809,935
- Unlisted	94,117,278	90,705,842
	116,527,519	107,900,866
Issued by:		
Government and central banks	25,223,943	23,378,311
Banks and other financial institutions	56,862,439	55,029,598
Corporate entities	34,441,137	29,492,957
	116,527,519	107,900,866

12 INVESTMENTS IN DEBT AND EQUITY SECURITIES (Continued)

	At 30 June 2015 \$'000	At 31 December 2014 \$'000
Note (i) Debt securities (Continued)		
Available-for-sale:		
- Listed in Hong Kong	1,514,149	1,054,344
- Listed outside Hong Kong	18,414,883	20,095,652
- Unlisted	18,477,970	19,363,962
	38,407,002	40,513,958
Issued by:		
Government and central banks	7,587,344	7,929,737
Banks and other financial institutions	6,275,863	8,613,208
Corporate entities	24,543,795	23,971,013
	38,407,002	40,513,958
Held-for-trading:		
- Listed outside Hong Kong	562,214	280,114
- Unlisted	119,382	139,163
	681,596	419,277
Issued by:		
Banks and other financial institutions	37,482	41,734
Corporate entities	644,114	377,543
	681,596	419,277

12 INVESTMENTS IN DEBT AND EQUITY SECURITIES (Continued)

	At 30 June 2015 \$'000	At 31 December 2014 \$'000
Note (i) Debt securities (Continued)		
Designated at fair value through profit or loss:		
- Listed in Hong Kong	132,110	93,861
- Listed outside Hong Kong	272,231	343,867
	404,341	437,728
Issued by:		
Government and central banks	29,931	38,484
Banks and other financial institutions	346,349	318,212
Corporate entities	28,061	81,032
	404,341	437,728
Loans and receivables:		
- Unlisted	384,086	383,842
Issued by:		
Government and central banks	282,472	282,379
Banks and other financial institutions	101,614	101,463
	384,086	383,842
Total debt securities	156,404,544	149,655,671

The held-to-maturity debt securities include an amount of \$25,052,956,000 (31 December 2014: \$1,293,202,000) 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 debts securities classified as loans and receivables will be matured from 2016 to 2023 (31 December 2014: 2016 to 2023) and bear interest ranging from 5% to 6% (31 December 2014: 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.

12 INVESTMENTS IN DEBT AND EQUITY SECURITIES (Continued)

	At 30 June 2015 \$'000	At 31 December 2014 \$'000
Note (ii) Equity securities		
Available-for-sale:		
- Listed in Hong Kong	1,575,670	908,226
- Listed outside Hong Kong	32,157,996	19,442,990
- Unlisted, at fair value	477,470	32,427
- Unlisted, at cost	7,047,215	5,305,541
	41,258,351	25,689,184
Held-for-trading:		
- Listed in Hong Kong	802,642	771,767
- Listed outside Hong Kong	73,763	104,072
	876,405	875,839
Designated at fair value through profit or loss:		
- Listed in Hong Kong	8,962	6,557
- Listed outside Hong Kong	33,966	42,875
	42,928	49,432
Total equity securities	42,177,684	26,614,455

12 INVESTMENTS IN DEBT AND EQUITY SECURITIES (Continued)

	At 30 June 2015 \$'000	At 31 December 2014 \$'000
Note (iii) Investment funds		
Available-for-sale:		
- Listed in Hong Kong	97,646	90,220
- Listed outside Hong Kong	822,320	1,451,511
- Unlisted, at fair value	9,262,362	2,816,518
- Unlisted, at cost	109,086	16,208
	10,291,414	4,374,457
Held-for-trading:		
- Listed outside Hong Kong	30,210	66,185
- Unlisted	981,832	3,525,904
	1,012,042	3,592,089
Designated at fair value through profit or loss:		
- Listed outside Hong Kong	151,380	97,013
- Unlisted	35,091	-
	186,471	97,013
Loans and receivables:		
- Unlisted	909,895	909,865
Total investment funds	12,399,822	8,973,424

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

12 INVESTMENTS IN DEBT AND EQUITY SECURITIES (Continued)

	At 30 June 2015 \$'000	At 31 December 2014 \$'000
Note (iv) Debt products		
Loans and receivables:		
- Unlisted	84,669,921	60,861,555

The debt products mainly include debt investments and relevant financial products on infrastructure and property development projects in the PRC and trust schemes, which had domestic credit ratings of AA or above. The debt products also include other financial products such as bank financial products. All debt products will be matured from 2015 to 2030 (31 December 2014: 2015 to 2025) and bear interest ranging from 5% to 10% (31 December 2014: 3% to 9%) per annum. 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.

Analysed for reporting purposes as:

	At 30 June 2015 \$'000	At 31 December 2014 \$'000
Held-to-maturity		
- Current	25,052,956	1,293,202
- Non-current	91,474,563	106,607,664
Available-for-sale		
- Current	7,844,676	3,058,138
- Non-current	82,112,091	67,519,461
Held-for trading		
- Current	2,570,043	4,887,205
Designated at fair value through profit or loss		
- Current	633,740	584,173
Loans and receivables		
- Current	27,155,993	7,334,326
- Non-current	58,807,909	54,820,936
	295,651,971	246,105,105

As at 30 June 2015, investment in debt and equity securities with total carrying amounts of \$482,199,000 (31 December 2014: \$447,228,000) have been pledged in favour of AMCM to guarantee the technical reserves in accordance with the Macau Insurance Ordinance.

13 INSURANCE DEBTORS

	At 30 June 2015 \$'000	At 31 December 2014 \$'000
Amounts due from insurance customers	14,233,878	6,789,933
Less: allowance for impaired debts	(111,559)	(117,802)
	14,122,319	6,672,131
Deposits retained by cedants	195,101	171,839
	14,317,420	6,843,970

Included in the amounts of insurance debtors is \$5,902,025,000 (31 December 2014: \$6,803,379,000), which is expected to be recovered within one year.

The following is an ageing analysis of the amounts due from insurance customers, reinsurers and intermediaries:

	At 30 June 2015 \$'000	At 31 December 2014 \$'000
Neither past due nor impaired		
- Uninvoiced	9,776,799	3,925,972
- Current	3,134,779	1,997,639
Past due but not impaired		
- Less than 3 months	617,134	325,415
- More than 3 months but less than 12 months	426,437	308,148
- More than 12 months	167,170	114,957
Past due and impaired	111,559	117,802
	14,233,878	6,789,933

14 OTHER DEBTORS

	At 30 June 2015 \$'000	At 31 December 2014 \$'000
Other debtors and deposits	14,007,957	13,926,761
Interest receivables from interest-bearing financial assets	5,213,869	5,880,778
Deposits for the purchase of property	3,491,538	3,300,698
Tax certificate paid to Hong Kong Inland Revenue Department	71,780	70,548
Business tax prepaid	2,031,393	1,883,519
Rental and utility deposits	111,212	104,771
Prepayments	353,122	376,734
Other pledged deposits	10,568	20,227
Others	2,724,475	2,289,486
Loans and advances		
- Secured loans to policyholders	20,198,294	14,961,277
- Secured loans to third parties	1,376,362	-
- Unsecured loans to third parties	12,381,368	5,091,631
	47,963,981	33,979,669
Less: allowance for impaired debts	(172,150)	(82,887)
	47,791,831	33,896,782

As at 30 June 2015, other pledged deposit of \$10,568,000 (31 December 2014: \$20,227,000) that was pledged to a financial institution for providing security in connection with a reinsurance arrangement.

15 STATUTORY DEPOSITS

- (a) Certain subsidiaries of the Group have placed \$4,992,060,000 (31 December 2014: \$4,988,269,000) 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 \$49,918,000 (31 December 2014: \$50,795,000) 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 \$9,238,000 (31 December 2014: \$9,765,000) with banks as guarantee fund, pursuant to Regulation of the Minister of Finance of the Republic of Indonesia.
- (d) A subsidiary of the Group deposited a sum of \$1,686,000 (31 December 2014: \$1,686,000) in the name of Director of Accounting Service with a bank pursuant to section 77(2e) of the Hong Kong Trustee Ordinance. The effective interest rate of the deposit as at 30 June 2015 is 0.10% (30 June 2014: 0.10%)
- (e) A subsidiary of the Group deposited a sum of \$8,418,000 (31 December 2014: \$4,041,000) with The Stock Exchange of Hong Kong Limited, Hong Kong Securities Clearing Company Limited and the Hong Kong Securities and Futures Commission. They are non-interest bearing.
- (f) A subsidiary of the Group deposited a sum of \$111,592,000 registered in favour of AMCM to guarantee the technical reserves in accordance with the Macau Insurance Ordinance.

16 CASH AND CASH EQUIVALENTS

	At 30 June 2015 \$'000	At 31 December 2014 \$'000
Deposits with banks and other financial institutions with original maturity less than three months	19,508,398	13,236,206
Money market fund	7,662	2,056
Cash at bank and in hand	16,950,393	20,734,155
Cash and cash equivalents in the consolidated statement of financial position and consolidated statement of cash flows	36,466,453	33,972,417

17 INSURANCE CREDITORS

	At 30 June 2015 \$'000	At 31 December 2014 \$'000
Amounts due to insurance customers/creditors	45,285,044	43,452,163
Amounts due to insurance intermediaries	2,285,476	1,603,748
Deposits retained from retrocessionaires	180,169	245,699
Prepaid premiums received	1,392,825	4,638,784
	49,143,514	49,940,394

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

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

	At 30 June 2015 \$'000	At 31 December 2014 \$'000
Current	44,802,664	43,083,400
More than 3 months but less than 12 months	221,507	204,738
More than 12 months	260,873	164,025
	45,285,044	43,452,163

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

The Group entered into transactions in which it transferred financial assets directly to third parties. As the Group has not transferred the significant risks and rewards relating to these securities, it continues to recognize the full carrying amount and has recognized 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 amortized cost or carried at fair value respectively in the Group's condensed consolidated statement of financial position.

	30 June 2015		
	Held-to-maturity securities	Available-for-sale securities	Total
	\$'000	\$'000	\$'000
Carrying amount of transferred assets	21,420,852	16,394,918	37,815,770
Carrying amount of associated liabilities - securities sold under repurchase agreements	(18,597,598)	(13,869,533)	(32,467,131)
Net position	<u>2,823,254</u>	<u>2,525,385</u>	<u>5,348,639</u>

	31 December 2014		
	Held-to-maturity securities	Available-for-sale securities	Total
	\$'000	\$'000	\$'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	<u>2,827,539</u>	<u>2,657,075</u>	<u>5,484,614</u>

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

All of the securities purchased under resale agreements and securities sold under repurchase agreements are denominated in RMB and will be settled within 14 days from the end of the reporting period. The carrying amount of the securities purchased under resale agreements and securities sold under repurchase agreements approximate to their fair value.

19 BANK BORROWINGS

	At 30 June 2015 \$'000	At 31 December 2014 \$'000
Unsecured bank loans (<i>note (i)</i>)	8,533,879	9,152,942
Unsecured bank loans for loans and advances to third parties (<i>note (ii)</i>)	6,796,769	1,267,640
	15,330,648	10,420,582

The loans are repayable as follows:

	At 30 June 2015 \$'000	At 31 December 2014 \$'000
Within 1 year	7,958,232	1,920,856
After 1 year but within 5 years	7,372,416	8,499,726
	15,330,648	10,420,582

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

Notes:

- (i) As at 30 June 2015, the bank loans are unsecured and carry interest at HIBOR plus 0.8% to HIBOR plus 2.15% or LIBOR plus 1.7% (31 December 2014: HIBOR plus 1.3% to HIBOR plus 2.15% or LIBOR plus 1.7%) per annum, with effective interest rates ranging from 1.04% to 2.37% (31 December 2014: 1.5% to 3.72%) per annum.
- (ii) As at 30 June 2015, the bank loans for loans and advances to third parties are unsecured and carry interest at fixed interest rates ranging from 3.8% to 4.89% (31 December 2014: fixed interest rate of 4.6%) per annum.

20 SHARE CAPITAL

	At 30 June 2015		At 31 December 2014	
	Number of shares	\$'000	Number of shares	\$'000
Ordinary shares, issued and fully paid:				
At the beginning of the period/year	3,108,018,538	27,291,104	1,705,875,092	85,294
Transit to no-par value regime on 3 March 2014 (note (a))	-	-	-	9,055,686
Issue of shares under Acquisition (Note 1)	-	-	862,735,270	11,750,061
Rights Issue (note (b))	-	-	539,408,176	6,400,063
Placing and Subscriptions (note (c))	486,000,000	13,480,304	-	-
At the end of the period/year	3,594,018,538	40,771,408	3,108,018,538	27,291,104

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

Notes:

- (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 Issue. 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 \$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) In May 2015, the Company raised \$13,481,640,000 by TPG (HK)'s subscriptions of 486,000,000 new shares of the Company at the price of \$27.74 per share after the placing of existing shares of the Company held by TPG (HK) pursuant to the Placing and Subscription Agreement entered into on 7 May 2015. Proceeds of approximately \$13,480,304,000 were credited to the share capital of the Company. The net proceeds will be used as general working capital of the Group, which includes but not limited to the investment to further develop and support the Group's insurance businesses, as well as new growth potentials which can create effective synergy with the Group's existing business.

21 PERPETUAL SUBORDINATED CAPITAL SECURITIES

The Company entered into an agreement on 2 September 2014 to issue perpetual subordinated capital securities in an aggregate principal amount of US\$600,000,000, 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 US\$600,000,000 (equivalent to \$4,650,090,000) were recorded as equity amounting to \$4,629,071,000 net of issuance costs.

The amounts as at 30 June 2015 and 31 December 2014 included the accrued distribution payments and an amount of \$126,810,000 (2014: Nil) was distributed to the holders of perpetual subordinated capital securities during the period

22 EQUITY COMPENSATION BENEFITS

(a) Share Option Scheme

(i) Movements in share options

	At 30 June 2015 <i>Number</i>	At 31 December 2014 <i>Number</i>
At the beginning of the period/year	5,781,978	6,292,000
Lapsed	(3,711,120)	(800,000)
Adjustment after Rights Issue	-	289,978
At the end of the period/year	<u>2,070,858</u>	<u>5,781,978</u>
Options exercisable at the end of the period/year	<u>2,070,858</u>	<u>5,781,978</u>

22 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) \$	At 30 June 2015 Number	At 31 December 2014 (note) Number
02/11/2005	23/11/2005 to 27/11/2015	2.731	1,228,618	2,913,098
29/12/2006	29/12/2006 to 28/12/2016	9.309	-	184,240
26/02/2007	26/02/2007 to 25/02/2017	9.014	842,240	842,240
29/06/2007	29/06/2007 to 28/06/2017	13.507	-	184,240
31/12/2007	31/12/2007 to 30/12/2017	20.327	-	184,240
30/06/2008	30/06/2008 to 29/06/2018	18.347	-	184,240
31/12/2008	31/12/2008 to 30/12/2018	11.322	-	184,240
31/12/2009	31/12/2009 to 30/12/2019	23.841	-	368,480
30/06/2010	30/06/2010 to 29/06/2020	24.611	-	184,240
31/12/2010	31/12/2010 to 30/12/2020	22.967	-	184,240
30/06/2011	30/06/2011 to 29/06/2021	16.698	-	184,240
30/12/2011	30/12/2011 to 29/12/2021	13.989	-	184,240
			2,070,858	5,781,978

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.

22 EQUITY COMPENSATION BENEFITS (Continued)

(a) Share Option Scheme (Continued)

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

Exercise period	Exercise price \$	Six months ended 30 June 2015 Number	Year ended 31 December 2014 Number
23/11/2005 to 22/11/2015	2.875	-	(800,000)
23/11/2005 to 27/11/2015	2.731	(1,684,480)	-
29/12/2006 to 28/12/2016	9.309	(184,240)	-
29/6/2007 to 28/06/2017	13.507	(184,240)	-
31/12/2007 to 30/12/2017	20.327	(184,240)	-
30/6/2008 to 29/06/2018	18.347	(184,240)	-
31/12/2008 to 30/12/2018	11.322	(184,240)	-
31/12/2009 to 30/12/2019	23.841	(368,480)	-
30/6/2010 to 29/06/2020	24.611	(184,240)	-
31/12/2010 to 30/12/2020	22.967	(184,240)	-
30/6/2011 to 29/06/2021	16.698	(184,240)	-
30/12/2011 to 29/12/2021	13.989	(184,240)	-
		(3,711,120)	(800,000)

(b) Share Award Scheme

As at 30 June 2015, 969,200 shares (31 December 2014: 969,200 shares) are deemed as unallocated shares which are held under Share Award Scheme and are available for future award and/or disposal pursuant to the rules of Share Award Scheme.

23 RESERVES

	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 2015	-	-	(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
Profit for the period	-	-	-	-	-	-	-	-	-	5,730,919	126,775	5,857,694	1,405,229	7,262,923
Other comprehensive income for the period:														
Revaluation gain arising from reclassification of own-use properties into investment properties	-	-	-	-	-	-	-	-	23,184	-	-	23,184	-	23,184
Exchange differences on translation of the financial statements of subsidiaries, associates and joint ventures	-	-	-	-	3,421	-	-	-	-	-	-	3,421	2,621	6,042
Available-for-sale securities (note) :	-	-	-	-	-	3,416,507	-	-	-	-	-	3,416,507	1,052,917	4,469,424
- changes in fair value	-	-	-	-	-	11,317,784	-	-	-	-	-	11,317,784	3,559,037	14,876,821
- deferred tax recognised	-	-	-	-	-	(1,064,534)	-	-	-	-	-	(1,064,534)	(349,651)	(1,414,185)
- transferred to profit or loss	-	-	-	-	-	(6,836,743)	-	-	-	-	-	(6,836,743)	(2,156,469)	(8,993,212)
Total comprehensive income	-	-	-	-	3,421	3,416,507	-	-	23,184	5,730,919	126,775	9,300,806	2,460,767	11,761,573
Settlement of share-based payments	-	-	-	-	-	-	(22,387)	-	-	(8,160)	-	(30,547)	-	(30,547)
Distribution to holders of perpetual subordinated capital securities	-	-	-	-	-	-	-	-	-	-	(126,810)	(126,810)	-	(126,810)
Dividend declared by subsidiaries to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	(136,800)	(136,800)
At 30 June 2015	-	-	(6,478,938)	(4,932,468)	1,323,719	6,636,924	5,574	(19,438)	611,596	20,698,394	4,707,232	22,552,595	12,962,233	35,514,828

23 RESERVES (Continued)

	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, as previously reported	9,055,686	9,996,790	(6,482,946)	(3,497,128)	1,522,634	(830,949)	28,986	(20,285)	384,001	10,839,961	-	20,996,750	4,003,602	25,000,352
Effect of merger accounting	-	-	-	265,855	(97,616)	-	-	-	-	171,163	-	339,402	32,965	372,367
At 1 January 2014, as 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
Profit for the period	-	-	-	-	-	-	-	-	-	1,938,929	-	1,938,929	438,146	2,377,075
Other comprehensive income for the period:														
Revaluation gain arising from reclassification of own-use properties into investment properties	-	-	-	-	-	-	-	-	29,412	-	-	29,412	-	29,412
Exchange differences on translation of the financial statements of subsidiaries, associates and joint ventures	-	-	-	-	(195,933)	-	-	-	-	-	-	(195,933)	(38,439)	(234,372)
Available-for-sale securities (note) :	-	-	-	-	-	794,000	-	-	-	-	-	794,000	240,012	1,034,012
- changes in fair value	-	-	-	-	-	1,492,024	-	-	-	-	-	1,492,024	446,790	1,938,814
- deferred tax recognised	-	-	-	-	-	(273,259)	-	-	-	-	-	(273,259)	(80,159)	(353,418)
- transferred to profit or loss	-	-	-	-	-	(424,765)	-	-	-	-	-	(424,765)	(126,619)	(551,384)
Total comprehensive income	-	-	-	-	(195,933)	794,000	-	-	29,412	1,938,929	-	2,566,408	639,719	3,206,127
Acquisition of certain target interests, target assets and liabilities	-	1,396,980	7,644	(1,362,336)	-	-	-	-	-	-	-	42,288	-	42,288
Transition to no par-value regime on 3 March 2014	(9,055,686)	-	-	-	-	-	-	-	-	-	-	(9,055,686)	-	(9,055,686)
Shares issued to TPG(HK) under Acquisition	-	(9,717,899)	-	-	-	-	-	-	-	-	-	(9,717,899)	-	(9,717,899)
Capital contributions made to subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	1,192,061	1,192,061
Dividend declared by a subsidiary to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	(34,015)	(34,015)
At 30 June 2014 (Restated)	-	1,675,871	(6,475,302)	(4,593,609)	1,229,085	(36,949)	28,986	(20,285)	413,413	12,950,053	-	5,171,263	5,834,332	11,005,595

23 RESERVES (Continued)

	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	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 into 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-value regime on 3 March 2014	(9,055,686)	-	-	-	-	-	-	-	-	-	-	(9,055,686)	-	(9,055,686)
Rights Issue	-	-	-	-	-	-	-	847	-	-	-	847	-	847
Shares 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 a subsidiary 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

23 RESERVES (Continued)

Note:

30 June 2015							
	Life insurance \$'000	PRC property and casualty insurance \$'000	Overseas property and casualty insurance \$'000	Reinsurance \$'000	Pensions and group life insurance \$'000	Other businesses \$'000	Total \$'000
Debt securities	379,949	37,955	514	9,517	35,351	26,196	489,482
Equity securities	3,094,513	107,599	19,018	47,201	104,240	305,467	3,678,038
Investment funds	2,140,348	15,992	(8,785)	5,265	5,109	(441,840)	1,716,089
	5,614,810	161,546	10,747	61,983	144,700	(110,177)	5,883,609
Deferred tax charged to reserves	(1,403,703)	(40,385)	(1,465)	(13,831)	(36,174)	81,373	(1,414,185)
Shared by non-controlling interests	(1,048,566)	-	-	-	-	(4,351)	(1,052,917)
	3,162,541	121,161	9,282	48,152	108,526	(33,155)	3,416,507

30 June 2014 (Restated)							
	Life insurance \$'000	PRC property and casualty insurance \$'000	Overseas property and casualty insurance \$'000	Reinsurance \$'000	Pension and group life insurance \$'000	Other businesses \$'000	Total \$'000
Debt securities	1,427,317	80,489	(3,034)	16,931	50,303	13,446	1,585,452
Equity securities	(186,857)	(43,477)	(42,426)	(4,336)	8,782	14,447	(253,867)
Investment funds	46,080	(13,609)	1,472	(7,463)	1,403	27,962	55,845
	1,286,540	23,403	(43,988)	5,132	60,488	55,855	1,387,430
Deferred tax charged to reserves	(321,636)	(5,251)	82	(2,024)	(15,123)	(9,466)	(353,418)
Shared by non-controlling interests	(240,261)	-	-	-	-	249	(240,012)
	724,643	18,152	(43,906)	3,108	45,365	46,638	794,000

31 December 2014							
	Life insurance \$'000	PRC property and casualty insurance \$'000	Overseas property and casualty insurance \$'000	Reinsurance \$'000	Pension and group life insurance \$'000	Other businesses \$'000	Total \$'000
Debt securities	2,709,276	115,529	(34,808)	(22,190)	80,531	(9,990)	2,838,348
Equity securities	4,106,396	96,782	(61,628)	(9,603)	34,177	28,161	4,194,285
Investment funds	694,731	2,608	12,654	(5,120)	3,452	(448,308)	260,017
	7,510,403	214,919	(83,782)	(36,913)	118,160	(430,137)	7,292,650
Deferred tax charged to reserves	(1,877,600)	(53,729)	13,440	801	(29,540)	111,103	(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)	88,620	(322,225)	4,051,366

24 MATURITY PROFILE

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

	Repayable on demand \$'000	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 30 June 2015							
Assets							
Deposits at banks and other financial institutions (including statutory deposits)	117,939	20,798,350	13,848,523	24,207,959	-	-	58,972,771
Money market funds	7,662	-	-	-	-	-	7,662
Pledged deposits at banks	73	336,960	100,606	-	-	-	437,639
Debt securities (under held-to-maturity)	-	312,160	894,580	14,667,126	100,653,653	-	116,527,519
Debt securities (under available-for-sale)	-	542,568	3,928,371	12,939,769	20,876,857	119,437	38,407,002
Debt securities (under held-for-trading)	-	6,248	10,144	112,339	544,338	8,527	681,596
Debt securities (under designated at fair value through profit or loss)	-	390	46,635	182,671	139,346	35,299	404,341
Debt securities and debt products (under loans and receivables)	-	2,762,465	23,483,633	32,757,208	26,050,701	-	85,054,007
Securities purchased under resale agreements	-	29,291	-	-	-	-	29,291
Loans and advances	22	443,722	21,931,518	10,457,659	1,123,103	-	33,956,024
	125,696	25,232,154	64,244,010	95,324,731	149,387,998	163,263	334,477,852
Liabilities							
Interest-bearing notes	-	-	-	1,394,859	9,642,229	-	11,037,088
Bank borrowings	-	253,611	7,704,621	7,372,416	-	-	15,330,648
	-	253,611	7,704,621	8,767,275	9,642,229	-	26,367,736

24 MATURITY PROFILE (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 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
	<u>159,802</u>	<u>20,510,415</u>	<u>36,883,434</u>	<u>86,321,045</u>	<u>153,508,227</u>	<u>252,677</u>	<u>297,635,600</u>
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
	<u>-</u>	<u>55,000</u>	<u>6,556,124</u>	<u>10,274,422</u>	<u>4,602,197</u>	<u>-</u>	<u>21,487,743</u>

25 FAIR VALUE OF FINANCIAL INSTRUMENTS

Financial instruments measured at fair value

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

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

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.

25 FAIR VALUES OF FINANCIAL INSTRUMENTS (Continued)

Financial instruments measured at fair value (Continued)

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 value is observable:

	At 30 June 2015			Total \$'000
	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	
Financial assets				
Investments in debt and equity securities:				
- Available-for-sale	47,202,372	35,582,279	15,815	82,800,466
- Held-for-trading	2,228,710	341,333	-	2,570,043
- Designated at fair value through profit or loss	447,269	186,471	-	633,740
Policyholder account assets in respect of unit-linked products	2,155,112	428,604	-	2,583,716
Financial liabilities				
Investment contract liabilities in respect of unit-linked products	(2,155,112)	(428,604)	-	(2,583,716)

	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 through profit or loss	487,161	97,012	-	584,173
Policyholder account assets in respect of unit-linked products	1,997,475	503,612	-	2,501,087
Financial liabilities				
Investment contract liabilities in respect of unit-linked products	(1,997,475)	(503,612)	-	(2,501,087)

25 FAIR VALUES OF FINANCIAL INSTRUMENTS (Continued)

Financial instruments measured at fair value (Continued)

Reconciliation of Level 3 fair value measurements of financial assets:

	Available- for-sale unlisted securities \$'000
At 1 January 2015	15,390
Gain or losses recognised in:	
- other comprehensive income	425
At 30 June 2015	<u>15,815</u>

	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	<u>(620)</u>
At 31 December 2014	<u>15,390</u>

At 30 June 2015, available-for-sale investment securities with carrying amounts of \$4,032,674,000 (31 December 2014: \$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 investment securities with carrying amounts of \$1,782,391,000 (31 December 2014: \$3,058,159,000) were transferred from Level 2 to Level 1 because quoted prices in active markets were available as at 30 June 2015.

26 COMMITMENTS

(a) Capital commitments as of 30 June 2015 were as follows:

	At 30 June 2015 \$'000	At 31 December 2014 \$'000
Contracted for but not provided		
- property and equipment	3,410,092	3,680,262
- investment properties	-	34,203
- investments in associates, joint ventures and securities	546,132	-
	<u>3,956,224</u>	<u>3,714,465</u>
Authorised but not contracted for	<u>5,032,410</u>	<u>4,970,416</u>

(b) As at 30 June 2015, the total future minimum lease payments under non-cancellable operating leases are payable as follows:

	At 30 June 2015 \$'000	At 31 December 2014 \$'000
Within 1 year	469,388	739,122
After 1 year but within 5 years	690,979	763,078
After 5 years	25,841	19,427
	<u>1,186,208</u>	<u>1,521,627</u>

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

27 MATERIAL RELATED PARTY TRANSACTIONS

The following is a summary of significant recurring transactions entered into between the Group and its related parties during the period:

	<i>Note</i>	Six months ended 30 June	
		2015	2014
		\$'000	(Restated)
			\$'000
Shareholder's loans and other interest paid	(i)	2,188	135,969

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.

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

28 INSURANCE AND FINANCIAL RISK MANAGEMENT

(a) Underwriting strategy

Life insurance business

The Group operates its life insurance business in the PRC'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 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.

(b) Reinsurance strategy

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

(c) Asset and liability matching

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

28 INSURANCE AND FINANCIAL RISK MANAGEMENT (Continued)

(c) Asset and liability matching (Continued)

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

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

(d) Financial risk

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

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

(i) Market risk

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

(a) Interest rate risk

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

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

28 INSURANCE AND FINANCIAL RISK MANAGEMENT (Continued)

(d) Financial risk (Continued)

(i) Market risk (Continued)

(b) Equity price risk

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

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

The Group's investment in equity securities and investment funds was carried at a fair value of \$46,891.73 million (31 December 2014: \$29,356.27 million), representing less than 12% (31 December 2014: less than 10%) of total investments held by the Group.

(c) Foreign exchange risk

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

28 INSURANCE AND FINANCIAL RISK MANAGEMENT (Continued)

(d) Financial risk (Continued)

(ii) Credit risk

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

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

To reduce the credit risk associated with the investments in debt securities and debt products, the Group has established detailed credit control policy. In addition, the risk level of the various investment sectors is continuously monitored with the investment mix adjusted accordingly. In respect of the debt securities and debt products invested by life insurance and property and casualty insurance business in the PRC, the investment procedures manual, which is managed by an investment committee, includes the minimum acceptable domestic credit rating of the issuers as required by the CIRC. Any non-compliance or violation of the manual will be followed up and rectification action will be taken immediately. In respect of the debt securities invested by property and casualty insurance business in Hong Kong, more than 89% of the bonds are with ratings of investment grade or above. In respect of the debt securities invested by reinsurance business, 83% of the debt securities are with ratings of investment grade.

As at 30 June 2015, debt securities held by the Group mainly comprise of domestic bonds. Of which, approximately 99% domestic securities were investment grade bonds with BBB ratings or higher.

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

In assessing the need for impairment allowances, management considers factors such as credit quality, portfolio size, 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 30 June 2015.

(iii) Liquidity risk

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

28 INSURANCE AND FINANCIAL RISK MANAGEMENT (Continued)

(d) Financial risk (Continued)

(iii) Liquidity risk (Continued)

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

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

(e) Reserve adequacy

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

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

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

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

Changes to Information in respect of Directors

In accordance with Rule 13.51B(1) of the Listing Rules, the changes to information required to be disclosed by Directors pursuant to paragraphs (a) to (e) and (g) of Rule 13.51(2) between 26 March 2015 (being the date of approval of the Company's 2014 Annual Report) and 25 August 2015 (being the date of approval of the Company's 2015 Interim Results) are set out below:

Position held with the Company and other members of the Group and relationships with the controlling shareholders of the Company

Mr. XIE Yiqun has resigned as an executive director, a deputy general manager and a member of the corporate governance committee of the Company with effect from 23 April 2015.

Mr. XIE Zhichun was appointed as an independent non-executive director, member of the remuneration committee, member of the nomination committee and member of the audit committee of the Company with effect from 25 June 2015.

Experience including other directorships in listed companies and major appointments.

Mr. WU Ting Yuk Anthony was appointed as the chairman of Hainan Qianbo Lecheng Development Company Ltd., the honorary chairman of Shanghai Qianbo Investment Management Company Limited and the co-chairman and executive director of Sincere Watch (Hong Kong) Limited with effect from March 2015.

Mr. WU Ting Yuk Anthony was appointed as a member of the PRC State Council's Medical Reform Leadership Advisory Committee with effect from April 2015.

Mr. WU Ting Yuk Anthony ceased to be an independent non-executive director of Agricultural Bank of China Limited with effect from June 2015.

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

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

As at 30 June 2015, none of the Directors and chief executives of the Company had any interests or short positions in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under section 352 of the SFO or as otherwise which had to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies.

During the Period, save as disclosed in the section headed "Share option scheme", no Directors 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 was there been any exercise of any such rights by any of them.

Share Option and Share Award Scheme

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 further options will be granted. However in respect of any options which remain exercisable at the end of the Period, the provisions of the New Scheme shall remain in full force and effect.

As of 30 June 2015, 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 30 June 2015 was HK\$27.85) 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 Period	No. of options outstanding at the end of the Period	Date granted	Period during which options exercisable	No. of options granted during the Period	No. of shares acquired in exercise of options during the Period	No. of options lapsed/reclassified during the Period	Price per share to be paid on exercise of options	¹ Market value per share at date of grant of options during the Period	² Market value per share on exercise of options during the Period
XIE Yiqun (resigned on 23 April 2015)	526,400	-	2 November 2005	23 November 2005 to 22 November 2015	-	-	-526,400	HK\$2.731	-	-
Employees	2,386,698	1,228,618	2 November 2005	23 November 2005 to 27 November 2015	-	-	-1,158,080	HK\$2.731	-	-
	184,240	-	29 December 2006	29 December 2006 to 28 December 2016	-	-	-184,240	HK\$9.309	-	-
	842,240	842,240	26 February 2007	26 February 2007 to 25 February 2017	-	-	-	HK\$9.014	-	-
	184,240	-	29 June 2007	29 June 2007 to 28 June 2017	-	-	-184,240	HK\$13.507	-	-
	184,240	-	31 December 2007	31 December 2007 to 30 December 2017	-	-	-184,240	HK\$20.327	-	-
	184,240	-	30 June 2008	30 June 2008 to 29 June 2018	-	-	-184,240	HK\$18.347	-	-
	184,240	-	31 December 2008	31 December 2008 to 30 December 2018	-	-	-184,240	HK\$11.322	-	-
	368,480	-	31 December 2009	31 December 2009 to 30 December 2019	-	-	-368,480	HK\$23.841	-	-
	184,240	-	30 June 2010	30 June 2010 to 29 June 2020	-	-	-184,240	HK\$24.611	-	-
	184,240	-	31 December 2010	31 December 2010 to 30 December 2020	-	-	-184,240	HK\$22.967	-	-
	184,240	-	30 June 2011	30 June 2011 to 29 June 2021	-	-	-184,240	HK\$16.698	-	-
	184,240	-	30 December 2011	30 December 2011 to 29 December 2021	-	-	-184,240	HK\$13.989	-	-

Notes:

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

Apart from the foregoing, at no time during the Period was the Company, any of its holding companies, subsidiaries or fellow subsidiaries a party to any arrangement to enable the directors or chief 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 on 10 September 2007 (“Adoption Date”). Unless terminated earlier by the Board, the Share Award Scheme shall be valid and effective for a term of 10 years commencing from the Adoption Date, and after such period no new award of Shares shall be granted.

As at 30 June 2015, the net total number of Shares held under the Share Award Scheme was 969,200 Shares (31 December 2014: 969,200 shares). As at 30 June 2015, no Shares were awarded to selected employees (31 December 2014: Nil) subject to the terms of the Share Award Scheme, but have not yet vested in such selected employees.

No Shares were awarded to the Directors during the Period.

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

As of 30 June 2015, the interests and short positions of the shareholders, other than a director or chief executive of the Company, in the Shares and underlying Shares of the Company as recorded in the register required to be kept by the Company under Section 336 of SFO were as follows:

Substantial shareholders	Capacity	Number of ordinary shares	Long position/ short position	Percentage of issued share capital %
TPG	Interest of controlled corporation	2,143,423,856 (Note 1)	Long position	59.64
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	59.64

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 30 June 2015.

Corporate Governance

Corporate Governance Practices

During the period between 1 January 2015 and 30 June 2015, the Company was in compliance with the Code provisions, respectively, with the following exceptions:

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

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

Subsequent to the resignation of Mr. CHE Shujian on 27 October 2014, the number of independent non-executive directors and members of the audit committee of the Company unable to fulfill the minimum number required under Rule 3.10(A) and 3.21, respectively. On 25 June 2015, Mr. XIE Zhichun was appointed as an independent non-executive director, member of the audit committee, member of the remuneration committee and member of the nomination committee. Following Mr. XIE's appointment, the Company fully complied with the requirements of Rule 3.10(A) and 3.21.

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

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

Corporate Information

DIRECTORS

Executive directors

WANG Bin *Chairman*
LI Jinfu *Vice Chairman &
General Manager*
MENG Zhaoyi *Deputy General Manager*

Non-executive directors

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

* *Independent*

JOINT COMPANY SECRETARY

ZHANG Ruohan
CHAN Man Ko

AUTHORIZED REPRESENTATIVES

WANG Bin
ZHANG Ruohan

REGISTERED OFFICE

22nd Floor, China Taiping Tower Phase I
8 Sunning Road
Causeway Bay
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Facsimile : (852) 2544 5269
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REGISTRAR AND TRANSFER OFFICE

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

INDEPENDENT AUDITORS

PricewaterhouseCoopers

PRINCIPAL BANKERS

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

WEBSITE

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

STOCK MARKET LISTING

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

Definitions

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

“Board”	the board of Directors
“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 of certain target interests, target assets and liabilities
“CTPI (HK)”	China Taiping Insurance (HK) Company Limited
“Directors”	The directors of the Company, including the independent non-executive directors
“FY 2014”	The twelve months ended 31 December 2014
“HIBOR”	Hong Kong Interbank Offer Rate
“HKAS”	Hong Kong Accounting Standard
“HKFRS”	Hong Kong Financial Reporting Standard
“HKICPA”	Hong Kong Institute of Certified Public Accountants
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Indonesia”	Republic of Indonesia
“Last Period” & “1H 2014”	The six months ended 30 June 2014
“LIBOR”	London Interbank Offer Rate
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange
“Macau”	Macau Special Administrative Region of the PRC
“Manhold”	Manhold Limited
“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
“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 New Scheme”	Share option scheme of the Company adopted on 7 January 2003
“the Old Scheme”	Share option scheme of the Company adopted on 24 May 2000 and terminated on 7 January 2003
“the Period” & “1H 2015”	The six months ended 30 June 2015
“the PRC”	The People’s Republic of China
“TPA (HK)”	Taiping Assets Management (HK) Company Limited
“TPAM”	Taiping Asset Management Company Limited
“TPeC”	Taiping E-Commerce Company Limited
“TPFH”	Taiping Financial Holdings Company Limited
“TPG”	China Taiping Insurance Group Ltd.
“TPG (HK)”	China Taiping Insurance Group (HK) Company Limited
“TPI”	Taiping General Insurance Company Limited
“TPIH”	Taiping Investment Holdings Company Limited
“TPL”	Taiping Life Insurance Company Limited
“TPP”	Taiping Pension Company Limited
“TPRB”	Taiping Reinsurance Brokers Limited
“TPRe”	Taiping Reinsurance Company Limited
“TP Indonesia”	PT China Taiping Insurance Indonesia

“TP Macau”	China Taiping Insurance (Macau) Company Limited
“TP Singapore”	China Taiping Insurance (Singapore) PTE. Ltd.
“TP UK”	China Taiping Insurance (UK) Company Limited
“Tranche A”	25.05% equity interest of TPL
“Tranche B”	38.79% equity interest in TPI, 4% equity interests in TPP and 20% equity interest in TPAM
“Tranche C”	all target interests other than Tranche A and Tranche B and other target assets
“UK”	the United Kingdom of Great Britain and Northern Ireland
“RMB”	Renminbi
“HKD”	Hong Kong dollars
“USD”	United States dollars

By order of the Board of
China Taiping Insurance Holdings Company Limited
ZHANG Ruohan CHAN Man Ko
Joint Company Secretary

Hong Kong, 25 August 2015

As at the date of this announcement, the Board comprises 11 directors, of which Mr. WANG Bin, Mr. LI Jinfu and Mr. MENG Zhaoyi are executive directors, Mr. HUANG Weijian, Mr. ZHU Xiangwen, Mr. WU Changming and Mr. NI Rongming are non-executive directors and Dr. WU Jiesi, Mr. ZHU Dajian, Mr. WU Ting Yuk Anthony and Mr. XIE Zhichun are independent non-executive directors.

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