中国太平
CHINA TAIPING

中國太平保險控股有限公司

China Taiping Insurance Holdings Company Limited

(Incorporated in Hong Kong with limited liability)

(Stock Code: 966)

ANNOUNCEMENT

INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2019

The Board of Directors of China Taiping Insurance Holdings Company Limited announces the unaudited interim financial results of the Company and its subsidiaries for the six months ended 30 June 2019 as follows, which should be read in conjunction with the Management Discussion and Analysis set out below:

MANAGEMENT DISCUSSION AND ANALYSIS

In the first half of 2019, China Taiping fully implemented the Group's development strategy of the new era with adhering to the clear direction guided by strategy, pursuing development led by planning and solving problems by projects to achieve stable and healthy business development, PRC insurance businesses grew steadily, overseas insurance businesses grew rapidly, investment results progress steadily ever-deepening internal and external synergies, operating profitability continuously enhanced, key performance indicators surpassed their targets for the Period, TPG, with CTIH as a core subsidiary, has made it onto the "Fortune Global 500" again with ranking increased by 14 places, brand value continuously increased. At the same time, the capacities of serving the national strategies were further enhanced, proactively participated in the construction of Guangdong-Hong Kong-Macau Greater Bay Area and "The Belt and Road" development, positive results were achieved in supporting the development of the real economy, contributing to ensure people's livelihood and safeguarding the prosperity and stability of Hong Kong. The pace of financial technology application was significantly accelerated with innovation achievements continually emerging, risk control and compliance work was solid and effective, which significantly improved operational efficiency and customer service experience.

Strategy of the New Era Steadily Advanced, Operating Profitability Continuously Enhanced

- Profit attributable to owners was HK$6.744 billion, increased by 29.5% over the Last Period
- Total premiums written and policy fees reached HK$138.9 billion, increased by 6.8% over the Last Period
- Basic earnings per share HK$1.841, increased by 30.2% over the Last Period
- Owners' equity was HK$71.704 billion, increased by 17.5% over the 2018 year-end
- Total assets were HK$832.9 billion, increased by 10.7% over the 2018 year-end
- Group embedded value per share attributable to owners was HK$43.570, increased by 12.2% over the 2018 year-end figure of HK$38.832, while TPL's embedded value increased by 12.6% over the 2018 year-end

PRC Insurance Businesses[1] Grew Steadily, Quality of Business Remained Sound

- Direct premium of the life insurance[2] increased by 10.8% over the Last Period. With TPL's first year regular premium from individual insurance decreased by 4.5% over the Last Period and regular premium from bancassurance increased by 31.4% over the Last Period, outperforming major peers
- TPL's four persistency ratios of the individual agency and bancassurance channels were industry-leading; renewal premium increased by 15.2% over the Last Period
- TPP's short term employee benefit of group business increased by 20.4%, quality of business improved over the Last Period
- New payment from annuity increased by 33.9% over the Last Period, with growth rate leading its major peers; pension assets under management was over RMB260.0 billion
- Direct premium of the PRC property and casualty insurance increased by 9.5% over the Last Period, with direct premium from non-motor insurance increased by 26.9% over the Last Period, achieving continual underwriting profit, the combined ratio of motor insurance was better than the industry

Overseas Insurance Businesses Grew Rapidly, Market Influence Continued Expanding

- TPL (HK)'s premium income increased by 73.4% over the Last Period, with market influence continued increasing; subsidiary in Macau officially opened
- CTPI (HK) achieved a fast development of local business, with premium income increased by 12.5% over the Last Period and achieving continual underwriting profit
- TP Macau's premium income sustained its market leadership, with a combined ratio of 66.5% and maintained outstanding underwriting result
- TP Singapore's property and casualty business premium income increased by 7.3% over the Last Period, outperformed the market while maintaining underwriting profitability; life insurance business achieved a good start
- TP Indonesia's premium income increased by 35.4% over the Last Period, with both local business and Chinese enterprises business grew substantially, combined ratio at 45.6%, underwriting profitability maintained at an excellent level
- TPRe maintained its leading position in the Hong Kong reinsurance market, with premium growth of 12.1% over the Last Period. The property and casualty reinsurance business combined ratio remained at a relatively good level, and the life reinsurance business grew substantially by 24.7% over the Last Period, achieving fast development

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[1] *Calculated in RMB*
[2] *Including TPL and TPP*

Investment Income Increased Steadily, Asset Structure Continued Optimising

- The investment asset scale maintained rapid growth, investment income increased steadily. At the end of June 2019, the total investment assets of the Group was HK$696.9 billion, increased by 14.6% over the 2018 year-end, higher than industry average, investment income for the first half of 2019 was HK$15.866 billion, representing an increase of 21.1% over the Last Period
- Promoting further optimisation of investment platform integration and achieving significant enhancement in capacity building. In the first half of the 2019, the Group promoted professional and market-oriented operation of domestic and overseas investment platforms, created an investment business system with distinctive characteristics and clear division of work, achieved remarkable results in the research-driven investment transformation and obtained better investment returns
- Implementing the concept of value investment and continued optimising the asset structure. During the first half of 2019, the Group has strengthened strategic asset allocation, gave play to long-term investment advantage of insurance funds, took the initiative in adjusting the position structure, and recorded a net investment income of HK$14.996 billion, representing an increase of 20.8% over the Last Period, in which dividend income and fund dividends was HK$1.551 billion, increased by 26.1% over the Last Period
- Continuously improving risk management, enhancing forewarning and active management. In the first half of 2019, the Group strengthened centralised investment monitoring, improved post-investment management and risk handling mechanisms, further refined risk classifications and actively fended off latent risks

Steady Promotion of the Strategic Clients Cooperation and Cross-selling Initiatives

- In the first half of 2019, China Taiping signed Strategic Cooperation Agreements and Memorandums of Cooperation with 8 large clients. As at the end of June, China Taiping had established strategic cooperation relationships with 97 large clients and these clients has contributed total premium of HK$25.809 billion and pension under management of HK$8.925 billion
- In the first half of 2019, our cross-selling initiatives achieved HK$4.849 billion insurance sales, including HK$4.014 billion of property insurance sales through TPL, HK$718 million of pension sales through TPL, HK$88 million of property insurance sales through TPP and HK$30 million of pension sales through TPI

The Brand of “Taiping for Your Peaceful Life” Continued Improving, Brand Influence Further Demonstrated

- TPG, with CTIH as a core subsidiary, has made it onto the “Fortune Global 500” again, ranking 451th by an operating income of USD27.486 billion, the ranking increased by 14 places
- The first national insurance historical documentary “Taiping History” landed on CCTV, which aroused a warm response and greatly enhanced the brand influence of China Taiping
- Successfully launched the broadcasting of “Taiping for your peaceful life” advertisement simultaneously in 9 major cities around the world, such as New York, London, Singapore, Sydney, Hong Kong etc., which further enhanced the international brand image

CONSOLIDATED FINANCIAL RESULTS

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

HK$ million

	1H 2019	1H 2018	Change
Total premiums written and policy fees	**138,923.13**	**130,088.37**	+6.8%
Profit before taxation	**8,925.93**	**9,954.04**	-10.3%
Profit after taxation	**9,082.72**	**6,876.22**	+32.1%
Net profit attributable to the owners	**6,744.22**	**5,209.11**	+29.5%
Basic earnings per share *(HK$)*	**1.841**	**1.414**	+0.427 dollar
Interim dividend proposed	**-**	**-**	-

HK$ million

	As 30 June 2019	At 31 December 2018	Change
Total assets	**832,917.98**	752,101.33	+10.7%
Total equity	**93,913.31**	80,395.78	+16.8%
Owners' equity	**71,704.16**	61,022.69	+17.5%
- Per share *(HK$)*	**19.951**	16.979	+2.972 dollars
Group embedded value	**200,588.59**	179,180.87	+11.9%
Owners' group embedded value	**156,591.32**	139,562.62	+12.2%
- Per share *(HK$)*	**43.570**	38.832	+4.738 dollars

CONSOLIDATED FINANCIAL RESULTS *(Continued)*

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

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

HK$ million

	1H 2019	1H 2018	Change
Life insurance	**8,365.38**	5,736.24	+45.8%
Pension and group life insurance	**117.13**	54.14	+116.3%
PRC property and casualty insurance	**305.30**	205.17	+48.8%
Overseas property and casualty insurance	**316.82**	246.37	+28.6%
Reinsurance	**220.12**	401.92	-45.2%
Asset management business	**211.73**	264.59	-20.0%
Others [1]	**(453.76)**	(32.21)	+1,308.8%
Net profit from operations	**9,082.72**	6,876.22	+32.1%
Non-controlling interests	**(2,338.50)**	(1,667.11)	+40.3%
Net profit attributable to the owners	**6,744.22**	5,209.11	+29.5%

[1] *Others mainly includes the operating results of the holding company, TPIH (HK), TPFH and consolidation adjustments.*

CONSOLIDATED FINANCIAL RESULTS *(Continued)*

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

HK$ million

	2019	2018
Total equity as at 1 January	**80,395.78**	81,720.70
Net profit recognised in statement of profit or loss	**9,082.72**	6,876.22
Net changes in available-for-sale investment reserve	**5,363.91**	(3,450.78)
Revaluation gain arising from reclassification of own-use properties into investment properties	**490.67**	1.03
Exchange differences arising from translation of financial statements of foreign and non-foreign operations	**(385.37)**	(697.11)
Distribution to holders of perpetual subordinated capital securities	**(128.24)**	(127.86)
Capital injections made to subsidiaries	**-**	17.44
Dividend declared by subsidiaries to non-controlling interests	**(546.76)**	(669.43)
Dividend declared to shareholders	**(359.40)**	(359.40)
Total equity as at 30 June	**93,913.31**	83,310.81
Attributable to:		
Owners of the Company (including capital securities)	**76,411.41**	67,837.20
Non-controlling interests	**17,501.90**	15,473.61
	93,913.31	83,310.81

CONSOLIDATED INVESTMENT PERFORMANCE

Assets Management Business

Asset Management within the Group

In the first half of 2019, global economic growth momentum weakened and downside risks increased. The economic fundamentals of United States still remained favorable while growth rate slowed down. In the second quarter, the growth rate of United States achieved a year-on-year increase of 2.3%, higher than the estimate by the Federal Reserve in 2019 of 1.9%, but decreased by 0.4 percentage points from the first quarter. The PMI of manufacturing industry and service industry in June was 51.7 and 55.1 respectively, both lower than the average of 2018. Economic growth in the euro area continued slowing down, with GDP for the second quarter grew by 0.8% on a quarter-on-quarter basis, a sharp drop of 1.0 percentage point from the first quarter. Japan's economic growth rebounded with weak prospects. Its GDP for the second quarter grew 1.2% on a year-on-year basis, increased by 0.2 percentage point from the previous quarter. However, the main contribution came from net exports and inventories, and domestic demand remained weak. Growth rate in emerging economies has been dragged down by external demand. Uncertainties in global trade policy and weakening demand have slowed down export growth and GDP growth in most emerging economies. China's economy tended to stabilise amidst a slowdown, with GDP growing by 6.3% year-on-year in the first half of the year, within the target range of 6.0% to 6.5% of the government's work report. In June, the total retail sales growth of social consumption rose to 9.6% with enhanced endogenous growth momentum. In the first half of the year, the high-tech manufacturing industry grew by 9.0% year-on-year, and the innovation momentum gradually emerged.

The global stock market has been stabilised and rebounded in the first half of 2019. Specifically, there was an increase of 27.1% in CSI 300, 10.4% in Hang Seng Index, 17.3% in US S&P 500 Index, 15.2% in Euro Stoxx 50 and 6.3% in Nikkei 225.

In respect of the bond market, the US bond market is affected by the expected decline in economic growth, the yield-to-maturity of 10-year treasury bonds has decreased from 2.69% at the beginning of the year to 2.00%, the yield-to-maturity of 2-year treasury bonds has decreased from 2.48% at the beginning of the year to 1.75%. PBOC maintained its prudent and neutral monetary policy, and market liquidity remained "reasonable and sufficient", the general yields remain unchanged. The yield-to-maturity of 10-year treasury bonds maintained at 3.23%, while the yield-to-maturity of 10-year China Bond AAA corporate bond yields rose slightly by 5bp to 4.38%.

The Group conducted in-depth study in the macroeconomic changes, seized opportunities in the equity market and optimised the asset allocation structure of the investment portfolio. In the first half of 2019, the Group reduced the proportion of fixed-income assets and raised the proportion of equity investment assets, implementing the concept of value investment, carrying out long-term equity investments in opportunity time, strengthen risk prevention in bond investments, achieving good investment performance.

CONSOLIDATED INVESTMENT PERFORMANCE *(Continued)*

Investment Income

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

HK$ million

	1H 2019	1H 2018 *(Restated)*	Change
Net investment income [1]	**14,995.90**	12,416.13	+20.8%
Net realised and unrealised investment gains [2]	**653.16**	754.65	-13.4%
Share of results of associates and joint ventures [3]	**216.45**	(67.93)	N/A
Total investment income	**15,865.51**	13,102.85	+21.1%
Annualised total investment yield [4]	**4.73%**	4.46%	+0.27 pt

[1] *Including the interests income from deposits, interests income from debt financial assets, dividends from equity financial assets, rental income from investment properties and deducting interest expenses on securities sold under repurchase agreements.*

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

[3] *Including the income generated from asset management products, funds etc., that has been classified as share of results of associates and joint ventures.*

[4] *In the calculation of total investment yield, as the denominator, the average investment assets takes into account the effect of securities purchased under resale agreements and securities sold under repurchase agreements. When annualising the total investment yield, the interests income from deposits, interests income from debt financial assets, dividend from equity financial assets and rental income from investment properties and deducting interest expenses on securities sold under repurchase agreements were multiplied by two.*

Net investment income increased by 20.8% from HK$12.416 billion in the first half of 2018 to HK$14.996 billion in the first half of 2019, which reinforced the investment income growth base. The realised and unrealised investment gains decreased from HK$755 million in the first half of 2018 to HK$653 million in the first half of 2019, mainly because of fewer realised gains during the first half of 2019. Share of results of associates and joint ventures increased from a loss of HK$68 million in the first half of 2018 to a profit of HK$216 million in the first half of 2019.

Under the combined influence of the above factors, the total investment income of investment assets of the Group amounted to HK$15.866 billion in the first half of 2019, increased by 21.1% over the HK$13.103 billion in the first half of 2018; the annualised investment yield increased from 4.46% in the first half of 2018 to 4.73% in the first half of 2019.

CONSOLIDATED INVESTMENT PERFORMANCE *(Continued)*

Investment Portfolio

The assets allocation of the investment portfolio of the Group's insurance funds is as follows:

HK$ million

	At 30 June 2019	**% of Total**	At 31 December 2018 *(Restated)*	% of Total
By investment category				
Fixed income				
Debt securities	**326,652.13**	**46.9%**	289,298.55	47.6%
Term deposits	**63,552.28**	**9.1%**	63,917.40	10.5%
Debt products	**110,272.02**	**15.8%**	96,930.11	15.9%
Other fixed income investments	**56,827.91**	**8.2%**	48,359.66	8.0%
Equity investments				
Equity securities	**42,766.18**	**6.1%**	31,160.24	5.1%
Investment funds	**34,739.66**	**5.0%**	29,977.91	4.9%
Other equity investments	**17,639.97**	**2.5%**	14,561.26	2.4%
Long-term equity investments	**10,804.21**	**1.6%**	10,410.88	1.7%
Investment properties	**18,642.26**	**2.7%**	17,505.18	2.9%
Cash, cash equivalents and others				
Cash and cash equivalents	**19,594.14**	**2.8%**	23,038.49	3.8%
Securities purchased under resale agreements/ securities sold under repurchase agreements	**(4,630.50)**	**-0.7%**	(16,864.23)	-2.8%
Total invested assets	**696,860.26**	**100.0%**	608,295.45	100.0%

Note: Long-term equity investments classification is added in the investment portfolio for the Period. Furthermore, the effect of consolidation adjustment on structured products is also added. The 2018 year-end investment portfolio data have been restated for comparison purposes.

Based on research and judgement of the capital market, the Group took the initiative in improving its investment portfolio to respond to the new capital market situation, the proportion of cash, cash equivalents and others to total investment assets increased from 1.0% in the 2018 year-end to 2.1% in the end of June 2019. The proportion of fixed income investments to total investment assets decreased from 82.0% in the 2018 year-end to 80.0% in the end of June 2019. The proportion of equity investments and long-term equity investments to total investment assets increased from 14.1% in the 2018 year-end to 15.2% in the end of June 2019.

Finance lease business of the Group

As at the end of June 2019, the financial leasing assets of TSFL were approximately HK$46.2 billion, the company safeguard the risk bottom line, and the managed assets were of good quality, the proportion of special mentioned assets and non-performing assets were 1.0% and 1.1%, continued lower than the industry average.

CONSOLIDATED INVESTMENT PERFORMANCE *(Continued)*

Analysis of investment in securities

High Credit Ratings for Debt Securities

As at the end of June 2019, debt securities held by the Group amounted to HK$326.7 billion, representing approximately 39.2% of the total assets, of which 82.5% were PRC bonds investment. Within the PRC bonds, 99.6% were bonds with AAA ratings, government bonds and financial policy bonds, interbank deposits, A-1 ratings short term bonds. Investment grade bonds with BBB ratings or higher reached 100%, with Ministry of Finance for government bonds, and other issuers such as China Development Bank, China Railway, Agricultural Bank of China, Industrial and Commercial Bank of China, Agricultural Development Bank of China and The Export-Import Bank of China etc.. Foreign bonds investment constitutes 17.5% of debt securities held by the Group, about 68.8% of them were investment grade bonds with international ratings of BBB or higher.

Good Credit Status for Alternative Investments

As at the end of June 2019, alternative investments held by the Group amounted to HK$157.4 billion, representing approximately 18.9% of the total assets. From which the ration of trust products and special asset support plan financial products increased, reflecting the investments has been further diversified. The credit ratings of the PRC financial investment debt products remained relatively high, products rated AAA accounted for 95.3%, products rated AA+ accounted for 4.7%. The Group's investment in alternative varieties have gone through a rigorous investment decision-making process, with a proprietary information system in place for monitoring during the investment and post-investment management. In general, the Group has made sufficient assessment on its alternative investment risks, which indicated sound asset credit.

Real Estate Financial Investment Debt Products

As at the end of June 2019, real estate financial investment debt products of approximately HK$28.0 billion, represented only 3.4% of the total assets, the ratio increased by 0.1 percentage point over the 2018 year-end. The credit ratings of the real estate financial investment debt products were relative high, with major projects located in tier 1 or developed tier 2 cities, financing entities have relatively strong solvencies.

Purchased External Financial Products

As at the end of June 2019, purchased external financial products of about HK$56.4 billion represented 6.8% of the total assets, the ratio increased by 0.9 percentage point over the 2018 year-end. Within the purchased external projects, 100.0% of them were with AAA ratings, mainly were from real estate, non-bank financial industry, transportation etc.. The overall credit ratings were relatively high, with risk exposure kept at a relatively low level.

Third-party Assets under Management

In the first half of 2019, with the Group proactive implemented the "New Regulation on Asset Management", the third-party entrusted investment assets under management maintained its growth. As at the end of June 2019, the total third-party entrusted investment assets managed by the Group amounted to HK$441.0 billion, increased by 7.4% over the 2018 year-end.

In the first half of 2019, TPAM (including TP Fund) recorded a total management fee income (including consultancy fee) of HK$560 million, including HK$348 million derived from assets outside of the Group, which accounted for 62.1% of total fee income.

LIFE INSURANCE BUSINESS

The Group's life insurance segment is operated by TPL, TPL (HK), TPL (Macau) and TP Singapore, which are engaged in the underwriting of life insurance businesses in Mainland China, Hong Kong, Macau and Singapore, respectively.

TPL (Macau), a wholly owned subsidiary of the Group, had been approved by the regulatory authority in April 2019 and launched its life insurance business during mid-June 2019.

TP Singapore had been approved by the regulatory authority in August 2018 and launched its life insurance business during January 2019. During the Period, the direct premiums written from life insurance business by TP Singapore achieved HK$346 million. The loss after taxation from life insurance business was HK$29 million which was primarily due to the scale to achieve breakeven for the life insurance business has not formed yet during the early stage of operation. The solvency ratio under life insurance business was 158%.

The results under life insurance business for the Period was mainly contributed by TPL and TPL (HK). The figures below were focus on the analysis of TPL and TPL (HK)'s performance.

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

TPL is 75.1% owned by the Group. The key financial data of the life insurance business operated by TPL was summarised below:

HK$ million

	1H 2019	1H 2018	Change
Direct premiums written and premium deposits	**109,443.66**	103,990.18	+5.2%
Less: Premium deposits of universal life products	**4,402.61**	3,910.43	+12.6%
Premium deposits of unit-linked products	**30.10**	40.52	-25.7%
Premium deposits of other products	**120.00**	145.04	-17.3%
Direct premiums written recognised in statement of profit or loss	**104,890.95**	99,894.19	+5.0%
Inward reinsurance premiums	**750.83**	6.23	+11,951.8%
Policy fees	**57.14**	32.45	+76.1%
Net premiums written and policy fees	**103,516.82**	97,839.56	+5.8%
Net earned premiums and policy fees	**102,624.29**	97,465.61	+5.3%
Net policyholders' benefits	**(16,451.40)**	(40,031.05)	-58.9%
Net commission and handling fee expenses	**(10,186.20)**	(10,850.67)	-6.1%
Change in life insurance contract liabilities, net of reinsurance	**(73,212.09)**	(41,971.92)	+74.4%
Total investment income	**11,891.12**	10,791.48	+10.2%
Administrative and other expenses	**(8,865.04)**	(8,366.52)	+6.0%
Profit before taxation	**8,377.02**	8,382.10	-0.1%
Profit after taxation	**8,689.61**	5,934.20	+46.4%
Profit attributable to the owners	**6,525.90**	4,456.58	+46.4%

LIFE INSURANCE BUSINESS *(Continued)*

HK$ million

	At 30 June 2019	At 31 December 2018	Change
Total assets	**595,377.36**	536,097.04	+11.1%
Total equity	**47,128.85**	36,228.33	+30.1%

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

	At 30 June 2019	At 31 December 2018	Change
Market share [1]	**4.8%**	**4.7%**	+0.1 pt
Number of provincial branches	**37**	**37**	-
Number of sub-branches and marketing centers	**1,163**	**1,170**	-7
Number of customers			
- Individual	**11,998,148**	**11,318,811**	+679,337
- Corporate	**845**	**855**	-10
Distribution network			
- Number of individual agents	**471,611**	**513,015**	-41,404
- Number of bancassurance outlets	**52,846**	**48,993**	+3,853
Agent monthly regular premiums *(RMB)* [2]	**18,189**	**14,365**	+3,824 dollars
Persistency ratios – 13th month [3]			
- Individual	**96.6%**	**96.0%**	+0.6 pt
- Bancassurance	**97.2%**	**96.2%**	+1.0 pt
Compound persistency ratios – 25th month [3]			
- Individual	**94.5%**	**93.1%**	+1.4 pts
- Bancassurance	**94.8%**	**94.0%**	+0.8 pt

[1] *Derived according to the premiums published by the CBIRC.*

[2] *Based on regular premiums and number of active agents.*

[3] *Based on the amount of premiums.*

LIFE INSURANCE BUSINESS *(Continued)*

Operating Profit

The life insurance business operated by TPL produced a net operating profit of HK$8,690 million during the Period (2018: HK$5,934 million), representing an increase of 46.4% compared to the Last Period. It was mainly due to the new taxation policy for the fees and commission expenses, and driven by the investments.

Direct Premiums Written and Premium Deposits

TPL's direct premiums written recognised in the consolidated statement of profit or loss increased by 5.0% to HK$104,891 million from HK$99,894 million in the Last Period. This growth was primarily driven by the individual regular renewal premiums.

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

For the six months ended 30 June 2019, HK$ million

	Direct premiums written recognised in the consolidated statement of profit or loss	**Premium deposits of universal life products**	**Premium deposits of unit-linked products**	**Premium deposits of other products**	**Total**	**% of Total**
Individual	**82,341.61**	**3,405.68**	**15.05**	**69.25**	**85,831.59**	**78.4%**
Bancassurance	**20,186.42**	**996.93**	**15.05**	**1.00**	**21,199.40**	**19.4%**
Group	**557.85**	**-**	**-**	**49.75**	**607.60**	**0.6%**
Other channels [1]	**1,805.07**	**-**	**-**	**-**	**1,805.07**	**1.6%**
	104,890.95	**4,402.61**	**30.10**	**120.00**	**109,443.66**	**100.0%**

For the six months ended 30 June 2018, HK$ million

	Direct premiums written recognised in the consolidated statement of profit or loss	Premium deposits of universal life products	Premium deposits of unit-linked products	Premium deposits of other products	Total	% of Total
Individual	78,391.62	2,870.89	20.66	75.58	81,358.75	78.3%
Bancassurance	19,259.08	1,039.54	19.86	0.55	20,319.03	19.5%
Group	530.09	-	-	68.91	599.00	0.6%
Other channels [1]	1,713.40	-	-	-	1,713.40	1.6%
	99,894.19	3,910.43	40.52	145.04	103,990.18	100.0%

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

LIFE INSURANCE BUSINESS *(Continued)*

During the Period, premiums distributed through the individual agency force channel increased to HK$82,342 million from HK$78,392 million in the Last Period, representing an increase of 5.0%. Driven by the business pace, the active agency force monthly per capita regular premiums increased to RMB18,189 during the Period (31 December 2018: RMB14,365).

In the bancassurance channel, premium increased to HK$20,186 million from HK$19,259 million in the Last Period, representing an increase of 4.8%. Within this, first year bancassurance regular premium increased to HK$4,342 million from HK$3,506 million in the Last Period, representing an increase of 23.8%, while bancassurance single premium was HK$48 million.

The persistency ratios remained stable and at the forefront of the industry. The persistency ratios were at 96.6% and 97.2% at the 13th month, and the compound persistency ratios were 94.5% and 94.8% at the 25th month, for the individual agency and bancassurance channels, respectively.

LIFE INSURANCE BUSINESS *(Continued)*

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

HK$ million

Individual

	1H 2019	**% of Total**	1H 2018	% of Total
Single Premium	**57.52**	**0.1%**	76.65	0.1%
Regular Premium				
– First Year	**19,850.77**	**24.1%**	22,034.49	28.1%
– Renewal Year	**62,433.32**	**75.8%**	56,280.48	71.8%
	82,341.61	**100.0%**	78,391.62	100.0%

Bancassurance

	1H 2019	**% of Total**	1H 2018	% of Total
Single Premium	**47.99**	**0.2%**	24.95	0.1%
Regular Premium				
– First Year	**4,342.44**	**21.5%**	3,505.56	18.2%
– Renewal Year	**15,795.99**	**78.3%**	15,728.57	81.7%
	20,186.42	**100.0%**	19,259.08	100.0%

Group

	1H 2019	**% of Total**	1H 2018	% of Total
Group Insurance	**557.85**	**100.0%**	530.09	100.0%

Other Channels

	1H 2019	**% of Total**	1H 2018	% of Total
Single Premium	**0.83**	**0.0%**	0.95	0.1%
Regular Premium				
– First Year	**472.44**	**26.2%**	515.78	30.1%
– Renewal Year	**1,331.80**	**73.8%**	1,196.67	69.8%
	1,805.07	**100.0%**	1,713.40	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 2019	**% of Total**	1H 2018	% of Total
1 - 9 years	**13,594.08**	**68.5%**	12,746.88	57.8%
10 - 19 years	**1,073.93**	**5.4%**	1,586.64	7.2%
20 - 29 years	**5,171.65**	**26.0%**	7,502.83	34.1%
30 years+	**11.11**	**0.1%**	198.14	0.9%
	19,850.77	**100.0%**	22,034.49	100.0%

Individual first year regular premium - by feature

	1H 2019	**% of Total**	1H 2018	% of Total
Short-term savings	**3,143.01**	**15.8%**	-	0.0%
Long-term savings	**9,061.81**	**45.7%**	12,312.19	55.9%
Long-term protection	**5,818.00**	**29.3%**	7,908.39	35.9%
Others	**1,827.95**	**9.2%**	1,813.91	8.2%
	19,850.77	**100.0%**	22,034.49	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 2019	**% of Total**	1H 2018	% of Total
1 - 9 years	**3,692.38**	**85.1%**	1,968.90	56.1%
10 - 14 years	**413.83**	**9.5%**	1,324.51	37.8%
Others	**236.23**	**5.4%**	212.15	6.1%
	4,342.44	**100.0%**	3,505.56	100.0%

LIFE INSURANCE BUSINESS *(Continued)*

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

HK$ million

	1H 2019	**% of Total**	1H 2018	% of Total
Participating	**61,792.62**	**58.9%**	68,836.80	69.0%
Annuity	**10,047.83**	**9.6%**	6,498.96	6.5%
Long-term health	**19,213.93**	**18.3%**	14,810.67	14.8%
Traditional life	**7,935.84**	**7.6%**	5,220.97	5.2%
Accident and short-term health	**5,896.32**	**5.6%**	4,522.58	4.5%
Universal life	**3.70**	**0.0%**	3.64	0.0%
Investment-linked	**0.71**	**0.0%**	0.57	0.0%
Total	**104,890.95**	**100.0%**	99,894.19	100.0%

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

HK$ million

	1H 2019	**% of Total**		1H 2018	% of Total
Sichuan	**10,856.64**	**10.4%**	Sichuan	10,615.00	10.6%
Shandong	**10,131.57**	**9.7%**	Shandong	9,480.75	9.5%
Heilongjiang	**5,803.23**	**5.5%**	Heilongjiang	5,308.99	5.3%
Hubei	**5,619.86**	**5.4%**	Hubei	5,170.43	5.2%
Guangdong	**5,161.00**	**4.9%**	Guangdong	5,042.75	5.0%
Others	**67,318.65**	**64.1%**	Others	64,276.27	64.4%
Total	**104,890.95**	**100.0%**	Total	99,894.19	100.0%

Highlights on Embedded Value

The embedded value of TPL (expressed in terms of HKD) increased 12.6% to HK$153,570 million from HK$136,430 million at the 2018 year-end. The new business value after cost of capital for the Period decreased to HK$6,557 million from HK$7,563 million of the Last Period, representing a decrease of 13.3% (decreased by 9.5% if calculated in RMB). These latest actuarial figures of TPL are disclosed in the section of "Embedded Value of TPL".

LIFE INSURANCE BUSINESS *(Continued)*

Net Policyholders' Benefits

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

HK$ million

	1H 2019	1H 2018	Change
Surrenders and net claims	**8,611.83**	23,697.68	-63.7%
Annuity, dividends and maturity payments	**7,057.75**	15,604.50	-54.8%
Interest allocated to investment and reinsurance contracts	**781.82**	728.87	+7.3%
	16,451.40	40,031.05	-58.9%

Financial Strength and Solvency Margin

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

RMB million

	At 30 June 2019	At 31 December 2018
Available Capital	**160,342**	134,751
Minimum Capital	**69,019**	60,200
Comprehensive Solvency Ratio	**232%**	224%

LIFE INSURANCE BUSINESS *(Continued)*

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

TPL (HK) is a Hong Kong-incorporated company established in July 2015 and is wholly-owned by the Group. The key financial data of the life insurance business operated by TPL (HK) was summarised below:

HK$ million

	1H 2019	1H 2018	Change
Direct premiums written and premium deposits	**7,860.71**	3,839.28	+104.7%
Less: Premium deposits of universal life products	**6,079.07**	2,812.04	+116.2%
Direct premiums written recognised in statement of profit or loss	**1,781.64**	1,027.24	+73.4%
Loss after taxation	**(250.77)**	(173.83)	+44.3%

HK$ million

	At 30 June 2019	At 31 December 2018	Change
Total assets	**40,591.57**	24,127.71	+68.2%
Total equity	**1,831.64**	1,056.94	+73.3%
Number of individual agents	**920**	643	+277
Regulatory Solvency Ratio [1]	**227%**	233%	-6 pts

[1] *Based on local regulations.*

PENSION AND GROUP LIFE INSURANCE BUSINESS

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

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

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

HK$ million

	1H 2019	1H 2018	Change
Direct premiums written	**3,132.08**	3,490.75	-10.3%
Net premiums written	**2,780.75**	3,143.27	-11.5%
Net earned premiums	**2,448.82**	2,880.58	-15.0%
Net policyholders' benefits	**(1,938.76)**	(2,002.12)	-3.2%
Net commission and handling fee expenses	**(196.44)**	(241.55)	-18.7%
Change in insurance contract liabilities, net of reinsurance	**111.74**	(232.28)	-148.1%
Total investment income	**253.90**	237.27	+7.0%
Pension administration fee income	**311.12**	243.92	+27.6%
Agency fee income	**2.84**	2.26	+25.7%
Administrative and other expenses	**(864.60)**	(821.86)	+5.2%
Profit before taxation	**152.95**	75.76	+101.9%
Profit after taxation and attributable to the owners	**117.13**	54.14	+116.3%

HK$ million

	At 30 June 2019	At 31 December 2018	Change
Total assets	**12,819.79**	11,547.90	+11.0%
Total equity	**2,862.63**	2,717.62	+5.3%

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

	At 30 June 2019	At 31 December 2018	Change
Annuity invested assets *(HK$ million)*	**104,435**	95,265	+9.6%
Annuity entrusted assets *(HK$ million)*	**95,663**	85,292	+12.2%
Number of enterprises in funds and schemes	**9,191**	8,962	+229
Number of branches	**38**	37	+1

PENSION AND GROUP LIFE INSURANCE BUSINESS *(Continued)*

Operating Result

The pension and group life insurance business recorded a net operating profit of HK$117 million during the Period (2018: HK$54 million). TPP achieved continuing operating profit.

Direct Premiums Written

TPP's direct premiums written for the Period decreased by 10.3% to HK$3,132 million from HK$3,491 million in the Last Period.

Financial Strength and Solvency Margin

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

RMB million

	At 30 June 2019	At 31 December 2018
Available Capital	**2,849**	2,604
Minimum Capital	**1,083**	870
Comprehensive Solvency Ratio	**263%**	299%

PRC PROPERTY AND CASUALTY INSURANCE BUSINESS

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

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

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

HK$ million

	1H 2019	1H 2018	Change
Direct premiums written	**15,824.30**	15,323.41	+3.3%
Net premiums written	**13,540.81**	12,265.28	+10.4%
Net earned premiums	**12,624.90**	12,378.03	+2.0%
Net claims incurred	**(6,287.38)**	(6,560.24)	-4.2%
Underwriting expenses	**(4,676.68)**	(3,994.70)	+17.1%
Net commission and handling fee expenses	**(1,636.28)**	(1,754.94)	-6.8%
Underwriting profit	**24.56**	68.15	-64.0%
Total investment income	**295.62**	500.68	-41.0%
Share of results of associates	**(8.65)**	(9.90)	-12.6%
Other income	**52.64**	82.72	-36.4%
Other miscellaneous expenses	**(198.85)**	(79.40)	+150.4%
Finance costs	**(18.64)**	(40.20)	-53.6%
Profit before taxation	**146.68**	522.05	-71.9%
Profit after taxation and attributable to the owners	**305.30**	205.18	+48.8%
Retained ratio	**85.6%**	80.0%	+5.6 pts
Loss ratio [1]	**49.8%**	53.0%	-3.2 pts
Expense ratio [1]	**50.0%**	46.5%	+3.5 pts
Combined ratio [2]	**99.8%**	99.5%	+0.3 pt

HK$ million

	At 30 June 2019	At 31 December 2018	Change
Total assets	**32,601.58**	31,417.60	+3.8%
Total equity	**7,493.27**	6,906.90	+8.5%

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

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

PRC PROPERTY AND CASUALTY INSURANCE BUSINESS *(Continued)*

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

	At 30 June 2019	At 31 December 2018	Change
Market share [1]	**2.0%**	2.0%	-
Number of provincial branches	**31**	31	-
Number of sub-branches and marketing centers	**677**	671	+6
Number of customers			
- Individual	**6,642,546**	6,448,232	+194,314
- Corporate	**285,027**	277,812	+7,215
Number of direct sales representatives	**11,351**	10,704	+647

[1] *Derived according to the premiums published by the CBIRC.*

Operating Profit

The property and casualty insurance business operated by TPI produced a net operating profit of HK$305 million during the Period (2018: HK$205 million), representing an increase of 48.8%. It was mainly affected by the new taxation policy for the fees and commission expenses.

PRC PROPERTY AND CASUALTY INSURANCE BUSINESS *(Continued)*

Direct Premiums Written

TPI's direct premiums written increased by 3.3% to HK$15,824 million from HK$15,323 million in the Last Period. The detailed breakdown of TPI's direct premiums written was as follows:

HK$ million

Business Line	1H 2019	% of Total	1H 2018	% of Total
Motor	**10,953.68**	**69.2%**	11,252.62	73.4%
Marine	**360.30**	**2.3%**	501.68	3.3%
Non-marine	**4,510.32**	**28.5%**	3,569.11	23.3%
	15,824.30	**100.0%**	15,323.41	100.0%

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

HK$ million

	1H 2019	% of Total		1H 2018	% of Total
Shanghai	**1,811.64**	**11.5%**	Shenzhen	1,698.07	11.1%
Shandong	**1,276.00**	**8.1%**	Shandong	1,468.38	9.6%
Guangdong	**1,107.59**	**7.0%**	Guangdong	1,089.72	7.1%
Sichuan	**892.83**	**5.6%**	Zhejiang	836.66	5.5%
Shenzhen	**877.97**	**5.5%**	Shanghai	789.66	5.2%
Others	**9,858.27**	**62.3%**	Others	9,440.92	61.5%
Total	**15,824.30**	**100.0%**	Total	15,323.41	100.0%

Financial Strength and Solvency Margin

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

RMB million

	At 30 June 2019	At 31 December 2018
Available Capital	**6,517**	6,861
Minimum Capital	**3,446**	3,054
Comprehensive Solvency Ratio	**189%**	225%

OVERSEAS PROPERTY AND CASUALTY INSURANCE BUSINESS

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

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

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

HK$ million

	1H 2019	1H 2018	Change
Direct premiums written			
CTPI (HK)	**1,046.64**	930.04	+12.5%
TP Macau	**454.90**	394.20	+15.4%
TP UK	**333.03**	348.02	-4.3%
TP Singapore[1]	**276.40**	257.49	+7.3%
TP Indonesia	**121.61**	89.80	+35.4%
Underwriting profit/(loss)			
CTPI (HK)	**1.30**	12.93	-89.9%
TP Macau	**72.23**	70.38	+2.6%
TP UK	**(41.96)**	(6.81)	+516.2%
TP Singapore[1]	**6.86**	7.81	-12.2%
TP Indonesia	**14.37**	8.87	+62.0%
Profit/(loss) after taxation			
CTPI (HK)	**172.78**	154.41	+11.9%
TP Macau	**92.69**	72.37	+28.1%
TP UK	**(24.45)**	(8.22)	+197.4%
TP Singapore[1]	**61.42**	12.27	+400.6%
TP Indonesia	**10.67**	15.50	-31.2%
Combined ratio			
CTPI (HK)	**99.9%**	99.1%	+0.8 pt
TP Macau	**66.5%**	64.7%	+1.8 pts
TP UK	**119.6%**	103.4%	+16.2 pts
TP Singapore[1]	**97.7%**	96.9%	+0.8 pt
TP Indonesia	**45.6%**	50.1%	-4.5 pts

[1] *The results of TP Singapore from its property and casualty insurance business, which do not include its life insurance business.*

The underwriting loss and combined ratio of TP UK were higher than that of the Last Period, which mainly due to the increase in claims and loss ratio in the Period.

OVERSEAS PROPERTY AND CASUALTY INSURANCE BUSINESS *(Continued)*

	At 30 June 2019	At 31 December 2018	Change
Regulatory solvency margin ratio [1]			
CTPI (HK)	**1,052%**	1,029%	+23 pts
TP Macau	**266%**	257%	+9 pts
TP UK	**151%**	140%	+11 pts
TP Singapore [2]	**263%**	238%	+25 pts
TP Indonesia	**216%**	198%	+18 pts

1 *Based on the local regulations.*
2 *The results of TP Singapore from its property and casualty insurance business, which do not include its life insurance business.*

REINSURANCE BUSINESS

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

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

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

HK$ million

	1H 2019	1H 2018	Change
Direct premiums written	**9,568.16**	8,538.11	+12.1%
Underwriting profit (non-life)	**117.44**	127.58	-7.9%
Profit after taxation	**220.12**	401.92	-45.2%
Non-life reinsurance business: Combined ratio	**97.3%**	96.8%	+0.5 pt

	At 30 June 2019	At 31 December 2018	Change
Regulatory solvency margin ratio [1]	**272%**	261%	+11 pts

1 *Based on the local regulations.*

REINSURANCE BUSINESS *(Continued)*

Operating Profit

The reinsurance business produced a net operating profit after tax of HK$220 million during the Period (2018: HK$402 million), representing a decrease of 45.2%. The decrease was primarily due to the impairment of financial assets and increase of exchange losses compared with the Last Period.

Direct Premiums Written

TPRe's direct premiums written for the Period increased by 12.1% to HK$9,568 million from HK$8,538 million in the Last Period. TPRe was able to maintain its core business portfolio with overall premium growth, to enhance the leading position in Hong Kong and Macau. The combined ratio of the non-life reinsurance business was 97.3% (2018: 96.8%). The underwriting profit was HK$117 million (2018: HK$128 million).

TPRe's life reinsurance business achieved premiums of HK$3,567 million (2018: HK$2,861 million), mainly from Mainland China and Hong Kong.

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

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

HK$ million

	1H 2019	1H 2018	Change
Direct premiums written	**3,362.16**	3,253.41	+3.3%
Profit after taxation	**72.53**	91.20	-20.5%

HK$ million

	At 30 June 2019	At 31 December 2018	Change
Net assets	**2,388.70**	2,330.53	+2.5%

REINSURANCE BUSINESS *(Continued)*

Financial Strength and Solvency Margin

The comprehensive solvency ratios of TPRe (China) under the CBIRC regulations were as follows:

RMB million

	At 30 June 2019	At 31 December 2018
Available capital	**2,094**	2,032
Minimum capital	**843**	807
Comprehensive solvency ratio	**248%**	252%

ASSET MANAGEMENT BUSINESS

The Group's asset management business is mainly operated by TPAM and TP Fund (collectively known as the "TPAM Group") and TPA (HK), which engage in the provision of asset management services to the Group in managing its RMB and non-RMB investment portfolios. TPAM is a PRC-incorporated company and is 80% owned by the Group, while TP Fund is 83% owned by TPAM, which was acquired by TPAM in September 2016. TPA (HK) is a Hong Kong-incorporated company and is wholly-owned by the Group.

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

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

HK$ million

	1H 2019	1H 2018	Change
Management fee income	**510.37**	521.98	-2.2%
Profit after taxation	**211.73**	264.59	-20.0%
Profit attributable to the owners	**177.83**	220.89	-19.5%

HK$ million

	At 30 June 2019	At 31 December 2018	Change
Assets under management	**830,638**	742,506	+11.9%

Operating Profit

The asset management business produced a net operating profit of HK$212 million during the Period (2018: HK$265 million), representing a decrease of 20.0% compared to the Last Period.

LIQUIDITY AND FINANCIAL RESOURCES

The Group's cash and bank deposits as at 30 June 2019 amounted to HK$83,146 million (31 December 2018: HK$86,956 million).

FINANCIAL LEVERAGE

The interest-bearing notes and bank facilities drawn as at 30 June 2019 amounted to HK$4,641 million and HK$46,540 million, respectively (31 December 2018: HK$5,679 million and HK$50,487 million). As of 30 June 2019, CTIH's consolidated financial leverage ratio (calculated by debt over the summation of debt plus equity) was 35.3% (31 December 2018: 41.1%).

CAPITAL STRUCTURE

CTIH did not issue new Shares during the Period and in 2018.

STAFF AND STAFF REMUNERATION

As at 30 June 2019, the Group had a total of 67,702 employees (30 June 2018: 76,031 employees), representing a decrease of 8,329 employees. Total remuneration for the Period amounted to HK$8,586 million (first half of 2018: HK$8,245 million), an increase of 4.1%. 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 the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

MATERIAL CONTRACTS AND THEIR PERFORMANCE

TSFL is a subsidiary of the Company owned as to 50% by TPL and 50% by China Petrochemical Corporation.

On 28 February 2019, TSFL and China Petrochemical Corporation entered into the 2019 Finance Leasing Framework Agreement in relation to the provision of finance leasing services by TSFL and/or its subsidiaries as lessor(s) to the member(s) of the China Petrochemical Corporation as lessee(s). For details of the 2019 Finance Leasing Framework Agreement, please refer to the announcement of the Company dated 28 February 2019.

The aggregate outstanding amount (i.e. including all lease payments, interests, pre-lease interests and handling fee) payable under the 2019 Finance Leasing Framework Agreement at any time between 1 January 2019 and 31 December 2019 (both days inclusive) would not exceed HK$5.0 billion. As at 30 June 2019, the remaining amount was HK$4.473 billion.

MATERIAL CONTRACTS AND THEIR PERFORMANCE *(Continued)*

During the Period, the finance leasing transactions entered pursuant to the 2019 Finance Leasing Framework Agreement are as follows:

Name of lessees	**Transaction amount (RMB million)**	**No. of finance lease**	**Key terms and conditions of the finance lease (RMB)**	**Summary of category in financial assets**
Inner Mongolia Huayi Natural Gas Pipeline Co., Ltd	242.53	1	(1) Leased subject matter: natural gas pipeline (2) Lease principal: 200 million (3) Rental interest rate: The People's Bank of China 1-5 years benchmark interest rate floating by 15% (4) Lease term: 5 years (5) Consulting service fee: 10 million (6) Transaction content: The lessee transfers all of its leases to the lessor, and the lessor then leases the lease to the lessee, and the lessee pays the rent and other payments to the lessor	Natural gas pipeline
Zhejiang Baling Hengyi Caprolactam Co., Ltd	220.98	1	(1) Leased subject matter: production equipment (chemical plant DCS system, oxidation tower, transmitter, etc.) (2) Lease principal: 300 million (3) Lease interest rate: The People's Bank of China 1-5 years benchmark interest rate floating by 10% (4) Lease term: 3 years (5) Consulting service fee: 2.4 million (6) Transaction content: The lessee transfers all of its leases to the lessor, and the lessor then leases the lease to the lessee, and the lessee pays the rent and other payments to the lessor	Production equipment (chemical plant DCS system, oxidation tower, transmitter, etc.)

OUTLOOK

Fully implementing the "Empowerment Plan" to strive for desirable results of the development strategy of the new era

In the second half of 2019, China Taiping will further promote the development concept of "Taiping for your peaceful life", actively respond to market changes with adhering to the strategic direction while deciding proper pace, intensity and planning. Fully implement the "Empowerment Plan" to forge core advantages through product empowerment, improve quality and efficiency through management empowerment, seize the commanding heights of development through technology empowerment, achieve breakthroughs in crucial areas through resource empowerment and stimulate the vitality through mechanism empowerment. Promote high-quality development, focus on improving the value of insurance business, continuously improve the investment capacity and investment income, accelerate the development of health and elderly care industry, improve the comprehensive synergetic mechanism, accelerate the implementation of projects in Guangdong-Hong Kong-Macau Greater Bay Area and overseas institutions, and resolute effort to prevent and defuse financial risks, strive for desirable results of the development strategy of the new era, thereby achieving annual business objectives and forging ahead towards the goal of "Building a Globally Competitive Internationalised Modern Financial Insurance Group".

PRC Life Insurance Business – TPL

- Continue to increase the proportion of high-value products, promote the improvement of both overall business scale and new business value
- Continue to improve the management level of marketing, forge a strong team and optimise structure while continue to explore new ways of customers acquisition to support the productivity improvement of business teams
- Enhance customer service and business supporting level with product innovation, process transformation, technology application and service optimisation to empower development of the Company

PRC Property and Casualty Insurance Business – TPI

- Further optimise the business operation model and product mix to achieve high-quality development
- Deeply promote the reform of motor insurance management system and channel structure as well as continuously improve product innovation and customer service capabilities to advance the transformation and upgrading of motor insurance, strengthen the capacities of non-motor insurance underwriting and claim settlement, thus continuously improving the business operation level

Group Insurance and Pension Business – TPP

- Fully promote the diversified development of pension business, strengthen the investment capacities, to expand, optimise and enhance the scale of pension assets under management with an aim to strive for competing at an advanced level
- Continue to optimise the core business structure of group insurance and strengthen innovation in products to achieve new breakthroughs in the worksite marketing business and enhance the sustainability of the company

OUTLOOK *(Continued)*

Overseas Life Insurance Business – TPL (HK), TPL (Maucu) and TP Singapore

- TPL (HK) will adhere to high-quality development, maintain steady rapid growth and gradually improve the quality of business
- TPL (Macau) will promote an efficient start, focus on the development of the bancassurance channel, and strive to quickly establish brand and influence in the Macau's life insurance market
- TP Singapore's life insurance business will further strengthen system construction in products, actuary, investment research and sales, consolidate development foundation and expand business development channels, so as to promote rapid and healthy development

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

- CTPI (HK) will adhere to market-oriented, international and information-based development direction, strengthen the internal and external synergies as well as the risk identification and control capabilities and enhance the quality of business while exploiting local customer resources
- TP Macau will capture the opportunities brought by the construction of Guangdong-Hong Kong-Macau Greater Bay Area and China-Portuguese economic and trade cooperation, increase its efforts in product innovation and sales promotion, improve customer service level and enhance core competitiveness, reinforce its market leadership and achieve high-quality development
- TP UK will intensively develop the business of the local Chinese enterprises and local Chinese market, promote diversified business development, strengthen risk management capabilities, develop steadily and improve profitability
- TP Singapore will commit more efforts in the development of local business and actively build a regional development pattern to further support the construction of "The Belt and Road". It will also implement differentiated development strategies to enhance its market competitiveness in services and channels
- TP Indonesia will firmly seize the opportunity of "The Belt and Road", proactively provide risk protection and service for Chinese business, continue developing local profitable business, gain more market share and enhance the innovation and professionalism of channels to maintain stable and high-quality growth of business

Reinsurance Business – TPRe, TPRe (China) and TPRB

- TPRe will leverage the advantages in reinsurance risk management and capital management, develop customised reinsurance solutions, further enhance the ability to serve major strategies of the Group and promote international business layout to transform from a market follower to a market leader and continuously enhance its influence in the industry
- TPRe (China) will expedite strategic layout, accelerate the innovation-driven strategy, fulfill responsibilities as a state-owned enterprise in protecting people's livelihood, further strengthen customer services capabilities, continue consolidating and developing its position as a leading reinsurer, optimise business structure, strive to develop scale and profitability simultaneously
- TPRB will develop in depth cooperation with customers and continuously improve the market competitiveness by strengthening technological exchanges and customer services

OUTLOOK *(Continued)*

Investments

In the second half of 2019, the growth of global economy will be subject to a higher level of uncertainties, China's economic growth will continue to face challenges and the China-US trade negotiations may cause greater uncertainties to the global capital market. The stock market has been impacted by the downturn of corporate profitability but the valuation is still at a record low level, and the market therefore has a good prospect for fund allocation in the long run. There may exist periodic investment opportunities in the debt market with the fluctuation of the interest rates, but the trend of credit risk needs to be paid attention to. In view of the above, the Group will make full use of the advantage of long investment term of insurance funds to enhance the allocation of major categories of assets, promote investment in high quality long-term equity investments and high-dividend stocks, and make sound selection to the maturity and category of bond assets so as to optimise the investment structure and improve the investment return, based on our judgments on the relative investment value of different asset categories and the intrinsic value of different investment targets.

The Group strives to realise the high-quality development of its investment business while complying with the national overall strategy and the principle of supporting the real economy, develop health, elderly care, medical and other industrial layouts around the insurance industry, and to form a virtuous cycle development layout of insurance, investment and industry.

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 2019 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 were 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 2019 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 2019	At 31 December 2018
Adjusted net worth[1]	**110,275**	97,590
Value of in-force business before cost of capital for TPL	**99,309**	89,516
Cost of Capital for TPL	**(8,995)**	(7,926)
Group Embedded Value	**200,589**	179,180
Attributable to:		
Owners of the Company	**156,591**	139,563
Non-controlling interests	**43,998**	39,617
Group Embedded Value	**200,589**	179,180

[1] The adjusted net worth is based on CTIH's net asset value, after making the following major adjustments:
i Goodwill and intangible assets produced during consolidation have been deducted; and
ii Fair value adjustments to held-to-maturity assets.

Group Embedded Value measured in RMB at 30 June 2019 was RMB176.450 billion (31 December 2018: RMB156.998 billion).

Embedded Value of TPL

1. EMBEDDED VALUE

HK$ million

	At 30 June 2019	At 31 December 2018
Adjusted net worth	**63,255**	54,840
Value of in-force business before cost of capital	**99,309**	89,516
Cost of Capital	**(8,995)**	(7,926)
Embedded Value	**153,570**	136,430
Attributable to:		
Owners of the Company	**115,331**	102,459
Non-controlling interests	**38,239**	33,971
Embedded Value	**153,570**	136,430

Note: Figures may not match totals due to rounding

Embedded Value measured in RMB at 30 June 2019 was RMB135.089 billion (31 December 2018: RMB119.541 billion), among them, the Adjusted net worth was RMB55.643 billion (31 December 2018: RMB48.051 billion).

2. NEW BUSINESS VALUE

HK$ million

	For the Past 6 Months as of 30 June 2019	For the Past 6 Months as of 30 June 2018
New business value before cost of capital	**9,866**	11,552
Cost of capital	**(3,309)**	(3,989)
New business value after cost of capital	**6,557**	7,563

New Business Value measured in RMB for the first half of 2019 was RMB5.768 billion (first half of 2018: RMB6.377 billion).

New business margin of TPL for the first half of 2019 was 26.4% (first half of 2018: 29.9%); from which the new business margin for individual business was 31.6% (first half of 2018: 34.0%); new business margin for bancassurance business was 4.9% (first half of 2018: 7.7%).

Embedded Value of TPL *(Continued)*

New business value by line of business was as follows:

HK$ million

	For the Past 6 Months as of 30 June 2019	For the Past 6 Months as of 30 June 2018
Individual	**6,155**	7,227
Bancassurance	**209**	260
Others[1]	**193**	76
	6,557	7,563

[1] *Others mainly consists of telemarketing business.*

Condensed Consolidated Statement of Profit or Loss
for the six months ended 30 June 2019 - unaudited
(Expressed in Hong Kong dollars)

		Six months ended 30 June	
		2019	2018
	Notes	***$'000***	*$'000*
Income			
Total premiums written and policy fees	*3*	**138,923,130**	130,088,369
Less: Premiums ceded to reinsurers		**(6,063,526)**	(6,013,481)
Net premiums written and policy fees		**132,859,604**	124,074,888
Change in unearned premium provisions, net of reinsurance		**(3,352,273)**	(1,609,619)
Net earned premiums and policy fees		**129,507,331**	122,465,269
Net investment income	*4(a)*	**14,995,902**	12,416,130
Net realised investment gains/(losses)	*4(b)*	**1,561,108**	1,615,679
Net unrealised investment gains/(losses) and impairment	*4(c)*	**(907,944)**	(861,034)
Other income	*5*	**2,467,129**	2,422,395
Total income		**147,623,526**	138,058,439
Benefits, losses and expenses			
Net policyholders' benefits	*6(a)*	**(30,009,175)**	(54,014,215)
Net commission and handling fee expenses	*6(b)*	**(13,401,472)**	(14,233,736)
Administrative and other expenses		**(16,869,083)**	(14,468,827)
Change in life insurance contract liabilities, net of reinsurance	*6(c)*	**(77,403,354)**	(44,071,681)
Total benefits, losses and expenses		**(137,683,084)**	(126,788,459)
		9,940,442	11,269,980
Share of results of associates and joint ventures		**216,446**	(67,930)
Finance costs	*7(a)*	**(1,230,954)**	(1,248,012)
Profit before taxation	*7*	**8,925,934**	9,954,038
Income tax credit/(charges)	*8*	**156,782**	(3,077,817)
Profit after taxation		**9,082,716**	6,876,221
Attributable to:			
Owners of the Company		**6,744,218**	5,209,106
Non-controlling interests		**2,338,498**	1,667,115
		9,082,716	6,876,221
		dollars	*dollars*
Earnings per share attributable to the owners of the Company	*10*		
Basic		**1.841**	1.414
Diluted		**1.841**	1.414

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 2019 - unaudited
(Expressed in Hong Kong dollars)

	Six months ended 30 June	
	2019	2018
	$'000	*$'000*
Profit after taxation	**9,082,716**	6,876,221
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	**491,687**	1,027
- Net deferred tax	**(1,017)**	-
Exchange differences on translation of the financial statements of subsidiaries, associates and joint ventures which are not foreign operations	**(395,764)**	(666,290)
Items that may be subsequently reclassified to profit or loss:		
Exchange differences on translation of the financial statements of foreign operations	**10,394**	(30,811)
Available-for-sale securities		
- Net fair value changes during the period including the impact of impairment and disposal	**7,018,443**	(4,535,622)
- Net deferred tax	**(1,654,533)**	1,084,846
Total comprehensive income for the period	**14,551,926**	2,729,371
Attributable to:		
Owners of the Company	**11,169,137**	1,884,042
Non-controlling interests	**3,382,789**	845,329
	14,551,926	2,729,371

Condensed Consolidated Statement of Financial Position
as at 30 June 2019 - unaudited
(Expressed in Hong Kong dollars)

	Notes	**At 30 June 2019 $'000**	At 31 December 2018 $'000
Assets			
Statutory deposits	*15*	**5,975,504**	5,952,849
Fixed assets	*11*		
- Property and equipment		**17,314,933**	17,751,360
- Investment properties		**18,642,256**	17,505,180
- Prepaid lease payments		**-**	3,440,474
- Right-of-use assets		**8,092,804**	-
		44,049,993	38,697,014
Goodwill		**731,050**	731,297
Intangible assets		**262,034**	262,085
Interests in associates and joint ventures		**10,804,211**	10,410,875
Deferred tax assets		**1,570,325**	2,932,103
Investments in debt and equity securities	*12*	**532,069,973**	461,928,068
Securities purchased under resale agreements	*18*	**5,285,691**	7,507,696
Amounts due from group companies		**2,076,957**	2,025,502
Insurance debtors	*13*	**19,013,008**	11,916,295
Reinsurers' share of insurance contract provisions		**13,087,513**	14,145,548
Policyholder account assets in respect of unit-linked products		**1,037,019**	960,649
Finance lease receivables	*14A*	**46,221,891**	48,707,024
Other assets	*14*	**73,561,901**	64,921,288
Pledged and restricted bank deposits		**896,659**	743,522
Deposits at banks with original maturity more than three months		**49,190,979**	52,731,698
Cash and cash equivalents	*16*	**27,083,272**	27,527,820
		832,917,980	752,101,333
Liabilities			
Life insurance contract liabilities		**507,374,376**	433,102,249
Unearned premium provisions		**20,183,408**	16,935,217
Provision for outstanding claims		**21,674,592**	22,523,063
Investment contract liabilities		**51,403,216**	40,337,193
Deferred tax liabilities		**2,222,289**	1,995,121
Interest-bearing notes		**4,641,177**	5,678,869
Bank borrowings	*19*	**46,539,736**	50,487,171
Securities sold under repurchase agreements	*18*	**9,916,189**	24,371,924
Amounts due to group companies		**18,665**	18,381
Insurance creditors	*17*	**42,860,581**	47,826,939
Lease liabilities		**2,588,817**	-
Other payables and accruals		**27,330,694**	25,009,344
Current taxation		**2,050,235**	3,244,175
Insurance protection fund		**200,697**	175,906
		739,004,672	671,705,552
Net assets		**93,913,308**	80,395,781

Condensed Consolidated Statement of Financial Position *(Continued)*
as at 30 June 2019 - unaudited
(Expressed in Hong Kong dollars)

	Notes	**At 30 June 2019** ***$'000***	At 31 December 2018 *$'000*
Capital and reserves attributable to the owners of the Company			
Share capital	*20*	**40,771,408**	40,771,408
Reserves	*22*	**30,932,755**	20,251,282
		71,704,163	61,022,690
Perpetual subordinated capital securities	*21*	**4,707,246**	4,707,219
		76,411,409	65,729,909
Non-controlling interests	*22*	**17,501,899**	14,665,872
Total equity		**93,913,308**	80,395,781

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 2019 - unaudited
(Expressed in Hong Kong dollars)

	Note	Share capital $'000	Capital reserve $'000	Merger reserve $'000	Exchange reserve $'000	Fair value reserve $'000	Revaluation reserve $'000	Retained profits $'000	Perpetual subordinated capital securities $'000	Attributable to owners of the Company $'000	Non-controlling interests $'000	Total $'000
Balance at 1 January 2019		40,771,408	(6,396,801)	(6,842,218)	(3,425,785)	(1,599,201)	726,558	37,788,729	4,707,219	65,729,909	14,665,872	80,395,781
Profit for the period		-	-	-	-	-	-	6,615,956	128,262	6,744,218	2,338,498	9,082,716
Other comprehensive income for the period, net of deferred tax		-	-	-	(301,729)	4,235,978	490,670	-	-	4,424,919	1,044,291	5,469,210
Total comprehensive income		-	-	-	(301,729)	4,235,978	490,670	6,615,956	128,262	11,169,137	3,382,789	14,551,926
Dividends declared to shareholders	9(a)	-	-	-	-	-	-	(359,402)	-	(359,402)	-	(359,402)
Dividends declared by subsidiaries to non-controlling interests		-	-	-	-	-	-	-	-	-	(546,762)	(546,762)
Distributions to holders of perpetual subordinated capital securities		-	-	-	-	-	-	-	(128,235)	(128,235)	-	(128,235)
Balance at 30 June 2019		40,771,408	(6,396,801)	(6,842,218)	(3,727,514)	2,636,777	1,217,228	44,045,283	4,707,246	76,411,409	17,501,899	93,913,308

Condensed Consolidated Statement of Changes in Equity *(Continued)*
for the six months ended 30 June 2018 - unaudited
(Expressed in Hong Kong dollars)

	Note	Share capital	Capital reserve	Merger reserve	Exchange reserve	Fair value reserve	Revaluation reserve	Retained profits	Perpetual subordinated capital securities	Attributable to owners of the Company	Non-controlling interests	Total
		$'000	*$'000*	*$'000*	*$'000*	*$'000*	*$'000*	*$'000*	*$'000*	*$'000*	*$'000*	*$'000*
Balance at 1 January 2018		40,771,408	(6,396,801)	(6,842,218)	(1,119,581)	3,118,426	681,227	31,520,809	4,707,156	66,440,426	15,280,272	81,720,698
Profit for the period		-	-	-	-	-	-	5,081,015	128,091	5,209,106	1,667,115	6,876,221
Other comprehensive income for the period, net of deferred tax		-	-	-	(530,112)	(2,795,979)	1,027	-	-	(3,325,064)	(821,786)	(4,146,850)
Total comprehensive income		-	-	-	(530,112)	(2,795,979)	1,027	5,081,015	128,091	1,884,042	845,329	2,729,371
Dividends declared to shareholders	*9(a)*	-	-	-	-	-	-	(359,402)	-	(359,402)	-	(359,402)
Dividends declared by subsidiaries to non-controlling interests		-	-	-	-	-	-	-	-	-	(669,431)	(669,431)
Distributions to holders of perpetual subordinated capital securities		-	-	-	-	-	-	-	(127,862)	(127,862)	-	(127,862)
Capital injection made to a subsidiary		-	-	-	-	-	-	-	-	-	17,436	17,436
Balance at 30 June 2018		40,771,408	(6,396,801)	(6,842,218)	(1,649,693)	322,447	682,254	36,242,422	4,707,385	67,837,204	15,473,606	83,310,810

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

Condensed Consolidated Statement of Cash Flows
for the six months ended 30 June 2019 - unaudited
(Expressed in Hong Kong dollars)

	Six months ended 30 June	
	2019	2018
	$'000	*$'000*
Net cash from operating activities	**60,967,082**	29,536,576
Net cash used in investing activities	**(56,761,714)**	(42,258,570)
Net cash used in financing activities	**(4,566,844)**	(741,916)
Effect of changes in exchange rates	**(83,072)**	(264,892)
Net decrease in cash and cash equivalents	**(444,548)**	(13,728,802)
Cash and cash equivalents at 1 January	**27,527,820**	39,265,257
Cash and cash equivalents at 30 June	**27,083,272**	25,536,455
Analysis of the balances of cash and cash equivalents:		
Deposits with banks and other financial institutions with original maturity less than three months	**8,385,795**	3,858,465
Money market funds	**-**	68
Cash at bank and on hand	**18,697,477**	21,677,922
	27,083,272	25,536,455

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

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

1 BASIS OF PREPARATION

The unaudited condensed consolidated financial statements have been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"), and with HKAS 34 *Interim financial reporting* issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"). It was authorised for issuance on 28 August 2019.

The financial statements relating to the year ended 31 December 2018 that is included in the condensed consolidated interim financial statements for the six months ended 30 June 2019 as comparative information does not constitute the Company's statutory annual consolidated financial statements for that year but is derived from those financial statements. Further information relating to these statutory financial statements required to be disclosed in accordance with section 436 of the Hong Kong Companies Ordinance (Cap. 622) is as follows:

The Company has delivered the financial statements for the year ended 31 December 2018 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Hong Kong Companies Ordinance (Cap. 622).

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

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

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

Stated at fair value

(i) investment properties;

(ii) investments in debt and equity securities classified as available-for-sale, other than those carried at cost less impairment;

(iii) investments in debt and equity securities classified as held-for-trading and designated at fair value through profit or loss;

(iv) policyholder account assets in respect of unit-linked products; and

(v) investment contract liabilities in respect of unit-linked products.

1 BASIS OF PREPARATION *(Continued)*

Measured primarily based on actuarial methods

(i) life insurance contract liabilities;

(ii) unearned premium provisions; and

(iii) provision for outstanding claims.

The accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2019 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2018, except for the adoption of new standards effective as of 1 January 2019. The Group has not early adopted any other standards, interpretation or amendments that has been issued but not effective.

(a) New accounting standards and amendments adopted by the Group for the first time of financial year beginning on 1 January 2019

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

HKFRS 16	Leases
HK(IFRIC)-Int 23	Uncertainty over Income Tax Treatments
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures
Amendments to HKFRS	Annual Improvement to HKFRSs 2015-2017 Cycle

Except for the impact of the adoption of HKFRS 16 as disclosed below, the application of other new and revised HKFRSs in the current interim period does not have material impact on the Group's financial performance and positions for the current and prior years and/or on the disclosures set out in these condensed consolidated financial statements.

(b) Changes in accounting policies

The following explains the impact of the adoption of HKFRS 16 on the Group's financial statements and discloses the new accounting policies that have been applied from 1 January 2019 in note (ii) below.

The Group has adopted HKFRS 16 retrospectively from 1 January 2019, but has not restated comparatives for the 2018 reporting period, as permitted under the specific transitional provision in the standard. The classifications and the adjustments arising from the new leasing rules are therefore recognised in the opening statement of financial position on 1 January 2019.

1 BASIS OF PREPARATION *(Continued)*

(b) Changes in accounting policies *(Continued)*

(i) Adjustments recognised and impacts on adoption

On adoption of HKFRS 16, the group recognised lease liabilities in relation to leases which had previously been classified as "operating leases" under the principles of HKAS 17 *Leases*. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of 1 January 2019. The weighted average lessee's incremental borrowing rate applied to the lease liabilities on 1 January 2019 was 4.49%.

	$'000
Operating lease commitments disclosed as at 31 December 2018	3,320,026
Less: Operating lease commitments with lease commencement dates after 31 December 2018	(387,140)
	2,932,886
Discounted using the Group's incremental borrowing rate	2,583,251
Less: Short-term and low value leases recognised on a straight-line basis as expenses	(143,185)
Leases liabilities recognised as at 1 January 2019	2,440,066
Of which are:	
Current lease liabilities	941,486
Non-current lease liabilities	1,498,580
	2,440,066

1 BASIS OF PREPARATION *(Continued)*

(b) Changes in accounting policies *(Continued)*

(i) Adjustments recognised and impacts on adoption *(Continued)*

The recognised right-of-use assets relate to the following types of assets:

	At 30 June 2019 **$'000**	At 1 January 2019 $'000
Leasehold land	**5,275,586**	3,440,474
Land and buildings	**2,811,636**	2,630,742
Furniture and fixtures	**3,398**	3,877
Computer equipment	**1,430**	28
Motor vehicles	**754**	832
Total right-of-use assets	**8,092,804**	6,075,953

The change of accounting policy affected the following items in the statement of financial position on 1 January 2019:

	At 31 December 2018 $'000	Effect of adoption $'000	At 1 January 2019 $'000
Prepaid lease payments	3,440,474	(3,440,474)	-
Right-of-use assets	-	6,075,953	6,075,953
Other assets	64,921,288	(208,250)	64,713,038
Lease liabilities	-	(2,440,066)	(2,440,066)
Other payables and accruals	(25,009,344)	12,837	(24,996,507)

1 BASIS OF PREPARATION *(Continued)*

(b) Changes in accounting policies *(Continued)*

(i) Adjustments recognised and impacts on adoption *(Continued)*

Practical expedients applied

In applying HKFRS 16 for the first time, the Group has used the following practical expedients permitted by the standard:

- the use of a single discount rate to a portfolio of leases with reasonably similar characteristics;
- reliance on previous assessments on whether leases are onerous;
- the accounting for operating leases with a remaining lease term of less than 12 months as of 1 January 2019 as short-term leases;
- the exclusion of initial direct costs for the measurement of the right-of-use asset at the date of initial application; and
- the use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

The Group has also elected not to reassess whether a contract is, or contains a lease at the date of initial application. Instead, for contracts entered into before the transition date the Group relied on its assessment made applying HKAS 17 and HK(IFRIC)-Int 4 *Determining whether an Arrangement contains a Lease*.

(ii) The Group's leasing activities and how these are accounted for

The Group leases various offices, furniture and fixtures, computer equipment and motor vehicles. Rental contracts typically made for the fixed periods of 2 to 10 years.

Until the 2018 financial year, leases of property and equipment were classified as either finance or operating leases. Payments made under operating leases were charged to profit or loss on a straight-line basis over the period of the lease.

From 1 January 2019, leases are recognised as a right-of-use asset and a corresponding liability at the date at which the lease asset is available for use by the Group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

1 BASIS OF PREPARATION *(Continued)*

(b) Changes in accounting policies *(Continued)*

(ii) The Group's leasing activities and how these are accounted for *(Continued)*

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payments that are based on an index or a rate;
- amounts expected to be payable by the lessee under residual value guarantees;
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

The lease payments are discounted using the Group's incremental borrowing rate, being the rate that the leasee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability;
- any lease payments made at or before the commencement date less any lease incentives received;
- any initial direct costs; and
- any restoration costs.

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise equipment.

For leases previously classified as finance leases the entity recognised the carrying amount of the lease asset and lease liability immediately before transition as the carrying amount of the right of use asset and the lease liability at the date of initial application. The measurement principles of HKFRS 16 are only applied after that date.

The accounting for leasehold land previously classified as finance lease remains the same. Amortisation for leasehold land commences from the time when the land interest becomes available for its intended use. Interest in leasehold land is amortised on a straight-line basis over the unexpired period for the lease term.

1 BASIS OF PREPARATION *(Continued)*

(c) New accounting standards that are effective but temporary exemption is applied by the Group

HKFRS 9	Financial Instruments [1]

Note:
[1] Effective for annual periods beginning on or after 1 January 2018.

In the current period, the Group continues to apply the temporary exemption from HKFRS 9 under paragraph 20A of HKFRS 4, which permits, but does not require, the insurer to apply HKAS 39 for annual periods beginning before 1 January 2021. An insurer may apply the temporary exemption from HKFRS 9 if, and only if, (a) it has not previously applied any version of HKFRS 9, other than only the requirements for the presentation of gains and losses on financial liabilities designated as at fair value through profit or loss, and (b) its activities are predominantly connected with insurance at its annual reporting date that immediately precedes 1 April 2016, or at a subsequent annual reporting date as specified in HKFRS 4. The carrying amount of the Group's liabilities connected with insurance (including life insurance contract liabilities, unearned premium provisions, provision for outstanding claims, investment contract liabilities, insurance and other creditors) relative to the total carrying amount of all its liabilities as at 31 December 2015 was higher than 80%. For the purpose of paragraph 20D of HKFRS 4, the Group's activities continue to be predominantly connected with insurance, based on the sources of income and expenses, the Group's industry classification, and other factors.

2 SEGMENT INFORMATION

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

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

Information regarding the above segments is reported below.

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

2 SEGMENT INFORMATION *(Continued)*

(a) Segmental statement of profit or loss for the six months ended 30 June 2019

	Six months ended 30 June 2019							
	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*
Income								
Total premiums written and policy fees	108,090,123	15,948,614	3,629,953	9,568,157	3,132,075	-	(1,445,792)	138,923,130
Less: Premiums ceded to reinsurers	(2,182,421)	(2,407,804)	(1,025,920)	(1,380,999)	(351,323)	-	1,284,941	(6,063,526)
Net premiums written and policy fees	105,907,702	13,540,810	2,604,033	8,187,158	2,780,752	-	(160,851)	132,859,604
Change in unearned premium provisions, net of reinsurance	(892,535)	(915,914)	(561,334)	(642,833)	(331,930)	-	(7,727)	(3,352,273)
Net earned premiums and policy fees	105,015,167	12,624,896	2,042,699	7,544,325	2,448,822	-	(168,578)	129,507,331
Net investment income *(note (i))*	12,476,041	446,399	228,031	823,940	206,347	678,389	136,755	14,995,902
Net realised investment gains/(losses) *(note (ii))*	1,012,144	(99,376)	4,251	32,480	51,387	(17,848)	578,070	1,561,108
Net unrealised investment gains/(losses) and impairment *(note (iii))*	(1,206,257)	(51,403)	153,014	(256,176)	(3,834)	(431,101)	887,813	(907,944)
Other income	1,202,169	52,644	(9,935)	(83,237)	336,348	3,008,349	(2,039,209)	2,467,129
Segment income	118,499,264	12,973,160	2,418,060	8,061,332	3,039,070	3,237,789	(605,149)	147,623,526
Benefits, losses and expenses								
Net policyholders' benefits	(17,123,124)	(6,287,375)	(1,039,373)	(3,715,159)	(1,938,758)	-	94,614	(30,009,175)
Net commission and handling fee expenses	(10,383,746)	(1,636,282)	(724,998)	(1,549,484)	(196,435)	-	1,089,473	(13,401,472)
Administrative and other expenses	(9,115,715)	(4,875,539)	(285,134)	(202,698)	(864,602)	(2,058,862)	533,467	(16,869,083)
Change in life insurance contract liabilities, net of reinsurance	(75,193,890)	-	-	(2,321,208)	111,744	-	-	(77,403,354)
Total benefits, losses and expenses	(111,816,475)	(12,799,196)	(2,049,505)	(7,788,549)	(2,888,051)	(2,058,862)	1,717,554	(137,683,084)
	6,682,789	173,964	368,555	272,783	151,019	1,178,927	1,112,405	9,940,442
Share of results of associates and joint ventures	1,360,388	(8,647)	-	-	24,076	28,183	(1,187,554)	216,446
Finance costs	(49,454)	(18,639)	(12,702)	(4,765)	(22,149)	(1,230,219)	106,974	(1,230,954)
Profit before taxation	7,993,723	146,678	355,853	268,018	152,946	(23,109)	31,825	8,925,934
Income tax credit/(charges)	371,655	158,617	(39,032)	(47,896)	(35,819)	(231,721)	(19,022)	156,782
Profit after taxation	8,365,378	305,295	316,821	220,122	117,127	(254,830)	12,803	9,082,716
Non-controlling interests								(2,338,498)
Profit attributable to owners of the Company								6,744,218

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

2 SEGMENT INFORMATION *(Continued)*

(a) Segmental statement of profit or loss for the six months ended 30 June 2019 *(Continued)*

	Six months ended 30 June 2019							
	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**								
Interests income from debt securities								
- Held-to-maturity	**4,546,303**	**86,117**	**56,649**	**530,400**	**-**	**57,180**	**(1,067)**	**5,275,582**
- Available-for-sale	**1,332,182**	**57,219**	**10,675**	**65,024**	**35,178**	**18,567**	**(12)**	**1,518,833**
- Held-for-trading	**4,316**	**287**	**12,382**	**63**	**59**	**26,768**	**153,426**	**197,301**
- Designated at fair value through profit or loss	**-**	**-**	**5,212**	**-**	**-**	**-**	**-**	**5,212**
Interests income from debt products								
- Loans and receivables	**2,286,673**	**141,367**	**3,732**	**34,302**	**98,134**	**115,648**	**206,862**	**2,886,718**
Dividend income from equity securities								
- Available-for-sale	**470,021**	**34,847**	**2,999**	**7,201**	**3,194**	**41,380**	**(1,069)**	**558,573**
- Held-for-trading	**-**	**-**	**1,815**	**-**	**-**	**832**	**68,508**	**71,155**
Dividend income from investment funds								
- Available-for-sale	**585,919**	**27,593**	**4,636**	**43,504**	**6,188**	**8,347**	**(113,762)**	**562,425**
- Held-for-trading	**131,933**	**1,456**	**1,075**	**1,571**	**8,663**	**4,282**	**(25,226)**	**123,754**
- Loans and receivables	**54,464**	**-**	**64,744**	**69,997**	**-**	**46,174**	**-**	**235,379**
Bank deposits and other interests income	**3,075,281**	**91,463**	**15,417**	**70,589**	**51,354**	**41,425**	**(75,222)**	**3,270,307**
Net rental income receivable from investment properties	**133,007**	**12,743**	**48,695**	**661**	**535**	**321,404**	**(113,559)**	**403,486**
Net interest income/(expenses) on securities sold/purchased under repurchase/resale agreements	**(144,058)**	**(6,693)**	**-**	**628**	**3,042**	**(3,618)**	**37,876**	**(112,823)**
	12,476,041	**446,399**	**228,031**	**823,940**	**206,347**	**678,389**	**136,755**	**14,995,902**

2 SEGMENT INFORMATION *(Continued)*

(a) Segmental statement of profit or loss for the six months ended 30 June 2019 *(Continued)*

	Six months ended 30 June 2019							
	Life insurance *$'000*	PRC property and casualty insurance *$'000*	Overseas property and casualty insurance *$'000*	Reinsurance *$'000*	Pension and group life insurance *$'000*	Other businesses *$'000*	Inter-segment elimination and adjustment *$'000*	Total *$'000*
Note (ii): **Net realised investment gains/(losses)**								
Debt securities								
- Held-to-maturity	**1,331**	**-**	**247**	**-**	**-**	**54**	**-**	**1,632**
- Available-for-sale	**15,692**	**1,748**	**1,283**	**4,749**	**4,412**	**(36,112)**	**41**	**(8,187)**
- Held-for-trading	**11,049**	**2,838**	**634**	**1,515**	**477**	**11,017**	**19,012**	**46,542**
- Designated at fair value through profit or loss	**-**	**-**	**458**	**-**	**-**	**-**	**-**	**458**
Equity securities								
- Available-for-sale	**970,261**	**(111,558)**	**1,003**	**26,177**	**46,417**	**1,589**	**(429)**	**933,460**
- Held-for-trading	**(3,532)**	**-**	**(1,858)**	**-**	**-**	**793**	**533,850**	**529,253**
Investment funds								
- Available-for-sale	**17,343**	**7,596**	**1,798**	**39**	**81**	**2,580**	**(524)**	**28,913**
- Held-for-trading	**-**	**-**	**686**	**-**	**-**	**2,231**	**26,120**	**29,037**
	1,012,144	**(99,376)**	**4,251**	**32,480**	**51,387**	**(17,848)**	**578,070**	**1,561,108**
Note (iii): **Net unrealised investment gains/(losses) and impairment**								
Debt securities								
- Held-for-trading	**4,885**	**824**	**34,382**	**59**	**-**	**3,386**	**3,866**	**47,402**
- Designated at fair value through profit or loss	**-**	**-**	**6,086**	**-**	**-**	**-**	**-**	**6,086**
Equity securities								
- Held-for-trading	**3,661**	**-**	**40,507**	**-**	**-**	**710**	**1,010,811**	**1,055,689**
- Designated at fair value through profit or loss	**27,825**	**-**	**-**	**-**	**-**	**-**	**-**	**27,825**
Investment funds								
- Held-for-trading	**213,812**	**-**	**4,801**	**-**	**-**	**183**	**(134,043)**	**84,753**
Surplus on revaluation of investment properties	**(127)**	**35**	**72,649**	**70**	**(3,834)**	**(21,064)**	**7,179**	**54,908**
Impairment loss recognised:								
- Held-to-maturity debt securities	**(35,719)**	**-**	**-**	**-**	**-**	**-**	**-**	**(35,719)**
- Loans and receivables debt products	**-**	**-**	**-**	**-**	**-**	**(405,941)**	**-**	**(405,941)**
- Available-for-sale debt securities	**(271,297)**	**-**	**-**	**(72,139)**	**-**	**-**	**-**	**(343,436)**
- Available-for-sale equity securities and investment funds	**(1,149,297)**	**(52,262)**	**(5,411)**	**(184,166)**	**-**	**(8,375)**	**-**	**(1,399,511)**
	(1,206,257)	**(51,403)**	**153,014**	**(256,176)**	**(3,834)**	**(431,101)**	**887,813**	**(907,944)**

2 SEGMENT INFORMATION *(Continued)*

(b) Segmental statement of financial position as at 30 June 2019

	At 30 June 2019							
	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	**3,410,409**	**1,193,643**	**262,964**	**423,391**	**682,082**	**3,015**	**-**	**5,975,504**
Fixed assets								
- Property and equipment	**4,425,806**	**927,354**	**462,019**	**36,737**	**289,536**	**6,281,239**	**4,892,242**	**17,314,933**
- Investment properties	**4,861,744**	**414,160**	**3,153,832**	**236,860**	**323,162**	**15,940,978**	**(6,288,480)**	**18,642,256**
- Right-of-use assets	**2,360,408**	**527,174**	**25,612**	**176,718**	**268,355**	**5,539,385**	**(804,848)**	**8,092,804**
Investments in debt and equity securities								
- Debt securities *(note (i))*	**275,477,109**	**6,679,676**	**4,055,481**	**24,851,721**	**1,849,214**	**4,748,918**	**8,990,015**	**326,652,134**
- Equity securities *(note (ii))*	**48,329,887**	**1,923,612**	**387,365**	**585,932**	**647,336**	**3,796,799**	**4,735,227**	**60,406,158**
- Investment funds *(note (iii))*	**33,172,576**	**1,005,634**	**2,463,463**	**4,011,555**	**342,421**	**2,372,121**	**(8,628,107)**	**34,739,663**
- Debt products *(note (iv))*	**90,001,342**	**5,598,754**	**147,648**	**1,177,681**	**3,852,739**	**3,563,189**	**5,930,665**	**110,272,018**
Cash and bank deposits	**57,637,160**	**4,545,251**	**1,341,156**	**3,834,481**	**1,897,172**	**5,274,806**	**2,640,884**	**77,170,910**
Goodwill	**-**	**-**	**-**	**-**	**-**	**62,533**	**668,517**	**731,050**
Intangible assets	**-**	**-**	**-**	**-**	**-**	**626**	**261,408**	**262,034**
Interests in associates and joint ventures	**18,426,692**	**1,666,240**	**-**	**-**	**675,978**	**5,169,846**	**(15,134,545)**	**10,804,211**
Reinsurers' share of insurance contract provisions	**2,850,576**	**2,938,787**	**3,402,259**	**4,664,096**	**416,108**	**-**	**(1,184,313)**	**13,087,513**
Policyholder account assets in respect of unit-linked products	**1,037,019**	**-**	**-**	**-**	**-**	**-**	**-**	**1,037,019**
Finance lease receivables	**-**	**-**	**-**	**-**	**-**	**46,221,891**	**-**	**46,221,891**
Other segment assets	**80,155,904**	**5,181,295**	**2,980,748**	**9,756,421**	**1,575,682**	**4,191,206**	**(2,333,374)**	**101,507,882**
Segment assets	**622,146,632**	**32,601,580**	**18,682,547**	**49,755,593**	**12,819,785**	**103,166,552**	**(6,254,709)**	**832,917,980**
Life insurance contract liabilities	**487,575,739**	**-**	**-**	**16,252,920**	**3,545,717**	**-**	**-**	**507,374,376**
Unearned premium provisions	**3,804,912**	**10,202,024**	**2,401,340**	**3,062,297**	**1,274,175**	**-**	**(561,340)**	**20,183,408**
Provision for outstanding claims	**1,207,337**	**6,441,273**	**5,801,388**	**8,018,150**	**829,416**	**-**	**(622,972)**	**21,674,592**
Investment contract liabilities	**44,665,528**	**-**	**-**	**5,435,350**	**1,302,338**	**-**	**-**	**51,403,216**
Interest-bearing notes	**-**	**-**	**-**	**-**	**-**	**4,689,108**	**(47,931)**	**4,641,177**
Bank borrowings	**-**	**-**	**740,800**	**-**	**-**	**46,071,768**	**(272,832)**	**46,539,736**
Securities sold under repurchase agreements	**7,249,430**	**1,732,980**	**-**	**-**	**-**	**440,966**	**492,813**	**9,916,189**
Lease liabilities	**2,128,647**	**448,218**	**26,970**	**178,254**	**263,358**	**365,420**	**(822,050)**	**2,588,817**
Other segment liabilities	**41,004,783**	**6,283,812**	**2,118,892**	**8,311,196**	**2,742,154**	**14,888,210**	**(665,886)**	**74,683,161**
Segment liabilities	**587,636,376**	**25,108,307**	**11,089,390**	**41,258,167**	**9,957,158**	**66,455,472**	**(2,500,198)**	**739,004,672**
Non-controlling interests								**(17,501,899)**
Net assets attributable to the owners of the Company								**76,411,409**

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

2 SEGMENT INFORMATION *(Continued)*

(b) Segmental statement of financial position as at 30 June 2019 *(Continued)*

	At 30 June 2019							
	Life insurance $'000	PRC property and casualty insurance $'000	Overseas property and casualty insurance $'000	Reinsurance $'000	Pension and group life insurance $'000	Other businesses $'000	Inter-segment elimination and adjustment $'000	Total $'000
***Note (i):* Debt securities**								
By category:								
- Held-to-maturity	213,616,241	3,898,290	2,136,303	21,886,575	-	2,703,979	(47,949)	244,193,439
- Available-for-sale	60,873,540	2,581,363	555,323	2,916,445	1,798,619	193,229	-	68,918,519
- Held-for-trading	987,328	200,023	1,019,433	48,701	50,595	1,851,710	9,037,964	13,195,754
- Designated at fair value through profit or loss	-	-	344,422	-	-	-	-	344,422
	275,477,109	6,679,676	4,055,481	24,851,721	1,849,214	4,748,918	8,990,015	326,652,134
***Note (ii):* Equity securities**								
By category:								
- Available-for-sale	45,057,718	1,923,612	176,951	529,092	590,496	3,787,544	(1,557,285)	50,508,128
- Held-for-trading	-	-	210,414	-	-	9,255	6,292,512	6,512,181
- Designated at fair value through profit or loss	3,272,169	-	-	56,840	56,840	-	-	3,385,849
	48,329,887	1,923,612	387,365	585,932	647,336	3,796,799	4,735,227	60,406,158
***Note (iii):* Investment funds**								
By category:								
- Available-for-sale	20,367,716	1,005,593	163,395	1,711,083	202,302	732,738	(3,443,615)	20,739,212
- Held-for-trading	11,084,360	41	160,039	472	140,119	514,060	(5,184,492)	6,714,599
- Loans and receivables	1,720,500	-	2,140,029	2,300,000	-	1,125,323	-	7,285,852
	33,172,576	1,005,634	2,463,463	4,011,555	342,421	2,372,121	(8,628,107)	34,739,663
***Note (iv):* Debt products**								
By category:								
- Loans and receivables	90,001,342	5,598,754	147,648	1,177,681	3,852,739	3,563,189	5,930,665	110,272,018

2 SEGMENT INFORMATION *(Continued)*

(c) Segmental statement of profit or loss for the six months ended 30 June 2018

	Six months ended 30 June 2018							
	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*
Income								
Total premiums written and policy fees	101,125,460	15,428,356	3,305,817	8,538,108	3,490,750	-	(1,800,122)	130,088,369
Less: Premiums ceded to reinsurers	(2,093,467)	(3,163,072)	(923,110)	(1,156,035)	(347,477)	-	1,669,680	(6,013,481)
Net premiums written and policy fees	99,031,993	12,265,284	2,382,707	7,382,073	3,143,273	-	(130,442)	124,074,888
Change in unearned premium provisions, net of reinsurance	(373,948)	112,750	(212,716)	(873,564)	(262,688)	-	547	(1,609,619)
Net earned premiums and policy fees	98,658,045	12,378,034	2,169,991	6,508,509	2,880,585	-	(129,895)	122,465,269
Net investment income *(note (i))*	9,862,861	501,572	231,882	750,454	177,702	703,924	187,735	12,416,130
Net realised investment gains/(losses) *(note (ii))*	1,286,723	57,896	(3,315)	24,301	60,960	97,024	92,090	1,615,679
Net unrealised investment gains/ (losses) and impairment *(note (iii))*	(172,627)	(58,793)	15,778	(81,171)	(1,392)	17,716	(580,545)	(861,034)
Other income	1,621,559	82,721	14,019	37,884	257,537	2,687,018	(2,278,343)	2,422,395
Segment income	111,256,561	12,961,430	2,428,355	7,239,977	3,375,392	3,505,682	(2,708,958)	138,058,439
Benefits, losses and expenses								
Net policyholders' benefits	(40,390,433)	(6,560,244)	(1,050,260)	(4,159,460)	(2,002,120)	-	148,302	(54,014,215)
Net commission and handling fee expenses	(10,967,471)	(1,754,939)	(840,339)	(1,624,278)	(241,549)	-	1,194,840	(14,233,736)
Administrative and other expenses	(8,485,065)	(4,074,104)	(252,181)	(150,176)	(821,858)	(1,752,516)	1,067,073	(14,468,827)
Change in life insurance contract liabilities, net of reinsurance	(43,002,274)	-	-	(837,130)	(232,277)	-	-	(44,071,681)
Total benefits, losses and expenses	(102,845,243)	(12,389,287)	(2,142,780)	(6,771,044)	(3,297,804)	(1,752,516)	2,410,215	(126,788,459)
	8,411,318	572,143	285,575	468,933	77,588	1,753,166	(298,743)	11,269,980
Share of results of associates and joint ventures	(265,904)	(9,897)	-	-	14,252	15,724	177,895	(67,930)
Finance costs	-	(40,202)	(3,004)	-	(16,076)	(1,205,168)	16,438	(1,248,012)
Profit before taxation	8,145,414	522,044	282,571	468,933	75,764	563,722	(104,410)	9,954,038
Income tax charges	(2,409,175)	(316,871)	(36,202)	(67,018)	(21,628)	(226,169)	(754)	(3,077,817)
Profit after taxation	5,736,239	205,173	246,369	401,915	54,136	337,553	(105,164)	6,876,221
Non-controlling interests								(1,667,115)
Profit attributable to owners of the Company								5,209,106

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

2 SEGMENT INFORMATION *(Continued)*

(c) Segmental statement of profit or loss for the six months ended 30 June 2018 *(Continued)*

	Six months ended 30 June 2018							
	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): **Net investment income**								
Interests income from debt securities								
- Held-to-maturity	3,910,902	82,631	57,254	466,748	-	66,600	(1,016)	4,583,119
- Available-for-sale	1,124,866	61,943	17,493	74,757	43,979	50,927	(14)	1,373,951
- Held-for-trading	4,086	127	13,855	8,570	-	1,250	124,655	152,543
- Designated at fair value through profit or loss	-	-	7,383	-	-	5,287	-	12,670
Interests income from debt products								
- Loans and receivables	1,976,725	190,281	380	28,662	67,895	109,356	242,805	2,616,104
Dividend income from equity securities								
- Available-for-sale	413,883	35,589	6,951	22,367	5,134	51,496	10,388	545,808
- Held-for-trading	-	-	1,462	-	-	216	69,392	71,070
Dividend income from investment funds								
- Available-for-sale	234,771	13,523	5,250	44,293	9,582	31,467	(136,246)	202,640
- Held-for-trading	186,922	1,632	413	1,597	14,222	8,516	(23,556)	189,746
- Loans and receivables	51,272	-	64,744	65,934	-	38,660	-	220,610
Bank deposits and other interests income	2,212,516	109,008	7,684	36,428	34,861	72,968	(78,448)	2,395,017
Net rental income receivable from investment properties	131,543	11,947	49,013	674	614	266,764	(60,472)	400,083
Net interest income/(expenses) on securities sold/purchased under repurchase/resale agreements	(384,625)	(5,109)	-	424	1,415	417	40,247	(347,231)
	9,862,861	501,572	231,882	750,454	177,702	703,924	187,735	12,416,130

2 SEGMENT INFORMATION *(Continued)*

(c) Segmental statement of profit or loss for the six months ended 30 June 2018 *(Continued)*

	Six months ended 30 June 2018							
	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 (ii):* Net realised investment gains/(losses)**								
Debt securities								
- Held-to-maturity	(418)	-	244	-	-	1,974	-	1,800
- Available-for-sale	23,640	6,553	1,793	6,661	(13)	(996)	(4)	37,634
- Held-for-trading	7,119	(1,249)	(116)	(159)	-	844	(54,193)	(47,754)
Equity securities								
- Available-for-sale	1,288,009	56,071	(1,400)	16,226	61,557	33,903	696	1,455,062
- Held-for-trading	-	-	(2,389)	-	-	(3,192)	184,899	179,318
Investment funds								
- Available-for-sale	(31,625)	(3,479)	8	1,573	(584)	1,983	(489)	(32,613)
- Held-for-trading	(2)	-	(1,455)	-	-	39,448	(38,819)	(828)
Derivative financial instruments	-	-	-	-	-	216	-	216
Gain on disposal of properties held-for-sale	-	-	-	-	-	22,844	-	22,844
	1,286,723	57,896	(3,315)	24,301	60,960	97,024	92,090	1,615,679
***Note (iii):* Net unrealised investment gains/(losses) and impairment**								
Debt securities								
- Held-for-trading	(4,511)	322	2,765	(952)	-	(4,589)	52,398	45,433
- Designated at fair value through profit or loss	-	-	(4,771)	-	-	-	-	(4,771)
Equity securities								
- Held-for-trading	-	-	1,518	-	-	2,651	(724,650)	(720,481)
- Designated at fair value through profit or loss	30,587	-	-	-	-	-	-	30,587
Investment funds								
- Held-for-trading	(100,281)	-	(448)	-	-	20,222	68,543	(11,964)
Surplus on revaluation of investment properties	10,465	958	21,864	500	262	28,668	23,164	85,881
Impairment loss recognised:								
- Available-for-sale equity securities and investment funds	(108,887)	(60,073)	(5,150)	(34,290)	(1,654)	(29,236)	-	(239,290)
- Held-to-maturity debt securities	-	-	-	(46,429)	-	-	-	(46,429)
	(172,627)	(58,793)	15,778	(81,171)	(1,392)	17,716	(580,545)	(861,034)

2 SEGMENT INFORMATION *(Continued)*

(d) Segmental statement of financial position as at 31 December 2018

	At 31 December 2018							
	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	3,423,876	1,198,357	218,598	424,188	684,775	3,055	-	5,952,849
Fixed assets								
- Property and equipment	4,465,049	979,427	833,916	77,592	305,445	5,955,886	5,134,045	17,751,360
- Investment properties	4,875,988	415,761	2,489,393	42,390	333,885	15,954,103	(6,606,340)	17,505,180
- Prepaid lease payments	50,252	49,278	-	-	-	3,340,944	-	3,440,474
Investments in debt and equity securities								
- Debt securities *(note (i))*	239,933,134	6,596,933	3,939,008	23,169,766	1,926,096	5,446,701	8,286,916	289,298,554
- Equity securities *(note (ii))*	36,503,682	2,261,876	426,731	507,265	522,310	3,750,800	1,748,834	45,721,498
- Investment funds *(note (iii))*	27,762,328	1,145,659	2,487,630	3,874,772	287,525	4,261,437	(9,841,444)	29,977,907
- Debt products *(note (iv))*	77,311,649	5,324,127	147,690	1,074,937	2,957,430	3,464,001	6,650,275	96,930,109
Cash and bank deposits	63,190,757	4,858,283	1,022,661	3,168,020	2,173,154	4,130,726	2,459,439	81,003,040
Goodwill	-	-	-	-	-	62,780	668,517	731,297
Intangible assets	-	-	-	-	-	677	261,408	262,085
Interests in associates and joint ventures	13,464,548	1,268,928	-	-	531,149	5,170,822	(10,024,572)	10,410,875
Reinsurers' share of insurance contract provisions	3,007,037	2,819,982	3,463,558	4,497,289	357,682	-	-	14,145,548
Policyholder account assets in respect of unit-linked products	960,649	-	-	-	-	-	-	960,649
Finance lease receivables	-	-	-	-	-	48,707,024	-	48,707,024
Other segment assets	73,022,490	4,498,988	2,291,036	6,999,886	1,468,448	3,248,898	(2,226,862)	89,302,884
Segment assets	547,971,439	31,417,599	17,320,221	43,836,105	11,547,899	103,497,854	(3,489,784)	752,101,333
Life insurance contract liabilities	415,348,388	-	-	14,095,299	3,658,562	-	-	433,102,249
Unearned premium provisions	2,843,173	9,213,447	1,823,665	2,144,996	909,936	-	-	16,935,217
Provision for outstanding claims	1,326,105	6,679,345	5,680,597	8,067,404	769,612	-	-	22,523,063
Investment contract liabilities	34,347,984	-	-	4,793,712	1,195,497	-	-	40,337,193
Interest-bearing notes	-	1,027,163	-	-	-	4,699,746	(48,040)	5,678,869
Bank borrowings	-	-	740,800	-	-	50,020,281	(273,910)	50,487,171
Securities sold under repurchase agreements	22,508,628	730,278	-	-	2,283	-	1,130,735	24,371,924
Other segment liabilities	46,729,973	6,860,464	2,098,619	6,683,277	2,294,386	14,659,315	(1,056,168)	78,269,866
Segment liabilities	523,104,251	24,510,697	10,343,681	35,784,688	8,830,276	69,379,342	(247,383)	671,705,552
Non-controlling interests								(14,665,872)
Net assets attributable to the owners of the Company								65,729,909

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

2 SEGMENT INFORMATION *(Continued)*

(d) Segmental statement of financial position as at 31 December 2018 *(Continued)*

	At 31 December 2018							
	Life insurance *$'000*	PRC property and casualty insurance *$'000*	Overseas property and casualty insurance *$'000*	Reinsurance *$'000*	Pension and group life insurance *$'000*	Other businesses *$'000*	Inter-segment elimination and adjustment *$'000*	Total *$'000*
***Note (i):* Debt securities**								
By category:								
- Held-to-maturity	190,325,244	4,052,343	2,124,554	19,751,734	-	3,160,438	(48,057)	219,366,256
- Available-for-sale	49,487,996	2,522,878	551,768	3,412,338	1,926,096	2,283,131	-	60,184,207
- Held-for-trading	119,894	21,712	935,678	5,694	-	3,132	8,334,973	9,421,083
- Designated at fair value through profit or loss	-	-	327,008	-	-	-	-	327,008
	239,933,134	6,596,933	3,939,008	23,169,766	1,926,096	5,446,701	8,286,916	289,298,554
***Note (ii):* Equity securities**								
By category:								
- Available-for-sale	35,414,460	2,261,876	238,855	507,265	522,310	3,743,020	(1,414,616)	41,273,170
- Held-for-trading	-	-	187,876	-	-	7,780	3,163,450	3,359,106
- Designated at fair value through profit or loss	1,089,222	-	-	-	-	-	-	1,089,222
	36,503,682	2,261,876	426,731	507,265	522,310	3,750,800	1,748,834	45,721,498
***Note (iii):* Investment funds**								
By category:								
- Available-for-sale	14,115,499	1,145,619	173,781	1,540,122	142,959	774,220	(3,258,811)	14,633,389
- Held-for-trading	11,926,329	40	173,811	34,650	144,566	2,147,717	(6,582,633)	7,844,480
- Loans and receivables	1,720,500	-	2,140,038	2,300,000	-	1,339,500	-	7,500,038
	27,762,328	1,145,659	2,487,630	3,874,772	287,525	4,261,437	(9,841,444)	29,977,907
***Note (iv):* Debt products**								
By category:								
- Loans and receivables	77,311,649	5,324,127	147,690	1,074,937	2,957,430	3,464,001	6,650,275	96,930,109

2 SEGMENT INFORMATION *(Continued)*

Geographical distribution:

More than 93% (30 June 2018: 92%) of the Group's total income is derived from its operations in the PRC (other than Hong Kong and Macau).

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

	At 30 June 2019			
	Hong Kong and Macau	**PRC (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 interests in associates and joint ventures)	**4,557,484**	**39,798,660**	**686,933**	**45,043,077**

	At 31 December 2018			
	Hong Kong and Macau	PRC (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 interests in associates and joint ventures)	3,449,199	35,549,739	691,458	39,690,396

Information about major customers:

There were no customers for the six months ended 30 June 2019 and 2018 contributing over 10% of the total premiums written and policy fees of the Group.

3 TOTAL PREMIUMS WRITTEN AND POLICY FEES

Principal activities

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

	Six months ended 30 June 2019					
	Life insurance contracts *$'000*	**PRC property and casualty insurance contracts** *$'000*	**Overseas property and casualty insurance contracts** *$'000*	**Reinsurance contracts** *$'000*	**Pension and group life insurance contracts** *$'000*	**Total** *$'000*
Total premiums written	**107,765,360**	**15,934,140**	**2,712,183**	**9,201,245**	**2,989,181**	**138,602,109**
Policy fees	**321,021**	**-**	**-**	**-**	**-**	**321,021**
	108,086,381	**15,934,140**	**2,712,183**	**9,201,245**	**2,989,181**	**138,923,130**

	Six months ended 30 June 2018					
	Life insurance contracts *$'000*	PRC property and casualty insurance contracts *$'000*	Overseas property and casualty insurance contracts *$'000*	Reinsurance contracts *$'000*	Pension and group life insurance contracts *$'000*	Total *$'000*
Total premiums written	100,921,327	15,415,219	2,236,824	7,943,564	3,373,628	129,890,562
Policy fees	197,807	-	-	-	-	197,807
	101,119,134	15,415,219	2,236,824	7,943,564	3,373,628	130,088,369

4 INVESTMENT INCOME

	Six months ended 30 June	
	2019 *$'000*	2018 *$'000*
Net investment income *(note (a))*	**14,995,902**	12,416,130
Net realised investment gains/(losses) *(note (b))*	**1,561,108**	1,615,679
Net unrealised investment gains/(losses) and impairment *(note (c))*	**(907,944)**	(861,034)
	15,649,066	13,170,775

4 INVESTMENT INCOME *(Continued)*

	Six months ended 30 June	
	2019	2018
	$'000	*$'000*
(a) Net investment income		
Interests income from debt securities *(note (i))* :		
- Held-to-maturity	**5,275,582**	4,583,119
- Available-for-sale	**1,518,833**	1,373,951
- Held-for-trading	**197,301**	152,543
- Designated at fair value through profit or loss	**5,212**	12,670
	6,996,928	6,122,283
Interests income from debt products *(note (i)):*		
- Loans and receivables	**2,886,718**	2,616,104
Dividend income from equity securities *(note (ii))* :		
- Available-for-sale	**558,573**	545,808
- Held-for-trading	**71,155**	71,070
	629,728	616,878
Dividend income from investment funds *(note (iii))* :		
- Available-for-sale	**562,425**	202,640
- Held-for-trading	**123,754**	189,746
- Loans and receivables	**235,379**	220,610
	921,558	612,996
Bank deposits and other interests income	**3,270,307**	2,395,017
Gross rental income receivable from investment properties	**407,906**	405,064
Less: direct outgoings	**(4,420)**	(4,981)
Net rental income receivable from investment properties	**403,486**	400,083
Net interest expenses on securities sold/purchased under repurchase/resale agreements	**(112,823)**	(347,231)
	14,995,902	12,416,130

4 INVESTMENT INCOME *(Continued)*

	Six months ended 30 June	
	2019	2018
	$'000	*$'000*
(a) Net investment income *(Continued)*		
Notes:		
(i) Interests income from debt securities and debt products:		
Listed	**2,479,240**	1,841,931
Unlisted	**7,404,406**	6,896,456
	9,883,646	8,738,387
(ii) Dividend income from equity securities:		
Listed	**460,063**	476,372
Unlisted	**169,665**	140,506
	629,728	616,878
(iii) Dividend income from investment funds:		
Listed	**26,962**	49,904
Unlisted	**894,596**	563,092
	921,558	612,996

4 INVESTMENT INCOME *(Continued)*

	Six months ended 30 June	
	2019	2018
	$'000	*$'000*
(b) Net realised investment gains/(losses)		
Debt securities *(note (i))* :		
- Held-to-maturity	**1,632**	1,800
- Available-for-sale	**(8,187)**	37,634
- Held-for-trading	**46,542**	(47,754)
- Designated at fair value through profit or loss	**458**	-
	40,445	(8,320)
Equity securities *(note (ii))* :		
- Available-for-sale	**933,460**	1,455,062
- Held-for-trading	**529,253**	179,318
	1,462,713	1,634,380
Investment funds *(note (iii))* :		
- Available-for-sale	**28,913**	(32,613)
- Held-for-trading	**29,037**	(828)
	57,950	(33,441)
Derivative financial instruments	**-**	216
Gain on disposal of properties held-for-sale	**-**	22,844
	1,561,108	1,615,679

4 INVESTMENT INCOME *(Continued)*

	Six months ended 30 June	
	2019	2018
	$'000	*$'000*
(b) Net realised investment gains/(losses) *(Continued)*		
Notes:		
(i) Net realised investment gains/(losses) on debt securities:		
Listed	**4,045**	(14,351)
Unlisted	**36,400**	6,031
	40,445	(8,320)
(ii) Net realised investment gains/(losses) on equity securities:		
Listed	**1,463,520**	1,634,244
Unlisted	**(807)**	136
	1,462,713	1,634,380
(iii) Net realised investment gains/(losses) on investment funds:		
Listed	**20,846**	(11,633)
Unlisted	**37,104**	(21,808)
	57,950	(33,441)

4 INVESTMENT INCOME *(Continued)*

	Six months ended 30 June	
	2019	2018
	$'000	*$'000*
(c) Net unrealised investment gains/(losses) and impairment		
Debt securities *(note (i))* :		
- Held-for-trading	**47,402**	45,433
- Designated at fair value through profit or loss	**6,086**	(4,771)
	53,488	40,662
Equity securities *(note (ii))* :		
- Held-for-trading	**1,055,689**	(720,481)
- Designated at fair value through profit or loss	**27,825**	30,587
	1,083,514	(689,894)
Investment funds *(note (iii))* :		
- Held-for-trading	**84,753**	(11,964)
Surplus on revaluation of investment properties	**54,908**	85,881
Impairment loss recognised:		
- Held-to-maturity debt securities	**(35,719)**	(46,429)
- Loans and receivables debt products	**(405,941)**	-
- Available-for-sale debt securities	**(343,436)**	-
- Available-for-sale equity securities and investment funds	**(1,399,511)**	(239,290)
	(907,944)	(861,034)

4 INVESTMENT INCOME *(Continued)*

	Six months ended 30 June	
	2019	2018
	$'000	*$'000*
(c) Net unrealised investment gains/(losses) and impairment *(Continued)*		
Notes:		
(i) Net unrealised investment gains/(losses) on debt securities:		
Listed	**56,328**	4,527
Unlisted	**(2,840)**	36,135
	53,488	40,662
(ii) Net unrealised investment gains/(losses) on equity securities:		
Listed	**1,055,689**	(720,481)
Unlisted	**27,825**	30,587
	1,083,514	(689,894)
(iii) Net unrealised investment gains/(losses) on investment funds:		
Listed	**16,791**	(7,501)
Unlisted	**67,962**	(4,463)
	84,753	(11,964)

5 OTHER INCOME

	Six months ended 30 June	
	2019	2018
	$'000	*$'000*
Interests from finance lease receivables	**1,244,394**	1,157,166
Income from provision of asset management services	**290,563**	302,327
Income from provision of pension administration services	**311,119**	241,675
Income from provision of advisory services	**166,040**	196,143
Income from operating lease	**289,064**	144,924
Government subsidies	**44,584**	80,084
Income from provision of property management services	**56,503**	72,065
Income from provision of agency services	**25,373**	66,063
Income from provision of insurance intermediary services	**34,819**	36,696
Income from provision of securities broking services	**6,216**	12,285
Income from disposal of inventories	**148,905**	-
Net gains/(losses) on disposal of property and equipment	**13,378**	(1,219)
Net exchange gains/(losses)	**(205,471)**	34,412
Recognition of impairment losses on insurance debtors and other assets	**(20,815)**	(9,383)
Provision for finance lease receivables	**(59,932)**	(22,120)
Others	**122,389**	111,277
	2,467,129	2,422,395

6 NET POLICYHOLDERS' BENEFITS AND NET COMMISSION AND HANDLING FEE EXPENSES

(a) Net policyholders' benefits

	Six months ended 30 June 2019					
	Life insurance contracts	**PRC property and casualty insurance contracts**	**Overseas property and casualty insurance contracts**	**Reinsurance contracts**	**Pension and group life insurance contracts**	**Total**
	$'000	***$'000***	***$'000***	***$'000***	***$'000***	***$'000***
Claims and claim adjustment expenses	**4,184,559**	**7,266,343**	**1,262,889**	**4,207,041**	**1,458,892**	**18,379,724**
Surrenders	**6,023,219**	**-**	**-**	**153,285**	**686,404**	**6,862,908**
Annuity, dividends and maturity payments	**7,059,921**	**-**	**-**	**-**	**10,939**	**7,070,860**
Interests allocated to investment and reinsurance contracts	**1,430,246**	**-**	**-**	**165,860**	**138**	**1,596,244**
	18,697,945	**7,266,343**	**1,262,889**	**4,526,186**	**2,156,373**	**33,909,736**
Less: Reinsurers' and retrocessionaires' share	**(1,591,629)**	**(505,918)**	**(439,178)**	**(1,159,155)**	**(204,681)**	**(3,900,561)**
	17,106,316	**6,760,425**	**823,711**	**3,367,031**	**1,951,692**	**30,009,175**

	Six months ended 30 June 2018					
	Life insurance contracts	PRC property and casualty insurance contracts	Overseas property and casualty insurance contracts	Reinsurance contracts	Pension and group life insurance contracts	Total
	$'000	*$'000*	*$'000*	*$'000*	*$'000*	*$'000*
Claims and claim adjustment expenses	3,074,098	7,474,249	1,818,064	3,741,453	1,372,041	17,479,905
Surrenders	21,649,600	-	-	902,495	812,937	23,365,032
Annuity, dividends and maturity payments	15,604,501	-	-	-	24,700	15,629,201
Interests allocated to investment and reinsurance contracts	1,086,477	-	-	33,276	29	1,119,782
	41,414,676	7,474,249	1,818,064	4,677,224	2,209,707	57,593,920
Less: Reinsurers' and retrocessionaires' share	(1,022,850)	(600,380)	(1,041,373)	(716,206)	(198,896)	(3,579,705)
	40,391,826	6,873,869	776,691	3,961,018	2,010,811	54,014,215

6 NET POLICYHOLDERS' BENEFITS AND NET COMMISSION AND HANDLING FEE EXPENSES *(Continued)*

(b) Net commission and handling fee expenses

	Six months ended 30 June 2019					
	Life insurance contracts	**PRC property and casualty insurance contracts**	**Overseas property and casualty insurance contracts**	**Reinsurance contracts**	**Pension and group life insurance contracts**	**Total**
	$'000	***$'000***	***$'000***	***$'000***	***$'000***	***$'000***
Gross commission and handling fee expenses	**10,214,930**	**2,289,199**	**551,324**	**1,644,919**	**113,598**	**14,813,970**
Reinsurance commission and handling fee income	**(8,128)**	**(915,065)**	**(230,955)**	**(203,030)**	**(55,320)**	**(1,412,498)**
Net commission and handling fee expenses	**10,206,802**	**1,374,134**	**320,369**	**1,441,889**	**58,278**	**13,401,472**

	Six months ended 30 June 2018					
	Life insurance contracts	PRC property and casualty insurance contracts	Overseas property and casualty insurance contracts	Reinsurance contracts	Pension and group life insurance contracts	Total
	$'000	*$'000*	*$'000*	*$'000*	*$'000*	*$'000*
Gross commission and handling fee expenses	10,920,760	2,161,649	518,035	1,655,475	160,635	15,416,554
Reinsurance commission and handling fee income	(95,507)	(769,237)	(123,558)	(144,175)	(50,341)	(1,182,818)
Net commission and handling fee expenses	10,825,253	1,392,412	394,477	1,511,300	110,294	14,233,736

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

	Six months ended 30 June 2019					
	Life insurance contracts	**PRC property and casualty insurance contracts**	**Overseas property and casualty insurance contracts**	**Reinsurance contracts**	**Pension and group life insurance contracts**	**Total**
	$'000	***$'000***	***$'000***	***$'000***	***$'000***	***$'000***
Change in life insurance contract liabilities	**75,220,395**	**-**	**-**	**2,157,622**	**(100,325)**	**77,277,692**
Less: Reinsurers' share	**(26,505)**	**-**	**-**	**163,586**	**(11,419)**	**125,662**
	75,193,890	**-**	**-**	**2,321,208**	**(111,744)**	**77,403,354**

6 NET POLICYHOLDERS' BENEFITS AND NET COMMISSION AND HANDLING FEE EXPENSES *(Continued)*

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

	Six months ended 30 June 2018					
	Life insurance contracts *$'000*	PRC property and casualty insurance contracts *$'000*	Overseas property and casualty insurance contracts *$'000*	Reinsurance contracts *$'000*	Pension and group life insurance contracts *$'000*	Total *$'000*
Change in life insurance contract liabilities	43,442,250	-	-	843,695	241,085	44,527,030
Less: Reinsurers' share	(439,976)	-	-	(6,565)	(8,808)	(455,349)
	43,002,274	-	-	837,130	232,277	44,071,681

7 PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging:

	Six months ended 30 June	
	2019	2018
	$'000	*$'000*
(a) Finance costs:		
Interests on interest-bearing notes	**124,914**	157,325
Interests on bank borrowings	**1,043,884**	1,090,687
Interests on lease liabilities	**62,156**	-
	1,230,954	1,248,012
(b) Staff costs (including directors' remuneration):		
Salaries, wages, bonuses and other benefits	**7,857,883**	7,510,434
Contributions to defined contribution retirement plans	**727,664**	734,797
	8,585,547	8,245,231
(c) Other items:		
Auditor's remuneration	**4,629**	4,389
Depreciation of property and equipment	**721,018**	519,775
Amortisation of prepaid lease payments	**-**	15,831
Amortisation of intangible assets	**49**	52
Amortisation of right-of-use assets	**591,941**	-
Operating lease charges in respect of properties	**-**	523,495

8 INCOME TAX (CREDIT)/CHARGES

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

	Six months ended 30 June	
	2019	2018
	$'000	*$'000*
Current tax		
Provision for the period	**1,966,867**	3,267,359
Over-provision in respect of prior years	**(2,052,833)**	(35,230)
	(85,966)	3,232,129
Deferred tax		
Reversal of temporary differences	**(70,816)**	(154,312)
Income tax (credit)/charges	**(156,782)**	3,077,817

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% (2018: 16.5%) on its assessable profits from direct life insurance, property and casualty insurance, reinsurance, asset management, property investment, insurance intermediary, securities dealing and broking businesses, except for its assessable profits from the business of reinsurance of offshore risks, which is calculated at 8.25% (2018: 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 the PRC is 25% (2018: 25%).

On 29 May 2019, the Ministry of Finance and the State Administration of Taxation issued the "Notice on the Pre-tax Deduction Policy for the Fees and Commission Expenses of Insurance Enterprises" (Notice 72 of the Ministry of Finance and the State Administration of Taxation), stated that starting from 1 January 2019, the calculation of deductible fees and commission expenses for general insurance and life insurance is increased from the previous 15% and 10% to 18% of the balance of premium income less surrenders for the year, and any excess proportion is allowed to be carried forward to the subsequent years. The above policy is applicable to the enterprise income tax annual filing for the year ended 31 December 2018. This has resulted in the over-provision of enterprise income tax in respect of prior years of the Group.

At 30 June 2019, the Group did not recognise deferred tax assets in respect of tax losses of approximately $3,074,482,000 (31 December 2018: $2,743,510,000) and certain temporary differences of $152,725,000 (31 December 2018: $59,086,000). $237,840,000 (31 December 2018: $199,558,000) of the total tax losses can be carried forward up to five years after the year in which the loss was originated to offset future taxable profits, while the remaining tax losses and temporary differences do not expire under current tax legislation.

9 DIVIDENDS

(a) On 29 March 2019, the Board of the Company proposed a final cash dividend of $0.10 per share in respect of the year ended 31 December 2018 ($0.10 per share in respect of the year ended 31 December 2017). The final dividend amounting to $359,402,000 (2018: $359,402,000) has been recognised as a liability in these interim financial statements.

(b) No interim dividend in respect of the interim period was proposed, approved or paid during the interim period ended 30 June 2019 (30 June 2018: Nil).

10 EARNINGS PER SHARE

The calculation of basic earnings per share is based on the profit attributable to owners of the Company and the number of ordinary shares in issue during the Period.

	Six months ended 30 June	
	2019	2018
	$'000	*$'000*
Profit attributable to owners of the Company	**6,744,218**	5,209,106
Distribution relating to perpetual subordinated capital securities	**(128,262)**	(128,091)
Profit used to determine basic earnings per share	**6,615,956**	5,081,015
Weighted average number of ordinary shares	**3,594,018,538**	3,594,018,538
Basic earnings per share *(HK$ per share)*	**1.841**	1.414

No diluted earnings per share has been presented for the periods of 2019 and 2018 as the Group had no potential dilutive ordinary shares in issue during the periods.

11 FIXED ASSETS

The carrying amount of land and buildings of $954,436,000 (30 June 2018: $12,245,000) has been transferred to investment properties at fair value of $1,446,123,000 during the Period (30 June 2018: $13,272,000) based on revaluation by an independent external property valuer. The valuation was made based on income approach.

The fair values of investment properties of the Group as at 30 June 2019 were measured by an external valuer. The valuation for completed investment properties was made based on income approach. The valuation for investment properties under construction was arrived on the basis of mixed approach, 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 $54,908,000 (30 June 2018: $85,881,000) has been recognised in the condensed consolidated statement of profit or loss during the Period.

As at 30 June 2019, land and buildings of $31,868,000 (31 December 2018: $32,836,000) and investment properties of $56,238,000 (31 December 2018: $49,220,000) located in Macau had been pledged in favour of Autoridade Monetária de Macau (“AMCM”) to guarantee the technical reserves in accordance with the Macau Insurance Ordinance.

No subsidiaries of the Group pledged land and buildings located in Hong Kong to secure general banking facilities granted to the Group as at both 30 June 2019 and 31 December 2018.

12 INVESTMENTS IN DEBT AND EQUITY SECURITIES

	At 30 June 2019	At 31 December 2018
	$'000	*$'000*
Debt securities *(Note (i))*	**326,652,134**	289,298,554
Equity securities *(Note (ii))*	**60,406,158**	45,721,498
Investment funds *(Note (iii))*	**34,739,663**	29,977,907
Debt products *(Note (iv))*	**110,272,018**	96,930,109
	532,069,973	461,928,068

	At 30 June 2019	At 31 December 2018
	$'000	*$'000*
***Note (i)* Debt securities**		
Held-to-maturity:		
- Listed in Hong Kong	**13,931,836**	13,000,585
- Listed outside Hong Kong	**67,800,194**	55,974,313
- Unlisted	**162,461,409**	150,391,358
	244,193,439	219,366,256
Issued by:		
Government and central banks	**60,507,052**	56,321,950
Banks and other financial institutions	**115,280,950**	102,188,671
Corporate entities	**68,405,437**	60,855,635
	244,193,439	219,366,256

The held-to-maturity debt securities include an amount of $9,618,173,000 (31 December 2018: $4,393,939,000) which will mature within one year.

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

	At 30 June 2019	At 31 December 2018
	$'000	*$'000*
***Note (i)* Debt securities** *(Continued)*		
Available-for-sale:		
- Listed in Hong Kong	**1,766,520**	4,094,973
- Listed outside Hong Kong	**26,596,859**	21,375,397
- Unlisted	**40,555,140**	34,713,837
	68,918,519	60,184,207
Issued by:		
Government and central banks	**15,652,600**	9,992,221
Banks and other financial institutions	**18,560,643**	18,536,638
Corporate entities	**34,705,276**	31,655,348
	68,918,519	60,184,207
Held-for-trading:		
- Listed in Hong Kong	**444,830**	-
- Listed outside Hong Kong	**2,465,505**	1,433,737
- Unlisted	**10,285,419**	7,987,346
	13,195,754	9,421,083
Issued by:		
Government and central banks	**383,421**	49,733
Banks and other financial institutions	**7,083,675**	5,546,824
Corporate entities	**5,728,658**	3,824,526
	13,195,754	9,421,083

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

	At 30 June 2019 **$'000**	At 31 December 2018 *$'000*
Note (i) **Debt securities** *(Continued)*		
Designated at fair value through profit or loss:		
- Listed in Hong Kong	**155,172**	178,450
- Listed outside Hong Kong	**189,250**	148,558
	344,422	327,008
Issued by:		
Banks and other financial institutions	**131,130**	84,155
Corporate entities	**213,292**	242,853
	344,422	327,008
Total debt securities	**326,652,134**	289,298,554

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

	At 30 June 2019	At 31 December 2018
	$'000	*$'000*
Note (ii) **Equity securities**		
Available-for-sale:		
- Listed in Hong Kong	**2,313,479**	2,083,523
- Listed outside Hong Kong	**33,940,525**	25,717,609
- Unlisted, at fair value	**14,253,577**	13,471,493
- Unlisted, at cost	**547**	545
	50,508,128	41,273,170
Held-for-trading:		
- Listed in Hong Kong	**373,988**	331,651
- Listed outside Hong Kong	**6,138,193**	3,027,455
	6,512,181	3,359,106
Designated at fair value through profit or loss:		
- Unlisted	**3,385,849**	1,089,222
Total equity securities	**60,406,158**	45,721,498

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

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

	At 30 June 2019	At 31 December 2018
	$'000	*$'000*
Note (iii) **Investment funds**		
Available-for-sale:		
- Listed in Hong Kong	**1,530,728**	1,594,625
- Listed outside Hong Kong	**105,710**	86,689
- Unlisted, at fair value	**19,102,774**	12,952,075
	20,739,212	14,633,389
Held-for-trading:		
- Listed outside Hong Kong	**4,638,079**	6,375,752
- Unlisted	**2,076,520**	1,468,728
	6,714,599	7,844,480
Loans and receivables:		
- Unlisted	**7,285,852**	7,500,038
Total investment funds	**34,739,663**	29,977,907

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

	At 30 June 2019	At 31 December 2018
	$'000	*$'000*
Note (iv) **Debt products**		
Loans and receivables:		
- Unlisted	**110,272,018**	96,930,109

The debt products mainly include debt investments and relevant financial products on infrastructure and property development projects in the PRC and trust schemes, which had domestic credit ratings of AA or above. The debt products also include other financial products such as bank financial products. All debt products will mature from 2019 to 2032 (31 December 2018: 2019 to 2032) and bear interest ranging from 2% to 12% (31 December 2018: 2% to 12%) per annum.

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

Analysed for reporting purposes as:

	At 30 June 2019	At 31 December 2018
	$'000	*$'000*
Held-to-maturity		
- Current	**9,618,173**	4,393,939
- Non-current	**234,575,266**	214,972,317
Available-for-sale		
- Current	**69,400,238**	48,151,297
- Non-current	**70,765,621**	67,939,469
Held-for-trading		
- Current	**26,422,534**	20,624,669
Designated at fair value through profit or loss		
- Current	**2,618,027**	327,008
- Non-current	**1,112,244**	1,089,222
Loans and receivables		
- Current	**12,264,533**	10,465,707
- Non-current	**105,293,337**	93,964,440
	532,069,973	461,928,068

As at 30 June 2019, investments in debt and equity securities with total carrying amounts of $773,149,000 (31 December 2018: $681,017,000) have been pledged in favour of AMCM to guarantee the technical reserves in accordance with the Macau Insurance Ordinance.

As at 30 June 2019, investments in debt and equity securities with total carrying amounts of $10,030,000 (31 December 2018: $9,908,000) have been set asides as guarantee fund, pursuant to Regulation of the Minister of Finance of the Republic of Indonesia.

13 INSURANCE DEBTORS

	At 30 June 2019	At 31 December 2018
	$'000	*$'000*
Amounts due from insurance customers	**17,747,894**	10,873,324
Less: allowance for impaired debts	**(143,398)**	(141,675)
	17,604,496	10,731,649
Deposits retained by cedants	**1,408,512**	1,184,646
	19,013,008	11,916,295

As at 30 June 2019, the amounts of insurance debtors included $17,556,543,000 (31 December 2018: $10,664,884,000), which is expected to be recovered within one year.

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

	At 30 June 2019	At 31 December 2018
	$'000	*$'000*
Neither past due nor impaired		
- Uninvoiced	**4,839,778**	4,585,774
- Current	**11,290,905**	4,357,021
Past due but not impaired		
- Less than 3 months	**257,805**	596,063
- More than 3 months but less than 12 months	**591,878**	721,068
- More than 12 months	**624,130**	471,723
Past due and impaired	**143,398**	141,675
	17,747,894	10,873,324

14 OTHER ASSETS

	At 30 June 2019	At 31 December 2018
	$'000	*$'000*
Other assets and deposits	**16,036,282**	16,242,170
Interest receivables from interest-bearing financial assets	**8,018,195**	7,820,443
Deposit for the purchase of property	**487,931**	2,327,453
Value-added tax prepaid	**763,492**	1,230,305
Prepayment	**958,034**	812,165
Receivables from payment service providers	**276,469**	657,766
Inventories *(note (i))*	**338,147**	406,940
Tax certificate paid to Hong Kong Inland Revenue Department	**312,365**	290,971
Securities settlement fund	**1,061,744**	257,015
Rental and utility deposits	**290,888**	246,794
Receivables from operating lease	**124,199**	109,672
Others	**3,404,818**	2,082,646
Loans and advances	**57,623,675**	48,759,113
	73,659,957	65,001,283
Less: allowance for impaired debts	**(98,056)**	(79,995)
	73,561,901	64,921,288

Note:

(i) The Group's inventories comprise raw materials, product in progress, other supplemental materials and lands purchased that have been set to be used to build properties for sale by a subsidiary.

14A FINANCE LEASE RECEIVABLES

	At 30 June 2019	At 31 December 2018
	$'000	*$'000*
Finance lease receivables, net of unearned finance income	**47,670,208**	50,102,013
Less: provision for impairment losses	**(1,448,317)**	(1,394,989)
	46,221,891	48,707,024

As at 30 June 2019, finance lease receivables include the amounts of $3,283,329,000 (31 December 2018: $2,953,348,000) that were pledged to financial institutions as collateral in connection with banking facilities arrangements.

15 STATUTORY DEPOSITS

(a) Certain subsidiaries of the Group have placed $5,651,047,000 (31 December 2018: $5,673,362,000) 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 $59,614,000 (31 December 2018: $58,974,000) registered in favour of the Monetary Authority of Singapore pursuant to section 34D of the Singapore Insurance Act.

(c) A subsidiary of the Group has pledged a deposit of $3,621,000 (31 December 2018: $3,487,000) with banks as guarantee fund, pursuant to Regulation of the Minister of Finance of the Republic of Indonesia.

(d) A subsidiary of the Group has deposited a sum of $1,693,000 (31 December 2018: $1,693,000) 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 2019 is 0.10% (31 December 2018: 0.10%).

(e) A subsidiary of the Group deposited a sum of $1,322,000 (31 December 2018: $1,363,000) with The Stock Exchange of Hong Kong Limited, Hong Kong Securities Clearing Company Limited and the Securities and Futures Commission.

(f) A subsidiary of the Group deposited a sum of $258,207,000 (31 December 2018: $213,970,000) 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 2019	At 31 December 2018
	$'000	*$'000*
Deposits with banks and other financial institutions with original maturity less than three months	**8,385,795**	5,232,850
Money market funds	**-**	139
Cash at bank and on hand	**18,697,477**	22,294,831
	27,083,272	27,527,820

17 INSURANCE CREDITORS

	At 30 June 2019	At 31 December 2018
	$'000	*$'000*
Amounts due to insurance customers/creditors	**11,184,116**	9,182,481
Amounts due to insurance intermediaries	**6,722,983**	4,655,999
Deposits retained from retrocessionaires	**5,731,438**	5,509,745
Surrenders payable	**1,408**	438
Prepaid premiums received	**19,220,636**	28,478,276
	42,860,581	47,826,939

The entire amounts due to the insurance customers/creditors are expected to be settled within one year.

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

	At 30 June 2019	At 31 December 2018
	$'000	*$'000*
Current	**6,970,322**	6,409,723
More than 3 months but less than 12 months	**4,152,249**	2,722,337
More than 12 months	**61,545**	50,421
	11,184,116	9,182,481

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

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

	At 30 June 2019			
	Held-to-maturity securities *$'000*	**Available-for-sale securities** *$'000*	**Held-for-trading securities** *$'000*	**Total** *$'000*
Carrying amount of transferred assets	**10,308,543**	**103,977**	**1,148,160**	**11,560,680**
Carrying amount of associated liabilities				
- securities sold under repurchase agreements	**(8,968,386)**	**(14,024)**	**(933,779)**	**(9,916,189)**
Net position	**1,340,157**	**89,953**	**214,381**	**1,644,491**

	At 31 December 2018			
	Held-to-maturity securities *$'000*	Available-for-sale securities *$'000*	Held-for-trading securities $'000	Total *$'000*
Carrying amount of transferred assets	27,829,200	9,785,127	1,215,136	38,829,463
Carrying amount of associated liabilities				
- securities sold under repurchase agreements	(18,088,925)	(5,152,264)	(1,130,735)	(24,371,924)
Net position	9,740,275	4,632,863	84,401	14,457,539

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

All of the securities purchased under resale agreements and securities sold under repurchase agreements are denominated in RMB and will be settled within 24 days (31 December 2018: 25 days) from the end of the reporting period. The carrying amount of the securities purchased under resale agreements and securities sold under repurchase agreements approximate to their fair values.

19 BANK BORROWINGS

	At 30 June 2019 *$'000*	At 31 December 2018 *$'000*
Unsecured		
Bank loans *(note (i))*	**6,359,300**	7,207,515
Bank loans for finance lease receivables *(note (ii))*	**36,909,715**	40,914,175
	43,269,015	48,121,690
Secured		
Bank loans for finance lease receivables *(note (iii))*	**3,270,721**	2,365,481
	46,539,736	50,487,171

The bank borrowings are repayable as follows:

	At 30 June 2019 *$'000*	At 31 December 2018 *$'000*
Within 1 year	**35,524,407**	42,742,506
After 1 year but within 5 years	**10,129,507**	6,774,499
After 5 years	**885,822**	970,166
	46,539,736	50,487,171

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 2019, all bank loans are unsecured and carry interest at Hong Kong Interbank Offered Rate ("HIBOR") plus 0.70% to HIBOR plus 1.50% (31 December 2018: HIBOR plus 0.70% to HIBOR plus 1.30%) per annum, with effective interest rates ranging from 1.70% to 3.63% (31 December 2018: 1.43% to 3.70%) per annum.

(ii) As at 30 June 2019, the bank loans for finance lease receivables are unsecured and carry interest at fixed interest rates ranging from 3.00% to 5.40% (31 December 2018: fixed interest rates ranging from 4.04% to 5.90%) per annum.

(iii) As at 30 June 2019, the bank loans are secured by finance lease receivables and carry interest based on the benchmark interest rate issued by the People's Bank of China, with effective interest rates ranging from 3.85% to 4.66% (31 December 2018: 3.93% to 4.66%) per annum.

20 SHARE CAPITAL

	At 30 June 2019		At 31 December 2018	
	No. of shares	***$'000***	No. of shares	*$'000*
Ordinary Shares, issued and fully paid:				
At the beginning of the period/year	**3,594,018,538**	**40,771,408**	3,594,018,538	40,771,408
At the end of the period/year	**3,594,018,538**	**40,771,408**	3,594,018,538	40,771,408

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

21 PERPETUAL SUBORDINATED CAPITAL SECURITIES

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

The perpetual subordinated capital securities, with an aggregate principal amount of USD600,000,000 (equivalent to $4,650,090,000) were recorded as equity amounting to $4,629,071,000 net of issuance costs. The balance of the perpetual subordinated capital securities as at 30 June 2019 and 31 December 2018 have been included the accrued distribution payments.

The distribution relating to the perpetual subordinated capital securities amounted to $128,262,000 (30 June 2018: $128,091,000) were accrued and distribution to holders of perpetual subordinated capital securities amounted to $128,235,000 (30 June 2018: $127,862,000) during the Period.

22 RESERVES

	Capital reserve *$'000*	Merger reserve *$'000*	Exchange reserve *$'000*	Fair value reserve *$'000*	Revaluation reserve *$'000*	Retained profits *$'000*	Perpetual subordinated capital securities *$'000*	Attributable to owners of the Company *$'000*	Non-controlling interests *$'000*	Total *$'000*
Balance at 1 January 2019	**(6,396,801)**	**(6,842,218)**	**(3,425,785)**	**(1,599,201)**	**726,558**	**37,788,729**	**4,707,219**	**24,958,501**	**14,665,872**	**39,624,373**
Profit for the period	-	-	-	-	-	**6,615,956**	**128,262**	**6,744,218**	**2,338,498**	**9,082,716**
Other comprehensive income for the period :										
Revaluation gain arising from reclassification of own-use properties to investment properties	-	-	-	-	**490,670**	-	-	**490,670**	-	**490,670**
Exchange differences on translation of the financial statements of subsidiaries, associates and joint ventures	-	-	**(301,729)**	-	-	-	-	**(301,729)**	**(83,641)**	**(385,370)**
Net changes in fair value of available-for-sale securities	-	-	-	**4,235,978**	-	-	-	**4,235,978**	**1,127,932**	**5,363,910**
Total comprehensive income	-	-	**(301,729)**	**4,235,978**	**490,670**	**6,615,956**	**128,262**	**11,169,137**	**3,382,789**	**14,551,926**
Dividend declared to shareholders	-	-	-	-	-	**(359,402)**	-	**(359,402)**	-	**(359,402)**
Dividend declared by subsidiaries to non-controlling interests	-	-	-	-	-	-	-	-	**(546,762)**	**(546,762)**
Distributions to holders of perpetual subordinated capital securities	-	-	-	-	-	-	**(128,235)**	**(128,235)**	-	**(128,235)**
Balance at 30 June 2019	**(6,396,801)**	**(6,842,218)**	**(3,727,514)**	**2,636,777**	**1,217,228**	**44,045,283**	**4,707,246**	**35,640,001**	**17,501,899**	**53,141,900**

22 RESERVES *(Continued)*

	Capital reserve *$'000*	Merger reserve *$'000*	Exchange reserve *$'000*	Fair value reserve *$'000*	Revaluation reserve *$'000*	Retained profits *$'000*	Perpetual subordinated capital securities *$'000*	Attributable to owners of the Company *$'000*	Non-controlling interests *$'000*	Total *$'000*
Balance at 1 January 2018	(6,396,801)	(6,842,218)	(1,119,581)	3,118,426	681,227	31,520,809	4,707,156	25,669,018	15,280,272	40,949,290
Profit for the period	-	-	-	-	-	5,081,015	128,091	5,209,106	1,667,115	6,876,221
Other comprehensive income for the period :										
Revaluation gain arising from reclassification of own-use properties to investment properties	-	-	-	-	1,027	-	-	1,027	-	1,027
Exchange differences on translation of the financial statements of subsidiaries, associates and joint ventures	-	-	(530,112)	-	-	-	-	(530,112)	(166,989)	(697,101)
Net changes in fair value of available-for-sale securities	-	-	-	(2,795,979)	-	-	-	(2,795,979)	(654,797)	(3,450,776)
Total comprehensive income	-	-	(530,112)	(2,795,979)	1,027	5,081,015	128,091	1,884,042	845,329	2,729,371
Dividend declared to shareholders	-	-	-	-	-	(359,402)	-	(359,402)	-	(359,402)
Dividend declared by subsidiaries to non-controlling interests	-	-	-	-	-	-	-	-	(669,431)	(669,431)
Distributions to holders of perpetual subordinated capital securities	-	-	-	-	-	-	(127,862)	(127,862)	-	(127,862)
Capital injection made to a subsidiary	-	-	-	-	-	-	-	-	17,436	17,436
Balance at 30 June 2018	(6,396,801)	(6,842,218)	(1,649,693)	322,447	682,254	36,242,422	4,707,385	27,065,796	15,473,606	42,539,402

22 RESERVES *(Continued)*

	Capital reserve *$'000*	Merger reserve *$'000*	Exchange reserve *$'000*	Fair value reserve *$'000*	Revaluation reserve *$'000*	Retained profits *$'000*	Perpetual subordinated capital securities *$'000*	Attributable to owners of the Company *$'000*	Non-controlling interests *$'000*	Total *$'000*
Balance at 1 January 2018	(6,396,801)	(6,842,218)	(1,119,581)	3,118,426	681,227	31,520,809	4,707,156	25,669,018	15,280,272	40,949,290
Profit for the year	-	-	-	-	-	6,627,322	256,247	6,883,569	1,936,414	8,819,983
Other comprehensive income for the year :										
Revaluation gain arising from reclassification of own-use properties to investment properties	-	-	-	-	45,331	-	-	45,331	14,100	59,431
Exchange differences on translation of the financial statements of subsidiaries, associates and joint ventures	-	-	(2,306,204)	-	-	-	-	(2,306,204)	(695,760)	(3,001,964)
Net changes in fair value of available-for-sale securities	-	-	-	(4,717,627)	-	-	-	(4,717,627)	(1,192,939)	(5,910,566)
Total comprehensive income	-	-	(2,306,204)	(4,717,627)	45,331	6,627,322	256,247	(94,931)	61,815	(33,116)
Dividend declared to shareholders	-	-	-	-	-	(359,402)	-	(359,402)	-	(359,402)
Dividend declared by subsidiaries to non-controlling interests	-	-	-	-	-	-	-	-	(656,093)	(656,093)
Distributions to holders of perpetual subordinated capital securities	-	-	-	-	-	-	(256,184)	(256,184)	-	(256,184)
Capital injections made to subsidiaries	-	-	-	-	-	-	-	-	19,581	19,581
Deemed disposal of a subsidiary	-	-	-	-	-	-	-	-	(39,703)	(39,703)
Balance at 31 December 2018	(6,396,801)	(6,842,218)	(3,425,785)	(1,599,201)	726,558	37,788,729	4,707,219	24,958,501	14,665,872	39,624,373

23 MATURITY PROFILE

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

	Repayable on demand *$'000*	Less than 3 months *$'000*	3 to 12 months *$'000*	1 to 5 years *$'000*	Over 5 years *$'000*	Total *$'000*
At 30 June 2019						
Assets						
Deposits at banks and other financial institutions (including statutory deposits)	1,322	9,989,332	6,520,722	45,619,899	1,421,003	63,552,278
Pledged and restricted bank deposits	255,517	370,751	270,218	173	-	896,659
Debt securities						
- held-to-maturity	-	2,099,665	7,518,508	38,656,281	195,918,985	244,193,439
- available-for-sale	-	1,070,337	11,643,630	27,085,988	29,118,564	68,918,519
- held-for-trading	-	211,274	9,282,924	2,851,939	849,617	13,195,754
- designated at fair value through profit or loss	-	-	151,863	127,719	64,840	344,422
Debt products						
- loans and receivables	-	2,259,736	10,004,797	66,360,189	31,647,296	110,272,018
Securities purchased under resale agreements	-	5,285,691	-	-	-	5,285,691
Loans and advances	-	19,131,264	38,492,411	-	-	57,623,675
Finance lease receivables	-	175,737	3,648,127	32,503,856	9,894,171	46,221,891
	256,839	40,593,787	87,533,200	213,206,044	268,914,476	610,504,346
Liabilities						
Interest-bearing notes	-	-	-	2,296,623	2,344,554	4,641,177
Lease liabilities	-	224,803	716,134	1,592,281	55,599	2,588,817
Bank borrowings	-	17,415,671	18,108,736	10,129,507	885,822	46,539,736
	-	17,640,474	18,824,870	14,018,411	3,285,975	53,769,730

23 MATURITY PROFILE *(Continued)*

	Repayable on demand *$'000*	Less than 3 months *$'000*	3 to 12 months *$'000*	1 to 5 years *$'000*	Over 5 years *$'000*	Total *$'000*
At 31 December 2018						
Assets						
Deposits at banks and other financial institutions (including statutory deposits)	1,363	8,354,319	5,371,671	47,907,460	2,282,584	63,917,397
Money market funds	139	-	-	-	-	139
Pledged and restricted bank deposits	244,159	366,990	132,373	-	-	743,522
Debt securities						
- held-to-maturity	-	951,233	3,442,706	36,631,523	178,340,794	219,366,256
- available-for-sale	-	1,749,213	4,848,323	24,957,293	28,629,378	60,184,207
- held-for-trading	-	270,615	7,251,681	1,297,410	601,377	9,421,083
- designated at fair value through profit or loss	-	-	-	270,941	56,067	327,008
Debt products						
- loans and receivables	-	3,544,291	6,531,416	54,282,641	32,571,761	96,930,109
Securities purchased under resale agreements	-	7,507,696	-	-	-	7,507,696
Loans and advances	-	16,001,755	32,757,358	-	-	48,759,113
Finance lease receivables	-	94,070	3,691,463	27,933,292	16,988,199	48,707,024
	245,661	38,840,182	64,026,991	193,280,560	259,470,160	555,863,554
Liabilities						
Interest-bearing notes	-	1,027,163	-	2,301,833	2,349,873	5,678,869
Bank borrowings	-	9,827,910	32,914,596	6,774,499	970,166	50,487,171
	-	10,855,073	32,914,596	9,076,332	3,320,039	56,166,040

24 FAIR VALUES OF FINANCIAL INSTRUMENTS

Financial instruments measured at fair value

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

- The fair value of financial assets and financial liabilities classified as Level 1 with standard terms and conditions and traded on active liquid markets are determined with reference to recent transaction price or quoted market bid prices and ask prices respectively;

- The fair value of derivative instruments are estimated using discounted cash flow analysis and the applicable yield curve for the duration of the non-applicable derivative;

- The fair value of unlisted investment funds and unlisted debt securities included in financial assets at fair value through profit or loss and available-for-sale investments classified as Level 2 are established by reference to the prices quoted by respective fund administrators or by using valuation techniques including discounted cash flow method. The main parameters used include bond prices, interest rates, foreign exchange rates, prepayment rates, counter party credit spreads and others; and

- The Level 3 financial assets, primarily comprises unlisted equity securities. Fair values are generally determined using valuation techniques, including discounted cash flows translation and markets comparison methods. Unobservable inputs include discount rates, comparable company valuation multiples, liquidity spreads, recent transaction prices of similar instruments. The valuation requires management to make certain assumptions about unobservable inputs to the models.

24 FAIR VALUES OF FINANCIAL INSTRUMENTS *(Continued)*

Financial instruments measured at fair value *(Continued)*

Fair value measurements and valuation process

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

	At 30 June 2019			
	Level 1	**Level 2**	**Level 3**	**Total**
	$'000	***$'000***	***$'000***	***$'000***
Financial assets				
Investments in debt and equity securities:				
- Available-for-sale	**63,996,734**	**55,854,596**	**20,313,982**	**140,165,312**
- Held-for-trading	**25,591,303**	**831,231**	**-**	**26,422,534**
- Designated at fair value through profit or loss	**-**	**2,618,027**	**1,112,244**	**3,730,271**
Policyholder account assets in respect of unit-linked products	**852,949**	**184,070**	**-**	**1,037,019**
Financial liabilities				
Investment contract liabilities in respect of unit-linked products	**(852,949)**	**(184,070)**	**-**	**(1,037,019)**

	At 31 December 2018			
	Level 1	Level 2	Level 3	Total
	$'000	*$'000*	*$'000*	*$'000*
Financial assets				
Investments in debt and equity securities:				
- Available-for-sale	48,807,684	47,862,716	19,419,821	116,090,221
- Held-for-trading	20,580,976	43,693	-	20,624,669
- Designated at fair value through profit or loss	327,008	-	1,089,222	1,416,230
Policyholder account assets in respect of unit-linked products	640,207	320,442	-	960,649
Financial liabilities				
Investment contract liabilities in respect of unit-linked products	(640,207)	(320,442)	-	(960,649)

24 FAIR VALUES OF FINANCIAL INSTRUMENTS *(Continued)*

Financial instruments measured at fair value *(Continued)*

Reconciliation of Level 3 fair value measurements of financial assets:

	Available-for-sale unlisted securities *$'000*	**Designated at fair value through profit or loss unlisted securities** *$'000*	**Total** *$'000*
At 1 January 2019	**19,419,821**	**1,089,222**	**20,509,043**
Purchases	**339,671**	**-**	**339,671**
Gains or losses recognised in:			
- profit or loss	**-**	**27,825**	**27,825**
- other comprehensive income	**973,841**	**-**	**973,841**
Disposals/Settlements	**(175,049)**	**-**	**(175,049)**
Exchange difference	**(244,302)**	**(4,803)**	**(249,105)**
At 30 June 2019	**20,313,982**	**1,112,244**	**21,426,226**

	Available-for-sale unlisted securities *$'000*	Designated at fair value through profit or loss unlisted securities *$'000*	Total *$'000*
At 1 January 2018	17,037,347	1,058,335	18,095,682
Purchases	5,632,131	-	5,632,131
Gains or losses recognised in:			
- profit or loss	(53)	82,516	82,463
- other comprehensive income	(205,174)	-	(205,174)
Disposals/Settlements	(2,262,160)	-	(2,262,160)
Exchange difference	(782,270)	(51,629)	(833,899)
At 31 December 2018	19,419,821	1,089,222	20,509,043

At 30 June 2019, investments in debt and equity securities classified as available-for-sale with carrying amounts of $76,253,000 (31 December 2018: $866,282,000) were transferred from Level 1 to Level 2 because quoted prices in the markets for such investments were no longer regularly available. Conversely, investments in debt and equity securities classified as available-for-sale with carrying amounts of $559,863,000 (31 December 2018: $258,549,000) were transferred from Level 2 to Level 1 because quoted prices in active markets were available as at 30 June 2019.

25 COMMITMENTS

(a) Capital commitments as of 30 June 2019 were as follows:

	At 30 June 2019	At 31 December 2018
	$'000	*$'000*
Contracted for but not provided		
- property and equipment	**968,495**	1,089,684
- investment properties	**26,699**	3,343
	995,194	1,093,027

(b) Operating lease commitments: The Group as lessor

The Group leases out operating lease assets and investment properties under operating leases. The leases typically run for an initial period of 2 to 6 years, with an option to renew the lease after that date at which time all terms are renegotiated. Lease payments are usually reviewed every 2 to 6 years to reflect market rental. None of the leases includes contingent rentals.

The gross carrying amounts of the operating lease assets and investment properties of the Group held for use in operating leases were $22,343,443,000 (31 December 2018: $21,165,090,000).

As at 30 June 2019, the Group had contracted with tenants for the following future minimum lease payments:

	At 30 June 2019	At 31 December 2018
	$'000	*$'000*
Within 1 year	**1,324,388**	1,184,674
After 1 year but within 5 years	**2,600,980**	2,286,038
After 5 years	**78,476**	10,394
	4,003,844	3,481,106

26 MATERIAL RELATED PARTY TRANSACTIONS

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

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

27 INSURANCE AND FINANCIAL RISK MANAGEMENT

(a) Underwriting strategy

Life insurance business

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

Reinsurance business

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

27 INSURANCE AND FINANCIAL RISK MANAGEMENT *(Continued)*

(a) Underwriting strategy *(Continued)*

Reinsurance business (Continued)

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

(b) Reinsurance strategy

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

(c) Asset and liability matching

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

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

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

27 INSURANCE AND FINANCIAL RISK MANAGEMENT *(Continued)*

(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.

(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 $87,859.42 million (31 December 2018: $68,198.82 million), representing less than 13% (31 December 2018: less than 12%) of total investments held by the Group.

27 INSURANCE AND FINANCIAL RISK MANAGEMENT *(Continued)*

(d) Financial risk *(Continued)*

(i) Market risk (Continued)

(c) Foreign exchange risk

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

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

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

(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.

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 CBIRC. 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 77% of the bonds are with ratings of investment grade or above. In respect of the debt securities invested by reinsurance business, about 92% of the debt securities are with ratings of investment grade.

27 INSURANCE AND FINANCIAL RISK MANAGEMENT *(Continued)*

(d) Financial risk *(Continued)*

(ii) Credit risk (Continued)

As at 30 June 2019, debt securities held by the Group mainly comprised of domestic bonds. Majority of the domestic securities were the investment grade bonds with BBB ratings or above.

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

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

The credit risk associated with insurance debtors and other debtors will not cause a material impact on the Group's condensed consolidated financial statements taking into consideration of their collateral held and/or maturity term of no more than one year as at 30 June 2019.

(iii) Liquidity risk

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

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

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

(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.

27 INSURANCE AND FINANCIAL RISK MANAGEMENT *(Continued)*

(e) Reserve adequacy *(Continued)*

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.

28 EVENTS AFTER THE END OF THE REPORTING PERIOD

Subsequent to the end of the current interim period, the Company announced to redeem the principal amount of perpetual subordinated capital securities of US$600,000,000 together with distribution accrued in September 2019.

Changes to Information in respect of Directors

In accordance with Rule 13.51B(1) of the Listing Rules, the changes to information required to be disclosed by the Directors pursuant to paragraphs (a) to (e) and (g) of Rule 13.51(2) between 29 March 2019 (being the date of approval of the Company's 2018 Annual Report) and 28 August 2019 (being the date of approval of the Company's 2019 Interim Report) are set out below:

Mr. XIE Zhichun has retired as an independent non-executive director of SuperRobotics Limited with effect from May 2019.

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

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

As at 30 June 2019, none of the Directors and chief executive of the Company had any interests or short positions in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under section 352 of the SFO or as otherwise which had to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers.

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

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

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

As of 30 June 2019, 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 interests in the Company is held by TPG (HK), Easiwell, 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 2019.

Corporate Governance

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

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

(2) The chairman of the Board, Mr. LUO Xi, was unable to attend the annual general meeting of the Company held on 31 May 2019 (the "Meeting") due to other business engagement. Mr. WANG Sidong, the executive director, vice-chairman and general manager of the Company, chaired the Meeting on behalf of the chairman of the Board and was available to answer questions.

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

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

Corporate Information

DIRECTORS

Executive directors

LUO Xi *Chairman*
WANG Sidong *Vice Chairman & General Manager*
YU Xiaoping

Non-executive directors

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

* *Independent*

COMPANY SECRETARY

ZHANG Ruohan

AUTHORISED REPRESENTATIVES

LUO Xi
ZHANG Ruohan

REGISTERED OFFICE

25/F., 18 King Wah Road,
North Point,
Hong Kong

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

REGISTRAR AND TRANSFER OFFICE

Hong Kong Registrars Limited
Shops 1712-16, 17/F, Hopewell Centre
183 Queen's Road East
Hong Kong

INDEPENDENT AUDITORS

PricewaterhouseCoopers

PRINCIPAL BANKERS

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

WEBSITE

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

STOCK MARKET LISTING

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

Definitions

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

"Board"	the board of Directors
"CBIRC"	China Banking and Insurance Regulatory Commission
"China Petrochemical Corporation"	中國石油化工集團有限公司 (China Petrochemical Corporation*), and formerly known as 中國石油化工集團公司 (China Petrochemical Corporation*) a wholly State-Owned Enterprise incorporated in the PRC
"Code"	Corporate Governance Code as set out in Appendix 14 of the Listing Rules
"CTPI (HK)"	China Taiping Insurance (HK) Company Limited
"Directors"	The directors of the Company, including the independent non-executive directors
"Easiwell"	Easiwell Limited
"Golden Win"	Taiping Golden Win Investment Limited
"HIBOR"	Hong Kong Interbank Offer Rate
"HKAS"	Hong Kong Accounting Standard
"HKFRS"	Hong Kong Financial Reporting Standard
"HKICPA"	Hong Kong Institute of Certified Public Accountants
"Hong Kong"	Hong Kong Special Administrative Region of the PRC
"Indonesia"	Republic of Indonesia
"Last Period" or "1H 2018"	The six months ended 30 June 2018
"Listing Rules"	The Rules Governing the Listing of Securities on the Stock Exchange
"Macau"	Macau Special Administrative Region of the PRC
"Manhold"	Manhold Limited
"SFO"	Securities and Futures Ordinance
"Share(s)"	Share(s) in the capital of the Company
"Singapore"	Republic of Singapore

“the Company” or “CTIH”	China Taiping Insurance Holdings Company Limited
“the Group”	CTIH and its subsidiaries
“the Period” or “1H 2019”	The six months ended 30 June 2019
“the PRC”	The People’s Republic of China
“the Stock Exchange”	The Stock Exchange of Hong Kong Limited
“TP Fund”	Taiping Fund Management Company Limited
“TPA (HK)”	Taiping Assets Management (HK) Company Limited
“TPAM”	Taiping Asset Management Company Limited
“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 (HK)”	Taiping Investment Holdings (HK) Company Limited (previously known as “Taiping Investment Holdings Company Limited”)
“TPL”	Taiping Life Insurance Company Limited
“TPL (HK)”	China Taiping Life Insurance (Hong Kong) Company Limited
“TPL (Macau)”	China Taiping Life Insurance (Macau) Company Limited
“TPP”	Taiping Pension Company Limited
“TPRB”	Taiping Reinsurance Brokers Limited
“TPRe”	Taiping Reinsurance Company Limited
“TPRe (China)”	Taiping Reinsurance (China) Company Limited
“TP Indonesia”	PT China Taiping Insurance Indonesia

"TP Macau"	China Taiping Insurance (Macau) Company Limited
"TP Singapore"	China Taiping Insurance (Singapore) PTE. Ltd.
"TP UK"	China Taiping Insurance (UK) Company Limited
"TSFL"	Taiping & Sinopec Financial Leasing Co. Ltd.
"UK"	the United Kingdom of Great Britain and Northern Ireland
"US"	United States of America
"RMB"	Renminbi
"HKD" or "HK$"	Hong Kong dollars
"USD"	United States dollars

** for identification purpose only*

By Order of the Board of
China Taiping Insurance Holdings Company Limited
ZHANG Ruohan
Company Secretary

Hong Kong, 28 August 2019

As at the date of this announcement, the Board comprises 10 directors, of which Mr. LUO Xi, Mr. WANG Sidong, and Ms. YU Xiaoping are executive directors, Mr. HUANG Weijian, Mr. ZHU Xiangwen and Mr. WU Changming 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.