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ANNOUNCEMENT

INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2020

The Board of Directors of China Taiping Insurance Holdings Company Limited is pleased to announce the unaudited interim financial results of the Company and its subsidiaries for the six months ended 30 June 2020 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 2020, China Taiping thoroughly implemented the new development concept, guided by the development strategy of the new era, adhered to the operational strategy of “Surpassing the Market, Competing at an Advanced Level, Growing on Steady Basis, and Enhancing Value”, insisted on strictly implementing epidemic prevention control and business development at the same time, and withstood the epidemic impact and market test. The insurance business was gradually stable and improving, investment scale and income gradually improved, collaborative business continued solidly promoted, overall operations steadily progressed. TPG, with CTIH as a core subsidiary, the ranking on the “Fortune Global 500” in 2020 was 392nd, significantly improved by 59 place, being one of the fastest improving global enterprises in the list. At the same time, China Taiping actively enhanced technological operation capabilities, accelerated the pace of online transformation and technological construction, and continued to improve customer service levels; actively fulfilled the responsibilities of a central enterprise, launched a number of key projects in supply-side structural reform, the construction of Guangdong-Hong Kong-Macau Greater Bay Area and other fields, strongly supported the implementation of national strategies and the tasks of “Ensure Stability on Six Fronts and Security in Six Areas”; continuously improved the construction of systems and mechanisms, and holding fast to the bottom line of risks.

Total Assets and Equity Attributable to Shareholders Appreciated Steadily

- Total premiums written and policy fees was HK\$137.1 billion, slightly decreased by 1.3% over the Last Period
- Profit attributable to owners was HK\$2.877 billion, decreased by 57.3% over the Last Period
- Total assets were HK\$998.3 billion, increased by 8.6% over the 2019 year-end
- Owners’ equity was HK\$78.487 billion, increased by 2.9% over the 2019 year-end
- Group embedded value per share attributable to owners was HK\$45.910, increased by 3.0% over the 2019 year-end figure of HK\$44.564, while TPL’s embedded value increased by 2.7% over the 2019 year-end

PRC Insurance Businesses¹ Progressed Steadily

- Direct premium of the life insurance² increased by 0.7% over the Last Period. First year regular premium from bancassurance increased by 81.7% 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 6.3% over the Last Period
- TPP’s short term employee benefit of group business increased by 30.7%, quality of business improved over the Last Period
- New payment from annuity increased by 26.2% over the Last Period, continued maintaining rapid growth; pension assets under management was over RMB450.0 billion, with occupational annuity assets under management reached hundred billion level
- PRC property and casualty insurance combined ratio was 99.6%, optimised by 0.2 percentage point over the Last Period, achieving continual underwriting profit. With the combined ratio for motor insurance was 96.3%, optimised by 2.3 percentage point over the Last Period

¹ Calculated in RMB

² Including TPL and TPP

Overseas Insurance Businesses Grew Rapidly

- TPL (HK)'s premium income increased by 157.3% over the Last Period, with market influence continued increasing
- CTPI (HK) achieved a fast development of local business, with premium income increased by 13.0% over the Last Period, with optimised underwriting profitability over the Last Period
- TP Macau's premium income sustained its market leadership, with a combined ratio of 72.6% and maintained outstanding underwriting result
- TP Singapore's premium income increased by 65.5% over the Last Period, with property and casualty business maintaining underwriting profit; premium from life insurance business increased by 126.8% over the Last Period
- TP Indonesia's premium income increased by 43.1% over the Last Period, with both local business and Chinese enterprises business grew rapidly, combined ratio at 43.2%, underwriting profitability maintained at an excellent level
- TPR's Macau representative office officially opened, the leading position in the Hong Kong and Macau market further enhanced, achieving continual underwriting profit

Achievements of Innovation and Reform, Investment Income Increased Steadily

- The investment asset scale maintained rapid growth, investment income increased steadily. At the end of June 2020, the total investment assets of the Group was HK\$831.9 billion, increased by 11.8% over the 2019 year-end, higher than industry average, investment income for the first half of 2020 was HK\$21.075 billion, representing an increase of 34.7% over the Last Period
- Pursue the concept of long-term investment with continual improvement in the quality of income. In the first half of 2020, the Group adhered to long term investment and value investment to increase the allocation of high-dividend stocks while the stock market is low, dividend income and fund dividends was HK\$2.291 billion, increased by 47.7% over the Last Period
- Achieve initial results in institutional transformation with continuously improvement in the allocation mechanism. In the first half of 2020, the Group achieved initial results in institutional transformation with professional and market-oriented operation policy in place and the allocation mechanism reform was further improved with more scientific appraisal management approaches and significantly enhancement in investment management capabilities
- Enhance the centralised control of investment to accelerate the response to market risks. In the first half of 2020, the Group continuously optimised the investment management mechanism, strengthened the centralised control of investment, accelerated the response to the dramatic changes in capital market and further improved the investment risk handling mechanisms, so as to ensure high-quality development of the investment business

Strategic Clients Cooperation and Cross-selling Business Progressed Steadily

- As at the end of June 2020, China Taiping had established strategic cooperation relationships with 99 large clients and these clients has contributed total premium of HK\$28.973 billion and pension under management of HK\$8.080 billion
- In the first half of 2020, our cross-selling initiatives achieved HK\$5.212 billion insurance sales, including HK\$4.163 billion of property insurance sales through TPL, HK\$806 million of pension sales through TPL, HK\$108 million of life insurance sales through TPI, HK\$103 million of property insurance sales through TPP and HK\$31 million of pension sales through TPI

The Development Concept of “Taiping for Your Peaceful Life” Received Increasing Recognition

- TPG, with CTIH as a core subsidiary, the ranking on the “Fortune Global 500” in 2020 was 392nd, significantly improved by 59 place, being one of the fastest improving global enterprises in the list
- Being selected as the top 100 world’s most-valuable insurance brands for the 7th consecutive year; the Group and its 11 institutions were rated “A” by international leading rating agencies
- China Taiping’s VI recognition system was continually improved and received increasing brand reputation

CONSOLIDATED FINANCIAL RESULTS

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

<i>HK\$ million</i>	1H 2020	1H 2019	Change
Total premiums written and policy fees	137,074.27	138,923.13	-1.3%
Profit before taxation	6,843.73	8,925.93	-23.3%
Profit after taxation	5,078.63	9,082.72	-44.1%
Net profit attributable to the owners	2,876.50	6,744.22	-57.3%
Basic earnings per share (<i>HK\$</i>)	0.800	1.841	-1.041 dollars
Interim dividend proposed	-	-	-

<i>HK\$ million</i>	At 30 June 2020	At 31 December 2019	Change
Total assets	998,286.58	919,420.18	+8.6%
Total equity	97,272.90	94,056.96	+3.4%
Owners’ equity	78,486.73	76,307.60	+2.9%
- Per share (<i>HK\$</i>)	21.838	21.232	+0.606 dollar
Group embedded value	211,511.01	205,398.48	+3.0%
Owners’ group embedded value	164,999.70	160,165.60	+3.0%
- Per share (<i>HK\$</i>)	45.910	44.564	+1.346 dollars

The net profit attributable to the owners of the Group for the Period was HK\$2,877 million (2019: HK\$6,744 million), representing a decrease of 57.3% compared to the Last Period. It was mainly due to changes in tax policies in the People’s Republic of China during the Last Period which resulted in an increase in the consolidated profits of the Group, and the recognition of impairment loss during the Period. The impairment loss recognised was mainly attributable to the Group’s investments in certain unit trust and investment funds in view of the decrease in fair value of the underlying assets and securities held by such unit trust and investment funds due to the COVID-19 pandemic and general market conditions. The impairment loss is non-cash in nature and bears no material impact on the cash flow or the operation of the Group.

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:

<i>HK\$ million</i>	1H 2020	1H 2019	Change
Life insurance	7,421.56	8,365.38	-11.3%
Pension and group life insurance	247.80	117.13	+111.6%
PRC property and casualty insurance	344.09	305.30	+12.7%
Overseas property and casualty insurance	(53.91)	316.82	-117.0%
Reinsurance	(89.73)	220.12	-140.8%
Asset management business	357.51	211.73	+68.9%
Others ¹	(3,148.69)	(453.76)	+593.9%
Net profit from operations	5,078.63	9,082.72	-44.1%
Non-controlling interests	(2,202.13)	(2,338.50)	-5.8%
Net profit attributable to the owners	2,876.50	6,744.22	-57.3%

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

	2020	2019
Total equity as at 1 January	94,056.96	80,395.78
Net profit recognised in statement of profit or loss	5,078.63	9,082.72
Net changes in available-for-sale investment reserve	1,908.87	5,363.91
Revaluation gain arising from reclassification of own-use properties into investment properties	2.59	490.67
Exchange differences arising from translation of financial statements of foreign and non-foreign operations	(1,653.45)	(385.37)
Distribution to holders of perpetual subordinated capital securities	-	(128.24)
Acquisition of additional interests in a subsidiary	(43.89)	-
Dividend declared by subsidiaries to non-controlling interests	(998.60)	(546.76)
Dividend declared to shareholders	(1,078.21)	(359.40)
Total equity as at 30 June	97,272.90	93,913.31
Attributable to:		
Owners of the Company (including capital securities)	78,486.73	76,411.41
Non-controlling interests	18,786.17	17,501.90
	97,272.90	93,913.31

CONSOLIDATED INVESTMENT PERFORMANCE

Assets Management Business

Asset Management within the Group

In the first half of 2020, global economy experienced a sharp contraction due to the strike of COVID-19 outbreak. In particular, the economy of United States was heavily impacted, with GDP of United States for the second quarter recording a year-on-year negative growth of -9.54%, while the employment situation deteriorated significantly with the average unemployment rate for the first half of the year of 8.4%, representing a significant increase compared to that of the same period. Economy in the euro area was even more sluggish under the strike of epidemic, with GDP for the first quarter negatively grew by -2.9% on a year-on-year basis and the average economic climate index for the first half of the year of 84.7, significantly lower than that of 2019 of 103.1. Japan experienced a negative economic growth for two consecutive quarters, with a year-on-year negative growth of -0.7% for the fourth quarter of 2019 and remaining a negative growth of -1.7% for the first quarter of 2020, representing a larger decrease; while employment remained stable with the average unemployment rate for the first half of the year of 2.6%. Growth rate in emerging economies experienced a substantial slowdown. Sharply weakening external demand has slowed down export growth and GDP growth in most emerging economies. China's economy has showed an apparent recovery, with GDP for the first half of the year recording an increase after a drop while economy for the second quarter achieving a positive growth from a negative growth. Major indicators have recovered to grow and remained good momentum as a whole, with GDP dropping by 1.6% year-on-year in the first half of the year. By quarter, the first quarter recorded a year-on-year decrease of 6.8% while the second quarter recorded a year-on-year increase of 3.2%. On a quarter-on-quarter basis, GDP for the second quarter grew by 11.5%.

The global stock market saw an intense V-shape turmoil in the first half of 2020. Specifically, there was a slight increase of 1.6% in CSI 300, a decrease of 13.3% in Hang Seng Index, a decrease of 4.0% in US S&P 500 Index, a decrease of 13.3% in Euro Stoxx 600 and a decrease of 5.8% in Nikkei 225.

In respect of the bond market, the US bond market fell sharply due to the expected decline in economic growth and the Federal Reserve interest rate cut, the yield-to-maturity of 10-year treasury bonds has decreased from 1.92% at the beginning of the year to 0.66%, the yield-to-maturity of 2-year treasury bonds has decreased from 1.58% at the beginning of the year to 0.16%. PBOC maintained its prudent and neutral monetary policy, and market liquidity remained "Reasonable and Sufficient", the general yields decreased slightly. The yield-to-maturity of 10-year treasury bonds has decreased from 3.14% at the beginning of the year to 2.84%, while the yield-to-maturity of 10-year China Bond AAA corporate bond yields decrease slightly by 19bp to 4.04%.

The Group conducted in-depth study in the macroeconomic changes, enhance the allocation of major categories of assets, seized opportunities in the equity market and optimised the asset allocation structure of the investment portfolio. In the first half of 2020, the Group maintained the allocation structure with fixed-income assets as our main body, while increased the proportion of equity assets, implementing the concept of value investment, optimised the structure of equity assets, seized the opportunities to allocate high-dividend stocks, 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:

<i>HK\$ million</i>	1H 2020	1H 2019 (Restated)	Change
Net investment income ¹	16,907.86	14,995.90	+12.7%
Net realised and unrealised investment gains ²	4,166.77	653.16	+537.9%
Total investment income	21,074.63	15,649.06	+34.7%
Annualised net investment yield	4.29%	4.60%	-0.31 pt
Annualised total investment yield ³	5.35%	4.80%	+0.55 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 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, rental income from investment properties, income from the spread of securities and impairment loss of assets, deducting interest expenses on securities sold under repurchase agreements were multiplied by two.

Net investment income increased by 12.7% from HK\$14.996 billion (*restated*) in the first half of 2019 to HK\$16.908 billion in the first half of 2020. The realised and unrealised investment gains increased from HK\$653 million in the first half of 2019 to HK\$4.167 billion in the first half of 2020, mainly because we have taken advantage of the stock market highs for more realised gains.

Under the combined influence of the above factors, the total investment income of investment assets of the Group amounted to HK\$21.075 billion in the first half of 2020, increased by 34.7% over the HK\$15.649 billion (*restated*) in the first half of 2019; the annualised investment yield increased from 4.80% (*restated*) in the first half of 2019 to 5.35% in the first half of 2020.

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 2020	% of Total	At 31 December 2019 (Restated)	% of Total
By investment category				
Fixed income				
Debt securities	394,978.53	47.5%	353,639.32	47.5%
Term deposits	69,576.70	8.4%	64,952.21	8.7%
Debt products	116,266.08	14.0%	118,301.02	15.9%
Other fixed income investments	63,450.17	7.6%	60,311.76	8.1%
Equity investments				
Equity securities	97,305.81	11.7%	67,131.49	9.0%
Investment funds	36,208.56	4.4%	40,672.67	5.5%
Other equity investments	24,646.88	3.0%	24,619.82	3.3%
Investment properties	17,978.68	2.1%	19,018.16	2.6%
Cash, cash equivalents and others				
Cash and cash equivalents	25,501.87	3.1%	23,756.20	3.2%
Securities purchased under resale agreements/ securities sold under repurchase agreements	(13,975.42)	-1.8%	(28,370.16)	-3.8%
Total invested assets	831,937.86	100.0%	744,032.49	100.0%

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 -0.6% in the 2019 year-end to 1.3% in the end of June 2020. The proportion of fixed income investments to total investment assets decreased from 80.2% (*restated*) in the 2019 year-end to 77.5% in the end of June 2020. The proportion of equity investments to total investment assets increased from 17.8% (*restated*) in the 2019 year-end to 19.1% in the end of June 2020.

Finance Lease Business of the Group

As at the end of June 2020, the financial leasing assets of TSFL were approximately HK\$43.8 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 2.4% and 0.2%, continued lower than the industry average.

Analysis of Investment in Securities

Keep Steady Development on Equity Investments

As of the end of June 2020, stock investments and fund investments held by the Group amounted to approximately HK\$97.3 billion and HK\$36.2 billion, representing approximately 9.7% and 3.6% of the total assets, respectively. Adhering to the concept of value investment, our Group has leveraged on the long-term advantages of insurance funds and focused on the leading companies with reasonable valuation and stable cash flow in the industry, so that the overall investment style remained prudent.

CONSOLIDATED INVESTMENT PERFORMANCE (Continued)

Analysis of Investment in Securities (Continued)

High Credit Ratings for Debt Securities

As at the end of June 2020, debt securities held by the Group amounted to HK\$395.0 billion, representing approximately 39.6% of the total assets, of which 79.7% were PRC bonds investment. Within the PRC bonds, 99.9% 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 20.3% of debt securities held by the Group, about 92.8% 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 2020, alternative investments held by the Group amounted to HK\$158.9 billion, representing approximately 15.9% 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 96.8%, products rated AA+ accounted for 3.2%. 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 2020, real estate financial investment debt products of approximately HK\$29.3 billion, represented only 2.9% of the total assets, the ratio decreased by 0.4 percentage point over the 2019 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 2020, purchased external financial products of about HK\$71.1 billion represented 7.1% of the total assets, the ratio increased by 0.1 percentage point over the 2019 year-end. Within the purchased external projects, 100.0% of them were with AAA ratings, mainly were from real estate, non-bank financial industry, composite and 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 2020, with the Group proactive implemented the rules under the “New Regulation on Asset Management”, the third-party entrusted investment assets under management maintained its growth. As at the end of June 2020, the total third-party entrusted investment assets managed by the Group amounted to HK\$652.2 billion, increased by 17.3% over the 2019 year-end.

Note: TPP entrusted investment assets and occupational annuity under management is added in the third-party entrusted investment assets for the Period, together with the basis of third-party entrusted investment assets managed by TPFH being adjusted. On the same basis, the third-party entrusted investment assets under management at the end of 2019 would be amounted to HK\$556.2 billion.

In the first half of 2020, TPAM (including TP Fund) recorded a total management fee income (including consultancy fee) of HK\$792 million, including HK\$370 million derived from assets outside of the Group, which accounted for 46.7% 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.

TP Singapore had been approved by The Monetary Authority of Singapore in August 2018 and launched its life insurance business during December 2018. During the Period, the direct premiums written from life insurance business by TP Singapore achieved HK\$784 million (2019: HK\$346 million). The loss after taxation from life insurance business of TP Singapore was resulted in HK\$46 million (2019: HK\$29 million), which was primarily due to such business operation is still the early stage.

The results under life insurance business for the Period was mainly contributed by TPL, TPL (HK) and its subsidiary TPL (Macau). 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 2020	1H 2019	Change
Direct premiums written and premium deposits	105,807.25	109,443.66	-3.3%
Less: Premium deposits of universal life products	5,205.52	4,402.61	+18.2%
Premium deposits of unit-linked products	56.35	30.10	+87.2%
Premium deposits of other products	104.81	120.00	-12.7%
Direct premiums written recognised in statement of profit or loss	100,440.57	104,890.95	-4.2%
Inward reinsurance premiums	1,049.28	750.83	+39.7%
Policy fees	83.49	57.14	+46.1%
Net premiums written and policy fees	99,646.69	103,516.82	-3.7%
Net earned premiums and policy fees	98,772.68	102,624.29	-3.8%
Net policyholders' benefits	(17,941.34)	(16,451.40)	+9.1%
Net commission and handling fee expenses	(8,308.78)	(10,186.20)	-18.4%
Change in life insurance contract liabilities, net of reinsurance	(75,877.68)	(73,212.09)	+3.6%
Total investment income	17,546.22	11,891.12	+47.6%
Administrative and other expenses	(8,278.40)	(8,865.04)	-6.6%
Profit before taxation	9,104.08	8,377.02	+8.7%
Profit after taxation	7,743.41	8,689.61	-10.9%
Profit attributable to the owners	5,815.30	6,525.90	-10.9%

HK\$ million

	At 30 June 2020	At 31 December 2019	Change
Total assets	721,162.45	669,115.34	+7.8%
Total equity	58,553.09	54,970.54	+6.5%

LIFE INSURANCE BUSINESS *(Continued)*

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

	At 30 June 2020	At 31 December 2019	Change
Market share ¹	4.6%	4.7%	-0.1 pt
Number of provincial branches	37	37	-
Number of sub-branches and marketing centers	1,171	1,170	+1
Number of customers			
- Individual	13,312,473	12,693,401	+619,072
- Corporate	836	839	-3
Distribution network			
- Number of individual agents	407,179	385,655	+21,524
- Number of bancassurance outlets	65,267	59,214	+6,053
Agent monthly regular premiums <i>(RMB)</i> ²	14,241	14,455	-214 dollars
Persistency ratios – 13th month ³			
- Individual	95.7%	95.6%	+0.1 pt
- Bancassurance	97.1%	96.9%	+0.2 pt
Compound persistency ratios – 25th month ³			
- Individual	93.8%	93.0%	+0.8 pt
- Bancassurance	95.9%	94.7%	+1.2 pts

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

During the Period, the life insurance business operated by TPL produced a net operating profit of HK\$7,743 million, decreased by 10.9% from HK\$8,690 million in the Last Period. It was mainly because of the increased net operation profit during the Last Period driven by the new taxation policy.

Direct Premiums Written and Premium Deposits

TPL's direct premiums written recognised in the consolidated statement of profit or loss decreased by 4.2% to HK\$100,441 million from HK\$104,891 million in the Last Period. The decrease mainly due to the impact of the COVID-19 pandemic on the business performance, the premiums from individual new policy decreased.

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

For the six months ended 30 June 2020, 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	73,694.90	4,151.60	33.64	63.24	77,943.38	73.6%
Bancassurance	24,275.04	1,053.92	22.71	0.64	25,352.31	24.0%
Group	667.63	-	-	40.93	708.56	0.7%
Other channels ¹	1,803.00	-	-	-	1,803.00	1.7%
	<u>100,440.57</u>	<u>5,205.52</u>	<u>56.35</u>	<u>104.81</u>	<u>105,807.25</u>	<u>100.0%</u>

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%
	<u>104,890.95</u>	<u>4,402.61</u>	<u>30.10</u>	<u>120.00</u>	<u>109,443.66</u>	<u>100.0%</u>

¹ Other Channels mainly consisted of telemarketing.

LIFE INSURANCE BUSINESS *(Continued)*

During the Period, premiums distributed through the individual agency force channel decreased to HK\$73,695 million from HK\$82,342 million in the Last Period, representing a decrease of 10.5%. The active agency force monthly per capita regular premiums decreased to RMB14,241 during the Period (31 December 2019: RMB14,455).

In the bancassurance channel, premium increased to HK\$24,275 million from HK\$20,186 million in the Last Period, representing an increase of 20.3%. Within this, first year bancassurance regular premium increased to HK\$7,520 million from HK\$4,342 million in the Last Period, representing an increase of 73.2%.

The persistency ratios remained stable and at the forefront of the industry. The persistency ratios were at 95.7% and 97.1% at the 13th month, and the compound persistency ratios were 93.8% and 95.9% 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 2020	% of Total	1H 2019	% of Total
Single Premium	61.46	0.1%	57.52	0.1%
Regular Premium				
– First Year	11,033.33	15.0%	19,850.77	24.1%
– Renewal Year	62,600.11	84.9%	62,433.32	75.8%
	73,694.90	100.0%	82,341.61	100.0%

Bancassurance

	1H 2020	% of Total	1H 2019	% of Total
Single Premium	91.62	0.4%	47.99	0.2%
Regular Premium				
– First Year	7,520.41	31.0%	4,342.44	21.5%
– Renewal Year	16,663.01	68.6%	15,795.99	78.3%
	24,275.04	100.0%	20,186.42	100.0%

Group

	1H 2020	% of Total	1H 2019	% of Total
Group Insurance	667.63	100.0%	557.85	100.0%

Other Channels

	1H 2020	% of Total	1H 2019	% of Total
Single Premium	4.96	0.3%	0.83	0.0%
Regular Premium				
– First Year	433.30	24.0%	472.44	26.2%
– Renewal Year	1,364.74	75.7%	1,331.80	73.8%
	1,803.00	100.0%	1,805.07	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 2020	% of Total	1H 2019	% of Total
1 - 9 years	7,490.12	67.9%	13,594.08	68.5%
10 - 19 years	542.12	4.9%	1,073.93	5.4%
20 - 29 years	2,982.34	27.0%	5,171.65	26.0%
30 years+	18.75	0.2%	11.11	0.1%
	11,033.33	100.0%	19,850.77	100.0%

Individual first year regular premium - by feature

	1H 2020	% of Total	1H 2019	% of Total
Short-term savings	5,457.14	49.5%	3,143.01	15.8%
Long-term savings	761.50	6.9%	9,061.81	45.7%
Long-term protection	3,319.75	30.1%	5,818.00	29.3%
Others	1,494.94	13.5%	1,827.95	9.2%
	11,033.33	100.0%	19,850.77	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 2020	% of Total	1H 2019	% of Total
1 - 9 years	7,304.42	97.2%	3,692.38	85.1%
10 - 14 years	76.95	1.0%	413.83	9.5%
Others	139.04	1.8%	236.23	5.4%
	7,520.41	100.0%	4,342.44	100.0%

LIFE INSURANCE BUSINESS (Continued)

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

HK\$ million

	1H 2020	% of Total	1H 2019	% of Total
Participating Annuity	43,600.37	43.4%	61,792.62	58.9%
Long-term health	15,589.95	15.5%	10,047.83	9.6%
Traditional life	20,555.79	20.5%	19,213.93	18.3%
Accident and short-term health	14,112.85	14.1%	7,935.84	7.6%
Universal life	6,577.27	6.5%	5,896.32	5.6%
Investment-linked	3.79	0.0%	3.70	0.0%
	0.55	0.0%	0.71	0.0%
Total	100,440.57	100.0%	104,890.95	100.0%

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

HK\$ million

	1H 2020	% of Total		1H 2019	% of Total
Sichuan	9,927.36	9.9%	Sichuan	10,856.64	10.4%
Shandong	9,796.39	9.8%	Shandong	10,131.57	9.7%
Heilongjiang	5,506.12	5.5%	Heilongjiang	5,803.23	5.5%
Hubei	5,225.37	5.2%	Hubei	5,619.86	5.4%
Guangdong	4,836.76	4.8%	Guangdong	5,161.00	4.9%
Others	65,148.57	64.8%	Others	67,318.65	64.1%
Total	100,440.57	100.0%	Total	104,890.95	100.0%

Highlights on Embedded Value

The embedded value of TPL (expressed in terms of HKD) increased 2.7% to HK\$169,987 million from HK\$165,456 million at the 2019 year-end. The new business value after cost of capital for the Period decreased to HK\$2,708 million from HK\$6,557 million of the Last Period, representing a decrease of 58.7% (decreased by 57.1% 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 2020	1H 2019	Change
Surrenders and net claims	9,878.16	8,611.83	+14.7%
Annuity, dividends and maturity payments	7,099.67	7,057.75	+0.6%
Interest allocated to investment and reinsurance contracts	963.51	781.82	+23.2%
	17,941.34	16,451.40	+9.1%

Financial Strength and Solvency Margin

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

RMB million

	At 30 June 2020	At 31 December 2019
Available Capital	188,939	176,869
Minimum Capital	86,163	77,815
Comprehensive Solvency Ratio	219%	227%

LIFE INSURANCE BUSINESS *(Continued)*

TPL (HK) is a Hong Kong-incorporated company established in July 2015 and is wholly-owned by the Group. In connection with the Group's business strategy, TPL (HK) established TPL (Macau), a wholly owned subsidiary of the Group, to explore and develop the life insurance business in Macau. The life insurance licence was granted by the Autoridade Monetária De Macau in February 2019 and TPL (Macau) kicked off the operations in June 2019 to expand the life insurance business in Macau actively.

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

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

HK\$ million

	1H 2020	1H 2019	Change
Direct premiums written and premium deposits	10,832.09	7,860.71	+ 37.8%
Less: Premium deposits of universal life products	6,248.52	6,079.07	+ 2.8%
Direct premiums written recognised in statement of profit or loss	4,583.57	1,781.64	+ 157.3%
Loss after taxation	(258.52)	(254.15)	+1.7%

HK\$ million

	At 30 June 2020	At 31 December 2019	Change
Total assets	68,126.31	49,985.11	+ 36.3%
Total equity	2,956.94	2,434.16	+ 21.5%
Number of individual agents	1,627	1,195	+ 432
Regulatory Solvency Ratio ¹	250%	241%	+9 pts

¹ Based on local regulations.

Operating Result

The life insurance business operated by TPL (HK) produced a net operating loss of HK\$259 million during the Period (2019: HK\$254 million), representing an increase of 1.7% compared to the Last Period. The loss was mainly due to the resources invested into the new life insurance businesses during the development stage and the impact of impairment of financial assets. The impairment loss recognised was mainly attributable to the investments in certain unit trust and investment funds in view of the decrease in fair value of the underlying assets and securities held by such unit trust and investment funds due to the COVID-19 pandemic and general market conditions.

Direct Premiums Written

TPL (HK)'s direct premiums written recognised in the statement of profit or loss increased by 157.3% to HK\$4,584 million from HK\$1,782 million in the Last Period. The growth was mainly due to the satisfactory performance of both new policy premiums and renewal premiums.

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:

<i>HK\$ million</i>	1H 2020	1H 2019	Change
Direct premiums written	3,277.96	3,132.08	+4.7%
Net premiums written	2,926.06	2,780.75	+5.2%
Net earned premiums	2,407.35	2,448.82	-1.7%
Net policyholders' benefits	(1,297.18)	(1,938.76)	-33.1%
Net commission and handling fee expenses	(191.98)	(196.44)	-2.3%
Change in insurance contract liabilities, net of reinsurance	(513.15)	111.74	-559.2%
Total investment income	317.26	253.90	+25.0%
Pension administration fee income	425.21	311.12	+36.7%
Agency fee income	0.56	2.84	-80.3%
Administrative and other expenses	(837.78)	(864.60)	-3.1%
Profit before taxation	322.23	152.95	+110.7%
Profit after taxation and attributable to the owners	247.80	117.13	+111.6%

<i>HK\$ million</i>	At 30 June 2020	At 31 December 2019	Change
Total assets	15,502.77	13,869.65	+11.8%
Total equity	3,171.58	2,903.10	+9.2%

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

	At 30 June 2020	At 31 December 2019	Change
Annuity invested assets (<i>HK\$ million</i>)	126,141	114,632	+10.0%
Annuity entrusted assets (<i>HK\$ million</i>)	113,092	103,489	+9.3%
Number of enterprises in funds and schemes	9,614	9,419	+195
Number of branches	40	40	-

PENSION AND GROUP LIFE INSURANCE BUSINESS (Continued)

Operating Profit

The pension and group life insurance business recorded a net operating profit of HK\$248 million during the Period (2019: HK\$117 million), representing an increase of 111.6% compared to the Last Period. It was mainly driven by the investment income and the increase on the pension administration fee income.

Direct Premiums Written

TPP's direct premiums written for the Period increased by 4.7% to HK\$3,278 million from HK\$3,132 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 2020	At 31 December 2019
Available Capital	3,455	3,082
Minimum Capital	1,506	1,392
Comprehensive Solvency Ratio	229%	221%

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:

<i>HK\$ million</i>	1H 2020	1H 2019	Change
Direct premiums written	15,392.88	15,824.30	-2.7%
Net premiums written	12,297.92	13,540.81	-9.2%
Net earned premiums	12,269.54	12,624.90	-2.8%
Net claims incurred	(6,719.83)	(6,287.38)	+6.9%
Underwriting expenses	(3,965.92)	(4,676.68)	-15.2%
Net commission and handling fee expenses	(1,538.63)	(1,636.28)	-6.0%
Underwriting profit	45.16	24.56	+83.9%
Total investment income	579.91	295.62	+96.2%
Share of results of associates	(24.63)	(8.65)	+184.7%
Other income	77.31	52.64	+46.9%
Other miscellaneous expenses	(126.13)	(198.85)	-36.6%
Finance costs	(80.14)	(18.64)	+329.9%
Profit before taxation	471.48	146.68	+221.4%
Profit after taxation and attributable to the owners	344.09	305.30	+12.7%
Retained ratio	79.9%	85.6%	-5.7 pts
Loss ratio ¹	54.9%	49.8%	+5.1 pts
Expense ratio ¹	44.7%	50.0%	-5.3 pts
Combined ratio ²	99.6%	99.8%	-0.2 pt

<i>HK\$ million</i>	At 30 June 2020	At 31 December 2019	Change
Total assets	38,489.19	35,118.03	+9.6%
Total equity	8,069.35	7,844.55	+2.9%

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 2020	At 31 December 2019	Change
Market share ¹	1.9%	2.1%	-0.2 pt
Number of provincial branches	32	32	-
Number of sub-branches and marketing centers	711	698	+13
Number of customers			
- Individual	9,059,059	7,743,642	+1,315,417
- Corporate	309,800	293,283	+16,517
Number of direct sales representatives	12,399	11,956	+443

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\$344 million during the Period (2019: HK\$305 million), representing an increase of 12.7%. It was mainly driven by the investment income and affected by the new taxation policy “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).

PRC PROPERTY AND CASUALTY INSURANCE BUSINESS (Continued)

Direct Premiums Written

TPI's direct premiums written slightly decreased by 2.7% to HK\$15,393 million from HK\$15,824 million in the Last Period. The detailed breakdown of TPI's direct premiums written was as follows:

HK\$ million

Business Line	1H 2020	% of Total	1H 2019	% of Total
Motor	10,774.76	70.0%	10,953.68	69.2%
Marine	274.75	1.8%	360.30	2.3%
Non-marine	4,343.37	28.2%	4,510.32	28.5%
	15,392.88	100.0%	15,824.30	100.0%

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

HK\$ million

	1H 2020	% of Total		1H 2019	% of Total
Shandong	1,718.93	11.2%	Shanghai	1,811.64	11.5%
Guangdong	1,043.17	6.8%	Shandong	1,276.00	8.1%
Sichuan	1,006.88	6.5%	Guangdong	1,107.59	7.0%
Shenzhen	823.07	5.3%	Sichuan	892.83	5.6%
Shanghai	779.18	5.1%	Shenzhen	877.97	5.5%
Others	10,021.65	65.1%	Others	9,858.27	62.3%
Total	15,392.88	100.0%	Total	15,824.30	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 2020	At 31 December 2019
Available Capital	10,275	9,917
Minimum Capital	3,912	3,659
Comprehensive Solvency Ratio	263%	271%

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 2020	1H 2019	Change
Direct premiums written			
CTPI (HK)	1,182.21	1,046.64	+13.0%
TP Macau	490.89	454.90	+7.9%
TP UK	264.50	333.03	-20.6%
TP Singapore ¹	245.63	276.40	-11.1%
TP Indonesia	174.08	121.61	+43.1%
Underwriting profit/(loss)			
CTPI (HK)	6.24	1.30	+380.0%
TP Macau	57.07	72.23	-21.0%
TP UK	(36.79)	(41.96)	-12.3%
TP Singapore ¹	15.71	6.86	+129.0%
TP Indonesia	13.88	14.37	-3.4%
Profit/(loss) after taxation			
CTPI (HK)	(131.66)	172.78	-176.2%
TP Macau	57.59	92.69	-37.9%
TP UK	(29.74)	(24.45)	+21.6%
TP Singapore ¹	39.49	61.42	-35.7%
TP Indonesia	14.16	10.67	+32.7%
Combined ratio			
CTPI (HK)	99.6%	99.9%	-0.3 pt
TP Macau	72.6%	66.5%	+6.1 pts
TP UK	122.5%	119.6%	+2.9 pts
TP Singapore ¹	94.1%	97.7%	-3.6 pts
TP Indonesia	43.2%	45.6%	-2.4 pts

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

OVERSEAS PROPERTY AND CASUALTY INSURANCE BUSINESS (Continued)

	At 30 June 2020	At 31 December 2019	Change
Regulatory solvency margin ratio ¹			
CTPI (HK)	804%	751%	+53 pts
TP Macau	245%	259%	-14 pts
TP UK	150%	163%	-13 pts
TP Singapore	203%	216%	-13 pts
TP Indonesia	172%	176%	-4 pts

¹ Based on the local regulations.

REINSURANCE BUSINESS

The Group's reinsurance business is operated by TPRE, a Hong Kong-incorporated company and wholly-owned by the Group, and 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 (including TPRE (China)) 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 2020	1H 2019	Change
Direct premiums written	8,931.41	9,568.16	-6.7%
Underwriting profit (non-life)	53.77	117.44	-54.2%
Profit/(loss) after taxation	(89.73)	220.12	-140.8%
Non-life reinsurance business: Combined ratio	98.7%	97.3%	+1.4 pts
	At 30 June 2020	At 31 December 2019	Change
Regulatory solvency margin ratio ¹	261%	272%	-11 pts

¹ Based on the local regulations.

REINSURANCE BUSINESS *(Continued)*

Operating Profit

The reinsurance business produced a net operating loss after tax of HK\$90 million during the Period (2019: net operating profit after tax of HK\$220 million), representing a decrease of 140.8%.

Direct Premiums Written

TPre's direct premiums written for the Period decreased by 6.7% to HK\$8,931 million from HK\$9,568 million in the Last Period. The combined ratio of the non-life reinsurance business was 98.7% (2019: 97.3%). The underwriting profit was HK\$54 million (2019: HK\$117 million).

TPre's life reinsurance business achieved premiums of HK\$2,920 million (2019: HK\$3,567 million), mainly from Mainland China, Hong Kong and Southeast Asia.

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 2020	1H 2019	Change
Direct premiums written	3,093.82	3,362.16	-8.0%
Profit after taxation	66.63	72.53	-8.1%

HK\$ million

	At 30 June 2020	At 31 December 2019	Change
Net assets	2,506.50	2,460.44	+1.9%

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 2020	At 31 December 2019
Available capital	2,296	2,146
Minimum capital	987	1,019
Comprehensive solvency ratio	233%	211%

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 currently 91.5% 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 2020	1H 2019	Change
Management fee income	730.47	510.37	+43.1%
Profit after taxation	357.51	211.73	+68.9%
Profit attributable to the owners	295.88	177.83	+66.4%

HK\$ million

	At 30 June 2020	At 31 December 2019	Change
Assets under management	949,320	827,252	+14.8%

Operating Profit

The asset management business produced a net operating profit of HK\$358 million during the Period (2019: HK\$212 million), representing an increase of 68.9% compared to the Last Period.

LIQUIDITY AND FINANCIAL RESOURCES

The Group's cash and bank deposits as at 30 June 2020 amounted to HK\$95,079 million (31 December 2019: HK\$88,708 million).

FINANCIAL LEVERAGE

The interest-bearing notes and bank facilities drawn as at 30 June 2020 amounted to HK\$13,376 million and HK\$47,090 million, respectively (31 December 2019: HK\$12,444 million and HK\$47,976 million). As of 30 June 2020, CTIH's consolidated financial leverage ratio (calculated by debt over the summation of debt plus equity) was 38.3% (31 December 2019: 39.1%).

CAPITAL STRUCTURE

CTIH did not issue new Shares during the Period and in 2019.

STAFF AND STAFF REMUNERATION

As at 30 June 2020, the Group had a total of 67,087 employees (30 June 2019: 67,702 employees), representing a decrease of 615 employees. Total remuneration for the Period amounted to HK\$7,791 million (first half of 2019: HK\$8,586 million), a decrease of 9.3%. Bonuses are linked to both the performance of the Group and the performance of the individual.

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

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

OUTLOOK

Maintaining Strategy Determination and Stimulating Development Momentum to Ensure the Full Completion of Various Business Tasks

In the second half of 2020, China Taiping will adhere to the general guideline of making progress while maintaining stability, maintain the determination of the development strategy for the new era, firmly grasp the direction of international development, and strengthen the determination of high-quality development, so as to promote the Group's development strategy in the implementation of "Ensure Stability on Six Fronts and Security in Six Areas". Insist on innovation and reform, vigorously remove institutional barriers, and stimulate endogenous development momentum. Continue to adhere to the business strategy of "Surpassing the Market, Competing at an Advanced Level, Growing on Steady Basis and Enhancing Value" to promote stable growth and quality improvement of domestic insurance, optimise the structure and profitability of overseas insurance, and improve the capacity and income of investment business. At the same time, will accelerate the promotion of innovation projects and Guangdong-Hong Kong-Macau Greater Bay Area strategic projects of the Group, continue to deepen the empowerment plan, make every effort to improve the technological operation capability, build a bottom line of risk control compliance, consolidate the foundation of operation and management, go all out to complete the annual operating tasks, and continue to move forward courageously towards the goal of "Building a Globally Competitive Internationalised Modern Financial Insurance Group".

PRC Life Insurance Business – TPL

- Optimise personnel system and mechanism to maintain the development foundation with making more efforts in attracting, retaining and nurturing talents to stimulate the striving spirit and creative vitality of office staff and field staff
- Enhance the belief of achieving value and keep the pace of development steadiness. In terms of product strategy, continually focus on the upgrading and iteration of major products, namely the health insurance series while making difference competition with high-valued and low-threshold pension security concepts in the market, so as to achieve growth in both value and scale
- Accelerate innovation to empower development and grasp the opportunity of transformation to advance the shifting from offline to the integration of online and offline for the Company based on the current tendency of digitalisation and intelligence to seize the new opportunity of industry transformation

PRC Property and Casualty Insurance Business – TPI

- Further improve the ability to serve the national strategy, upgrade the core competitiveness of motor insurance, strengthen the professionalisation, standardisation and specialisation of channels, thus continuing to deepen the transformation and development
- Deeply promote the reform of mechanisms and systems in respect of divisional organisation, expedite the implementation of online business, enhance the innovation in products and services, strengthen technological infrastructure development and empowerment support, thereby steadily promoting innovation and reform

Group Insurance and Pension Business – TPP

- Fully promote the accelerated development of pension business and scale of assets under management, and achieve good operations and dependency services of occupational annuity for striving to improve performance rankings, whilst increase the allocation of resources in key provinces, cities and industries, and strive for a larger market share
- Adhere to the equal importance to scale and benefits in group insurance business in achieving the premium growth outperforming the market, while continuing to strengthen quality control and vigorously develop long-term value businesses

OUTLOOK (Continued)

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

- TPL (HK) will maintain the steady growth of business, focus on the growth of value, and gradually improve the quality of business
- TPL (Macau) will continue to vigorously develop bancassurance channels to achieve breakthrough in business development
- TP Singapore will gradually expand its scale of life insurance business and enhance its value by developing strategies of differentiated products and channels to intensively develop local and regional high net worth customers

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

- CTPI (HK) will improve the competitive strengths of products with unremitting efforts on marketing, internationalising and informationalising, speed up the information platform construction, optimise customer service quality and strengthen corporate governance, and eventually to achieve stronger profitability
- 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, commit more efforts in product and channel innovation, increase its level of informationisation, continue exploiting customer resources, and thus maintain a leading position in the market
- TP UK will improve the capability of professional operating and risk management to consolidate the fundamental management, optimise business structure, intensively develop the business of the Chinese enterprises and local Chinese market, promote diversified business development
- TP Singapore will actively build a regional development pattern to further support the construction of “The Belt and Road”. It will also expand the local business and explore more high net-value customers to create higher value to enhance its market competitiveness in services and channels
- TP Indonesia will firmly seize the opportunity of “The Belt and Road”, improve professional and technical capabilities, 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 reinforce the leading position in Hong Kong and Macao by increasing the market share of local high-quality business and the proportion of leading business continuously as well as deepen its development in Asian market to advance its international business. It will also strengthen the catastrophe risk management and expertise to broaden the business scope and optimise business structure to rack up its influence in the industry
- TPre (China) will accelerate its reforming progress by steadily launching new products to drive its development on a high level, as well as establish and expand the business of Shanghai branch, collaboratively promote the property and casualty insurance and life insurance, utilise the synergy effect of domestic and overseas. It will also improve the customer service, continue consolidating and developing its position as a leading reinsurer
- 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 2020, the global economy will continue to be severely disrupted by the COVID-19 epidemic, with most economies facing an unprecedented decline in GDP growth. According to the World Economic Outlook issued by the International Monetary Fund (IMF) in June, global growth is projected at -4.9% in 2020, 1.9 percentage points below the forecast in April. Given that the future economic outlook rests on key assumptions about the fallout from the epidemic, there is a very high degree of uncertainty around this forecast and the economic recovery may be even slower based on the performance of some economies. In contrast with the external environment, China's economy saw a clear leading recovery thanks to its strong epidemic control and reasonable economic stimulus policies. However, weakening external demands and strained Sino-US relations have created more uncertainties for its economic growth in the second half. According to the IMF forecast, China's annual economic growth is projected at 1.0% in 2020.

Under the background of the epidemic impact, the global capital market underwent a dramatic fluctuation, and the prices of risky assets rebounded dramatically after a sharp fall at the beginning of the year. Additionally, the loose monetary policies in major economies led to a significant decline in benchmark interest rates, which provided certain support for market rally in terms of valuation and shored up investors' confidence. However, due to great uncertainty about the impact of COVID-19 on economic activities, there was already a certain degree of disconnect between the performance of the financial market and the real economy. If investors' risk appetite weakens, the price of risky assets may come under higher pressure.

The Group will pay close attention to the development of the epidemic, fully assess the impact of the epidemic on different countries, regions and industries, alert the potential risks in advance and formulate emergency plan early. On the other hand, the Group will meet the national "Ensure Stability on Six Fronts" requirements, and make full use of the advantage of long-term investment of insurance funds to inject financial vitality into the real economy. In terms of investment strategy, the Group will focus on balancing long-term investment returns and risks, continue to promote investment in high quality long-term equity investment and high-dividend stocks, appropriately lengthen the duration of bond allocation, optimise the structure of assets and liabilities, cope with the downward trend of interest rate, and fully improve the investment return.

Adhered to the philosophy of "Taiping for Your Peaceful Life", the Group strives to realise the high-quality development of its investment business with upholding the principles of serving the national strategy and supporting the real economy, and develops health, elderly care, medical and other industrial layouts around the insurance industry to form a virtuous cycle development layout of insurance, investment and industry.

Embedded Value

BASIS OF PREPARATION

The Group has appointed KPMG Advisory (China) Limited (“KPMG Advisory”) 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 2020 are consistent with standards generally adopted by insurance companies in the PRC. KPMG Advisory 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 2020 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 2020	At 31 December 2019
Adjusted net worth ¹	113,869	107,390
Value of in-force business before cost of capital for TPL	114,149	109,072
Cost of Capital for TPL	(16,507)	(11,064)
Group Embedded Value	211,511	205,398
Attributable to:		
Owners of the Company	165,000	160,166
Non-controlling interests	46,511	45,232
Group Embedded Value	211,511	205,398

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 2020 was RMB193.203 billion (31 December 2019: RMB183.992 billion).

Embedded Value of TPL

1. EMBEDDED VALUE

HK\$ million

	At 30 June 2020	At 31 December 2019
Adjusted net worth	72,345	67,448
Value of in-force business before cost of capital	114,149	109,072
Cost of Capital	(16,507)	(11,064)
Embedded Value	169,987	165,456
Attributable to:		
Owners of the Company	127,660	124,258
Non-controlling interests	42,327	41,198
Embedded Value	169,987	165,456

Embedded Value measured in RMB at 30 June 2020 was RMB155.273 billion (31 December 2019: RMB148.212 billion), among them, the Adjusted net worth was RMB66.082 billion (31 December 2019: RMB60.419 billion).

2. NEW BUSINESS VALUE

HK\$ million

	For the Past 6 Months as of 30 June 2020	For the Past 6 Months as of 30 June 2019
New business value before cost of capital	5,792	9,866
Cost of capital	(3,084)	(3,309)
New business value after cost of capital	2,708	6,557

New Business Value measured in RMB for the first half of 2020 was RMB2.473 billion (first half of 2019: RMB5.768 billion).

New business margin of TPL for the first half of 2020 was 13.4% (first half of 2019: 26.4%); from which the new business margin for individual business was 29.2% (first half of 2019: 31.6%); new business margin for bancassurance business was -4.1% (first half of 2019: 4.9%).

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 2020	For the Past 6 Months as of 30 June 2019
Individual	3,194	6,155
Bancassurance	(308)	209
Others ¹	(178)	193
	2,708	6,557

¹ Others mainly consists of channel business such as telemarketing and group insurance.

Condensed Consolidated Statement of Profit or Loss
for the six months ended 30 June 2020 - unaudited
(Expressed in Hong Kong dollars)

	Notes	Six months ended 30 June	
		2020 \$'000	2019 \$'000
Income			
Total premiums written and policy fees	3	137,074,268	138,923,130
Less: Premiums ceded to reinsurers		(6,882,207)	(6,063,526)
Net premiums written and policy fees		130,192,061	132,859,604
Change in unearned premium provisions, net of reinsurance		(2,336,000)	(3,352,273)
Net earned premiums and policy fees		127,856,061	129,507,331
Net investment income	4(a)	16,907,861	14,995,902
Net realised investment gains	4(b)	6,756,488	1,561,108
Net unrealised investment gains/(losses) and impairment	4(c)	(2,589,723)	(907,944)
Other income	5	2,321,102	2,467,129
Total income		151,251,789	147,623,526
Benefits, losses and expenses			
Net policyholders' benefits	6(a)	(33,353,287)	(30,009,175)
Net commission and handling fee expenses	6(b)	(11,709,242)	(13,401,472)
Administrative and other expenses		(14,940,553)	(16,869,083)
Change in life insurance contract liabilities, net of reinsurance	6(c)	(81,761,986)	(77,403,354)
Total benefits, losses and expenses		(141,765,068)	(137,683,084)
		9,486,721	9,940,442
Share of results of associates and joint ventures		(1,445,070)	216,446
Finance costs	7(a)	(1,197,921)	(1,230,954)
Profit before taxation	7	6,843,730	8,925,934
Income tax credits/(charges)	8	(1,765,102)	156,782
Profit after taxation		5,078,628	9,082,716
Attributable to:			
Owners of the Company		2,876,503	6,744,218
Non-controlling interests		2,202,125	2,338,498
		5,078,628	9,082,716
		<i>dollars</i>	<i>dollars</i>
Earnings per share attributable to the owners of the Company			
	10		
Basic		0.800	1.841
Diluted		0.800	1.841

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 2020 - unaudited
(Expressed in Hong Kong dollars)

	Six months ended 30 June	
	2020 \$'000	2019 \$'000
Profit after taxation	5,078,628	9,082,716
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	3,459	491,687
- Net deferred tax	(865)	(1,017)
Exchange differences on translation of the financial statements of subsidiaries, associates and joint ventures which are not foreign operations	(1,572,562)	(395,764)
Items that may be subsequently reclassified to profit or loss:		
Exchange differences on translation of the financial statements of foreign operations	(80,898)	10,394
Available-for-sale securities		
- Net fair value changes during the period including the impact of impairment and disposal	2,387,308	7,018,443
- Net deferred tax	(478,434)	(1,654,533)
Total comprehensive income for the period	5,336,636	14,551,926
Attributable to:		
Owners of the Company	3,288,373	11,169,137
Non-controlling interests	2,048,263	3,382,789
	5,336,636	14,551,926

Condensed Consolidated Statement of Financial Position

as at 30 June 2020 - unaudited

(Expressed in Hong Kong dollars)

	Notes	At 30 June 2020 \$'000	At 31 December 2019 \$'000
Assets			
Statutory deposits	15	5,807,529	5,352,394
Fixed assets	11		
- Property and equipment		20,377,140	20,125,674
- Investment properties		17,978,682	19,018,156
- Right-of-use assets		7,368,099	7,791,212
		45,723,921	46,935,042
Goodwill		718,132	719,110
Intangible assets		261,951	261,976
Interests in associates and joint ventures		16,867,074	16,221,431
Deferred tax assets		1,927,079	1,641,853
Investments in debt and equity securities	12	669,405,850	604,364,322
Securities purchased under resale agreements	18	6,359,937	6,025,140
Amounts due from group companies		2,078,194	2,024,766
Insurance debtors	13	20,275,786	14,901,309
Reinsurers' share of insurance contract provisions		12,986,973	12,334,887
Policyholder account assets in respect of unit-linked products		1,245,407	1,083,703
Finance lease receivables	14A	43,849,338	45,994,817
Other assets	14	81,508,364	78,203,410
Pledged and restricted bank deposits		1,967,582	972,663
Deposits at banks with original maturity more than three months		56,287,306	54,565,700
Cash and cash equivalents	16	31,016,156	27,817,656
		998,286,579	919,420,179
Liabilities			
Life insurance contract liabilities		605,580,302	534,557,125
Unearned premium provisions		22,511,950	19,986,181
Provision for outstanding claims		23,674,141	22,068,123
Investment contract liabilities		68,259,845	56,218,772
Deferred tax liabilities		3,554,393	3,680,386
Interest-bearing notes		13,376,112	12,444,266
Bank borrowings	19	47,089,791	47,975,870
Lease liabilities		2,200,455	2,447,479
Securities sold under repurchase agreements	18	20,335,358	34,395,296
Amounts due to group companies		19,181	17,605
Insurance creditors	17	58,514,177	60,076,415
Other payables and accruals		33,746,797	30,338,362
Current taxation		1,985,195	1,029,166
Insurance protection fund		165,979	128,169
		901,013,676	825,363,215
Net assets		97,272,903	94,056,964

Condensed Consolidated Statement of Financial Position (Continued)

as at 30 June 2020 - unaudited
(Expressed in Hong Kong dollars)

	<i>Notes</i>	At 30 June 2020 \$'000	At 31 December 2019 \$'000
Capital and reserves attributable to the owners of the Company			
Share capital	20	40,771,408	40,771,408
Reserves	22	37,715,326	35,536,196
		78,486,734	76,307,604
Non-controlling interests	22	18,786,169	17,749,360
Total equity		97,272,903	94,056,964

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 2020 - 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	Attributable to owners of the Company \$'000	Non- controlling interests \$'000	Total \$'000
Balance at 1 January 2020	40,771,408	(6,757,647)	(6,842,218)	(4,578,886)	6,126,973	1,348,388	46,239,586	76,307,604	17,749,360	94,056,964
Profit for the period	-	-	-	-	-	-	2,876,503	2,876,503	2,202,125	5,078,628
Other comprehensive income for the period, net of deferred tax	-	-	-	(1,298,915)	1,708,191	2,594	-	411,870	(153,862)	258,008
Total comprehensive income	-	-	-	(1,298,915)	1,708,191	2,594	2,876,503	3,288,373	2,048,263	5,336,636
Dividends declared to shareholders	-	-	-	-	-	-	(1,078,206)	(1,078,206)	-	(1,078,206)
Dividends declared by subsidiaries to non-controlling interests	-	-	-	-	-	-	-	-	(998,601)	(998,601)
Acquisition of additional interest in a subsidiary	-	(31,037)	-	-	-	-	-	(31,037)	(12,853)	(43,890)
Balance at 30 June 2020	40,771,408	(6,788,684)	(6,842,218)	(5,877,801)	7,835,164	1,350,982	48,037,883	78,486,734	18,786,169	97,272,903

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

Notes	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	-	-	-	-	-	-	(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

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 2020 - unaudited
(Expressed in Hong Kong dollars)

	Six months ended 30 June	
	2020	2019
	\$'000	\$'000
Net cash from operating activities	75,693,054	60,967,082
Net cash used in investing activities	(70,322,826)	(56,761,714)
Net cash used in financing activities	(1,722,758)	(4,566,844)
Effect of changes in exchange rates	(448,970)	(83,072)
Net increase/(decrease) in cash and cash equivalents	3,198,500	(444,548)
Cash and cash equivalents at 1 January	27,817,656	27,527,820
Cash and cash equivalents at 30 June	31,016,156	27,083,272
Analysis of the balances of cash and cash equivalents:		
Deposits with banks and other financial institutions with original maturity less than three months	7,481,865	8,385,795
Cash at bank and on hand	23,534,291	18,697,477
	31,016,156	27,083,272

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 25 August 2020.

The financial statements relating to the year ended 31 December 2019 that is included in the condensed consolidated interim financial statements for the six months ended 30 June 2020 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 2019 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 2020 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2019, except for the adoption of new standards effective as of 1 January 2020. 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 2020

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.

Amendments to HKAS 1 and HKAS 8	Definition of Material
Amendments to HKFRS 3	Definition of a Business
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate and Joint Venture
Amendments to HKFRS 16	Covid 19 - Related Rent Concession
Conceptual Framework for Financial Reporting	Revised Conceptual Framework for Financial Reporting

1 BASIS OF PREPARATION (Continued)

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

HKFRS 9	Financial Instruments ¹
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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 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 2020

	Six months ended 30 June 2020							Total \$'000
	Life insurance \$'000	PRC property and casualty insurance \$'000	Overseas property and casualty insurance \$'000	Reinsurance \$'000	Pension and group life insurance \$'000	Other businesses \$'000	Inter- segment elimination and adjustment \$'000	
Income								
Total premiums written and policy fees	107,026,942	15,610,588	3,813,522	8,932,274	3,277,957	-	(1,587,015)	137,074,268
Less: Premiums ceded to reinsurers	(1,950,000)	(3,312,670)	(1,221,187)	(1,490,776)	(351,900)	-	1,444,326	(6,882,207)
Net premiums written and policy fees	105,076,942	12,297,918	2,592,335	7,441,498	2,926,057	-	(142,689)	130,192,061
Change in unearned premium provisions, net of reinsurance	(874,009)	(28,373)	(350,279)	(564,916)	(518,707)	-	284	(2,336,000)
Net earned premiums and policy fees	104,202,933	12,269,545	2,242,056	6,876,582	2,407,350	-	(142,405)	127,856,061
Net investment income (note (i))	14,490,943	525,730	236,732	868,747	259,190	505,999	20,520	16,907,861
Net realised investment gains/(losses) (note (ii))	5,532,541	187,612	3,602	45,263	87,691	199,150	700,629	6,756,488
Net unrealised investment gains/(losses) and impairment (note (iii))	(1,407,638)	(133,435)	(340,832)	(290,252)	(29,627)	(1,046,886)	658,947	(2,589,723)
Other income	1,463,524	77,313	39,841	(208,406)	478,548	3,016,542	(2,546,260)	2,321,102
Segment income	124,282,303	12,926,765	2,181,399	7,291,934	3,203,152	2,674,805	(1,308,569)	151,251,789
Benefits, losses and expenses								
Net policyholders' benefits	(18,965,421)	(6,719,828)	(1,121,057)	(5,263,431)	(1,297,180)	-	13,630	(33,353,287)
Net commission and handling fee expenses	(8,772,565)	(1,538,635)	(826,437)	(1,485,755)	(191,981)	-	1,106,131	(11,709,242)
Administrative and other expenses	(8,583,915)	(4,092,055)	(293,428)	(173,357)	(837,783)	(2,220,094)	1,260,079	(14,940,553)
Change in life insurance contract liabilities, net of reinsurance	(80,812,260)	-	-	(436,593)	(513,153)	-	20	(81,761,986)
Total benefits, losses and expenses	(117,134,161)	(12,350,518)	(2,240,922)	(7,359,136)	(2,840,097)	(2,220,094)	2,379,860	(141,765,068)
Share of results of associates and joint ventures	7,148,142	576,247	(59,523)	(67,202)	363,055	454,711	1,071,291	9,486,721
Finance costs	1,648,894	(24,631)	-	-	(1,338)	(1,904,986)	(1,163,009)	(1,445,070)
Profit before taxation	8,725,316	471,477	(89,488)	(92,319)	322,223	(2,525,053)	31,574	6,843,730
Income tax credits/(charges)	(1,303,756)	(127,388)	35,583	2,590	(74,421)	(283,050)	(14,660)	(1,765,102)
Profit after taxation	7,421,560	344,089	(53,905)	(89,729)	247,802	(2,808,103)	16,914	5,078,628
Non-controlling interests								(2,202,125)
Profit attributable to owners of the Company								2,876,503

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 2020 (Continued)

	Six months ended 30 June 2020							Total \$'000
	Life insurance \$'000	PRC property and casualty insurance \$'000	Overseas property and casualty insurance \$'000	Reinsurance \$'000	Pension and group life insurance \$'000	Other businesses \$'000	Inter- segment elimination and adjustment \$'000	
Note (i): Net investment income								
Interests income from debt securities								
- Held-to-maturity	5,480,195	72,243	49,077	582,679	-	10,649	(116)	6,194,727
- Available-for-sale	1,428,136	46,578	13,087	61,667	43,145	6,122	(18)	1,598,717
- Held-for-trading	27,162	226	20,015	1,363	-	39,586	140,072	228,424
- Designated at fair value through profit or loss	-	-	2,022	-	-	-	-	2,022
Interests income from debt products								
- Loans and receivables	2,713,670	198,338	4,912	34,831	132,662	87,838	261,153	3,433,404
Dividend income from equity securities								
- Available-for-sale	1,459,717	43,601	5,830	6,493	10,220	6,246	(37,583)	1,494,524
- Held-for-trading	2,033	-	1,571	-	-	1,278	88,752	93,634
- Designated at fair value through profit or loss	149,040	-	-	-	-	-	-	149,040
Dividend income from investment funds								
- Available-for-sale	270,586	16,760	3,990	39,781	7,542	3,342	(85,462)	256,539
- Held-for-trading	201,503	1,382	-	-	205	3,839	(133,540)	73,389
- Loans and receivables	54,736	-	65,092	70,309	-	34,195	-	224,332
Bank deposits and other interests income	2,868,678	136,186	19,167	70,459	54,520	32,417	(93,158)	3,088,269
Net rental income receivable from investment properties	124,884	10,595	51,969	1,960	6,568	285,798	(130,945)	350,829
Net interest income/(expenses) on securities purchased/sold under resale/repurchase agreements	(289,397)	(179)	-	(795)	4,328	(5,311)	11,365	(279,989)
	14,490,943	525,730	236,732	868,747	259,190	505,999	20,520	16,907,861

2 SEGMENT INFORMATION (Continued)

(a) Segmental statement of profit or loss for the six months ended 30 June 2020 (Continued)

	Six months ended 30 June 2020							Total \$'000
	Life insurance \$'000	PRC property and casualty insurance \$'000	Overseas property and casualty insurance \$'000	Reinsurance \$'000	Pension and group life insurance \$'000	Other businesses \$'000	Inter- segment elimination and adjustment \$'000	
Note (ii): Net realised investment gains/(losses)								
Debt securities								
- Held-to-maturity	(29,848)	-	16,481	-	-	184	-	(13,183)
- Available-for-sale	626,943	-	3,854	25,552	(64)	598	(55)	656,828
- Held-for-trading	37,314	14,027	(7,302)	4,223	679	29,388	6,464	84,793
- Designated at fair value through profit or loss	-	-	17	-	-	-	-	17
Equity securities								
- Available-for-sale	4,421,893	162,373	(7,948)	13,639	80,642	-	(317)	4,670,282
- Held-for-trading	(3,233)	-	(1,332)	-	-	217	696,102	691,754
Investment funds								
- Available-for-sale	479,472	11,212	(168)	1,849	6,434	(24,955)	(11)	473,833
- Held-for-trading	-	-	-	-	-	9,039	(1,554)	7,485
Gain on disposal of investment properties	-	-	-	-	-	184,679	-	184,679
	5,532,541	187,612	3,602	45,263	87,691	199,150	700,629	6,756,488
Note (iii): Net unrealised investment gains/(losses) and impairment								
Debt securities								
- Held-for-trading	(58,287)	(17,760)	(11,686)	(169)	(852)	(436)	(49,645)	(138,835)
- Designated at fair value through profit or loss	-	-	735	-	-	-	-	735
Equity securities								
- Held-for-trading	(3,648)	-	(10,069)	-	-	(82,690)	743,121	646,714
- Designated at fair value through profit or loss	(143,993)	-	-	-	-	-	-	(143,993)
Investment funds								
- Held-for-trading	128,009	-	(2,902)	-	-	(4,871)	(112,056)	8,180
- Designated at fair value through profit or loss	-	-	-	-	-	(112,390)	-	(112,390)
Surplus/(deficit) on revaluation of investment properties	(88,069)	(11,253)	2,295	(290)	(14,400)	(230,822)	77,527	(265,012)
Impairment loss recognised:								
- Available-for-sale debt securities, equity securities and investment funds	(767,232)	(47,404)	(4,922)	(27,478)	-	(26,500)	-	(873,536)
- Loans and receivables debt products and investment funds	(474,418)	(57,018)	(314,283)	(262,315)	(14,375)	(589,177)	-	(1,711,586)
	(1,407,638)	(133,435)	(340,832)	(290,252)	(29,627)	(1,046,886)	658,947	(2,589,723)

2 SEGMENT INFORMATION (Continued)

(b) Segmental statement of financial position as at 30 June 2020

	At 30 June 2020							Total \$'000
	Life insurance \$'000	PRC property and casualty insurance \$'000	Overseas property and casualty insurance \$'000	Reinsurance \$'000	Pension and group life insurance \$'000	Other businesses \$'000	Inter- segment elimination and adjustment \$'000	
Statutory deposits	3,284,288	1,258,977	141,698	461,322	656,858	4,386	-	5,807,529
Fixed assets								
- Property and equipment	4,290,057	916,188	440,160	29,318	312,358	9,230,609	5,158,450	20,377,140
- Investment properties	4,599,757	568,751	3,199,552	237,190	294,820	15,598,927	(6,520,315)	17,978,682
- Right-of-use assets	2,169,413	517,596	16,538	109,493	210,356	5,148,213	(803,510)	7,368,099
Investments in debt and equity securities								
- Debt securities (note (i))	339,378,725	6,241,915	4,276,058	27,704,650	2,809,431	3,345,916	11,221,832	394,978,527
- Equity securities (note (ii))	101,401,803	2,892,810	431,055	562,427	849,493	3,715,629	12,099,463	121,952,680
- Investment funds (note (iii))	41,364,495	2,174,914	2,078,800	4,059,568	335,411	1,656,919	(15,461,546)	36,208,561
- Debt products (note (iv))	96,607,268	7,183,948	123,769	1,132,228	4,871,126	1,815,426	4,532,317	116,266,082
Cash and bank deposits	61,899,026	5,730,719	2,022,846	4,192,633	2,195,350	9,042,550	4,187,920	89,271,044
Goodwill	-	-	-	-	-	49,615	668,517	718,132
Intangible assets	-	-	-	-	-	543	261,408	261,951
Interests in associates and joint ventures	25,198,770	1,914,680	-	-	534,532	4,298,958	(15,079,866)	16,867,074
Reinsurers' share of insurance contract provisions	2,766,469	3,524,873	3,431,875	4,354,849	463,921	-	(1,555,014)	12,986,973
Policyholder account assets in respect of unit-linked products	1,245,407	-	-	-	-	-	-	1,245,407
Finance lease receivables	-	-	-	-	-	43,849,338	-	43,849,338
Other segment assets	92,528,908	5,563,820	2,702,908	9,196,744	1,969,113	3,949,593	(3,761,726)	112,149,360
Segment assets	776,734,386	38,489,191	18,865,259	52,040,422	15,502,769	101,706,622	(5,052,070)	998,286,579
Life insurance contract liabilities	585,712,309	-	-	16,304,797	3,833,432	-	(270,236)	605,580,302
Unearned premium provisions	4,631,438	10,820,183	2,391,490	3,413,459	1,859,029	-	(603,649)	22,511,950
Provision for outstanding claims	1,151,145	7,555,525	5,993,235	8,623,150	1,032,215	-	(681,129)	23,674,141
Investment contract liabilities	60,853,954	-	496,266	5,511,265	1,398,360	-	-	68,259,845
Interest-bearing notes	1,105,207	3,284,288	-	-	-	9,029,273	(42,656)	13,376,112
Bank borrowings	-	-	740,800	-	-	46,699,315	(350,324)	47,089,791
Lease liabilities	1,973,047	453,932	16,991	112,851	225,594	274,891	(856,851)	2,200,455
Securities sold under repurchase agreements	18,160,500	468,504	-	-	246,230	450,335	1,009,789	20,335,358
Other segment liabilities	56,187,178	7,837,408	1,627,020	9,240,573	3,736,327	18,615,108	742,108	97,985,722
Segment liabilities	729,774,778	30,419,840	11,265,802	43,206,095	12,331,187	75,068,922	(1,052,948)	901,013,676
Non-controlling interests								(18,786,169)
Net assets attributable to the owners of the Company								78,486,734

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 2020 (Continued)

	At 30 June 2020							
	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	266,425,236	3,922,427	1,938,517	23,747,918	-	665,555	(42,656)	296,656,997
- Available-for-sale	71,201,202	2,277,749	861,670	3,840,541	2,804,715	457,883	-	81,443,760
- Held-for-trading	1,752,287	41,739	1,375,336	116,191	4,716	2,222,478	11,264,488	16,777,235
- Designated at fair value through profit or loss	-	-	100,535	-	-	-	-	100,535
	339,378,725	6,241,915	4,276,058	27,704,650	2,809,431	3,345,916	11,221,832	394,978,527
Note (ii): Equity securities								
By category:								
- Available-for-sale	101,274,872	2,892,810	230,858	562,427	849,493	3,596,815	(580,723)	108,826,552
- Held-for-trading	126,931	-	200,197	-	-	118,814	12,680,186	13,126,128
	101,401,803	2,892,810	431,055	562,427	849,493	3,715,629	12,099,463	121,952,680
Note (iii): Investment funds								
By category:								
- Available-for-sale	26,216,945	2,026,470	164,270	2,021,883	280,472	134,230	(3,952,291)	26,891,979
- Held-for-trading	13,657,099	148,444	88,803	-	54,939	392,369	(11,509,255)	2,832,399
- Designated at fair value through profit or loss	-	-	-	-	-	105,996	-	105,996
- Loans and receivables	1,490,451	-	1,825,727	2,037,685	-	1,024,324	-	6,378,187
	41,364,495	2,174,914	2,078,800	4,059,568	335,411	1,656,919	(15,461,546)	36,208,561
Note (iv): Debt products								
By category:								
- Loans and receivables	96,607,268	7,183,948	123,769	1,132,228	4,871,126	1,815,426	4,532,317	116,266,082

2 SEGMENT INFORMATION (Continued)

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

	Six months ended 30 June 2019							Total \$'000
	Life insurance \$'000	PRC property and casualty insurance \$'000	Overseas property and casualty insurance \$'000	Reinsurance \$'000	Pension and group life insurance \$'000	Other businesses \$'000	Inter- segment elimination and adjustment \$'000	
Income								
Total premiums written and policy fees	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)
Share of results of associates and joint ventures	6,682,789	173,964	368,555	272,783	151,019	1,178,927	1,112,405	9,940,442
Finance costs	1,360,388	(8,647)	-	-	24,076	28,183	(1,187,554)	216,446
	(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 credits/(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								<u>6,744,218</u>

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

2 SEGMENT INFORMATION (Continued)

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

	Six months ended 30 June 2019							Total \$'000
	Life insurance \$'000	PRC property and casualty insurance \$'000	Overseas property and casualty insurance \$'000	Reinsurance \$'000	Pension and group life insurance \$'000	Other businesses \$'000	Inter- segment elimination and adjustment \$'000	
Note (i): Net investment income								
Interests income from debt securities								
- Held-to-maturity	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 purchased/sold under resale/repurchase agreements	(144,058)	(6,693)	-	628	3,042	(3,618)	37,876	(112,823)
	<u>12,476,041</u>	<u>446,399</u>	<u>228,031</u>	<u>823,940</u>	<u>206,347</u>	<u>678,389</u>	<u>136,755</u>	<u>14,995,902</u>

2 SEGMENT INFORMATION (Continued)

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

	Six months ended 30 June 2019							Total \$'000
	Life insurance \$'000	PRC property and casualty insurance \$'000	Overseas property and casualty insurance \$'000	Reinsurance \$'000	Pension and group life insurance \$'000	Other businesses \$'000	Inter- segment elimination and adjustment \$'000	
Note (ii): Net realised investment gains/(losses)								
Debt securities								
- Held-to-maturity	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
	<u>1,012,144</u>	<u>(99,376)</u>	<u>4,251</u>	<u>32,480</u>	<u>51,387</u>	<u>(17,848)</u>	<u>578,070</u>	<u>1,561,108</u>
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/(deficit) on revaluation of investment properties								
	(127)	35	72,649	70	(3,834)	(21,064)	7,179	54,908
Impairment loss recognised:								
- Available-for-sale debt securities, equity securities and investment funds	(1,420,594)	(52,262)	(5,411)	(256,305)	-	(8,375)	-	(1,742,947)
- Loans and receivables debt products and investment funds	-	-	-	-	-	(405,941)	-	(405,941)
- Held-to-maturity debt securities	(35,719)	-	-	-	-	-	-	(35,719)
	<u>(1,206,257)</u>	<u>(51,403)</u>	<u>153,014</u>	<u>(256,176)</u>	<u>(3,834)</u>	<u>(431,101)</u>	<u>887,813</u>	<u>(907,944)</u>

2 SEGMENT INFORMATION (Continued)

(d) Segmental statement of financial position as at 31 December 2019

	At 31 December 2019							Total \$'000
	Life insurance \$'000	PRC property and casualty insurance \$'000	Overseas property and casualty insurance \$'000	Reinsurance \$'000	Pension and group life insurance \$'000	Other businesses \$'000	Inter- segment elimination and adjustment \$'000	
Statutory deposits	3,349,037	725,624	189,230	415,644	669,807	3,052	-	5,352,394
Fixed assets								
- Property and equipment	4,542,462	973,258	483,536	39,485	357,676	8,783,776	4,945,481	20,125,674
- Investment properties	4,781,650	591,339	3,163,861	237,480	315,189	16,256,799	(6,328,162)	19,018,156
- Right-of-use assets	2,222,475	564,749	23,369	129,804	238,543	5,334,039	(721,767)	7,791,212
Investments in debt and equity securities								
- Debt securities (note (i))	301,181,580	5,904,012	4,131,465	28,270,915	1,751,587	2,879,655	9,520,104	353,639,318
- Equity securities (note (ii))	75,302,166	2,752,134	342,813	343,584	733,635	3,730,561	8,546,414	91,751,307
- Investment funds (note (iii))	40,352,477	1,634,084	2,422,644	4,248,508	455,197	2,388,156	(10,828,392)	40,672,674
- Debt products (note (iv))	96,585,352	7,602,238	147,570	1,191,319	4,670,849	2,365,679	5,738,016	118,301,023
Cash and bank deposits	62,785,617	5,168,760	2,034,758	4,173,705	1,818,030	4,489,162	2,885,987	83,356,019
Goodwill	-	-	-	-	-	50,593	668,517	719,110
Intangible assets	-	-	-	-	-	568	261,408	261,976
Interests in associates and joint ventures	21,987,858	1,938,512	-	-	665,342	6,278,708	(14,648,989)	16,221,431
Reinsurers' share of insurance contract provisions	2,998,209	2,539,494	3,551,742	4,153,401	367,905	-	(1,275,864)	12,334,887
Policyholder account assets in respect of unit-linked products	1,083,703	-	-	-	-	-	-	1,083,703
Finance lease receivables	-	-	-	-	-	45,994,817	-	45,994,817
Other segment assets	88,055,523	4,723,828	2,150,953	7,180,552	1,825,888	3,568,741	(4,709,007)	102,796,478
Segment assets	705,228,109	35,118,032	18,641,941	50,384,397	13,869,648	102,124,306	(5,946,254)	919,420,179
Life insurance contract liabilities	515,359,657	-	-	16,088,300	3,377,550	-	(268,382)	534,557,125
Unearned premium provisions	4,039,479	10,422,814	1,992,863	2,550,401	1,310,765	-	(330,141)	19,986,181
Provision for outstanding claims	1,342,246	6,190,071	6,173,544	8,223,876	815,727	-	(677,341)	22,068,123
Investment contract liabilities	49,485,934	-	270,838	4,897,497	1,564,503	-	-	56,218,772
Interest-bearing notes	-	3,349,037	-	-	-	9,138,092	(42,863)	12,444,266
Bank borrowings	-	-	740,800	-	-	47,592,300	(357,230)	47,975,870
Lease liabilities	1,996,905	499,389	23,781	132,383	242,723	315,763	(763,465)	2,447,479
Securities sold under repurchase agreements	33,060,029	-	-	-	83,726	412,856	838,685	34,395,296
Other segment liabilities	57,493,687	6,812,176	1,706,890	9,481,473	3,571,552	16,420,972	(216,647)	95,270,103
Segment liabilities	662,777,937	27,273,487	10,908,716	41,373,930	10,966,546	73,879,983	(1,817,384)	825,363,215
Non-controlling interests								(17,749,360)
Net assets attributable to the owners of the Company								76,307,604

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 2019 (Continued)

	At 31 December 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	237,170,222	3,460,338	1,985,182	24,196,266	-	372,734	(42,863)	267,141,879
- Available-for-sale	61,987,120	2,236,307	787,774	3,933,289	1,741,858	250,779	-	70,937,127
- Held-for-trading	2,024,238	207,367	1,200,568	141,360	9,729	2,256,142	9,562,967	15,402,371
- Designated at fair value through profit or loss	-	-	157,941	-	-	-	-	157,941
	<u>301,181,580</u>	<u>5,904,012</u>	<u>4,131,465</u>	<u>28,270,915</u>	<u>1,751,587</u>	<u>2,879,655</u>	<u>9,520,104</u>	<u>353,639,318</u>
Note (ii): Equity securities								
By category:								
- Available-for-sale	74,107,248	2,752,134	148,899	343,584	733,635	3,724,767	(1,409,618)	80,400,649
- Held-for-trading	78,634	-	193,914	-	-	5,794	9,956,032	10,234,374
- Designated at fair value through profit or loss	1,116,284	-	-	-	-	-	-	1,116,284
	<u>75,302,166</u>	<u>2,752,134</u>	<u>342,813</u>	<u>343,584</u>	<u>733,635</u>	<u>3,730,561</u>	<u>8,546,414</u>	<u>91,751,307</u>
Note (iii): Investment funds								
By category:								
- Available-for-sale	28,229,254	1,634,043	187,416	1,948,508	455,197	880,789	(3,874,656)	29,460,551
- Held-for-trading	10,402,723	41	95,214	-	-	382,044	(6,953,736)	3,926,286
- Loans and receivables	1,720,500	-	2,140,014	2,300,000	-	1,125,323	-	7,285,837
	<u>40,352,477</u>	<u>1,634,084</u>	<u>2,422,644</u>	<u>4,248,508</u>	<u>455,197</u>	<u>2,388,156</u>	<u>(10,828,392)</u>	<u>40,672,674</u>
Note (iv): Debt products								
By category:								
- Loans and receivables	<u>96,585,352</u>	<u>7,602,238</u>	<u>147,570</u>	<u>1,191,319</u>	<u>4,670,849</u>	<u>2,365,679</u>	<u>5,738,016</u>	<u>118,301,023</u>

2 SEGMENT INFORMATION (Continued)

Geographical distribution:

Approximately 92% (30 June 2019: 93%) 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 2020			
	PRC			
	Hong Kong	(other than	Rest of	
	and Macau	Hong Kong	the world	Total
	\$'000	and Macau)	\$'000	\$'000
	\$'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)	4,427,887	41,611,657	664,460	46,704,004
	<u><u>4,427,887</u></u>	<u><u>41,611,657</u></u>	<u><u>664,460</u></u>	<u><u>46,704,004</u></u>
	At 31 December 2019			
	PRC			
	Hong Kong	(other than	Rest of	
	and Macau	Hong Kong	the world	Total
	\$'000	and Macau)	\$'000	\$'000
	\$'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)	4,509,250	42,711,636	695,242	47,916,128
	<u><u>4,509,250</u></u>	<u><u>42,711,636</u></u>	<u><u>695,242</u></u>	<u><u>47,916,128</u></u>

Information about major customers:

There were no customers for the six months ended 30 June 2020 and 2019 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 2020					Total \$'000
	Life insurance contracts \$'000	PRC property and casualty insurance contracts \$'000	Overseas property and casualty insurance contracts \$'000	Reinsurance contracts \$'000	Pension and group life insurance contracts \$'000	
Total premiums written	106,856,445	15,585,700	2,765,558	8,547,526	3,148,618	136,903,847
Policy fees	169,555	-	-	866	-	170,421
	107,026,000	15,585,700	2,765,558	8,548,392	3,148,618	137,074,268

	Six months ended 30 June 2019					Total \$'000
	Life insurance contracts \$'000	PRC property and casualty insurance contracts \$'000	Overseas property and casualty insurance contracts \$'000	Reinsurance contracts \$'000	Pension and group life insurance contracts \$'000	
Total premiums written	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

4 INVESTMENT INCOME

	Six months ended 30 June	
	2020 \$'000	2019 \$'000
Net investment income (note (a))	16,907,861	14,995,902
Net realised investment gains (note (b))	6,756,488	1,561,108
Net unrealised investment gains/(losses) and impairment (note (c))	(2,589,723)	(907,944)
	21,074,626	15,649,066

4 INVESTMENT INCOME (Continued)

	Six months ended 30 June	
	2020	2019
	\$'000	\$'000
(a) Net investment income		
Interests income from debt securities (<i>note (i)</i>):		
- Held-to-maturity	6,194,727	5,275,582
- Available-for-sale	1,598,717	1,518,833
- Held-for-trading	228,424	197,301
- Designated at fair value through profit or loss	2,022	5,212
	8,023,890	6,996,928
Interests income from debt products (<i>note (i)</i>):		
- Loans and receivables	3,433,404	2,886,718
Dividend income from equity securities (<i>note (ii)</i>):		
- Available-for-sale	1,494,524	558,573
- Held-for-trading	93,634	71,155
- Designated at fair value through profit or loss	149,040	-
	1,737,198	629,728
Dividend income from investment funds (<i>note (iii)</i>):		
- Available-for-sale	256,539	562,425
- Held-for-trading	73,389	123,754
- Loans and receivables	224,332	235,379
	554,260	921,558
Bank deposits and other interests income	3,088,269	3,270,307
Gross rental income receivable from investment properties	355,560	407,906
Less: direct outgoings	(4,731)	(4,420)
Net rental income receivable from investment properties	350,829	403,486
Net interest expenses on securities sold/purchased under repurchase/resale agreements	(279,989)	(112,823)
	16,907,861	14,995,902

4 INVESTMENT INCOME (Continued)

	Six months ended 30 June	
	2020	2019
	\$'000	\$'000
<hr/>		
(a) Net investment income (Continued)		
Notes:		
(i) Interests income from debt securities and debt products:		
Listed	2,905,906	2,479,240
Unlisted	8,551,388	7,404,406
	<hr/> 11,457,294 <hr/>	<hr/> 9,883,646 <hr/>
(ii) Dividend income from equity securities:		
Listed	1,483,014	460,063
Unlisted	254,184	169,665
	<hr/> 1,737,198 <hr/>	<hr/> 629,728 <hr/>
(iii) Dividend income from investment funds:		
Listed	10,512	26,962
Unlisted	543,748	894,596
	<hr/> 554,260 <hr/>	<hr/> 921,558 <hr/>

4 INVESTMENT INCOME (Continued)

	Six months ended 30 June	
	2020	2019
	\$'000	\$'000
(b) Net realised investment gains/(losses)		
Debt securities <i>(note (i))</i> :		
- Held-to-maturity	(13,183)	1,632
- Available-for-sale	656,828	(8,187)
- Held-for-trading	84,793	46,542
- Designated at fair value through profit or loss	17	458
	728,455	40,445
Equity securities <i>(note (ii))</i> :		
- Available-for-sale	4,670,282	933,460
- Held-for-trading	691,754	529,253
	5,362,036	1,462,713
Investment funds <i>(note (iii))</i> :		
- Available-for-sale	473,833	28,913
- Held-for-trading	7,485	29,037
	481,318	57,950
Gain on disposal of investment properties	184,679	-
	6,756,488	1,561,108

4 INVESTMENT INCOME (Continued)

	Six months ended 30 June	
	2020	2019
	\$'000	\$'000
(b) Net realised investment gains/(losses) (Continued)		
<i>Notes:</i>		
(i) Net realised investment gains on debt securities:		
Listed	437,596	4,045
Unlisted	290,859	36,400
	728,455	40,445
(ii) Net realised investment gains/(losses) on equity securities:		
Listed	5,337,667	1,463,520
Unlisted	24,369	(807)
	5,362,036	1,462,713
(iii) Net realised investment gains on investment funds:		
Listed	2,504	20,846
Unlisted	478,814	37,104
	481,318	57,950

4 INVESTMENT INCOME (Continued)

	Six months ended 30 June	
	2020	2019
	\$'000	\$'000
(c) Net unrealised investment gains/(losses) and impairment		
Debt securities (<i>note (i)</i>):		
- Held-for-trading	(138,835)	47,402
- Designated at fair value through profit or loss	735	6,086
	(138,100)	53,488
Equity securities (<i>note (ii)</i>):		
- Held-for-trading	646,714	1,055,689
- Designated at fair value through profit or loss	(143,993)	27,825
	502,721	1,083,514
Investment funds (<i>note (iii)</i>):		
- Held-for-trading	8,180	84,753
- Designated at fair value through profit or loss	(112,390)	-
	(104,210)	84,753
Surplus/(deficit) on revaluation of investment properties	(265,012)	54,908
Impairment loss recognised:		
- Available-for-sale debt securities, equity securities and investment funds	(873,536)	(1,742,947)
- Loans and receivables debt products and investment funds	(1,711,586)	(405,941)
- Held-to-maturity debt securities	-	(35,719)
	(2,589,723)	(907,944)

4 INVESTMENT INCOME (Continued)

	Six months ended 30 June	
	2020	2019
	\$'000	\$'000
(c) Net unrealised investment gains/(losses) and impairment (Continued)		
<i>Notes:</i>		
(i) Net unrealised investment gains/(losses) on debt securities:		
Listed	(92,150)	56,328
Unlisted	(45,950)	(2,840)
	(138,100)	53,488
(ii) Net unrealised investment gains/(losses) on equity securities:		
Listed	646,714	1,055,689
Unlisted	(143,993)	27,825
	502,721	1,083,514
(iii) Net unrealised investment gains/(losses) on investment funds:		
Listed	-	16,791
Unlisted	(104,210)	67,962
	(104,210)	84,753

5 OTHER INCOME

	Six months ended 30 June	
	2020	2019
	\$'000	\$'000
Interests from finance lease receivables	1,118,445	1,244,394
Income from provision of asset management and securities broking services	202,277	296,779
Income from provision of pension administration services	425,215	311,119
Income from provision of advisory services	183,543	166,040
Income from operating lease	386,324	289,064
Income from provision of property management services	52,027	56,503
Income from provision of agency and insurance intermediary services	111,328	60,192
Income from disposal of inventories	6,705	148,905
Government subsidies	72,434	44,584
Net gains on disposal of property and equipment	43	13,378
Net exchange losses	(372,358)	(205,471)
Recognition of impairment losses on insurance debtors and other assets	(122,401)	(20,815)
Provision for finance lease receivables	(58,623)	(59,932)
Others	316,143	122,389
	2,321,102	2,467,129

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

(a) Net policyholders' benefits

	Six months ended 30 June 2020					
	Life insurance contracts \$'000	PRC property and casualty insurance contracts \$'000	Overseas property and casualty insurance contracts \$'000	Reinsurance contracts \$'000	Pension and group life insurance contracts \$'000	Total \$'000
Claims and claim adjustment expenses	4,177,325	7,833,870	1,278,052	5,559,964	1,417,014	20,266,225
Surrenders	6,936,839	-	-	424,881	61,710	7,423,430
Annuity, dividends and maturity payments	7,171,351	-	-	-	11,383	7,182,734
Interests allocated to investment and reinsurance contracts	1,913,448	-	-	152,224	236	2,065,908
	20,198,963	7,833,870	1,278,052	6,137,069	1,490,343	36,938,297
Less: Reinsurers' and retrocessionaires' share	(1,229,891)	(785,458)	(375,168)	(1,024,040)	(170,453)	(3,585,010)
	18,969,072	7,048,412	902,884	5,113,029	1,319,890	33,353,287

	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
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

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

(b) Net commission and handling fee expenses

	Six months ended 30 June 2020					Total \$'000
	Life insurance contracts \$'000	PRC property and casualty insurance contracts \$'000	Overseas property and casualty insurance contracts \$'000	Reinsurance contracts \$'000	Pension and group life insurance contracts \$'000	
Gross commission and handling fee expenses	8,565,332	2,326,764	566,476	1,630,901	98,085	13,187,558
Reinsurance commission and handling fee income	(17,324)	(950,462)	(218,794)	(243,165)	(48,571)	(1,478,316)
Net commission and handling fee expenses	<u>8,548,008</u>	<u>1,376,302</u>	<u>347,682</u>	<u>1,387,736</u>	<u>49,514</u>	<u>11,709,242</u>
	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
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	<u>10,206,802</u>	<u>1,374,134</u>	<u>320,369</u>	<u>1,441,889</u>	<u>58,278</u>	<u>13,401,472</u>

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

	Six months ended 30 June 2020					Total \$'000
	Life insurance contracts \$'000	PRC property and casualty insurance contracts \$'000	Overseas property and casualty insurance contracts \$'000	Reinsurance contracts \$'000	Pension and group life insurance contracts \$'000	
Change in life insurance contract liabilities	80,811,306	-	-	217,305	525,717	81,554,328
Less: Reinsurers' share	(899)	-	-	221,121	(12,564)	207,658
	<u>80,810,407</u>	<u>-</u>	<u>-</u>	<u>438,426</u>	<u>513,153</u>	<u>81,761,986</u>

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

7 PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging:

	Six months ended 30 June	
	2020 \$'000	2019 \$'000
(a) Finance costs:		
Interests on bank borrowings	947,292	1,043,884
Interests on interest-bearing notes	196,421	124,914
Interests on lease liabilities	54,208	62,156
	<u>1,197,921</u>	<u>1,230,954</u>
(b) Staff costs (including directors' remuneration):		
Salaries, wages, bonuses and other benefits	7,398,377	7,857,883
Contributions to defined contribution retirement plans	392,162	727,664
	<u>7,790,539</u>	<u>8,585,547</u>
(c) Other items:		
Auditor's remuneration	3,975	4,629
Depreciation of property and equipment	884,019	721,018
Depreciation of right-of-use assets	599,923	591,941
Amortisation of intangible assets	-	49

8 INCOME TAX CHARGES/(CREDITS)

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

	Six months ended 30 June	
	2020	2019
	\$'000	\$'000
Current tax		
Provision for the period	2,865,646	1,966,867
Over-provision in respect of prior years	(231,380)	(2,052,833)
	2,634,266	(85,966)
Deferred tax		
Reversal of temporary differences	(869,164)	(70,816)
Income tax charges/(credits)	1,765,102	(156,782)

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% (2019: 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% (2019: 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% (2019: 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. The over-provision of enterprise income tax was resulted in respect of prior years of the Group amounting to \$1,970 million during the six months ended 30 June 2019.

At 30 June 2020, the Group did not recognise deferred tax assets in respect of tax losses of approximately \$4,529,412,000 (31 December 2019: \$3,962,615,000) and certain temporary differences of \$465,864,000 (31 December 2019: \$418,847,000). \$547,577,000 (31 December 2019: \$543,740,000) 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 27 March 2020, the Board of the Company proposed a final cash dividend of \$0.30 per share in respect of the year ended 31 December 2019 (\$0.10 per share in respect of the year ended 31 December 2018). The final dividend amounting to \$1,078,206,000 (2019: \$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 2020 (30 June 2019: 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	
	2020	2019
	\$'000	\$'000
Profit attributable to owners of the Company	2,876,503	6,744,218
Distribution relating to perpetual subordinated capital securities	-	(128,262)
Profit used to determine basic earnings per share	2,876,503	6,615,956
Weighted average number of ordinary shares	3,594,018,538	3,594,018,538
Basic earnings per share (<i>HK\$ per share</i>)	0.800	1.841

No diluted earnings per share has been presented for the period of 2020 and 2019 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 \$48,016,000 (30 June 2019: \$954,436,000) has been transferred to investment properties at fair value of \$51,475,000 during the Period (30 June 2019: \$1,446,123,000) 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 2020 were measured by an external valuer. The valuation for completed investment properties was made based on income approach. A revaluation loss of \$265,012,000 (30 June 2019: surplus of \$54,908,000) has been recognised in the condensed consolidated statement of profit or loss during the Period.

As at 30 June 2020, land and buildings of \$31,087,000 (31 December 2019: \$31,475,000) and investment properties of \$56,496,000 (31 December 2019: \$56,496,000) 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.

As at 30 June 2020, operating lease assets of \$1,265,275,000 (31 December 2019: \$1,318,897,000) have been pledged to financial institutions as collateral in connection with banking facilities arrangements.

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 2020 and 31 December 2019.

12 INVESTMENTS IN DEBT AND EQUITY SECURITIES

	At 30 June 2020 \$'000	At 31 December 2019 \$'000
Debt securities (<i>Note (i)</i>)	394,978,527	353,639,318
Equity securities (<i>Note (ii)</i>)	121,952,680	91,751,307
Investment funds (<i>Note (iii)</i>)	36,208,561	40,672,674
Debt products (<i>Note (iv)</i>)	116,266,082	118,301,023
	669,405,850	604,364,322

	At 30 June 2020 \$'000	At 31 December 2019 \$'000
<i>Note (i) Debt securities</i>		
Held-to-maturity:		
- Listed in Hong Kong	16,198,461	16,514,886
- Listed outside Hong Kong	91,215,959	86,091,634
- Unlisted	189,242,577	164,535,359
	296,656,997	267,141,879
Issued by:		
Government and central banks	93,661,153	63,063,565
Banks and other financial institutions	116,747,861	119,330,992
Corporate entities	86,247,983	84,747,322
	296,656,997	267,141,879

The held-to-maturity debt securities include an amount of \$5,102,452,000 (31 December 2019: \$4,706,287,000) which will mature within one year.

12 INVESTMENTS IN DEBT AND EQUITY SECURITIES (Continued)

	At 30 June 2020 \$'000	At 31 December 2019 \$'000
Note (i) Debt securities (Continued)		
Available-for-sale:		
- Listed in Hong Kong	3,464,985	1,145,447
- Listed outside Hong Kong	28,871,729	24,132,670
- Unlisted	49,107,046	45,659,010
	81,443,760	70,937,127
Issued by:		
Government and central banks	10,615,586	13,497,136
Banks and other financial institutions	19,295,534	14,989,889
Corporate entities	51,532,640	42,450,102
	81,443,760	70,937,127
Held-for-trading:		
- Listed in Hong Kong	964,626	663,364
- Listed outside Hong Kong	3,464,300	4,030,899
- Unlisted	12,348,309	10,708,108
	16,777,235	15,402,371
Issued by:		
Government and central banks	841,892	555,765
Banks and other financial institutions	8,239,098	7,667,852
Corporate entities	7,696,245	7,178,754
	16,777,235	15,402,371

12 INVESTMENTS IN DEBT AND EQUITY SECURITIES (Continued)

	At 30 June 2020 \$'000	At 31 December 2019 \$'000
Note (i) Debt securities (Continued)		
Designated at fair value through profit or loss:		
- Listed in Hong Kong	37,736	95,878
- Listed outside Hong Kong	62,799	62,063
	100,535	157,941
Issued by:		
Corporate entities	100,535	157,941
	394,978,527	353,639,318
Total debt securities	394,978,527	353,639,318

12 INVESTMENTS IN DEBT AND EQUITY SECURITIES (Continued)

	At 30 June 2020 \$'000	At 31 December 2019 \$'000
Note (ii) Equity securities		
Available-for-sale:		
- Listed in Hong Kong	40,249,881	14,375,460
- Listed outside Hong Kong	43,929,797	42,521,655
- Unlisted, at fair value	24,646,328	23,502,987
- Unlisted, at cost	546	547
	108,826,552	80,400,649
Held-for-trading:		
- Listed in Hong Kong	510,925	464,611
- Listed outside Hong Kong	12,615,203	9,769,763
	13,126,128	10,234,374
Designated at fair value through profit or loss:		
- Unlisted	-	1,116,284
Total equity securities	121,952,680	91,751,307

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 2020 \$'000	At 31 December 2019 \$'000
Note (iii) Investment funds		
Available-for-sale:		
- Listed in Hong Kong	1,312,040	1,458,016
- Listed outside Hong Kong	27,965	30,518
- Unlisted, at fair value	25,551,974	27,972,017
	26,891,979	29,460,551
Held-for-trading:		
- Listed outside Hong Kong	1,376,177	1,879,237
- Unlisted	1,456,222	2,047,049
	2,832,399	3,926,286
Designated at fair value through profit or loss:		
- Unlisted	105,996	-
Loans and receivables:		
- Unlisted	6,378,187	7,285,837
Total investment funds	36,208,561	40,672,674

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

	At 30 June 2020 \$'000	At 31 December 2019 \$'000
Note (iv) Debt products		
Loans and receivables:		
- Unlisted	116,266,082	118,301,023

The debt products mainly include debt investments and relevant financial products on infrastructure and property development projects in the PRC and other financial products such as trust schemes, which had domestic credit ratings of AA or above. All debt products will mature from 2020 to 2032 (31 December 2019: 2020 to 2032) and bear interest ranging from 2% to 12% (31 December 2019: 2% to 12%) per annum.

12 INVESTMENTS IN DEBT AND EQUITY SECURITIES (Continued)

Analysed for reporting purposes as:

	At 30 June 2020 \$'000	At 31 December 2019 \$'000
Held-to-maturity		
- Current	5,102,452	4,706,287
- Non-current	291,554,545	262,435,592
Available-for-sale		
- Current	139,371,554	95,901,833
- Non-current	77,790,737	84,896,494
Held-for-trading		
- Current	32,735,762	29,563,031
Designated at fair value through profit or loss		
- Current	206,531	1,190,305
- Non-current	-	83,920
Loans and receivables		
- Current	13,984,345	15,367,611
- Non-current	108,659,924	110,219,249
	<u>669,405,850</u>	<u>604,364,322</u>

As at 30 June 2020, investments in debt and equity securities with total carrying amounts of \$733,890,000 (31 December 2019: \$682,610,000) have been pledged in favour of AMCM to guarantee the technical reserves in accordance with the Macau Insurance Ordinance.

As at 30 June 2020, investments in debt and equity securities with total carrying amounts of \$9,936,000 (31 December 2019: \$9,864,000) 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 2020 \$'000	At 31 December 2019 \$'000
Amounts due from insurance customers	18,927,906	13,640,449
Less: allowance for impaired debts	(219,214)	(210,957)
	18,708,692	13,429,492
Deposits retained by cedants	1,567,094	1,471,817
	20,275,786	14,901,309

As at 30 June 2020, the amounts of insurance debtors included \$17,605,034,000 (31 December 2019: \$13,406,535,000), 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 2020 \$'000	At 31 December 2019 \$'000
Neither past due nor impaired		
- Uninvoiced	4,495,878	2,861,020
- Current	11,849,303	8,336,142
Past due but not impaired		
- Less than 3 months	1,322,798	783,162
- More than 3 months but less than 12 months	578,521	957,663
- More than 12 months	462,192	491,505
Past due and impaired	219,214	210,957
	18,927,906	13,640,449

14 OTHER ASSETS

	At 30 June 2020 \$'000	At 31 December 2019 \$'000
Other assets and deposits	18,425,049	18,167,951
Interests and dividend receivables from financial assets	10,011,173	8,891,228
Deposit for the purchase of property	612,725	390,512
Value-added tax prepaid	1,125,663	1,316,780
Prepayment	691,265	837,668
Receivables from payment service providers	533,532	528,085
Inventories (<i>note (i)</i>)	315,879	324,630
Tax certificate paid to Hong Kong Inland Revenue Department	162,199	162,199
Securities settlement fund	1,058,216	436,607
Rental and utility deposits	253,091	268,238
Receivables from operating lease (<i>note (ii)</i>)	165,870	147,643
Prepayment for a capital investment	-	2,128,983
Others	3,495,436	2,735,378
Loans and advances	63,463,710	60,311,756
	81,888,759	78,479,707
Less: allowance for impaired debts	(380,395)	(276,297)
	81,508,364	78,203,410

Notes:

- (i) The Group's inventories comprise raw materials, product in progress, other supplemental materials and lands purchased that have been set to be used to build properties for sale by a subsidiary.
- (ii) As at 30 June 2020, receivables from operating lease include the amounts of \$60,535,000 (31 December 2019: \$63,176,000) that were pledged to financial institutions as collateral in connection with banking facilities arrangements.

14A FINANCE LEASE RECEIVABLES

	At 30 June 2020 \$'000	At 31 December 2019 \$'000
Finance lease receivables	49,937,493	52,602,383
Less: unearned finance income	(4,434,185)	(4,980,251)
	45,503,308	47,622,132
Less: provision for impairment losses	(1,653,970)	(1,627,315)
	43,849,338	45,994,817

As at 30 June 2020, finance lease receivables include the amounts of \$5,923,635,000 (31 December 2019: \$4,019,165,000) that were pledged to financial institutions as collateral in connection with banking facilities arrangements.

The following table sets out a maturity analysis of finance lease receivables, showing the undiscounted lease payments to be received after the reporting date.

	At 30 June 2020 \$'000	At 31 December 2019 \$'000
Less than 1 year	17,256,914	16,909,391
1 to 2 years	13,381,043	13,558,223
2 to 3 years	8,247,180	9,241,360
3 to 4 years	4,868,554	5,580,718
4 to 5 years	2,873,807	3,389,098
More than 5 years	3,309,995	3,923,593
Total undiscounted finance lease receivables	49,937,493	52,602,383

15 STATUTORY DEPOSITS

- (a) Certain subsidiaries of the Group have placed \$5,606,280,000 (31 December 2019: \$5,102,815,000) 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 \$56,259,000 (31 December 2019: \$58,414,000) 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 \$3,558,000 (31 December 2019: \$3,628,000) 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 \$1,695,000 (31 December 2019: \$1,694,000) 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 2020 is 0.10% (31 December 2019: 0.10%).
- (e) A subsidiary of the Group deposited a sum of \$2,692,000 (31 December 2019: \$1,358,000) 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 \$137,045,000 (31 December 2019: \$184,485,000) 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	At 31 December
	2020	2019
	\$'000	\$'000
Deposits with banks and other financial institutions with original maturity less than three months	7,481,865	5,034,115
Cash at bank and on hand	23,534,291	22,783,541
	31,016,156	27,817,656

17 INSURANCE CREDITORS

	At 30 June 2020 \$'000	At 31 December 2019 \$'000
Amounts due to insurance customers/creditors	12,666,027	13,098,702
Amounts due to insurance intermediaries	7,455,292	6,319,400
Deposits retained from retrocessionaires	5,844,915	5,427,048
Surrenders payable	6,391	570
Prepaid premiums received	32,541,552	35,230,695
	58,514,177	60,076,415

The entire amounts due to 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 2020 \$'000	At 31 December 2019 \$'000
Current	7,856,444	7,413,605
More than 3 months but less than 12 months	4,753,869	5,640,064
More than 12 months	55,714	45,033
	12,666,027	13,098,702

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 2020			
	Held-to- maturity securities \$'000	Available- for-sale securities \$'000	Held-for- trading securities \$'000	Total \$'000
Carrying amount of transferred assets	49,684,740	469,839	1,514,059	51,668,638
Carrying amount of associated liabilities - securities sold under repurchase agreements	(18,535,854)	(361,252)	(1,438,252)	(20,335,358)
Net position	<u>31,148,886</u>	<u>108,587</u>	<u>75,807</u>	<u>31,333,280</u>

	At 31 December 2019			
	Held-to- maturity securities \$'000	Available- for-sale securities \$'000	Held-for- trading securities \$'000	Total \$'000
Carrying amount of transferred assets	47,175,220	9,060,678	1,183,661	57,419,559
Carrying amount of associated liabilities - securities sold under repurchase agreements	(31,635,969)	(1,596,974)	(1,162,353)	(34,395,296)
Net position	<u>15,539,251</u>	<u>7,463,704</u>	<u>21,308</u>	<u>23,024,263</u>

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

All of the securities purchased under resale agreements and securities sold under repurchase agreements are denominated in RMB and will be settled within 92 days (31 December 2019: 31 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 2020 \$'000	At 31 December 2019 \$'000
Unsecured		
Bank loans (<i>note (i)</i>)	11,789,502	11,582,153
Bank loans for finance lease receivables (<i>note (ii)</i>)	29,890,514	31,981,420
	41,680,016	43,563,573
Secured		
Bank loans for finance lease receivables (<i>note (iii)</i>)	5,409,775	4,412,297
	47,089,791	47,975,870

The bank borrowings are repayable as follows:

	At 30 June 2020 \$'000	At 31 December 2019 \$'000
Within 1 year	34,781,746	33,020,357
After 1 year but within 5 years	11,610,085	14,115,593
After 5 years	697,960	839,920
	47,089,791	47,975,870

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 2020, all bank loans are unsecured and carry interest at Hong Kong Interbank Offered Rate (“HIBOR”) plus 0.70% to HIBOR plus 1.30% (31 December 2019: HIBOR plus 0.70% to HIBOR plus 1.30%) per annum, with effective interest rates ranging from 1.14% to 3.63% (31 December 2019: 1.43% to 3.63%) per annum.
- (ii) As at 30 June 2020, the bank loans for finance lease receivables are unsecured and carry interest at fixed interest rates ranging from 2.02% to 4.60% (31 December 2019: fixed interest rates ranging from 3.10% to 4.60%) per annum.
- (iii) As at 30 June 2020, the bank loans are secured by operating lease assets, finance lease receivables and operating 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 2.93% to 4.66% (31 December 2019: 3.95% to 4.66%) per annum.

20 SHARE CAPITAL

	At 30 June 2020		At 31 December 2019	
	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.

As at 30 June 2019, the distribution relating to the perpetual subordinated capital securities amounted to \$128,262,000 were accrued and distribution to holders of perpetual subordinated capital securities amounted to \$128,235,000 during the six months ended 30 June 2019.

The Company redeemed in the entire securities at their principal amount together with any distribution accrued in September 2019.

22 RESERVES

	<i>Note</i>	Capital reserve \$'000	Merger reserve \$'000	Exchange reserve \$'000	Fair value reserve \$'000	Revaluation reserve \$'000	Retained profits \$'000	Attributable to owners of the Company \$'000	Non- controlling interests \$'000	Total \$'000
Balance at 1 January 2020		(6,757,647)	(6,842,218)	(4,578,886)	6,126,973	1,348,388	46,239,586	35,536,196	17,749,360	53,285,556
Profit for the period		-	-	-	-	-	2,876,503	2,876,503	2,202,125	5,078,628
Other comprehensive income for the period:										
Revaluation gain arising from reclassification of own-use properties to investment properties		-	-	-	-	2,594	-	2,594	-	2,594
Exchange differences on translation of the financial statements of subsidiaries, associates and joint ventures		-	-	(1,298,915)	-	-	-	(1,298,915)	(354,545)	(1,653,460)
Net changes in fair value of available-for-sale securities		-	-	-	1,708,191	-	-	1,708,191	200,683	1,908,874
Total comprehensive income		-	-	(1,298,915)	1,708,191	2,594	2,876,503	3,288,373	2,048,263	5,336,636
Dividend declared to shareholders	9(a)	-	-	-	-	-	(1,078,206)	(1,078,206)	-	(1,078,206)
Dividend declared by subsidiaries to non-controlling interests		-	-	-	-	-	-	-	(998,601)	(998,601)
Acquisition of additional interest in a subsidiary		(31,037)	-	-	-	-	-	(31,037)	(12,853)	(43,890)
Balance at 30 June 2020		(6,788,684)	(6,842,218)	(5,877,801)	7,835,164	1,350,982	48,037,883	37,715,326	18,786,169	56,501,495

22 RESERVES (Continued)

Notes	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 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 year	-	-	-	-	-	8,831,182	177,340	9,008,522	3,534,352	12,542,874
Other comprehensive income for the year:										
Revaluation gain arising from reclassification of own-use properties to investment properties	-	-	-	-	621,830	-	-	621,830	1,940	623,770
Exchange differences on translation of the financial statements of subsidiaries, associates and joint ventures	-	-	(1,153,101)	-	-	-	-	(1,153,101)	(313,921)	(1,467,022)
Net changes in fair value of available-for-sale securities	-	-	-	7,726,174	-	-	-	7,726,174	2,179,359	9,905,533
Total comprehensive income	-	-	(1,153,101)	7,726,174	621,830	8,831,182	177,340	16,203,425	5,401,730	21,605,155
Dividend declared to shareholders	-	-	-	-	-	(359,402)	-	(359,402)	-	(359,402)
Dividend declared by subsidiaries to non-controlling interests	-	-	-	-	-	-	-	-	(544,336)	(544,336)
Distributions to holders of perpetual subordinated capital securities	-	-	-	-	-	-	(255,392)	(255,392)	-	(255,392)
Redemption of perpetual subordinated capital securities	-	-	-	-	-	(20,923)	(4,629,167)	(4,650,090)	-	(4,650,090)
Acquisition of additional interest in a subsidiary	(360,846)	-	-	-	-	-	-	(360,846)	(1,773,906)	(2,134,752)
Balance at 31 December 2019	(6,757,647)	(6,842,218)	(4,578,886)	6,126,973	1,348,388	46,239,586	-	35,536,196	17,749,360	53,285,556

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 2020						
Assets						
Deposits at banks and other financial institutions (including statutory deposits)	2,692	7,992,222	4,128,642	57,453,144	-	69,576,700
Pledged and restricted bank deposits	317,076	1,491,033	159,145	328	-	1,967,582
Debt securities						
- held-to-maturity	-	763,519	4,338,933	43,501,703	248,052,842	296,656,997
- available-for-sale	-	1,893,067	6,815,571	32,799,937	39,935,185	81,443,760
- held-for-trading	-	275,019	3,851,576	8,486,945	4,163,695	16,777,235
- designated at fair value through profit or loss	-	-	-	100,535	-	100,535
Debt products						
- loans and receivables	671,179	1,991,096	7,268,377	79,359,701	26,975,729	116,266,082
Securities purchased under resale agreements	-	6,359,937	-	-	-	6,359,937
Loans and advances	13,540	-	63,450,170	-	-	63,463,710
Finance lease receivables	576,533	46,199	1,419,570	30,577,614	11,229,422	43,849,338
Amounts due from group companies	15,909	-	62,285	2,000,000	-	2,078,194
	1,596,929	20,812,092	91,494,269	254,279,907	330,356,873	698,540,070
Liabilities						
Interest-bearing notes	-	-	1,105,208	6,661,505	5,609,399	13,376,112
Lease liabilities	-	244,111	718,196	1,205,328	32,820	2,200,455
Bank borrowings	-	12,028,204	22,753,542	11,610,085	697,960	47,089,791
Investment contract liabilities						
- universal life and other products	297,398	697,873	1,232,715	3,943,621	60,842,831	67,014,438
Securities sold under repurchase agreements	-	20,335,358	-	-	-	20,335,358
Amounts due to group companies	19,181	-	-	-	-	19,181
	316,579	33,305,546	25,809,661	23,420,539	67,183,010	150,035,335

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 2019						
Assets						
Deposits at banks and other financial institutions (including statutory deposits)	1,358	8,291,233	1,634,947	52,791,980	2,232,691	64,952,209
Pledged and restricted bank deposits	271,419	555,986	145,258	-	-	972,663
Debt securities						
- held-to-maturity	-	1,201,508	3,504,779	40,266,078	222,169,514	267,141,879
- available-for-sale	-	5,707,893	6,037,940	29,055,687	30,135,607	70,937,127
- held-for-trading	-	2,436,145	5,741,554	4,964,759	2,259,913	15,402,371
- designated at fair value through profit or loss	-	35,080	38,941	83,920	-	157,941
Debt products						
- loans and receivables	-	4,534,632	7,596,156	77,201,875	28,968,360	118,301,023
Securities purchased under resale agreements	-	6,025,140	-	-	-	6,025,140
Loans and advances	-	19,448,538	40,863,218	-	-	60,311,756
Finance lease receivables	-	325,435	1,077,902	31,904,056	12,687,424	45,994,817
Amounts due from group companies	14,674	-	10,092	2,000,000	-	2,024,766
	<u>287,451</u>	<u>48,561,590</u>	<u>66,650,787</u>	<u>238,268,355</u>	<u>298,453,509</u>	<u>652,221,692</u>
Liabilities						
Interest-bearing notes	-	-	-	6,758,874	5,685,392	12,444,266
Lease liabilities	-	234,235	750,640	1,423,351	39,253	2,447,479
Bank borrowings	-	6,146,697	26,873,660	14,115,593	839,920	47,975,870
Investment contract liabilities						
- universal life and other products	280,588	102,814	1,542,608	4,175,582	49,033,477	55,135,069
Securities sold under repurchase agreements	-	34,395,296	-	-	-	34,395,296
Amounts due to group companies	17,605	-	-	-	-	17,605
	<u>298,193</u>	<u>40,879,042</u>	<u>29,166,908</u>	<u>26,473,400</u>	<u>55,598,042</u>	<u>152,415,585</u>

24 FAIR VALUES OF FINANCIAL INSTRUMENTS

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

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

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

(a) Fair value of Group's financial assets and financial liabilities that are measured at fair value on a recurring basis (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 2020			
	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Financial assets				
Investments in debt and equity securities:				
- Available-for-sale	120,127,951	65,992,751	31,041,043	217,161,745
- Held-for-trading	29,231,592	3,402,233	101,937	32,735,762
- Designated at fair value through profit or loss	-	100,535	105,996	206,531
Policyholder account assets in respect of unit-linked products	<u>1,139,317</u>	<u>106,090</u>	-	<u>1,245,407</u>
Financial liabilities				
Investment contract liabilities in respect of unit-linked products	<u>(1,139,317)</u>	<u>(106,090)</u>	-	<u>(1,245,407)</u>
	At 31 December 2019			
	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Financial assets				
Investments in debt and equity securities:				
- Available-for-sale	88,228,970	62,598,355	29,970,455	180,797,780
- Held-for-trading	26,133,980	3,329,987	99,064	29,563,031
- Designated at fair value through profit or loss	-	157,941	1,116,284	1,274,225
Policyholder account assets in respect of unit-linked products	<u>946,712</u>	<u>136,991</u>	-	<u>1,083,703</u>
Financial liabilities				
Investment contract liabilities in respect of unit-linked products	<u>(946,712)</u>	<u>(136,991)</u>	-	<u>(1,083,703)</u>

24 FAIR VALUES OF FINANCIAL INSTRUMENTS (Continued)

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

Reconciliation of Level 3 fair value measurements of financial assets:

	Available- for-sale unlisted securities \$'000	Held-for- trading unlisted securities \$'000	Designated at fair value through profit or loss unlisted securities \$'000	Total \$'000
At 1 January 2020	29,970,455	99,064	1,116,284	31,185,803
Purchases	991,017	-	-	991,017
Gains or losses recognised in:				
- profit or loss	-	3,350	(112,390)	(109,040)
- other comprehensive income	1,231,961	-	-	1,231,961
Transfer to Level 3	143,200	-	218,386	361,586
Disposals/Settlements	(784,126)	-	(1,094,702)	(1,878,828)
Exchange difference	(511,464)	(477)	(21,582)	(533,523)
At 30 June 2020	<u>31,041,043</u>	<u>101,937</u>	<u>105,996</u>	<u>31,248,976</u>

	Available- for-sale unlisted securities \$'000	Held-for- trading 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	11,188,641	99,572	-	11,288,213
Gains or losses recognised in:				
- profit or loss	-	-	51,829	51,829
- other comprehensive income	394,328	-	-	394,328
Disposals/Settlements	(693,261)	-	-	(693,261)
Exchange difference	(339,074)	(508)	(24,767)	(364,349)
At 31 December 2019	<u>29,970,455</u>	<u>99,064</u>	<u>1,116,284</u>	<u>31,185,803</u>

At 30 June 2020, investments in debt and equity securities classified as available-for-sale with carrying amounts of \$102,794,000 (31 December 2019: \$73,609,000) 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 \$71,593,000 (31 December 2019: \$768,585,000) were transferred from Level 2 to Level 1 because quoted prices in active markets were available as at 30 June 2020.

24 FAIR VALUES OF FINANCIAL INSTRUMENTS (Continued)

(b) Fair value of financial assets and financial liabilities that are not measured at fair value on a recurring basis (but fair value disclosures are required)

The carrying amounts of the Group's financial instruments carried at cost or amortised cost are not materially different from their fair values as at 30 June 2020 and 31 December 2019 except for the following financial instruments, for which their carrying amounts and fair value and the level of fair value hierarchy are disclosed below:

	Carrying amount \$'000	Fair value \$'000	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000
At 30 June 2020					
Held-to-maturity debt securities	296,656,997	313,007,454	100,264,406	212,743,048	-
Loans and receivables					
- investment funds	6,378,187	6,378,187	-	6,378,187	-
- debt products	116,266,082	118,033,531	-	1,325,369	116,708,162
Interest-bearing notes	(13,376,112)	(13,844,586)	-	(13,844,586)	-
	Carrying amount \$'000	Fair value \$'000	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000
At 31 December 2019					
Held-to-maturity debt securities	267,141,879	280,052,061	72,375,468	207,676,593	-
Loans and receivables					
- investment funds	7,285,837	7,285,837	-	7,285,837	-
- debt products	118,301,023	120,318,953	-	1,994,912	118,324,041
Interest-bearing notes	(12,444,266)	(12,594,673)	-	(12,594,673)	-

25 COMMITMENTS

(a) Capital commitments as of 30 June 2020 were as follows:

	At 30 June 2020 \$'000	At 31 December 2019 \$'000
Contracted for but not provided		
- property and equipment	3,617,996	3,294,971
- investment properties	113,948	-
Authorised but not contracted for		
- property and equipment	149,809	715,253
	<u>3,881,753</u>	<u>4,010,224</u>

(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 \$23,641,948,000 (31 December 2019: \$24,227,302,000).

As at 30 June 2020, the Group had contracted with tenants for the following future minimum lease payments:

	At 30 June 2020 \$'000	At 31 December 2019 \$'000
Within 1 year	1,404,089	1,449,247
After 1 year but within 2 years	1,160,915	1,193,697
After 2 years but within 3 years	886,402	980,845
After 3 years but within 4 years	628,139	643,494
After 4 years but within 5 years	287,217	393,354
After 5 years	505,908	233,072
	<u>4,872,670</u>	<u>4,893,709</u>

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, 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 \$151,782.51 million (31 December 2019: \$125,137.60 million), representing approximately 18% (31 December 2019: approximately 16%) 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 98% of the bonds are with ratings of investment grade or above. In respect of the debt securities invested by reinsurance business, about 95% 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 2020, 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 2020.

(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.

Changes to Information in respect of Directors

In accordance with Rule 13.51B(1) of the Listing Rules, the changes to information required to be disclosed by the Directors pursuant to paragraphs (a) to (e) and (g) of Rule 13.51(2) between 27 March 2020 (being the date of approval of the Company's 2019 Annual Report) and 25 August 2020 (being the date of approval of the Company's 2020 Interim Report) are set out below:

Mr. WANG Sidong has been appointed as the chairman of TPI with effect from April 2020.

Mr. GUO Zhaoxu, Mr. HU Xingguo, Ms. ZHANG Cui and Mr. YANG Changgui has been appointed as non-executive directors of TPG and TPG (HK) with effect from May 2020.

Mr. WU Ting Yuk Anthony has been appointed as an independent non-executive director of Ocumension Therapeutics with effect from June 2020.

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 2020, 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 2020, the interests and short positions of the shareholders, other than a director or chief executive of the Company, in the shares and underlying shares of the Company as recorded in the register required to be kept by the Company under Section 336 of SFO were as follows:

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

Notes:

- (1) *TPG's interests in the Company is held by TPG (HK), Easiwell, 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 2020.

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.

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 results for the Period has been reviewed by the audit committee of the Company and KPMG.

Corporate Information

DIRECTORS

Executive directors

LUO Xi *Chairman*
WANG Sidong *Vice Chairman &
General Manager*
HONG Bo *Deputy General Manager*
XIAO Xing *Deputy General Manager*

Non-executive directors

GUO Zhaoxu
HU Xingguo
ZHANG Cui
YANG Changgui

Independent non-executive directors

WU Jiesi
ZHU Dajian
WU Ting Yuk Anthony
XIE Zhichun

Audit Committee

WU Jiesi *Chairman*
ZHU Dajian
XIE Zhichun

Remuneration Committee

ZHU Dajian *Chairman*
LUO Xi
WANG Sidong
WU Jiesi
WU Ting Yuk Anthony
XIE Zhichun

Nomination Committee

LUO Xi *Chairman*
HONG Bo
WU Jiesi
ZHU Dajian
WU Ting Yuk Anthony

Corporate Governance Committee

LUO Xi *Chairman*
WANG Sidong
HONG Bo
XIAO Xing

Risk Management Committee

XIE Zhichun *Chairman*
WANG Sidong
XIAO Xing
GUO Zhaoxu
ZHANG Cui

COMPANY SECRETARY

ZHANG Ruohan

AUTHORISED REPRESENTATIVES

LUO Xi
ZHANG Ruohan

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Hong Kong

INDEPENDENT AUDITORS

KPMG
(Certified Public Accountants and Registered
PIE Auditors)

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
“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 2019”	The six months ended 30 June 2019
“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 2020”	The six months ended 30 June 2020
“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
“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

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

Hong Kong, 25 August 2020

As at the date of this announcement, the Board comprises 12 directors, of which Mr. LUO Xi, Mr. WANG Sidong, Mr. HONG Bo and Mr. XIAO Xing are executive directors, Mr. GUO Zhaoxu, Mr. HU Xingguo, Ms. ZHANG Cui and Mr. YANG Changgui 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.