

Management Review and Analysis

管理層回顧和分析

OVERALL PERFORMANCE AT A GLANCE

2012 was a challenging year for the insurance industries of China. With the global economy's sluggish recovery and China's slow, yet stable, economic growth, the insurance market continued to be caught in a slow growth environment. In such difficult and complicated economic conditions, CTIH was able to deliver solid growth in value for its shareholders during the Year.

Profitability and shareholders' equity

- Net profit attributable to the shareholders increased by 71.0% to HK\$936.56 million, representing HK\$0.550 per share.
- Shareholders' equity increased by 19.4% to HK\$13,836.77 million, representing HK\$8.111 per share.

Value Creation

- Shareholders' group embedded value increased by 28.7% to HK\$22,171.96 million, representing HK\$12.997 per share.
- Gross premiums written increased by 20.1% to HK\$59,915.31 million. In respect of the first year regular life insurance premium, products with payment term of 10 years or above constituting most of the business.
- New business value of the life insurance business increased by 2.7% to HK\$2,304 million, representing a CAGR of 30.7% over the past five years.
- Embedded value of the life insurance business increased by 35.7% to HK\$29,286 million, representing a CAGR of 33.6% over the past five years.

整體表現概覽

二零一二年是中國保險業充滿挑戰的一年。在全球經濟緩慢復蘇、國內經濟緩中求穩的複雜艱難的總體環境下，在保險市場總體低迷的行業背景下，中國太平控股仍能於年內為股東取得穩健的價值增長。

盈利能力及股東權益

- 股東應佔溢利淨額上升71.0%至9.3656億港元，折合每股0.550港元。
- 股東應佔權益上升19.4%至138.3677億港元，折合每股8.111港元。

創造價值

- 股東應佔總內涵價值上升28.7%至221.7196億港元，折合每股12.997港元。
- 本集團的承保保費上升20.1%至599.1531億港元，當中的盈利能力較高的期繳保費大部份由十年期及以上的產品組成。
- 人壽保險業務的新業務價值增加2.7%至23.04億港元，過去五年的平均複合增長率達30.7%。
- 人壽保險業務的內涵價值增加35.7%至292.86億港元，過去五年的平均複合增長率達33.6%。

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OVERALL PERFORMANCE AT A GLANCE *(Continued)*

整體表現概覽 (續)

Improvement in operations

營運改善

- Market share of the life insurance business increased by 0.4pt to 3.7%, ranking as the seventh largest life insurer in the PRC.
 - Market share of the property and casualty insurance business in the PRC increased by 0.2pt to 1.4%, ranking as the ninth largest property and casualty insurer in the PRC.
 - Number of agents in the individual channel of the life insurance business increased by 25.6%.
 - Overall persistency ratios of the life insurance business were maintained at very satisfactory levels, while the persistency ratios of the individual channel further improved.
 - Combined ratio of the property and casualty insurance business in the PRC continued to improve for the fifth consecutive year to 99.8% and combined ratio of the property and casualty insurance business in HK improved meaningfully by 1.2pts to 97.7%.
 - TPeC was formed and commenced operations. TPeC is a unified e-business platform mainly providing management services for the e-distribution channels of TPL and TPI.
- 人壽保險業務的市場份額增加0.4點至3.7%，為內地第七大人壽保險公司。
 - 財產保險業務的市場份額增加0.2點至1.4%，為內地第九大財產保險公司。
 - 人壽保險業務的銷售代理隊伍人數增加25.6%。
 - 人壽保險業務的整體續保率維持在令人滿意的水平，而個人代理渠道的續保率進一步提高。
 - 內地財產保險業務的綜合成本率連續五年得到改善至99.8%，而香港財產保險業務的綜合成本率則改善1.2點至97.7%。
 - 太平電商已成立及營運，是統一的電子商務平台，主要為太平人壽及太平財險提供電子分銷渠道的管理服務。

Capital for sustainable growth

注入資本確保持續增長

- The solvency margin ratio of the life insurance business as of 31 December 2012 was 164%. However, subsequent to the capital contribution of RMB2,500 million into TPL, which is expected to be completed during the first quarter of 2013, the pro forma solvency margin ratio for TPL as of 31 December 2012 would be approximately 209%.
 - The capital of TPI has been increased by RMB500 million by the year end. The solvency margin ratio of TPI as of 31 December 2012 was maintained at a healthy level of 163%.
- 截至二零一二年十二月三十一日人壽保險業務的償付能力充足率為164%。在二零一三年一月向太平人壽增資人民幣25億元後，其備考償付能力充足率將增加至約209%。
 - 二零一二年內，太平財險的註冊資本已增加人民幣5億元。截至二零一二年十二月三十一日太平財險的償付能力充足率維持在163%的健康水平。

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OVERALL PERFORMANCE AT A GLANCE *(Continued)*

整體表現概覽 (續)

Asset management performance

資產管理表現

- Net investment yield (mainly consisted of fixed investment income recognized in the income statement) increased by 0.9pt to 4.9%.
 - Assets under management increased by 25.3% to HK\$188,101 million.
- 淨投資收益率 (主要由固定利息投資收入所組成) 增長0.9點至4.9%；
 - 資產管理規模增加25.3%至1,881.01億港元。

Credit rating

信用評級

- CTIH is rated BBB+ and BBB- by Fitch and S&P, respectively, while its operating subsidiaries were able to maintain their international credit ratings, which ranged from A- to A.
 - With such sound credit ratings and with global interest rates at historically low levels, CTIH took the opportunity to issue 10-year debt in the amount of US\$300 million at 4.125% in November 2012. CTIH also obtained a 5-year loan facility of US\$250 million at LIBOR plus 2.4% (effective rate) from a financial institution. Such loan facility was fully drawn in a single draw-down in January 2013.
- 中國太平控股分別獲惠譽及標準普爾BBB+及BBB-的評級，而其各營運附屬公司則維持其A-至A的國際信用評級。
 - 憑藉良好的信用評級及把握環球利率處於歷史低位的時機，中國太平控股於二零一二年十一月發行3億美元十年期4.125%債券，以及從一家金融機構取得2.5億美元五年期的貸款額度，利率為倫敦銀行同業拆息加2.4% (有效利率)，並一次性已於二零一三年一月全數提取。

Good Start in 2013

開局理想

- In the first two months of 2013, premium growth in both life and property and casualty insurance business in the PRC have outperformed the market with 65.6% and 42.3% respectively, as compared with the same period in 2012.
- 二零一三年首兩個月，國內人壽保險及財產保險業務的保費收入相對二零一二年同期分別增加65.6%及42.3%，高於市場平均增長。

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OUTLOOK

CTIH will continue to strive for its strategic objective of “building a new Taiping in three years”, with the financial goals of “doubling total premium, total assets and net profit, while maintaining quality, efficiency and risks at an acceptable level”.

- **Long Term Capital Raising and Funding**

The Group is exploring various proposals and measures to further enhance the financial capacity and capital management efficiency of the Group in order to support the business development of its subsidiaries. Among others, such proposals include increasing the Company’s shareholding in its non-wholly owned subsidiaries with the support of its controlling shareholder (including the possible acquisition of a 25.05% equity interest in TPL from TPG) and/or making other strategic investments, to be funded by the issuance of new equity as consideration. The Group will look into the feasibility of the various proposals.

- **Life Insurance Business – TPL**

The Group is cautiously optimistic about the prospects of the life insurance business in 2013. In 2013, TPL will continue to focus on building its agency force, in both quantitative (number of agents) and qualitative (productivity) terms. In the bancassurance channel, TPL will spend considerable efforts and resources in working with its bank partners in finding operating models which will increase the value of its product sales. Already in the first two months of 2013, sales through the bank channel have greatly improved, which paved a solid foundation for the future bancassurance cooperation.

展望

中國太平控股將繼續朝「三年再造一個新太平」，「在兼顧質量效益，風險可控的前提下，力爭三年時間在總保費、總資產和淨利潤方面翻一番」的戰略目標進發。

- **長效資本補充**

本集團正探討各種可行方案和措施，進一步提高本集團的財務實力和資本管理效率，以支持下屬公司業務發展。其中包括在控股股東支持下，通過發行新股為代價，增持非全資附屬公司的權益（包括可能收購中國太平集團持有的25.05%太平人壽權益）及／或進行其他戰略投資。

- **人壽保險業務－太平人壽**

本集團對二零一三年的人壽保險業務前景審慎樂觀。於二零一三年，太平人壽將繼續專注在質（產能）和量（代理數目）兩方面建設個人代理隊伍。在銀行保險渠道方面，太平人壽將投入努力和資源與銀行伙伴合作，尋求可提升產品銷售價值的營運模式。在二零一三年的首兩個月，銀行渠道的銷售已獲得很大提升，令銀行分銷渠道得到鞏固，有利於日後銀保合作的發展。

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OUTLOOK *(Continued)*

- **Property and Casualty Insurance Business in the PRC – TPI**

Having now benefited from strong fundamentals and a positive pricing cycle for several years, pricing in the PRC property and casualty insurance sector are now showing signs of pressure. TPI in particular will continue to focus on improving its combined ratio, especially in the area of expenses, as the property and casualty insurance business in the PRC continues to gain economies of scale. The Group, however, continue to be cautiously optimistic about the operation's prospects for 2013, and believe that positive and satisfactory underwriting and earning results will be achieved.

- **Property and Casualty Insurance Business in Hong Kong – CTPI (HK)**

CTPI (HK) will continue to be cautious and conservative in running its operations and believes that it will continue to maintain its current market position in Hong Kong, and that satisfactory underwriting and operating results are achievable in 2013.

- **Reinsurance Business – TPRe**

Barring any unforeseen or significant adverse events in the coming year, TPRe expects to achieve overall positive operating results in 2013.

展望 (續)

- **內地財產保險業務—太平財險**

內地財產保險業的定價經歷過最近幾年的高峰週期，現開始感到下行的壓力。儘管如此，太平財險將繼續改善其綜合成本率，隨著業務持續增長形成規模經濟，費用率有望減低。本集團對二零一三年的業務前景審慎樂觀，並相信可取得令人滿意的承保和盈利業績。

- **香港財產保險業務—太平香港**

太平香港繼續謹慎穩健地營運，相信將能維持在香港的市場地位。預料二零一三年將取得令人滿意的承保和盈利業績。

- **再保險業務—太平再保險**

除非來年發生未能預見或重大的事件，太平再保險預期二零一三年應可取得整體營運利潤。

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CONSOLIDATED FINANCIAL RESULTS

Readers and investors are advised to pay attention to the reinsurance business has changed its accounting policy during the Year when reading the consolidated financial results below, and in particular the prior year consolidated figures which have been restated, please refer to the reinsurance business section for details.

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

For the year ended 31 December, HK\$ million

綜合財務表現

務請讀者及投資者於閱覽以下綜合財務表現時注意年內再保險業務變更會計政策，特別是往年綜合數字已作相應重列，詳情請參閱再保險業務部份。

本集團年內重點財務表現如下：

截至十二月三十一日止年度，百萬港元

		2012	2011 (Restated) (重列)	Change 變化
Gross premiums written	毛承保保費	59,915.31	49,889.70	+20.1%
Profit from operations before taxation	除稅前經營溢利	1,232.63	944.46	+30.5%
Income tax credit	稅項抵免	241.11	27.72	+7.7 times 倍
Profit from operations after taxation	除稅後經營溢利	1,473.74	972.18	+51.6%
Net profit attributable to the owners	股東應佔溢利淨額	936.56	547.63	+71.0%
Basic earnings per share (HK\$)	每股基本盈利 (港元)	0.550	0.321	+0.229 dollar 元
Final dividend proposed	派發末期股息建議	–	–	–
Total equity	總權益	20,992.42	17,028.99	+23.3%
– Per share (HK\$)	– 每股 (港元)	12.306	9.986	+2.320 dollars 元
Owners' equity	股東應佔權益	13,836.77	11,589.64	+19.4%
– Per share (HK\$)	– 每股 (港元)	8.111	6.796	+1.315 dollars 元
Group embedded value	總內涵價值	37,656.14	28,502.55	+32.1%
– Per share (HK\$)	– 每股 (港元)	22.074	16.714	+5.360 dollars 元
Owners' group embedded value	股東應佔總內涵價值	22,171.96	17,229.10	+28.7%
– Per share (HK\$)	– 每股 (港元)	12.997	10.103	+2.894 dollar 元

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CONSOLIDATED FINANCIAL RESULTS (Continued)

綜合財務表現(續)

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

以下數字為集團內部對銷前，各公司的營運業績。

The net operating profit/(loss) by each business line is summarized below:

按各業務分類之經營淨溢利／(虧損)概述如下：

For the year ended 31 December, HK\$ million

截至十二月三十一日止年度，百萬港元

		2012	2011 (Restated) (重列)	Change 變化
Life insurance	人壽保險	861.76	780.60	+10.4%
Property and casualty insurance	財產保險	770.91	498.24	+54.7%
PRC operations	內地業務	239.45	152.61	+56.9%
Hong Kong operations	香港業務	531.46	345.63	+53.8%
Reinsurance	再保險	112.08	(41.86)	–
Pension and group life insurance	養老及團體人壽保險	(128.58)	(193.91)	-33.7%
Asset management	資產管理	31.70	29.13	+8.8%
Insurance intermediary	保險中介業務	10.26	4.13	+1.5 times 倍
E-Commerce business	電子商務業務	(49.61)	–	–
Others ¹	其他 ¹	(134.78)	(104.15)	+29.4%
Net profit from operations	經營淨溢利	1,473.74	972.18	+51.6%
Non-controlling interests	非控股股東權益	(537.18)	(424.55)	+26.5%
Net profit attributable to the owners	股東應佔溢利淨額	936.56	547.63	+71.0%

¹ Others mainly include the results of the holding company and consolidation adjustments.

¹ 其他主要包括控股公司本部的經營成果及合併調整。

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CONSOLIDATED FINANCIAL RESULTS (Continued)

綜合財務表現(續)

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

以下為本集團總權益變化分析。

HK\$ million

百萬港元

		2012	2011 (Restated) (重列)
Total equity as at 1 January, as previously reported	於一月一日之總權益，如前呈報	16,874.05	18,481.87
Effect of changes in accounting policy	會計政策變更之影響	154.94	102.62
Total equity as at 1 January, as restated	於一月一日之總權益，重列後	17,028.99	18,584.49
Net operating profit recognized in income statement	確認於損益表之經營溢利淨額	1,473.74	972.18
Net changes in AFS investment reserve	可供出售投資儲備變化淨額	2,104.64	(3,285.06)
Revaluation gain arising from reclassification of own-use properties into investment properties	因自用物業重新分類為投資物業而產生之重估收益	134.74	411.70
Exchange gain arising from translation of financial statements of subsidiaries outside Hong Kong	因換算香港以外地區附屬公司財務報表的匯兌收益	4.82	614.56
Acquisition of additional equity interest in existing subsidiaries	購入現有附屬公司的額外權益	-	(349.27)
Capital contribution made to a subsidiary by its non-controlling shareholder	由附屬公司之非控股股東向其注入資本	238.42	67.57
Other movements ²	其他變動 ²	7.07	12.82
Total equity as at 31 December	於十二月三十一日之總權益	20,992.42	17,028.99
Attributable to:	應佔：		
Owners of the Company	本公司股東權益	13,836.77	11,589.64
Non-controlling interests	非控股股東權益	7,155.65	5,439.35
		20,992.42	17,028.99

² Other movements mainly include the amortization of the costs of Shares acquired under the Share Award Scheme and net proceeds received for Shares issued under the Share Option Scheme.

² 其他變動主要包括根據股份獎勵計劃而購入之股份的成本攤銷及根據認股權計劃發行新股所收取之款項淨額。

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CONSOLIDATED FINANCIAL RESULTS (Continued)

The **gross premiums written** for the Year increased by 20.1% to HK\$59,915.31 million from HK\$49,889.70 million in the Last Year. Premium growth continued to be strong in the life insurance business and the property and casualty insurance business in the PRC.

The **net operating profit** for the Year was HK\$1,473.74 million (2011 *(restated)*: HK\$972.18 million). The higher net operating profit was due to the turnaround back to profitability at the reinsurance business and higher earnings at the property and casualty insurance businesses in the PRC and Hong Kong. The net operating profit attributable to the owners for the Year was HK\$936.56 million (2011 *(restated)*: HK\$547.63 million).

The **life insurance business** produced a net operating profit of HK\$861.76 million (2011: HK\$780.60 million). The modest level of earnings growth was achieved despite the sluggish life insurance market in 2012 and also the volatile and difficult equity market conditions in the PRC. The net operating profit attributable to the owners amounted to HK\$431.31 million (2011: HK\$390.69 million).

The **property and casualty insurance business** produced a net operating profit of HK\$770.91 million (2011: HK\$498.24 million), representing a strong increase of 54.7% year-over-year. The increase in earnings was the result of solid business expansion at TPI and CTPI (HK), and improvements in underwriting and strong investment gains at CTPI (HK). The net operating profit attributable to the owners amounted to HK\$678.03 million (2011: HK\$417.22 million).

綜合財務表現(續)

於本年度，毛承保保費由去年498.8970億港元增加20.1%至599.1531億港元。內地的人壽保險業務及財產保險業務保費收入保持強勁增長。

於本年度，經營溢利淨額為14.7374億港元（二零一一年（重列）：9.7218億港元）。再保險業務轉虧為盈和內地及香港的財產保險業務錄得較高盈利。年內股東應佔經營溢利淨額為9.3656億港元（二零一一年（重列）：5.4763億港元）。

人壽保險業務的經營溢利淨額為8.6176億港元（二零一一年：7.8060億港元）。儘管二零一二年人壽保險市場低迷及中國股票市況波動和困難，仍取得盈利增長。股東應佔經營溢利淨額為4.3131億港元（二零一一年：3.9069億港元）。

財產保險業務的經營溢利淨額為7.7091億港元（二零一一年：4.9824億港元），較去年大幅增長54.7%。盈利增加是由於太平財險的業務擴展及太平香港的承保改善及投資收益強勁。股東應佔經營溢利淨額為6.7803億港元（二零一一年：4.1722億港元）。

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CONSOLIDATED FINANCIAL RESULTS (Continued)

The **reinsurance business** incurred a net operating profit of HK\$112.08 million (2011 (restated): operating loss of HK\$41.86 million), representing a return to profit for TPRe after its first ever loss year in 2011. TPRe's turnaround was mainly due to reinforced underwriting risk controls, an absence of major catastrophes, and strong investment income. The net operating profit attributable to the owners amounted to HK\$112.08 million (2011 (restated): operating loss of HK\$41.86 million).

The **pension and group life insurance businesses** incurred a net operating loss of HK\$128.58 million (2011: HK\$193.91 million). The loss was mainly due to the continued lack of economies of scale at the pension operations, which is still in its early stages of development. The net operating loss attributable to the owners amounted to HK\$123.44 million (2011: HK\$156.96 million).

The **asset management business** produced a net operating profit of HK\$31.70 million (2011: HK\$29.13 million). The net operating profit attributable to the owners amounted to HK\$20.16 million (2011: HK\$15.45 million).

CONSOLIDATED INVESTMENT PERFORMANCE

Consolidated investment assets

The total investments of the Group are summarized as follows:

At 31 December, HK\$ million

		2012	% of Total 佔總額百分比	2011	% of Total 佔總額百分比
Debt securities	債務證券	121,916.45	55.5%	106,633.78	62.3%
Debt schemes	債權計劃	20,611.64	9.4%	9,596.43	5.6%
Equity securities	股本證券	7,799.61	3.6%	8,668.88	5.1%
Investment funds	投資基金	9,331.64	4.2%	5,672.44	3.3%
Cash and bank deposits	現金及銀行存款	56,137.22	25.5%	37,776.40	22.1%
Investment properties	投資物業	3,990.22	1.8%	2,915.58	1.6%
Total investments	投資總額	219,786.78	100.0%	171,263.51	100.0%

綜合財務表現(續)

再保險業務產生經營溢利淨額1.1208億港元(二零一一年(重列):經營虧損4,186萬港元),在其於二零一一年首次錄得虧損後迅速恢復盈利。太平再保險轉虧為盈是由於加強承保風險控制,並受惠於年內沒有重大賠款及理想的投資收入。股東應佔經營溢利淨額為1.1208億港元(二零一一年(重列):經營虧損4,186萬港元)。

養老及團體人壽保險業務產生經營虧損淨額1.2858億港元(二零一一年:1.9391億港元)。虧損主要是由於養老業務仍處於初期發展階段,缺乏足夠規模經濟效應。股東應佔經營虧損淨額為1.2344億港元(二零一一年:1.5696億港元)。

資產管理業務的經營溢利淨額為3,170萬港元(二零一一年:2,913萬港元)。股東應佔經營溢利淨額為2,016萬港元(二零一一年:1,545萬港元)。

綜合投資表現

綜合投資資產

本集團的投資總值概述如下:

於十二月三十一日,百萬港元

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管理層回顧和分析

CONSOLIDATED INVESTMENT PERFORMANCE

(Continued)

Consolidated investment assets (Continued)

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

At 31 December 2012, HK\$ million

	HTM 持有至到期日	AFS 可供出售	HFT/DVPL 持有作 交易用途/ 指定為通過 損益以反映 公允價值	LR 貸款及 應收款項	Total 總額
Debt securities 債務證券	92,139.32	27,635.50	618.07	1,523.56	121,916.45
Debt schemes 債權計劃	-	-	-	20,611.64	20,611.64
Equity securities 股本證券	-	7,799.33	0.28	-	7,799.61
Investment funds 投資基金	-	8,383.88	947.76	-	9,331.64
	92,139.32	43,818.71	1,566.11	22,135.20	159,659.34

At 31 December 2011, HK\$ million

	HTM 持有至到期日	AFS 可供出售	HFT/DVPL 持有作 交易用途/ 指定為通過 損益以反映 公允價值	LR 貸款及 應收款項	Total 總額
Debt securities 債務證券	83,475.82	21,846.26	97.43	1,214.27	106,633.78
Debt schemes 債權計劃	-	-	-	9,596.43	9,596.43
Equity securities 股本證券	-	8,648.47	20.41	-	8,668.88
Investment funds 投資基金	-	5,620.47	51.97	-	5,672.44
	83,475.82	36,115.20	169.81	10,810.70	130,571.53

綜合投資表現 (續)

綜合投資資產 (續)

證券投資被歸類為持有至到期日、可供出售、持有作交易用途、指定為通過損益以反映公允價值及貸款及應收款項。本集團總投資組合按此歸類的分佈概述如下：

於二零一二年十二月三十一日，百萬港元

於二零一一年十二月三十一日，百萬港元

Management Review and Analysis

管理層回顧和分析

CONSOLIDATED INVESTMENT PERFORMANCE

(Continued)

Consolidated investment assets (Continued)

As at 31 December 2012, 95.8% of the Group's investment in debt securities from banks and other financial institutions has a credit rating of A or above (2011: 96.8%), while for debt securities from corporate entities, 97.3% has a credit rating of A or above (2011: 98.3%). The credit ratings for debt securities issued in the PRC refer to domestic credit ratings, while the rest of the ratings refer to international ratings.

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

		2012	2011
Life insurance	人壽保險	87.2%	87.3%
Property and casualty insurance	財產保險	6.7%	7.2%
Reinsurance	再保險	3.4%	3.6%
Other businesses	其他業務	2.7%	1.9%
		100.0%	100.0%

Consolidated investment income

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

For the year ended 31 December, HK\$ million

		2012	2011	Change 變化
Net investment income ¹	淨投資收入 ¹	8,293.55	5,747.72	+44.3%
Net realized investment gains/(losses)	已實現投資收益/ (虧損)淨額	(1,117.72)	66.28	-
Net unrealized investment gains/(losses)	未實現投資收益/ (虧損)淨額	450.49	181.72	+1.5 times 倍
Net impairment gains/(losses) on securities	證券減值收益/ (虧損)淨額	(1,722.49)	(799.15)	+1.2 times 倍
Total investment income ²	總投資收入 ²	5,903.83	5,196.57	+13.6%
Net investment yield ¹	淨投資收益率 ¹	4.9%	4.0%	+0.9 pt 點
Total investment yield ²	總投資收益率 ²	3.4%	3.5%	-0.1 pt 點

¹ Net investment income mainly consists of fixed investment income such as interest income from debt securities and bank deposit. Net investment yield is derived from such net investment income.

² Total investment income is the summation of net investment income and the realized/unrealized investment gains/losses plus impairments. The total investment yield is derived from such total investment income.

綜合投資表現 (續)

綜合投資資產 (續)

於二零一二年十二月三十一日，本集團持有之銀行及其他金融機構債務證券有95.8%的信用評級為A或以上（二零一一年：96.8%），而企業實體債務證券有97.3%的信用評級為A或以上（二零一一年：98.3%）。在中國發行的債務證券為當地的信用評級，而其他的評級為國際信用評級。

於報告期末各業務分類佔本集團投資總額賬面值的百分比如下：

綜合投資收入

本集團確認於綜合損益表內之稅前總投資收入概述如下：

截至十二月三十一日止年度，百萬港元

¹ 淨投資收入主要由固定利息收入（例如債務證券及銀行存款的利息）組成。淨投資收益率以此計算。

² 總投資收入為淨投資收入、已實現和未實現收益/虧損及投資減值之總和。總投資收益率以此計算。

Management Review and Analysis

管理層回顧和分析

CONSOLIDATED INVESTMENT PERFORMANCE

(Continued)

Consolidated investment income (Continued)

The total investment income of the Group recognized in the consolidated income statement increased by 13.6% to HK\$5,903.83 million in the Year from HK\$5,196.57 million in the Last Year. While volatile equity market conditions in the PRC increased net realized investment losses and impairment, the heavy weightings and allocations to fixed income and bank deposits allowed the Group to generate significantly higher net investment income. As a result, the net investment yield for the consolidated investment portfolio was satisfactory in 2012.

According to the Group's impairment policy, investments in debt and equity securities other than those held for trading/designated at fair value through profit or loss are reviewed periodically to determine whether there is objective evidence of impairment. Objective evidence of impairment may include specific information about the issuer, but may also include information about material changes that have taken place in areas such as technology, markets, economic or legal, which taken together or taken alone may provide evidence that the cost of those debt and equity securities may not be recovered. Under such criterion, significant or prolonged declines in the fair value of an asset below its cost is also objective evidence of impairment. In 2012, amidst the challenging equity market conditions in the PRC, the net impairment loss on equities and investment funds recognized in the consolidated income statement was HK\$1,722.49 million (2011: HK\$799.15 million).

綜合投資表現 (續)

綜合投資收入 (續)

本集團確認於綜合損益表內的總投資收入由去年的51.9657億港元上升13.6%至本年度的59.0383億港元。雖然中國股票市場波動令已實現投資虧損淨額及投資減值增加，但持有較多的固定收入證券及銀行存款顯著提高了本集團的淨投資收入。因此，二零一二年綜合投資組合的淨投資收益率令人滿意。

按本集團減值政策，會定期檢討除持有作交易用途／指定為通過損益以反映公允價值以外之債務及股本證券投資，以釐訂有否客觀證據顯示減值的需要。減值的客觀證據可包括有關發行人的具體個別資料，但亦包括例如有關科技、市場、經濟或法律方面一起或單獨發生重大變化的資料，而這些資料可提供證據顯示債務及股本證券的成本可能無法收回。在此前提下，資產的公允價值如大幅或長期下跌至低於其成本，亦被視為減值的客觀證據。於二零一二年，在走勢下行的中國股票市況下，綜合損益表內確認的股本證券及投資基金減值淨額為17.2249億港元（二零一一年：7.9915億港元）。

Management Review and Analysis

管理層回顧和分析

CONSOLIDATED INVESTMENT PERFORMANCE

(Continued)

綜合投資表現 (續)

Consolidated investment income (Continued)

綜合投資收入 (續)

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

本集團稅前投資收入／(虧損)之詳細分析如下：

For the year ended 31 December 2012, HK\$ million

截至二零一二年十二月三十一日止年度，百萬港元

		Recognized in the consolidated income statement 於綜合損益表內確認						Unrealized gains/(losses) recognized in the fair value reserve 於公允價值儲備內確認之未實現收益／(虧損)	Grand total 總額	
		Net investment income 淨投資收入			Net realized gains/(losses) 已實現收益／(虧損)淨額	Net unrealized gains/(losses) 未實現收益／(虧損)淨額	Net impairment gains/(losses) 減值收益／(虧損)淨額			Sub total 小計
		Interest income/(expense) 利息收入／(支出)	Dividend income 股息收入	Rental income 租金收入						
Debt securities	債務證券									
HTM	持有至到期日	3,985.38	-	-	-	-	3,985.38	-	3,985.38	
AFS	可供出售	1,136.50	-	-	52.92	-	1,189.42	14.56	1,203.98	
HFT/DVPL	持有作交易用途／指定為通過損益以反映公允價值	19.69	-	-	5.28	6.03	31.00	-	31.00	
LR	貸款及應收款項	63.71	-	-	-	-	63.71	-	63.71	
Debt schemes	債權計劃									
LR	貸款及應收款項	803.40	-	-	-	-	803.40	-	803.40	
Equity securities	股本證券									
AFS	可供出售	-	171.98	-	(1,036.14)	-	(1,435.92)	2,032.32	596.40	
HFT	持有作交易用途	-	0.41	-	0.12	0.51	1.04	-	1.04	
Investment funds	投資基金									
AFS	可供出售	-	709.48	-	(140.35)	-	(581.60)	669.64	88.04	
HFT	持有作交易用途	-	4.25	-	(0.09)	0.18	4.34	-	4.34	
Cash and bank deposits	現金及銀行存款	1,888.27	-	-	-	-	1,888.27	-	1,888.27	
Investment properties	投資物業	-	-	89.72	0.54	439.28	529.54	-	529.54	
Securities sold/purchased under repurchase/resale agreements	賣出回購／買入返售證券	(579.24)	-	-	-	-	(579.24)	-	(579.24)	
Others	其他	-	-	-	-	4.49	4.49	-	4.49	
		7,317.71	886.12	89.72	(1,117.72)	450.49	(1,722.49)	2,716.52	8,620.35	

Management Review and Analysis

管理層回顧和分析

CONSOLIDATED INVESTMENT PERFORMANCE

綜合投資表現 (續)

(Continued)

Consolidated investment income (Continued)

綜合投資收入 (續)

For the year ended 31 December 2011, HK\$ million

截至二零一一年十二月三十一日止年度，百萬港元

	Recognized in the consolidated income statement 於綜合損益表內確認						Unrealized gains/ (losses) recognized in the fair value reserve 於公允價值儲備內確認	Sub total 小計	Grand total 總額
	Net investment income 淨投資收入			Net realized gains/ (losses) 已實現收益/ (虧損)淨額	Net unrealized gains/ (losses) 未實現收益/ (虧損)淨額	Net impairment gains/ (losses) 減值收益/ (虧損)淨額			
	Interest income/ (expense) 利息收入/ (支出)	Dividend income 股息收入	Rental income 租金收入						
Debt securities	債務證券								
HTM				1.65	-	-	3,316.11	-	3,316.11
AFS	910.24	-	-	86.86	-	-	997.10	46.78	1,043.88
HFT	6.75	-	-	23.15	(4.62)	-	25.28	-	25.28
LR	38.17	-	-	-	-	-	38.17	-	38.17
Debt schemes	債權計劃								
LR	358.65	-	-	-	-	-	358.65	-	358.65
Equity securities	股本證券								
AFS	-	109.27	-	83.15	-	(466.85)	(274.43)	(2,672.26)	(2,946.69)
HFT	-	2.22	-	(11.27)	(4.55)	-	(13.60)	-	(13.60)
Investment funds	投資基金								
AFS	-	183.81	-	(117.23)	-	(332.30)	(265.72)	(1,656.69)	(1,922.41)
HFT	-	2.79	-	(0.03)	(4.34)	-	(1.58)	-	(1.58)
Cash and bank deposits	現金及銀行存款								
	999.58	-	-	-	-	-	999.58	-	999.58
Investment properties	投資物業								
	-	-	73.96	-	195.23	-	269.19	-	269.19
Securities sold/ purchased under repurchase/resale agreements	賣出回購/ 買入返售證券								
	(252.52)	-	-	-	-	-	(252.52)	-	(252.52)
Others	其他								
	0.34	-	-	-	-	-	0.34	-	0.34
	5,375.67	298.09	73.96	66.28	181.72	(799.15)	5,196.57	(4,282.17)	914.40

Management Review and Analysis

管理層回顧和分析

LIFE INSURANCE BUSINESS

The Group's life insurance segment is operated by TPL, which is a PRC-incorporated company and is 50.05% owned by the Group. TPL is principally engaged in the underwriting of life insurance policies in Mainland China.

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

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

For the year ended 31 December, HK\$ million

人壽保險業務

本集團之人壽保險業務由太平人壽經營，太平人壽是在中國註冊成立之公司，由本集團擁有50.05%權益。太平人壽主要在內地從事承保人壽保險業務。

以下數字為集團內部對銷前，太平人壽的營運業績。

人壽保險業務之主要財務數據概述如下：

截至十二月三十一日止年度，百萬港元

		2012	2011	Change 變化
Gross premiums written and premium deposits	毛承保保費及保費存款	45,478.38	38,529.75	+18.0%
Less: Premium deposits of universal life products	減：萬能壽險產品之保費存款	280.36	28.51	+8.8 times 倍
Premium deposits of unit-linked products	投資連結產品之保費存款	118.96	285.81	-58.4%
Premium deposits of other products	其他產品之保費存款	271.61	286.59	-5.2%
Gross premiums written recognized in income statement	確認於損益表之毛承保保費	44,807.45	37,928.84	+18.1%
Policy fees	保單費收入	145.11	208.33	-30.4%
Net premiums written and policy fees	淨承保保費及保單費收入	44,759.17	37,888.49	+18.1%
Net earned premiums and policy fees	已賺取保費及保單費收入淨額	44,779.67	37,973.05	+17.9%
Net policyholders' benefits	保單持有人利益淨額	(8,682.97)	(6,182.01)	+40.5%
Net commission expenses	佣金支出淨額	(3,941.25)	(3,452.91)	+14.1%
Change in life insurance contract liabilities, net of reinsurance	壽險合約負債變化，減再保險	(30,166.19)	(27,039.28)	+11.6%
Total investment income	總投資收入	4,651.18	4,491.55	+3.6%
Administrative and other expenses	行政及其他費用	(6,075.58)	(5,136.99)	+18.3%
Finance costs	財務費用	(443.21)	(432.17)	+2.6%
Profit from operation before taxation	除稅前經營溢利	546.32	604.83	-9.7%
Profit from operation after taxation	除稅後經營溢利	861.76	780.60	+10.4%
Profit from operation attributable to the owners	股東應佔經營溢利	431.31	390.69	+10.4%

Management Review and Analysis

管理層回顧和分析

LIFE INSURANCE BUSINESS (Continued)

人壽保險業務 (續)

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

人壽保險業務之主要經營數據概述如下：

		2012	2011	Change 變化
Market share ¹	市場份額 ¹	3.7%	3.3%	+0.4 pt 點
Number of provincial branches	省級分公司數目	34	34	-
Number of sub-branches and marketing centers	支公司及市場推廣中心數目	856	798	+58
Number of customers	客戶數目			
- Individual	- 個人	6,556,334	5,995,262	+561,072
- Corporate	- 公司	2,599	6,502	-3,903
Distribution network	分銷網絡			
- Number of individual agents	- 個人代理數目	57,860	46,064	+11,796
- Number of bancassurance outlets	- 銀行保險銷售網點數目	22,105	18,938	+3,167
Agent productivity	代理產能			
- First year premium per agent and per month (HK\$)	- 每名代理每月首年保費 (港元)	7,931.38	7,897.34	+34.04
- Number of new policies per agent and per month	- 每名代理每月新保單數目	1.80	2.00	-0.20
Persistency ratios	第13個月之保費繼續率 ²			
- 13th month ²				
- Individual	- 個人	92.3%	92.0%	+0.3 pt 點
- Bancassurance	- 銀行保險	92.9%	93.2%	-0.3 pt 點
Compound persistency ratios	第25個月之保費複合繼續率 ²			
- 25th month ²				
- Individual	- 個人	88.5%	84.5%	+4.0 pts 點
- Bancassurance	- 銀行保險	90.2%	91.5%	-1.3 pts 點

¹ Based on premiums published by the CIRC.

¹ 據中國保監會刊發之保費計算。

² Based on the amount of premiums.

² 按保費金額。

Management Review and Analysis

管理層回顧和分析

LIFE INSURANCE BUSINESS (Continued)

Operating Profit

The life insurance business produced a net operating profit of HK\$861.76 million during the Year (2011: HK\$780.60 million), representing an increase of 10.4% compared to Last Year. The net operating profit attributable to the owners amounted to HK\$431.31 million (2011: HK\$390.69 million).

Gross Premiums Written and Premium Deposits

TPL's gross premiums written recognized in the consolidated income statement increased by 18.1% to HK\$44,807.45 million from HK\$37,928.84 million in the Last Year. This growth was primarily driven by the improving agency force sales, which offset the continued low levels of sales in TPL's bancassurance channel.

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

For the year ended 31 December 2012, HK\$ million

		Gross premiums written recognized in the consolidated income statement 確認於綜合損益表內之毛承保保費	Premium deposits of universal life products 萬能壽險產品之保費存款	Premium deposits of unit-linked products 投資連結產品之保費存款	Premium deposits of other products 其他產品之保費存款	Total 總額	% of Total 佔總額百分比
Individual	個人代理	18,243.19	266.21	37.85	184.32	18,731.57	41.2%
Bancassurance	銀行保險	25,399.47	14.15	81.11	1.62	25,496.35	56.1%
Group	團體	147.59	-	-	85.67	233.26	0.5%
Other Channels ¹	多元銷售 ¹	1,017.20	-	-	-	1,017.20	2.2%
		44,807.45	280.36	118.96	271.61	45,478.38	100.0%

人壽保險業務 (續)

經營溢利

本年度內，人壽保險業務之經營溢利淨額為8.6176億港元（二零一一年：7.8060億港元），較去年上升10.4%。股東應佔經營溢利淨額為4.3131億港元（二零一一年：3.9069億港元）。

毛承保保費及保費存款

太平人壽確認於綜合損益表內的毛承保保費由去年之379.2884億港元上升18.1%至448.0745億港元。此增長主要由個人代理隊伍銷售的提升所帶動，抵銷了太平人壽的銀行保險銷售持續低企的影響。

太平人壽按業務劃分之毛承保保費及保費存款如下：

截至二零一二年十二月三十一日止年度，百萬港元

Management Review and Analysis

管理層回顧和分析

LIFE INSURANCE BUSINESS (Continued)

人壽保險業務 (續)

For the year ended 31 December 2011, HK\$ million

截至二零一一年十二月三十一日止年度，百萬港元

		Gross premiums written recognized in the consolidated income statement	Premium deposits of universal life products	Premium deposits of unit-linked products	Premium deposits of other products	Total	% of Total
		確認於綜合損益表內之毛承保保費	萬能壽險產品之保費存款	投資連結產品之保費存款	其他產品之保費存款	總額	佔總額百分比
Individual	個人代理	14,409.79	-	89.71	165.28	14,664.78	38.1%
Bancassurance	銀行保險	22,294.53	28.51	196.10	1.57	22,520.71	58.4%
Group	團體	609.84	-	-	119.74	729.58	1.9%
Other Channels ¹	多元銷售 ¹	614.68	-	-	-	614.68	1.6%
		37,928.84	28.51	285.81	286.59	38,529.75	100.0%

¹ Other Channels is comprised of mainly telemarketing.

¹ 多元銷售主要由電話營銷組成。

Traditional product sales were strong in the individual agency distribution channel, increasing by 26.6% to HK\$18,243.19 million from HK\$14,409.79 million in the Last Year. This strong growth was primarily due to high levels of persistency and renewals. In 2012, TPL heightened its efforts to grow its agency force, and the number of TPL individual agents increased by 25.6% to 57,860 as of 31 December 2012 (2011: 46,064). Agent productivity remained satisfactory, which allowed the overall sales force to generate and support increasingly higher levels of premium. Despite continued challenging conditions in bank sales for the entire life insurance industry, premiums from the bank distribution channel increased to HK\$25,399.47 million from HK\$22,294.53 million in the Last Year, representing an increase of 13.9%.

傳統產品的銷售在個人代理分銷渠道方面表現強勁，由去年的144.0979億港元上升26.6%至182.4319億港元。如此強勁的增長主要是由於續保率維持在高水平。於二零一二年，太平人壽加大增聘個人代理隊伍的力度，於二零一二年十二月三十一日個人代理隊伍增加25.6%至57,860人（二零一一年：46,064人）。代理的產能令人滿意，整體銷售隊伍取得較高的保費收入。儘管整體人壽保險市場的銀行保險銷售下跌，太平人壽銀行保險渠道保費由去年222.9453億港元上升至253.9947億港元，增幅13.9%。

Management Review and Analysis

管理層回顧和分析

LIFE INSURANCE BUSINESS (Continued)

人壽保險業務 (續)

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

於本年度內，太平人壽持續著重具期繳保費特色之產品銷售。太平人壽的躉繳保費產品及期繳保費產品的詳細分析如下：

For the year ended 31 December, HK\$ million

截至十二月三十一日止年度，百萬港元

Individual

個人

		2012	% of Total 佔總額百分比	2011	% of Total 佔總額百分比
Single Premium	躉繳保費	42.38	0.2%	79.42	0.5%
Regular Premium	期繳保費				
– First Year	– 首年	4,420.01	24.2%	4,290.17	29.8%
– Renewal Year	– 續年	13,780.80	75.6%	10,040.20	69.7%
		18,243.19	100.0%	14,409.79	100.0%

Bancassurance

銀行保險

		2012	% of Total 佔總額百分比	2011	% of Total 佔總額百分比
Single Premium	躉繳保費	11,116.80	43.8%	10,130.65	45.4%
Regular Premium	期繳保費				
– First Year	– 首年	2,387.75	9.4%	2,730.91	12.3%
– Renewal Year	– 續年	11,894.92	46.8%	9,432.97	42.3%
		25,399.47	100.0%	22,294.53	100.0%

Group

團體

		2012	% of Total 佔總額百分比	2011	% of Total 佔總額百分比
Employee Benefit (“EB”) Annuity	僱員福利 年金	147.59	100.0%	606.10	99.4%
		–	–	3.74	0.6%
		147.59	100.0%	609.84	100.0%

Other Channels

多元銷售

		2012	% of Total 佔總額百分比	2011	% of Total 佔總額百分比
Single Premium	躉繳保費	–	–	0.28	0.1%
Regular Premium	期繳保費				
– First Year	– 首年	459.37	45.2%	361.03	58.7%
– Renewal Year	– 續年	557.83	54.8%	253.37	41.2%
		1,017.20	100.0%	614.68	100.0%

Management Review and Analysis

管理層回顧和分析

LIFE INSURANCE BUSINESS (Continued)

In 2012, the business sold through the agency force continued to be of high quality, with a high proportion of sales in products with longer duration and protection features. For individual first year regular premium, the premium by payment term and feature were as follows:

For the year ended 31 December, HK\$ million

Individual first year regular premium – by payment term

		2012	% of Total 佔總額百分比	2011	% of Total 佔總額百分比
3 – 9 years	3 – 9年	887.38	20.1%	490.58	11.4%
10 – 19 years	10 – 19年	1,007.27	22.8%	1,321.44	30.8%
20 – 29 years	20 – 29年	2,294.27	51.9%	2,148.51	50.1%
30 years+	30年+	231.09	5.2%	329.64	7.7%
		4,420.01	100.0%	4,290.17	100.0%

Individual first year regular premium – by feature

		2012	% of Total 佔總額百分比	2011	% of Total 佔總額百分比
Short term savings	短期儲蓄型	348.02	7.9%	926.35	21.6%
Long term savings	長期儲蓄型	2,132.61	48.2%	1,667.71	38.9%
Long term protection	長期保障型	1,524.48	34.5%	1,269.30	29.6%
Others	其他	414.90	9.4%	426.81	9.9%
		4,420.01	100.0%	4,290.17	100.0%

人壽保險業務 (續)

於二零一二年，透過個人代理隊伍銷售的業務質量維持在高水平，當中銷售的大部份產品具期限長及更多保障特色。個人代理銷售期繳新單保費按繳費年期及產品形態分類載列如下：

於十二月三十一日，百萬港元

個人首年期繳保費—按繳費期

個人首年期繳保費—按產品形態

Management Review and Analysis

管理層回顧和分析

LIFE INSURANCE BUSINESS (Continued)

Despite the challenging operating environment in bank branches, most of the products sold through the bank channel continued to be of long duration. For bancassurance first year regular premium, the premium by payment term was as follows:

Bancassurance first year regular premium – by payment term

		2012	% of Total 佔總額百分比	2011	% of Total 佔總額百分比
5 – 9 years	5 – 9年	424.61	17.8%	580.44	21.2%
10 – 14 years	10 – 14年	1,949.04	81.6%	2,140.41	78.4%
Others	其他	14.10	0.6%	10.06	0.4%
		2,387.75	100.0%	2,730.91	100.0%

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

For the year ended 31 December, HK\$ million

		2012	% of Total 佔總額百分比	2011	% of Total 佔總額百分比
Sichuan	四川	4,988.53	11.1%	4,421.20	11.7%
Guangdong	廣東	3,936.90	8.8%	3,529.89	9.3%
Shandong	山東	3,805.09	8.5%	3,211.67	8.5%
Beijing	北京	2,956.27	6.6%	2,391.67	6.3%
Henan	河南	2,798.96	6.2%	2,247.55	5.9%
Others	其他	26,321.70	58.8%	22,126.86	58.3%
Total	總額	44,807.45	100.0%	37,928.84	100.0%

Highlight on Embedded Value

Despite the lower bancassurance first year regular premium sales, TPL's resilient agency force and its strong focus on quality and profitability supported the embedded value and new business value to increase. The embedded value of TPL (expressed in terms of HKD) increased 35.7% to HK\$29,286 million from HK\$21,574 million at the end of Last Year. The new business value after cost of capital for the Year increased to HK\$2,304 million from HK\$2,244 million at the end of Last Year, representing a growth of 2.7%. These latest actuarial figures of TPL are disclosed below in the section titled "Embedded Value of TPL".

人壽保險業務 (續)

儘管銀行渠道的銷售情況困難，經銀行分行銷售的期繳產品大部份仍為長年期繳產品。銀行保險首年期繳，按繳費年期劃分的保費分佈如下：

銀行保險首年期繳保費－按繳費期

太平人壽按區域的毛承保保費分佈如下：

於十二月三十一日，百萬港元

內涵價值摘要

儘管銀行保險的首年期繳保費產品銷售下滑，但太平人壽個人銷售隊伍數目回升及其著重質量和盈利能力的策略，使太平人壽之內涵價值及新業務價值仍得到提升。太平人壽之內涵價值（以港幣折算）由去年底之215.74億港元增加35.7%至292.86億港元。本年度之新業務扣除資本成本後之價值為23.04億港元，較去年之22.44億港元，增長2.7%。這些太平人壽的最新精算數據於「太平人壽之內涵價值」一文內披露。

Management Review and Analysis

管理層回顧和分析

LIFE INSURANCE BUSINESS (Continued)

人壽保險業務 (續)

Investment Performance

投資表現

The composition of investments held by TPL was as follows:

太平人壽所持之投資組合如下：

At 31 December, HK\$ million

於十二月三十一日，百萬港元

		2012	% of Total 佔總額百分比	2011	% of Total 佔總額百分比
Debt securities	債務證券	108,769.46	56.7%	96,382.92	64.3%
Debt schemes	債權計劃	19,748.76	10.3%	9,012.33	6.0%
Equity securities	股本證券	7,372.51	3.8%	7,667.81	5.1%
Investment funds	投資基金	8,731.25	4.5%	5,391.91	3.6%
Cash and bank deposits	現金及銀行存款	44,693.42	23.3%	29,559.17	19.7%
Investment properties	投資物業	2,601.22	1.4%	2,023.90	1.3%
Total investments	投資總額	191,916.62	100.0%	150,038.04	100.0%

During the Year, TPL continued to be very cautious in its asset allocation for its investment portfolio. Equity investments were maintained at a relatively low percentage of the asset allocation, while debt securities, debt schemes and cash and bank deposits constituted a combined total of approximately 90.3% of the total invested assets as at 31 December 2012 (2011: 90.0%).

於本年度內，太平人壽對於其投資組合的資產配置仍然十分審慎。股本投資維持在資產配置的一個較低百分比，而債務證券、債權計劃、現金及銀行存款於二零一二年十二月三十一日合共佔投資資產總額約90.3%（二零一一年：90.0%）。

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

太平人壽歸類為持有至到期日、可供出售、持有作交易用途及貸款及應收款項的證券投資如下：

At 31 December 2012, HK\$ million

於二零一二年十二月三十一日，百萬港元

		HTM 持有至到期日	AFS 可供出售	HFT 持有作 交易用途	LR 貸款及 應收款項	Total 總額
Debt securities	債務證券	87,660.70	20,794.27	—	314.49	108,769.46
Debt schemes	債權計劃	—	—	—	19,748.76	19,748.76
Equity securities	股本證券	—	7,372.51	—	—	7,372.51
Investment funds	投資基金	—	7,817.94	913.31	—	8,731.25
		87,660.70	35,984.72	913.31	20,063.25	144,621.98

Management Review and Analysis

管理層回顧和分析

LIFE INSURANCE BUSINESS (Continued)

人壽保險業務(續)

At 31 December 2011, HK\$ million

於二零一一年十二月三十一日，百萬港元

		HTM 持有至到期日	AFS 可供出售	HFT 持有作 交易用途	LR 貸款及 應收款項	Total 總額
Debt securities	債務證券	79,962.02	16,106.35	–	314.55	96,382.92
Debt schemes	債權計劃	–	–	–	9,012.33	9,012.33
Equity securities	股本證券	–	7,667.81	–	–	7,667.81
Investment funds	投資基金	–	5,391.48	0.43	–	5,391.91
		79,962.02	29,165.64	0.43	9,326.88	118,454.97

The debt securities classified by type and class were as follows: 債務證券按類別分類如下：

At 31 December, HK\$ million

於十二月三十一日，百萬港元

		2012	2011
Governments and central banks	政府及中央銀行	32,014.37	28,921.80
Banks and other financial institutions	銀行及其他金融機構	51,648.59	44,376.71
Corporate entities	企業實體	25,106.50	23,084.41
		108,769.46	96,382.92

Management Review and Analysis

管理層回顧和分析

LIFE INSURANCE BUSINESS (Continued)

人壽保險業務(續)

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

太平人壽確認於綜合損益表內之稅前總投資收入及稅前投資收益率概述如下：

For the year ended 31 December, HK\$ million

截至十二月三十一日止年度，百萬港元

		2012	2011	Change 變化
Net investment income ¹	淨投資收入 ¹	7,284.17	4,973.22	+46.5%
Net realized investment gains/(losses)	已實現投資收益/ (虧損)淨額	(1,035.09)	124.60	-
Net unrealized investment gains/(losses)	未實現投資收益/ (虧損)淨額	100.45	85.35	+17.7%
Net impairment gains/(losses) on securities	證券減值收益/ (虧損)淨額	(1,698.35)	(691.62)	+1.5 times 倍
Total investment income ²	總投資收入 ²	4,651.18	4,491.55	+3.6%
Net investment yield ¹	淨投資收益率 ¹	5.0%	4.1%	+0.9 pt 點
Total investment yield ²	總投資收益率 ²	3.1%	3.6%	-0.5 pt 點

¹ Net investment income mainly consists of fixed investment income such as interest income from debt securities and bank deposit. Net investment yield is derived from such net investment income.

¹ 淨投資收入主要由固定利息收入(例如債務證券及銀行存款的利息)組成。淨投資收益率以此計算。

² Total investment income is the summation of net investment income and the realized/unrealized investment gains/losses plus impairments. The total investment yield is derived from such total investment income.

² 總投資收入為淨投資收入、已實現和未實現收益/虧損及投資減值之總和。總投資收益率以此計算。

TPL's total investment income was a gain of HK\$4,651.18 million during the Year, representing a slight increase from the gain of HK\$4,491.55 million in the Last Year. Although equity investments were maintained at a relatively low percentage of the asset allocation, the volatile equity market conditions in the PRC increased the net realized investment losses and impairment loss of the equity investment portfolio, leading to a lower total investment yield.

於本年度內，太平人壽錄得總投資收入收益46.5118億港元，較去年收益44.9155億港元上升。雖然股本投資維持在資產配置的相對較低百分比，但中國股票市場波動使股本投資的已實現虧損及投資減值增加，拖低總投資收益率。

Management Review and Analysis

管理層回顧和分析

LIFE INSURANCE BUSINESS (Continued)

人壽保險業務 (續)

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

太平人壽稅前投資收入／(虧損)之詳細分析如下：

For the year ended 31 December 2012, HK\$ million

截至二零一二年十二月三十一日止年度，百萬港元

		Recognized in the consolidated income statement 於綜合損益表內確認					Unrealized gains/(losses) recognized in the fair value reserve 於公允價值儲備內確認之未實現收益／(虧損)		Grand total 總額
Net investment income 淨投資收入		Interest income/(expense) 利息收入／(支出)	Dividend income 股息收入	Rental income 租金收入	Net realized gains/(losses) 已實現收益／(虧損)淨額	Net unrealized gains/(losses) 未實現收益／(虧損)淨額	Net impairment gains/(losses) 減值收益／(虧損)淨額	Sub total 小計	
Debt securities	債務證券								
HTM	持有至到期日	3,756.03	-	-	-	-	-	3,756.03	-
AFS	可供出售	818.97	-	-	4.17	-	-	823.14	(220.27)
HFT	持有作交易用途	0.01	-	-	2.38	-	-	2.39	-
LR	貸款及應收款項	17.94	-	-	-	-	-	17.94	-
Debt schemes	債權計劃								
LR	貸款及應收款項	759.44	-	-	-	-	-	759.44	-
Equity securities	股本證券								
AFS	可供出售	-	147.74	-	(959.21)	-	(552.59)	(1,364.06)	1,864.67
Investment funds	投資基金								
AFS	可供出售	-	699.17	-	(82.43)	-	(1,145.76)	(529.02)	667.27
HFT	持有作交易用途	-	0.97	-	-	-	-	0.97	-
Cash and bank deposits	現金及銀行存款	1,616.92	-	-	-	-	-	1,616.92	-
Investment properties	投資物業	-	-	44.66	-	100.45	-	145.11	-
Securities sold/ purchased under repurchase/resale agreements	賣出回購／ 買入返售證券	(577.68)	-	-	-	-	-	(577.68)	-
		6,391.63	847.88	44.66	(1,035.09)	100.45	(1,698.35)	4,651.18	2,311.67
									6,962.85

Management Review and Analysis

管理層回顧和分析

LIFE INSURANCE BUSINESS (Continued)

人壽保險業務 (續)

For the year ended 31 December 2011, HK\$ million

截至二零一一年十二月三十一日止年度，百萬港元

		Recognized in the consolidated income statement 於綜合損益表內確認						Unrealized gains/ (losses) recognized in the fair value reserve 於公允價值 儲備內確認 之未實現 收益/ (虧損)	Grand total 總額
		Net investment income 淨投資收入			Net realized gains/ (losses) 已實現 收益/ (虧損)淨額	Net unrealized gains/ (losses) 未實現 收益/ (虧損)淨額	Net impairment gains/ (losses) 減值收益/ (虧損)淨額	Sub total 小計	
		Interest income/ (expense) 利息收入/ (支出)	Dividend income 股息收入	Rental income 租金收入					
Debt securities	債務證券								
HTM	持有至到期日	3,113.79	-	-	-	-	-	3,113.79	-
AFS	可供出售	638.55	-	-	29.59	-	-	668.14	169.06
HFT	持有作交易用途	0.17	-	-	18.84	-	-	19.01	-
LR	貸款及應收款項	9.21	-	-	-	-	-	9.21	-
Debt schemes	債權計劃								
LR	貸款及應收款項	334.30	-	-	-	-	-	334.30	-
Equity securities	股本證券								
AFS	可供出售	-	79.47	-	169.39	-	(375.69)	(126.83)	(2,469.56)
HFT	持有作交易用途	-	1.51	-	(7.68)	-	-	(6.17)	-
Investment funds	投資基金								
AFS	可供出售	-	173.50	-	(85.54)	-	(315.93)	(227.97)	(1,611.49)
HFT	持有作交易用途	-	0.01	-	-	-	-	0.01	-
Cash and bank deposits	現金及銀行存款	845.02	-	-	-	-	-	845.02	-
Investment properties	投資物業	-	-	32.68	-	85.35	-	118.03	-
Securities sold/ purchased under repurchase/resale agreements	賣出回購/ 買入返售證券	(254.99)	-	-	-	-	-	(254.99)	-
		4,686.05	254.49	32.68	124.60	85.35	(691.62)	4,491.55	(3,911.99)
									579.56

Management Review and Analysis

管理層回顧和分析

LIFE INSURANCE BUSINESS (Continued)

人壽保險業務 (續)

Net Policyholders' Benefits

保單持有人利益淨額

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

太平人壽之保單持有人利益淨額概述如下：

For the year ended 31 December, HK\$ million

截至十二月三十一日止年度，百萬港元

		2012	2011	Change 變化
Net claims	賠償淨額	563.18	651.37	-13.5%
Surrenders	退保額	3,920.40	2,706.98	+44.8%
Annuity, dividends and maturity payments	年金、分紅及到期付款	3,107.74	1,707.76	+82.0%
Interest allocated to investment contract	分配至投資合約之利益	1,091.65	1,115.90	-2.2%
		8,682.97	6,182.01	+40.5%

Administrative and Other Expenses

行政及其他費用

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

太平人壽之行政及其他費用概述如下：

For the year ended 31 December, HK\$ million

截至十二月三十一日止年度，百萬港元

		2012	2011	Change 變化
Staff costs	員工成本	3,419.31	2,588.29	+32.1%
Rental expenses	租賃開支	358.41	283.68	+26.3%
Others	其他	2,297.86	2,265.02	+1.5%
		6,075.58	5,136.99	+18.3%

Management Review and Analysis

管理層回顧和分析

LIFE INSURANCE BUSINESS (Continued)

人壽保險業務 (續)

Financial Strength and Solvency Margin

財務實力及償付能力

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

太平人壽按中國保監會規定之償付能力充足率如下：

At 31 December, RMB million

於十二月三十一日，百萬人民幣

		2012	2011
Actual Solvency Margin	實際償付能力	9,167	8,096
Minimum Statutory Solvency Margin	最低法定償付能力	5,581	4,556
Solvency Margin Ratio ¹	償付能力充足率 ¹	164%	178%

¹ After the balance sheet date, the shareholders of TPL contributed additional capital in cash of RMB2,500 million into TPL. If such additional capital is incorporated, the pro forma solvency margin ratio as of 31 December 2012 would be 209%.

¹ 於資產負債表日後，太平人壽股東向太平人壽以現金增資人民幣25億元。若計入該增資，於二零一二年十二月三十一日的備考償付能力充足率將約為209%。

PROPERTY AND CASUALTY INSURANCE BUSINESS – PRC OPERATIONS CARRIED OUT BY TPI

財產保險業務 – 由太平財險營運之中國業務

The Group's property and casualty insurance segment in the PRC is operated by TPI. TPI is a PRC-incorporated company and is 61.21% owned by the Group. TPI is principally engaged in the underwriting of motor, marine and non-marine policies in Mainland China.

本集團之內地財產保險業務由太平財險營運。太平財險為中國註冊公司並由本集團擁有61.21%權益。太平財險主要於內地從事承保車險、水險及非水險業務。

The equity of TPI held by the Group increased from 50.05% to 51.77% with effect from July 2011 upon the completion of the capital contribution agreement of TPI dated 23 December 2009, and further increased from 51.77% to 61.21% with effect from November 2011 upon the completion of the share transfer agreement of TPI dated 17 August 2011. The details of this capital contribution and share transfer are set out in the announcements of the Company dated 27 July 2011 and 17 August 2011, respectively.

自二零一一年七月完成二零零九年十二月二十三日所簽訂之太平財險增資協議後，本集團於太平財險之權益由50.05%增加至51.77%，自二零一一年十一月完成二零一一年八月十七日簽訂的太平財險股權轉讓協議後，本集團於太平財險的權益由51.77%進一步增加至61.21%。此增資及股權轉讓的交易詳情請分別參閱本公司於二零一一年七月二十七日及二零一一年八月十七日之公告。

Management Review and Analysis

管理層回顧和分析

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

財產保險業務 – 由太平財險營運之中國業務 (續)

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

以下數字為集團內部對銷前，太平財險的營運業績。

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

由太平財險經營之財產保險業務之主要財務數據概述如下：

For the year ended 31 December, HK\$ million

截至十二月三十一日止年度，百萬港元

		2012	2011	Change 變化
Gross premiums written	毛承保保費	9,547.83	6,994.32	+36.5%
Net premiums written	淨承保保費	8,018.44	6,072.52	+32.0%
Net earned premiums	已賺取保費淨額	7,212.53	5,854.11	+23.2%
Net claims incurred	賠款淨額	(3,762.71)	(3,126.58)	+20.3%
Underwriting expenses	承保費用	(3,293.96)	(2,542.51)	+29.6%
Net commission expenses	佣金支出淨額	(138.76)	(179.18)	-22.6%
Underwriting profit	承保溢利	17.10	5.83	+1.9 time 倍
Total investment income	總投資收入	288.01	238.34	+20.8%
Other gain/(losses) and other income	其他收益／(虧損)及 其他收入	39.89	(0.29)	-
Other administrative expenses	其他行政費用	(41.50)	(34.65)	+19.8%
Finance costs	財務費用	(54.35)	(53.17)	+2.2%
Profit from operation before taxation	除稅前經營溢利	249.15	156.06	+59.7%
Profit from operation after taxation	除稅後經營溢利	239.45	152.61	+56.9%
Profit from operation attributable to the owners	股東應佔經營溢利	146.57	71.59	+1.0 time 倍
Technical reserves ratio	技術性儲備比率	83.2%	83.8%	-0.6 pt 點
Retained ratio	自留比率	84.0%	86.8%	-2.8 pts 點
Earned premiums ratio	已賺取保費率	75.5%	83.7%	-8.2 pts 點
Loss ratio ¹	賠付率 ¹	52.2%	53.4%	-1.2 pts 點
Expense ratio ¹	費用率 ¹	47.6%	46.5%	+1.1 pts 點
Combined ratio ²	綜合成本率 ²	99.8%	99.9%	-0.1 pt 點

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

¹ 賠付率及費用率均按已賺取保費淨額為基準計算。

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

² 綜合成本率為賠付率與費用率的總和。

Management Review and Analysis

管理層回顧和分析

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

財產保險業務 – 由太平財險營運之中國業務 (續)

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

由太平財險經營之財產保險業務之主要經營數據概述如下：

		2012	2011	Change 變化
Market share ¹	市場份額 ¹	1.4%	1.2%	+0.2 pt 點
Number of provincial branches	省級分公司數目	28	28	–
Number of sub-branches and marketing centers	支公司及市場推廣中心數目	360	335	+25
Number of customers	客戶數目			
– Individual	– 個人	2,022,276	1,400,465	+621,811
– Corporate	– 公司	177,654	186,964	-9,310
Distribution network	分銷網絡			
– Number of direct sales representatives	– 直接銷售代表數目	5,484	3,462	+2,022
– Number of insurance agents ²	– 保險代理人數目 ²	12,684	8,628	+4,056

¹ Based on premiums published by the CIRC.

¹ 據中國保監會刊發之保費計算。

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

² 保險代理數量包括個人代理人、專業代理人及兼業代理人。

Operating Profit

經營溢利

The property and casualty insurance business operated by TPI produced a net operating profit of HK\$239.45 million during the Year (2011: HK\$152.61 million). The net operating profit attributable to the owners amounted to HK\$146.57 million (2011: HK\$71.59 million). TPI's solid earnings growth was driven by a strong increase in premiums, stable underwriting performance, and stable investment returns.

本年度內，由太平財險經營之財產保險業務的經營溢利淨額為2.3945億港元（二零一一年：1.5261億港元）。股東應佔經營溢利淨額為1.4657億港元（二零一一年：7,159萬港元）。太平財險盈利穩步增長源於保費收入上升、穩定的承保表現及投資回報。

Management Review and Analysis

管理層回顧和分析

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

財產保險業務 – 由太平財險營運之中國業務 (續)

Gross Premiums Written

毛承保保費

As the property and casualty insurance industry in the PRC continued to have strong growth of 18.0% in 2012, TPI's gross premiums written outperformed the market and achieved an increased of 36.5% to HK\$9,547.83 million from HK\$6,994.32 million in the Last Year. The detailed breakdown of TPI's gross premiums written was as follows:

於二零一二年，內地財產保險業整體市場增長持續強勁，增幅達18.0%，太平財險的毛承保保費跑贏大市上升36.5%，由去年的69.9432億港元上升至95.4783億港元。太平財險毛承保保費詳細分析如下：

For the year ended 31 December, HK\$ million

截至十二月三十一日止年度，百萬港元

Business Line 業務種類		2012	% of Total 佔總額百分比	2011	% of Total 佔總額百分比
Motor	車險	7,713.37	80.8%	5,559.02	79.5%
Marine	水險	220.35	2.3%	193.50	2.8%
Non-marine	非水險	1,614.11	16.9%	1,241.80	17.7%
		9,547.83	100.0%	6,994.32	100.0%

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

太平財險按區域的毛承保保費分佈如下：

For the year ended 31 December, HK\$ million

截至十二月三十一日止年度，百萬港元

		2012	% of Total 佔總額百分比	2011	% of Total 佔總額百分比
Sichuan	四川	1,183.98	12.4%	1,015.47	14.5%
Shenzhen	深圳	753.79	7.9%	537.85	7.7%
Shanghai	上海	624.37	6.5%	474.50	6.8%
Guangdong	廣東	527.21	5.5%	370.30	5.3%
Zhejiang	浙江	525.41	5.5%	360.19	5.1%
Others	其他	5,933.07	62.2%	4,236.01	60.6%
Total	總額	9,547.83	100.0%	6,994.32	100.0%

Management Review and Analysis

管理層回顧和分析

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

財產保險業務 – 由太平財險營運之中國業務 (續)

Combined Ratio

綜合成本率

TPI's expense ratio increased to 47.6% from 46.5% in the Last Year primarily due to business expansion. The loss ratio decreased favorably by 1.2 percentage points to 52.2% from 53.4% in the Last Year primarily due to the proactive risk selection of TPI's centralized underwriting platform. TPI's combined ratio remained stable at 99.8% during the Year when compared to 99.9% in the Last Year. TPI's loss ratios, expense ratios and combined ratios were as follows:

太平財險的費用率由去年46.5%上升至47.6%，主要是由於業務拓展引致成本上升。太平財險的集中承保平台，有效執行風險擇優的承保政策，賠付率由去年的53.4%下跌1.2個百分點至52.2%。本年度內太平財險的綜合成本率為99.8%，與去年的99.9%相約。太平財險之賠付率、費用率及綜合成本率情況如下：

For the year ended 31 December

截至十二月三十一日止年度

		2012	2011
Loss ratio	賠付率	52.2%	53.4%
Expense ratio	費用率	47.6%	46.5%
Combined ratio	綜合成本率	99.8%	99.9%

Investment Performance

投資表現

The composition of investments held by TPI was as follows:

太平財險所持之投資組合如下：

At 31 December, HK\$ million

於十二月三十一日，百萬港元

		2012	% of Total 佔總額百分比	2011	% of Total 佔總額百分比
Debt securities	債務證券	4,601.99	44.9%	3,830.39	45.4%
Debt schemes	債權計劃	730.92	7.1%	523.65	6.2%
Equity securities	股本證券	118.88	1.2%	254.15	3.0%
Investment funds	投資基金	320.55	3.1%	187.93	2.2%
Cash and bank deposits	現金及銀行存款	4,473.15	43.7%	3,636.76	43.2%
Total invested assets	投資總額	10,245.49	100.0%	8,432.88	100.0%

During the Year, TPI continued to be very cautious in its asset allocation for its investment portfolio. Equity investments were kept at a low percentage of the asset allocation, while debt securities, debt schemes and cash and bank deposits constituted a combined total of approximately 95.7% of the total invested assets as at 31 December 2012 (2011: 94.8%).

於本年度內，太平財險對於其投資組合的資產配置仍然十分審慎。股本投資在資產配置維持在一個較低百分比，而債務證券、債權計劃、現金及銀行存款於二零一二年十二月三十一日合共佔投資資產總額約95.7%（二零一一年：94.8%）。

Management Review and Analysis

管理層回顧和分析

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

財產保險業務 – 由太平財險營運之中國業務 (續)

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

太平財險歸類為持有至到期日、可供出售、持有作交易用途、指定為通過損益以反映公允價值及貸款及應收款項的證券投資如下：

At 31 December 2012, HK\$ million

於二零一二年十二月三十一日，百萬港元

		HTM 持有至到期日	AFS 可供出售	HFT/DVPL 持有作 交易用途/ 指定為通過 損益以反映 公允價值	LR 貸款及 應收款項	Total 總額
Debt securities	債務證券	1,210.38	2,799.64	246.66	345.31	4,601.99
Debt schemes	債權計劃	–	–	–	730.92	730.92
Equity securities	股本證券	–	118.88	–	–	118.88
Investment funds	投資基金	–	320.55	–	–	320.55
		1,210.38	3,239.07	246.66	1,076.23	5,772.34

At 31 December 2011, HK\$ million

於二零一一年十二月三十一日，百萬港元

		HTM 持有至到期日	AFS 可供出售	HFT/DVPL 持有作 交易用途/ 指定為通過 損益以反映 公允價值	LR 貸款及 應收款項	Total 總額
Debt securities	債務證券	826.28	2,647.07	11.66	345.38	3,830.39
Debt schemes	債權計劃	–	–	–	523.65	523.65
Equity securities	股本證券	–	254.15	–	–	254.15
Investment funds	投資基金	–	187.93	–	–	187.93
		826.28	3,089.15	11.66	869.03	4,796.12

Management Review and Analysis

管理層回顧和分析

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

財產保險業務 – 由太平財險營運之中國業務 (續)

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

債務證券按類別分類如下：

At 31 December, HK\$ million

於十二月三十一日，百萬港元

		2012	2011
Governments and central banks	政府及中央銀行	591.59	588.84
Banks and other financial institutions	銀行及其他金融機構	1,739.83	1,520.99
Corporate entities	企業實體	2,270.57	1,720.56
		4,601.99	3,830.39

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

太平財險確認於綜合損益表內之稅前總投資收入及稅前投資收益率概述如下：

For the year ended 31 December, HK\$ million

截至十二月三十一日止年度，百萬港元

		2012	2011	Change 變化
Net investment income ¹	淨投資收入 ¹	380.42	276.34	+37.7%
Net realized investment gains/(losses)	已實現投資收益/ (虧損)淨額	(92.07)	(30.18)	+2.1 times 倍
Net unrealized investment gains/(losses)	未實現投資收益/ (虧損)淨額	1.78	(1.32)	–
Net impairment gains/(losses) on securities	證券減值收益/ (虧損)淨額	(2.12)	(6.50)	-67.4%
Total investment income ²	總投資收入 ²	288.01	238.34	+20.8%
Net investment yield ¹	淨投資收益率 ¹	4.1%	3.8%	+0.3 pt 點
Total investment yield ²	總投資收益率 ²	3.1%	3.3%	-0.2 pt 點

¹ Net investment income mainly consists of fixed investment income such as interest income from debt securities and bank deposit. Net investment yield is derived from such net investment income.

¹ 淨投資收入主要由固定利息收入(例如債務證券及銀行存款的利息)組成。淨投資收益率以此計算。

² Total investment income is the summation of net investment income and the realized/unrealized investment gains/losses plus impairments. The total investment yield is derived from such total investment income.

² 總投資收入為淨投資收入、已實現和未實現收益/虧損及投資減值之總和。總投資收益率以此計算。

TPI's total investment income was HK\$288.01 million during the Year, representing a solid increase from the HK\$238.34 million in the Last Year. TPI's heavy weighting and allocation of assets in fixed income, bank deposits and cash resulted in a satisfactory yield for its investment portfolio.

本年內，太平財險錄得總投資收入2.8801億港元，較去年2.3834億港元穩步增加。太平財險的資產配置中，固定收入證券、銀行存款及現金的佔比較重，因此其投資組合仍取得令人滿意的收益率。

Management Review and Analysis

管理層回顧和分析

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

財產保險業務 – 由太平財險營運之中國業務 (續)

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

太平財險稅前投資收入／(虧損)之詳細分析如下：

For the year ended 31 December 2012, HK\$ million

截至二零一二年十二月三十一日止年度，百萬港元

	Recognized in the consolidated income statement 於綜合損益表內確認					Sub total 小計	Unrealized gains/(losses) recognized in the fair value reserve 於公允價值儲備內確認之未實現收益／(虧損)	Grand total 總額
	Net investment income 淨投資收入	Dividend income 股息收入	Net realized gains/(losses) 已實現收益／(虧損)淨額	Net unrealized gains/(losses) 未實現收益／(虧損)淨額	Net impairment gains/(losses) 減值收益／(虧損)淨額			
Debt securities 債務證券								
HTM 持有至到期日	43.48	-	-	-	-	43.48	-	43.48
AFS 可供出售	111.52	-	(3.88)	-	-	107.64	(6.27)	101.37
HFT/DVPL 持有作交易用途 ／指定為通過 損益以反映 公允價值	14.84	-	(1.16)	1.78	-	15.46	-	15.46
LR 貸款及應收款項	18.81	-	-	-	-	18.81	-	18.81
Debt schemes 債務計劃								
LR 貸款及應收款項	38.12	-	-	-	-	38.12	-	38.12
Equity securities 股本證券								
AFS 可供出售	-	5.32	(24.22)	-	(0.10)	(19.00)	27.56	8.56
Investment funds 投資基金								
AFS 可供出售	-	7.54	(62.81)	-	(2.02)	(57.29)	7.78	(49.51)
Cash and bank deposits 現金及銀行存款	142.08	-	-	-	-	142.08	-	142.08
Securities sold/ purchased under repurchase/resale agreements 賣出回購／ 買入返售證券	(1.29)	-	-	-	-	(1.29)	-	(1.29)
	367.56	12.86	(92.07)	1.78	(2.12)	288.01	29.07	317.08

Management Review and Analysis

管理層回顧和分析

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

財產保險業務 – 由太平財險營運之中國業務 (續)

For the year ended 31 December 2011, HK\$ million

截至二零一一年十二月三十一日止年度，百萬港元

		Recognized in the consolidated income statement 於綜合損益表內確認					Unrealized gains/ (losses) recognized in the fair value reserve 於公允價值儲備內確認之未實現收益/ (虧損)	Grand total 總額
		Net investment income 淨投資收入	Net realized gains/ (losses) 已實現收益/ (虧損)淨額	Net unrealized gains/ (losses) 未實現收益/ (虧損)淨額	Net impairment gains/ (losses) 減值收益/ (虧損)淨額	Sub total 小計		
Interest income/ (expense) 利息收入/ (支出)	Dividend income 股息收入							
Debt securities	債務證券							
HTM	持有至到期日	40.75	-	-	-	40.75	-	40.75
AFS	可供出售	87.39	-	(13.78)	-	73.61	37.10	110.71
HFT	持有作交易用途	0.31	-	0.29	(1.32)	(0.72)	-	(0.72)
LR	貸款及應收款項	12.05	-	-	-	12.05	-	12.05
Debt schemes	債權計劃							
LR	貸款及應收款項	21.88	-	-	-	21.88	-	21.88
Equity securities	股本證券							
AFS	可供出售	-	5.19	30.30	(1.99)	33.50	(132.12)	(98.62)
Investment funds	投資基金							
AFS	可供出售	-	9.56	(46.99)	(4.51)	(41.94)	(43.07)	(85.01)
Cash and bank deposits	現金及銀行存款	100.35	-	-	-	100.35	-	100.35
Securities sold/ purchased under repurchase/resale agreements	賣出回購/ 買入返售證券	(1.14)	-	-	-	(1.14)	-	(1.14)
		261.59	14.75	(30.18)	(1.32)	238.34	(138.09)	100.25

Management Review and Analysis

管理層回顧和分析

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

財產保險業務 – 由太平財險營運之中國業務 (續)

Underwriting and Other Administrative Expenses

承保及其他行政費用

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

太平財險之承保及其他行政費用概述如下：

For the year ended 31 December, HK\$ million

截至十二月三十一日止年度，百萬港元

		2012	2011	Change 變化
Staff costs	員工成本	965.07	767.16	+25.8%
Rental expenses	租賃開支	70.83	60.74	+16.6%
Business tax and additional charges	營業稅金及附加費用	531.35	393.05	+35.2%
Others	其他	1,768.21	1,356.21	+30.4%
		3,335.46	2,577.16	+29.4%

Financial Strength and Solvency Margin

財務實力及償付能力

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

太平財險按中國保監會規定之償付能力充足率如下：

At 31 December, RMB million

於十二月三十一日，百萬人民幣

		2012	2011
Actual Solvency Margin	實際償付能力	1,587	1,151
Minimum Statutory Solvency Margin	最低法定償付能力	976	756
Solvency Margin Ratio	償付能力充足率	163%	152%

Management Review and Analysis

管理層回顧和分析

PROPERTY AND CASUALTY INSURANCE BUSINESS – HONG KONG OPERATIONS CARRIED OUT BY CTPI (HK)

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

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

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

For the year ended 31 December, HK\$ million

財產保險業務 – 由太平香港營運之香港業務

本集團之香港財產保險業務由太平香港營運。太平香港為香港註冊公司，並由本集團全資擁有。太平香港主要於香港從事承保車險、水險及非水險業務。

以下數字為集團內部對銷前，太平香港的營運業績。

由太平香港經營的香港財產保險業務之主要財務數據概述如下：

截至十二月三十一日止年度，百萬港元

		2012	2011	Change 變化
Gross premiums written	毛承保保費	1,041.53	935.90	+11.3%
Reinsurance premiums written	再保險承保保費	426.04	16.34	+25.1 times 倍
Net premiums written	淨承保保費	1,087.14	622.44	+74.7%
Net earned premiums	已賺取保費淨額	894.52	599.00	+49.3%
Net claims incurred	賠款淨額	(418.77)	(312.78)	+33.9%
Underwriting expenses	承保費用	(124.64)	(149.67)	-16.7%
Net commission expenses	佣金支出淨額	(330.43)	(129.93)	+1.5 times 倍
Underwriting profit	承保溢利	20.68	6.62	+2.1 times 倍
Total investment income	總投資收入	546.80	354.58	+54.2%
Other gain and other income	其他收益及其他收入	13.20	6.71	+96.7%
Net exchange (loss)/gain	匯兌(虧損)/收益淨額	(3.19)	50.20	-
Net impairment losses write back of property	物業減值回撥淨額	14.34	33.58	-57.3%
Other administrative expenses	其他行政費用	(30.70)	(23.23)	+32.2%
Profit from operation before taxation	除稅前經營溢利	561.13	428.46	+31.0%
Profit from operation after taxation and attributable to the owners	除稅後及股東應佔經營溢利	531.46	345.63	+53.8%
Technical reserves ratio	技術性儲備比率	180.8%	223.6%	-42.8 pts 點
Retained ratio	自留比率	74.1%	65.4%	+8.7 pts 點
Earned premiums ratio	已賺取保費率	85.9%	64.0%	+21.9 pts 點
Loss ratio ¹	賠付率 ¹	46.8%	52.2%	-5.4 pts 點
Expense ratio ¹	費用率 ¹	50.9%	46.7%	+4.2 pts 點
Combined ratio ²	綜合成本率 ²	97.7%	98.9%	-1.2 pts 點

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

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

¹ 賠付率及費用率均按已賺取保費淨額為基準計算。

² 綜合成本率為賠付率與費用率的總和。

Management Review and Analysis

管理層回顧和分析

PROPERTY AND CASUALTY INSURANCE BUSINESS – HONG KONG OPERATIONS CARRIED OUT BY CTPI (HK) (Continued)

Operating Profit

The property and casualty insurance business operated in Hong Kong by CTPI (HK) recorded a net operating profit attributable to the owners of HK\$531.46 million during the Year (2011: HK\$345.63 million). CTPI (HK) produced strong profit growth because of solid premium growth, improvements in underwriting, and strong investment gains.

Gross Premiums Written

Gross premiums written increased by 11.3% to HK\$1,041.53 million from HK\$935.90 million in the Last Year. During the Year, Hong Kong's continued strength in its economy and activity helped to grow the property and casualty insurance sector. The detailed breakdown of gross premiums written was as follows:

For the year ended 31 December, HK\$ million

Business Line 業務種類	% of Total		% of Total	
	2012	佔總額百分比	2011	佔總額百分比
Motor 車險	219.15	21.0%	198.83	21.2%
Marine 水險	212.92	20.5%	151.59	16.2%
Non-marine 非水險	609.46	58.5%	585.48	62.6%
	1,041.53	100.0%	935.90	100.0%

財產保險業務 – 由太平香港營運之香港業務 (續)

經營溢利

本年度內，太平香港的香港財產保險業務股東應佔溢利淨額為5.3146億港元（二零一一年：3.4563億港元）。由於保費穩固增長、承保表現改善以及投資收益理想，太平香港的溢利錄得可觀的增長。

毛承保保費

直接業務毛承保保費由去年之9.3590億港元上升11.3%至10.4153億港元。於本年度內，香港經濟持續強勁及活躍，有助財產保險業的增長。直接業務毛承保保費詳細分析如下：

截至十二月三十一日止年度，百萬港元

Management Review and Analysis

管理層回顧和分析

PROPERTY AND CASUALTY INSURANCE BUSINESS – HONG KONG OPERATIONS CARRIED OUT BY CTPI (HK) (Continued)

財產保險業務 – 由太平香港營運之香港業務 (續)

Net Claims Incurred and Combined Ratio

淨賠款總額及綜合成本率

Net claims incurred increased by 33.9% to HK\$418.77 million from HK\$312.78 million in the Last Year. The expense ratio increased to 50.9% from 46.7% in the Last Year. The loss ratios, expense ratios and combined ratios were as follows:

淨賠款總額由去年之3.1278億港元上升33.9%至4.1877億港元。費用率由去年的46.7%上升至50.9%。賠付率、費用率及綜合成本率情況如下：

For the year ended 31 December

截至十二月三十一日止年度

		2012	2011
Loss ratio	賠付率	46.8%	52.2%
Expense ratio	費用率	50.9%	46.7%
Combined ratio	綜合成本率	97.7%	98.9%

Investment Performance

投資表現

The composition of investments was as follows:

投資組合情況如下：

At 31 December, HK\$ million

於十二月三十一日，百萬港元

		2012	% of Total 佔總額百分比	2011	% of Total 佔總額百分比
Debt securities	債務證券	1,722.05	37.2%	1,485.69	38.0%
Equity securities	股本證券	151.42	3.3%	226.53	5.8%
Investment funds	投資基金	99.90	2.2%	26.51	0.7%
Cash and bank deposits	現金及銀行存款	919.08	19.8%	779.58	19.9%
Investment properties	投資物業	1,739.92	37.5%	1,389.85	35.6%
Total invested assets	投資總額	4,632.37	100.0%	3,908.16	100.0%

Management Review and Analysis

管理層回顧和分析

PROPERTY AND CASUALTY INSURANCE BUSINESS – HONG KONG OPERATIONS CARRIED OUT BY CTPI (HK) (Continued)

During the Year, CTPI (HK) continued to be very cautious in its asset allocation for its investment portfolio. Equity investments were maintained at a relatively low percentage of the asset allocation, while debt securities and cash and bank deposits constituted a combined total of approximately 57.0% of the total invested assets as at 31 December 2012 (2011: 57.9%).

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

At 31 December 2012, HK\$ million

	HTM 持有至到期日	AFS 可供出售	HFT 持有作 交易用途	LR 貸款及 應收款項	Total 總額
Debt securities 債務證券	–	1,722.05	–	–	1,722.05
Equity securities 股本證券	–	151.42	–	–	151.42
Investment funds 投資基金	–	99.90	–	–	99.90
	–	1,973.37	–	–	1,973.37

At 31 December 2011, HK\$ million

	HTM 持有至到期日	AFS 可供出售	HFT 持有作 交易用途	LR 貸款及 應收款項	Total 總額
Debt securities 債務證券	–	1,485.69	–	–	1,485.69
Equity securities 股本證券	–	226.53	–	–	226.53
Investment funds 投資基金	–	26.51	–	–	26.51
	–	1,738.73	–	–	1,738.73

財產保險業務 – 由太平香港營運之香港業務 (續)

於本年度內，太平香港對於其投資組合的資產配置仍然十分審慎。股本投資維持在資產配置的一個較低百分比，而債務證券、現金及銀行存款於二零一二年十二月三十一日合共佔投資資產總額約57.0%（二零一一年：57.9%）。

歸類為持有至到期日、可供出售、持有作交易用途及貸款及應收款項的證券投資如下：

於二零一二年十二月三十一日，百萬港元

於二零一一年十二月三十一日，百萬港元

Management Review and Analysis 管理層回顧和分析

PROPERTY AND CASUALTY INSURANCE BUSINESS – HONG KONG OPERATIONS CARRIED OUT BY CTPI (HK) (Continued)

財產保險業務 – 由太平香港營運之香港業務 (續)

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

債務證券按類別分類如下：

At 31 December, HK\$ million

於十二月三十一日，百萬港元

		2012	2011
Governments and central banks	政府及中央銀行	5.33	5.32
Banks and other financial institutions	銀行及其他金融機構	1,250.45	1,202.02
Corporate entities	企業實體	466.27	278.35
		1,722.05	1,485.69

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

太平香港確認於綜合損益表內之稅前總投資收入及稅前投資收益率概述如下：

For the year ended 31 December, HK\$ million

截至十二月三十一日止年度，百萬港元

		2012	2011	Change 變化
Net investment income ¹	淨投資收入 ¹	187.48	170.60	+9.9%
Net realized investment gains/(losses)	已實現投資收益／ (虧損)淨額	32.28	42.05	-23.2%
Net unrealized gains/(losses) on investment properties	投資物業未實現收益／ (虧損)淨額	331.88	161.22	+1.1 times 倍
Impairment gains/(losses) on securities	證券減值收益／(虧損)	(4.84)	(19.29)	-74.9%
Total investment income ²	總投資收入 ²	546.80	354.58	+54.2%
Net investment yield ¹	淨投資收益率 ¹	4.1%	4.0%	+0.1 pt 點
Total investment yield ²	總投資收益率 ²	11.8%	8.4%	+3.4 pts 點

¹ Net investment income mainly consists of fixed investment income such as interest income from debt securities and bank deposit. Net investment yield is derived from such net investment income.

¹ 淨投資收入主要由固定利息收入(例如債務證券及銀行存款的利息)組成。淨投資收益率以此計算。

² Total investment income is the summation of net investment income and the realized/unrealized investment gains/losses plus impairments. The total investment yield is derived from such total investment income.

² 總投資收入為淨投資收入、已實現和未實現收益／虧損及投資減值之總和。總投資收益率以此計算。

Management Review and Analysis

管理層回顧和分析

PROPERTY AND CASUALTY INSURANCE BUSINESS – HONG KONG OPERATIONS CARRIED OUT BY CTPI (HK) (Continued)

財產保險業務 – 由太平香港營運之香港業務 (續)

Total investment income was HK\$546.80 million for the Year, representing an increase of 54.2% from HK\$354.58 million in the Last Year. CTPI (HK)'s investment property in Hong Kong experienced strong revaluations gains due to the robust property market in 2012. The total investment yield for the Year was a very satisfactory 11.8%.

本年內錄得總投資收入5.4680億港元，較去年3.5458億港元增加54.2%。受惠於二零一二年香港物業市場暢旺，香港的投資物業錄得較高的重估收益。本年內總投資收益率達11.8%，令人非常滿意。

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

太平香港稅前投資收入／(虧損)之詳細分析如下：

For the year ended 31 December 2012, HK\$ million

截至二零一二年十二月三十一日止年度，百萬港元

		Recognized in the consolidated income statement 於綜合損益表內確認						Unrealized gains/(losses) recognized in the fair value reserve 於公允價值儲備內確認之未實現	Grand total 總額
		Net investment income 淨投資收入			Net realized gains/(losses) 已實現收益／(虧損)淨額	Net unrealized gains/(losses) 未實現收益／(虧損)淨額	Net impairment gains/(losses) 減值收益／(虧損)淨額	Sub total 小計	
		Interest income 利息收入	Dividend income 股息收入	Rental income 租金收入				於公允價值儲備內確認之未實現	
					收益／(虧損)淨額	收益／(虧損)淨額	減值收益／(虧損)淨額	收益／(虧損)	總額
Debt securities	債務證券								
AFS	可供出售	89.55	-	-	28.84	-	-	118.39	154.44
Equity securities	股本證券								
AFS	可供出售	-	8.00	-	(4.29)	-	(1.89)	1.82	39.35
Investment funds	投資基金								
AFS	可供出售	-	1.84	-	7.73	-	(2.95)	6.62	(5.13)
Cash and bank deposits	現金及銀行存款	12.60	-	-	-	-	-	12.60	-
Investment properties	投資物業	-	-	64.49	-	331.88	-	396.37	-
Others	其他	11.00	-	-	-	-	-	11.00	-
		113.15	9.84	64.49	32.28	331.88	(4.84)	546.80	188.66
									735.46

Management Review and Analysis

管理層回顧和分析

PROPERTY AND CASUALTY INSURANCE BUSINESS – HONG KONG OPERATIONS CARRIED OUT BY CTPI (HK) (Continued)

財產保險業務 – 由太平香港營運之香港業務 (續)

For the year ended 31 December 2011, HK\$ million

截至二零一一年十二月三十一日止年度·百萬港元

	Recognized in the consolidated income statement 於綜合損益表內確認						Sub total 小計	Unrealized gains/(losses) recognized in the fair value reserve 於公允價值儲備內確認之未實現收益/(虧損)	Grand total 總額	
	Net investment income 淨投資收入			Net realized gains/(losses) 已實現收益/(虧損)淨額	Net unrealized gains/(losses) 未實現收益/(虧損)淨額	Net impairment gains/(losses) 減值收益/(虧損)淨額				
	Interest income 利息收入	Dividend income 股息收入	Rental income 租金收入							
Debt securities AFS	債務證券 可供出售	88.70	-	-	42.24	-	-	130.94	(75.22)	55.72
Equity securities AFS	股本證券 可供出售	-	9.42	-	(16.45)	-	(9.17)	(16.20)	(45.47)	(61.67)
Investment funds AFS	投資基金 可供出售	-	-	-	16.26	-	(10.12)	6.14	(0.99)	5.15
Cash and bank deposits	現金及銀行存款	12.55	-	-	-	-	-	12.55	-	12.55
Investment properties	投資物業	-	-	57.44	-	161.22	-	218.66	-	218.66
Others	其他	2.49	-	-	-	-	-	2.49	-	2.49
		103.74	9.42	57.44	42.05	161.22	(19.29)	354.58	(121.68)	232.90

Underwriting and Other Administrative Expenses

承保及其他行政費用

The underwriting and other administrative expenses are summarized as follows:

承保及其他行政費用概述如下：

For the year ended 31 December, HK\$ million

截至十二月三十一日止年度·百萬港元

		2012	2011	Change 變化
Staff costs	員工成本	108.73	129.27	-15.9%
Rental expenses	租賃開支	0.60	0.41	+46.3%
Others	其他	46.01	43.22	+6.5%
		155.34	172.90	-10.2%

Management Review and Analysis

管理層回顧和分析

PROPERTY AND CASUALTY INSURANCE BUSINESS – HONG KONG OPERATIONS CARRIED OUT BY CTPI (HK) (Continued)

Financial Strength and Solvency Margin

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

At 31 December, HKD million

		2012	2011
Actual Solvency Margin	實際償付能力	2,586	2,356
Minimum Statutory Solvency Margin	最低法定償付能力	139	131
Solvency Margin Ratio	償付能力充足率	1,857%	1,801%

REINSURANCE BUSINESS

The Group's reinsurance business is operated by TPRe. TPRe is a Hong Kong-incorporated company and wholly-owned by the Group, and is mainly engaged in the underwriting of all classes of non-life reinsurance business around the globe, consisting mainly of short-tail, property reinsurance business in the Asia Pacific region. TPRe also engages in the underwriting of certain classes of long term (life) reinsurance business. TPRe has chosen not to engage in long-tail, liability reinsurance business from outside of Asia, such as from the United States and Europe.

During the Year, TPRe has changed its accounting policy for the measurement of unearned premium provisions for the year ended 31 December 2012 in order to align itself with the other property and casualty insurance subsidiaries of the Group.

The above changes in accounting policy have been applied retrospectively and the comparative figures for 2011 have been restated accordingly.

財產保險業務 – 由太平香港營運之香港業務 (續)

財務實力及償付能力

太平香港按香港保險條例之償付能力充足率如下:

於十二月三十一日, 百萬港元

再保險業務

本集團之再保險業務由本集團全資擁有之香港註冊公司太平再保險營運。太平再保險主要從事承保全球各類再保險業務, 主要包括亞太地區的短尾巴財產再保險業務。太平再保險亦從事若干類別的長期(人壽)再保險業務。太平再保險選擇不承保亞洲以外如來自美國及歐洲的長尾巴責任險業務。

年內, 太平再保險變更截至二零一二年十二月三十一日止年度未到期責任準備金的計量方法之會計政策, 使再保險業務的計量方法於本集團內其他的財產保險附屬公司保持一致。

上述之會計政策已追溯執行, 二零一一年之比較數據亦已相應重列。

Management Review and Analysis

管理層回顧和分析

REINSURANCE BUSINESS (Continued)

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

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

For the year ended 31 December, HK\$ million

再保險業務 (續)

以下數字為集團內部對銷前，太平再保險的營運業績。

再保險業務之主要財務數據及主要表現指標概述如下：

截至十二月三十一日止年度，百萬港元

		2012	2011 (Restated) (重列)	Change 變動
Gross premiums written	毛承保保費	3,435.30	3,431.08	+0.1%
Net premiums written	淨承保保費	3,073.24	3,073.66	-
Net earned premiums	已賺取保費淨額	2,994.50	2,905.24	+3.1%
Net claims incurred	賠款淨額	(2,291.52)	(2,131.55)	+7.5%
Underwriting expenses	承保費用	(75.04)	(73.10)	+2.7%
Net commission expenses	佣金支出淨額	(835.77)	(812.31)	+2.9%
Underwriting (loss)	承保(虧損)	(207.83)	(111.72)	+86.0%
Total investment income	總投資收入	328.49	130.66	+1.5 times 倍
Other (losses)/gain and other income	其他(虧損)/收益及其他收入	(1.69)	3.97	-
Net exchange gain	匯兌收益淨額	25.53	8.58	+2.0 times 倍
Other administrative expenses	其他行政費用	(13.42)	(12.48)	+7.5%
Profit from operation before taxation	除稅前經營溢利	131.08	19.01	+5.9 times 倍
Profit/(loss) from operation after taxation and attributable to the owners	除稅後及股東應佔經營溢利/(虧損)	112.08	(41.86)	-
Regulatory solvency margin ratio	監管償付能力充足比率	402.0%	389.7%	+12.3 pts 點
Technical reserves ratio	技術性儲備比率	171.1%	154.2%	+16.9 pts 點
Retained ratio	自留比率	89.5%	89.6%	-0.1 pt 點
Earned premiums ratio	已賺取保費率	87.2%	84.7%	+2.5 pts 點
Loss ratio ¹	賠付率 ¹	76.5%	73.4%	+3.1 pts 點
Expense ratio ^{1 & 3}	費用率 ^{1 & 3}	30.4%	30.5%	-0.1 pt 點
Combined ratio ²	綜合成本率 ²	106.9%	103.9%	+3.0 pts 點

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

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

³ The expense ratio is comprised of underwriting expenses and net commission expenses.

¹ 賠付率及費用率均按已賺取保費淨額為基準計算。

² 綜合成本率為賠付率與費用率的總和。

³ 費用率包括承保費用及佣金支出淨額。

Management Review and Analysis

管理層回顧和分析

REINSURANCE BUSINESS *(Continued)*

Operating Profit/Loss

The reinsurance business incurred a net operating profit after tax of HK\$112.08 million during the Year (2011 *(restated)*: loss of HK\$41.86 million), representing a return to profit for TPRé after its first ever loss year in 2011. TPRé's turnaround was mainly due to reinforced risk controls on its reinsurance underwriting activity, an absence of major catastrophe loss events during the Year, and strong investment income. These positive results offset the underwriting deficit, which was solely caused by the sharp deterioration during the first half of the Year of the claims incurred for the 2011 Thai Flooding.

After a very difficult 2011 year, during which a few natural catastrophes impacted the Asian insurance markets significantly, the core Asian markets in which TPRé has major stakes were free from any major catastrophe during 2012. The 2012 combined ratio for TPRé's reinsurance business was 106.9% (2011 *(restated)*: 103.9%).

Gross Premiums Written

TPRé's gross premiums written for the Year increased by 0.1% to HK\$3,435.30 million from HK\$3,431.08 million in the Last Year. If the one-off, non-renewable reinsurance contract written with a certain Hong Kong client in 2011 is excluded, then TPRé would have registered premium growth of approximately 10% for the Year. The core Asian markets in which TPRé has major stakes have seen stricter underwriting terms and conditions together with a rise in premium charged on property reinsurance contracts, especially those exposed to natural catastrophes. TPRé continued to have favorable premium growth in Mainland China. TPRé also continued its territorial diversification strategy, and premium growth was achieved for most of its other territories.

再保險業務 (續)

經營溢利／虧損

再保險業務產生經營溢利淨額1.1208億港元(二零一一年(重列):虧損4,186萬港元),在二零一一年首次錄得虧損後迅速恢復盈利。太平再保險轉虧為盈是由於加強承保風險的控制、年內沒有重大賠案及投資收入理想所致。此等因素抵銷了因二零一一年泰國水災的索賠於二零一二年上半年急劇轉壞帶來的影響。

經過非常困難的二零一一年,期間有幾宗自然災難對亞洲再保險市場造成顯著影響。然而,於二零一二年,在太平再保險參與度高的亞洲核心市場並無任何重大的災難索賠。太平再保險的再保險業務於二零一二年的綜合成本率為106.9%(二零一一年(重列):103.9%)。

毛承保保費

太平再保險之毛承保保費由去年34.3108億港元上升0.1%至34.3530億港元。若不計及於二零一一年與香港某一客戶承保的一次性不續期的再保險合約,太平再保險年內保費增長將約為10%。年內,在太平再保險參與度高的亞洲核心市場,承保條款及條件變得收緊。太平再保險繼續在中國大陸取得可觀保費增長。太平再保險亦繼續其地區多元化的策略,並在大部份的其他地區取得保費增長。

Management Review and Analysis

管理層回顧和分析

REINSURANCE BUSINESS (Continued)

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

For the year ended 31 December, HK\$ million

		2012	% of Total 佔總額百分比	2011	% of Total 佔總額百分比
Hong Kong & Macau	香港及澳門	431.94	12.6%	705.92	20.6%
Mainland China (& Taiwan)	中國大陸(及台灣)	1,521.36	44.3%	1,271.29	37.1%
Japan	日本	209.85	6.1%	180.63	5.3%
Rest of Asia	亞洲其他地區	668.97	19.4%	677.65	19.7%
Europe	歐洲	380.21	11.1%	391.59	11.4%
Others	其他	222.97	6.5%	204.00	5.9%
		3,435.30	100.0%	3,431.08	100.0%

再保險業務(續)

太平再保險按地區分佈劃分之毛承保保費簡報如下：

截至十二月三十一日止年度，百萬港元

Net Claims Incurred

2012 was a quiet year for TPRe in that no serious, major catastrophes hit its reinsurance portfolio. However, the 2011 Thai Flooding loss incurred amount deteriorated sharply during the first half of 2012, by around HK\$640 million, mainly due to late claims notifications from a number of ceding companies.

TPRe has implemented more vigorous risk control measures on its reinsurance portfolio, and the results of these measures have been positive for 2012, as the three largest incurred losses during the Year were significantly smaller compared to the Last Year.

淨賠款總額

二零一二年對太平再保險而言屬平靜的一年，並無受嚴重的大災害所影響。然而，二零一一年泰國水災的索賠金額於二零一二年上半年急劇轉壞約6.40億港元，主要由於若干分保客戶遲報索賠通知所致。

太平再保險已就其再保險業務承保政策採取更嚴格的風險控制措施，此等措施在二零一二年的效果正面，年內的三大賠案的賠付金額較去年大幅減少。

Management Review and Analysis

管理層回顧和分析

REINSURANCE BUSINESS (Continued)

TPRe's top three major claims in terms of net retained losses during the Year were as follows:

For the year ended 31 December 2012, HK\$ million

		Date of loss 出險日期	Net retained loss incurred 自留賠付淨額
Hurricane Sandy in the U.S.A.	美國颶風桑迪	10/2012	39.86
Flooding in Manila, Philippines	菲律賓馬尼拉水災	8/2012	30.64
Motor Vessel, Costa Concordia Disaster in Italy	意大利內燃機船 歌詩達協和號災難	1/2012	16.98

Claims reserve provisions are regularly reviewed in conjunction with the claims development patterns, with more extensive studies and analyses conducted on the adequacy of large catastrophe claims reserves. During the Year, redundant loss reserve provisions of approximately HK\$215 million were released.

The net incurred loss ratio for the Year increased to 76.5% (2011 (restated): 73.4%).

Investment Performance

The composition of investments held by TPRe was as follows:

At 31 December, HK\$ million

		2012	% of Total 佔總額百分比	2011	% of Total 佔總額百分比
Debt securities	債務證券	4,714.18	63.8%	4,083.86	65.6%
Debt schemes	債權計劃	46.86	0.6%	37.01	0.6%
Equity securities	股本證券	61.57	0.8%	419.88	6.7%
Investment funds	投資基金	103.79	1.4%	43.87	0.7%
Cash and bank deposits	現金及銀行存款	2,393.42	32.4%	1,569.01	25.2%
Investment properties	投資物業	73.72	1.0%	74.76	1.2%
Total invested assets	投資總額	7,393.54	100.0%	6,228.39	100.0%

再保險業務 (續)

太平再保險於年內以自留賠付淨額計算之三大賠案如下：

截至二零一二年十二月三十一日止年度，百萬港元

賠款儲備均定期連同賠付發展情況進行審閱，並對大災害賠款準備進行更廣泛的研究和分析。年內，賠款儲備冗餘回撥2.15億港元。

年內的賠付率淨額上升至76.5% (二零一一年(重列)：73.4%)。

投資表現

太平再保險持有之投資組合情況如下：

於十二月三十一日，百萬港元

Management Review and Analysis

管理層回顧和分析

REINSURANCE BUSINESS (Continued)

During the Year, the equity securities investments were reduced and the debt securities investments were enlarged in early 2012. By doing so, the recurrent interest income from debt securities was assured. Debt securities, debt schemes and cash and bank deposits constituted a combined total of approximately 96.8% of the total invested assets as at 31 December 2012 (2011: 91.4%).

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

At 31 December 2012, HK\$ million

		HTM 持有至到期日	AFS 可供出售	HFT 持有作 交易用途	LR 貸款及 應收款項	Total 總額
Debt securities	債務證券	3,211.93	1,143.38	22.18	336.69	4,714.18
Debt schemes	債權計劃	-	-	-	46.86	46.86
Equity securities	股本證券	-	61.57	-	-	61.57
Investment funds	投資基金	-	74.35	29.44	-	103.79
		3,211.93	1,279.30	51.62	383.55	4,926.40

At 31 December 2011, HK\$ million

		HTM 持有至到期日	AFS 可供出售	HFT 持有作 交易用途	LR 貸款及 應收款項	Total 總額
Debt securities	債務證券	2,651.97	990.31	45.38	396.20	4,083.86
Debt schemes	債權計劃	-	-	-	37.01	37.01
Equity securities	股本證券	-	419.88	-	-	419.88
Investment funds	投資基金	-	14.56	29.31	-	43.87
		2,651.97	1,424.75	74.69	433.21	4,584.62

再保險業務 (續)

年內，股本證券投資的佔比降低，並於二零一二年年初增加對債務證券的投資，這樣，確保了債務證券恆常的利息收入。債務證券、債權計劃、現金及銀行存款於二零一二年十二月三十一日合共佔投資資產總額約96.8%（二零一一年：91.4%）。

太平再保險歸類為持有至到期日、可供出售、持有作交易用途及貸款及應收款項的證券投資如下：

於二零一二年十二月三十一日，百萬港元

於二零一一年十二月三十一日，百萬港元

Management Review and Analysis

管理層回顧和分析

REINSURANCE BUSINESS (Continued)

再保險業務 (續)

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

債務證券按類別分類如下：

At 31 December, HK\$ million

於十二月三十一日，百萬港元

		2012	2011
Governments and central banks	政府及中央銀行	569.81	628.48
Banks and other financial institutions	銀行及其他金融機構	2,275.19	2,105.46
Corporate entities	企業實體	1,869.18	1,349.92
		4,714.18	4,083.86

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

債務證券按原貨幣分類之折合港元值如下：

At 31 December, HK\$ million

於十二月三十一日，百萬港元

		2012	2011
USD	美元	3,327.83	2,885.82
RMB	人民幣	650.18	542.79
EUR	歐羅	317.27	279.23
GBP	英鎊	230.12	214.34
AUD	澳元	78.43	74.54
Others	其他	110.35	87.14
		4,714.18	4,083.86

Management Review and Analysis

管理層回顧和分析

REINSURANCE BUSINESS (Continued)

再保險業務 (續)

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

太平再保險確認於綜合損益表內之稅前總投資收入及稅前投資收益率概述如下：

For the year ended 31 December, HK\$ million

截至十二月三十一日止年度，百萬港元

		2012	2011	Change 變化
Net investment income ¹	淨投資收入 ¹	319.03	276.44	+15.4%
Net realized investment gains/(losses)	已實現投資收益／ (虧損)淨額	(0.30)	(74.57)	-99.6%
Net unrealized investment gains/(losses)	未實現投資收益／ (虧損)淨額	16.14	(4.16)	-
Net impairment gains/(losses) on securities	證券減值收益／ (虧損)淨額	(6.38)	(67.05)	-90.5%
Total investment income ²	總投資收入 ²	328.49	130.66	+1.5 times 倍
Net investment yield ¹	淨投資收益率 ¹	4.7%	4.5%	+0.2 pt 點
Total investment yield ²	總投資收益率 ²	4.8%	2.1%	+2.7 pts 點

¹ Net investment income mainly consists of fixed investment income such as interest income from debt securities and bank deposit. Net investment yield is derived from such net investment income.

¹ 淨投資收入主要由固定利息收入(例如債務證券及銀行存款的利息)組成。淨投資收益率以此計算。

² Total investment income is the summation of net investment income and the realized/unrealized investment gains/losses plus impairments. The total investment yield is derived from such total investment income.

² 總投資收入為淨投資收入、已實現和未實現收益／虧損及投資減值之總和。總投資收益率以此計算。

TPRe's total investment income was a gain of HK\$328.49 million for the Year, representing an increase from HK\$130.66 million in the Last Year. The growth of the debt securities portfolio generated larger net investment income to reduce the volatility of the total investment income for the Year.

本年度內，太平再保險錄得總投資收入溢利3.2849億港元，較去年1.3066億港元增加。債務證券組合的規模增長令淨投資收入增加，減低了年內總投資收入的波動性。

Management Review and Analysis

管理層回顧和分析

REINSURANCE BUSINESS (Continued)

再保險業務 (續)

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

太平再保險的稅前投資收入／(虧損)之詳細分析如下：

For the year ended 31 December 2012, HK\$ million

截至二零一二年十二月三十一日止年度，百萬港元

		Recognized in the consolidated income statement 於綜合損益表內確認					Unrealized gains/(losses) recognized in the fair value reserve 於公允價值儲備內確認之未實現收益／(虧損)		Grand total 總額
		Net investment income 淨投資收入			Net realized gains/(losses) 已實現收益／(虧損)淨額	Net unrealized gains/(losses) 未實現收益／(虧損)淨額	Net impairment gains/(losses) 減值收益／(虧損)淨額	Sub total 小計	
		Interest income/(expense) 利息收入／(支出)	Dividend income 股息收入	Rental income 租金收入					
Debt securities	債務證券								
HTM	持有至到期日	183.59	-	-	-	-	-	183.59	
AFS	可供出售	67.50	-	-	21.41	-	-	88.91	
HFT	持有作交易用途	1.60	-	-	3.94	4.13	-	9.67	
LR	貸款及應收款項	17.17	-	-	-	-	-	17.17	
Debt schemes	債權計劃								
LR	貸款及應收款項	2.04	-	-	-	-	-	2.04	
Equity securities	股本證券								
AFS	可供出售	-	5.50	-	(26.11)	-	(6.38)	(26.99)	
Investment funds	投資基金								
AFS	可供出售	-	0.74	-	(0.08)	-	-	0.66	
HFT	持有作交易用途	-	2.72	-	-	0.20	-	2.92	
Cash and bank deposits	現金及銀行存款	35.28	-	-	-	-	-	35.28	
Securities sold under resale agreements	買入返售證券	2.37	-	-	-	-	-	2.37	
Investment properties	投資物業	-	-	0.52	0.54	7.32	-	8.38	
Others	其他	-	-	-	-	4.49	-	4.49	
		309.55	8.96	0.52	(0.30)	16.14	(6.38)	328.49	
							125.32	453.81	

Management Review and Analysis

管理層回顧和分析

REINSURANCE BUSINESS (Continued)

再保險業務 (續)

For the year ended 31 December 2011, HK\$ million

截至二零一一年十二月三十一日止年度，百萬港元

		Recognized in the consolidated income statement 於綜合損益表內確認					Unrealized gains/ (losses) recognized in the fair value reserve 於公允價值儲備內確認之未實現收益/ (虧損)		Grand total 總額
		Net investment income 淨投資收入			Net realized gains/ (losses) 已實現收益/ (虧損)淨額	Net unrealized gains/ (losses) 未實現收益/ (虧損)淨額	Net impairment gains/ (losses) 減值收益/ (虧損)淨額	Sub total 小計	
		Interest income/ (expense) 利息收入/ (支出)	Dividend income 股息收入	Rental income 租金收入					
Debt securities	債務證券								
HTM	持有至到期日	158.20	-	-	1.65	-	-	159.85	159.85
AFS	可供出售	65.32	-	-	10.68	-	-	76.00	23.50
HFT	持有作交易用途	4.58	-	-	4.55	(3.66)	-	5.47	5.47
LR	貸款及應收款項	11.84	-	-	-	-	-	11.84	11.84
Debt schemes	債權計劃								
LR	貸款及應收款項	1.29	-	-	-	-	-	1.29	1.29
Equity securities	股本證券								
AFS	可供出售	-	13.56	-	(90.98)	-	(67.05)	(144.47)	(160.63)
Investment funds	投資基金								
AFS	可供出售	-	0.75	-	-	-	-	0.75	(0.38)
HFT	持有作交易用途	-	2.73	-	(0.47)	(4.34)	-	(2.08)	(2.08)
Cash and bank deposits	現金及銀行存款	15.83	-	-	-	-	-	15.83	15.83
Securities sold under resale agreements	買入返售證券	1.40	-	-	-	-	-	1.40	1.40
Investment properties	投資物業	-	-	0.94	-	3.84	-	4.78	4.78
		258.46	17.04	0.94	(74.57)	(4.16)	(67.05)	130.66	60.87

Management Review and Analysis

管理層回顧和分析

REINSURANCE BUSINESS (Continued)

再保險業務 (續)

Underwriting and Other Administrative Expenses

承保及其他行政費用

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

太平再保險的承保及其他行政費用概述如下：

For the year ended 31 December, HK\$ million

截至十二月三十一日止年度，百萬港元

		2012	2011	Change 變化
Staff costs	員工成本	44.79	46.63	-3.9%
Rental expenses	租賃開支	5.94	4.81	+23.5%
Others	其他	37.73	34.14	+10.5%
		88.46	85.58	+3.4%

PENSION AND GROUP LIFE INSURANCE BUSINESSES

養老及團體人壽保險業務

The Group's pension and group life insurance businesses are operated by TPP. TPP is a PRC-incorporated company and is 96% 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.

本集團之養老及團體人壽保險業務由太平養老營運。太平養老為中國註冊公司並由本集團擁有96%權益。太平養老主要於內地從事企業及個人養老保險及年金業務及團體人壽保險業務。

As of 31 August 2011, the Group held an effective interest in TPP of 50.03%. With effect from September 2011, upon the completion of the share transfer agreement of TPP dated 31 December 2010, TPP became a direct 96%-owned subsidiary of the Company.

於二零一一年八月三十一日，本集團持有太平養老50.03%的有效權益。自二零一一年九月，在完成日期為二零一零年十二月三十一日的太平養老股份轉讓協議後，太平養老成為本公司直接擁有96%的附屬公司。

Beginning in the second half of 2011, TPL's group life insurance portfolio has been gradually transferred to TPP to be managed and run. Moving the group life insurance business to TPP will best rationalize and utilize the Group's customer base and resources. It is anticipated that the new business model will enable TPP to achieve the economies of scale which are critical and necessary for operating profitability in the pension business.

自二零一一年下半年開始，太平人壽的團體人壽保險業務逐步轉移至由太平養老管理及營運。這將優化及充分利用本集團的客戶基礎和資源。預期新的經營模式將令太平養老較易達致經濟規模，這是養老保險業務取得經營溢利的關鍵和必要的舉措。

Management Review and Analysis

管理層回顧和分析

PENSION AND GROUP LIFE INSURANCE BUSINESSES *(Continued)*

養老及團體人壽保險業務 (續)

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

以下數字為集團內部對銷前，太平養老的營運業績。

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

養老及團體人壽保險業務之主要財務數據概述如下：

For the year ended 31 December, HK\$ million

截至十二月三十一日止年度，百萬港元

		2012	2011	Change 變化
Gross premiums written	毛承保保費	1,136.43	641.48	+77.2%
Net premiums written	淨承保保費	841.23	514.65	+63.5%
Net earned premiums	已賺取保費淨額	789.31	371.85	+1.1 times 倍
Net policyholders' benefits	保單持有人利益淨額	(394.53)	(134.58)	+1.9 times 倍
Net commission expenses	佣金支出淨額	(65.93)	(41.48)	+59.0%
Change in insurance contract liabilities, net of reinsurance	保險合約負債變化，減再保險	(108.14)	(119.42)	-9.4%
Total investment income	總投資收入	74.90	24.55	2.1 times 倍
Pension administration fee income	養老保險管理服務費收入	113.84	98.45	+15.6%
Agency fee income	代理服務費收入	101.55	134.84	-24.7%
Administrative and other expenses	行政及其他費用	(665.91)	(531.38)	+25.3%
Loss from operation before and after taxation	除稅前及除稅後經營虧損	(128.58)	(193.91)	-33.7%
Loss from operation attributable to the owners	股東應佔經營虧損	(123.44)	(156.96)	-21.4%

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

養老業務之主要經營數據概述如下：

		2012	2011	Change 變化
Annuity invested assets (HK\$ million)	企業年金投資資產 (百萬港元)	32,135	26,547	+21.1%
Annuity entrusted assets (HK\$ million)	企業年金受託資產 (百萬港元)	29,596	22,190	+33.4%
Number of enterprises in funds and schemes	養老年金計劃所涉及的企業數目	6,787	6,703	+84
Number of branches	分公司數目	17	14	+3

With seventeen branches operating in major provinces to serve its customers, TPP increased substantially its group life insurance premiums during the Year. The annuity under management also increased.

太平養老在全國主要省份設有十七間分公司為客戶提供服務，年內團體人壽保險的保費收入大幅增加。管理的年金規模亦上升。

Management Review and Analysis

管理層回顧和分析

PENSION AND GROUP LIFE INSURANCE BUSINESSES *(Continued)*

養老及團體人壽保險業務 (續)

Operating Result

經營業績

The pension and group life insurance businesses incurred a net operating loss of HK\$128.58 million during the Year (2011: loss of HK\$193.91 million), representing a decrease of 33.7% compared to Last Year. The net operating loss attributable to the owners amounted to HK\$123.44 million (2011: loss of HK\$156.96 million).

養老及團體人壽保險業務產生經營虧損淨額1.2858億港元(二零一一年:虧損1.9391億港元),較去年減少33.7%。股東應佔經營虧損淨額為1.2344億港元(二零一一年:虧損1.5696億港元)。

Gross Premiums Written

毛承保保費

TPP's gross premiums written for the Year increased significantly by 77.2% to HK\$1,136.43 million from HK\$641.48 million in the Last Year. The detailed breakdown of TPP's gross premiums written was as follows:

太平養老之毛承保保費由去年之6.4148億港元大幅上升77.2%至11.3643億港元。太平養老毛承保保費詳細分析如下:

For the year ended 31 December, HK\$ million

截至十二月三十一日止年度, 百萬港元

Business Line 業務種類		% of Total		% of Total	
		2012	佔總額百分比	2011	佔總額百分比
Health	健康險	721.38	63.5%	317.77	49.5%
Accident	意外險	326.62	28.7%	162.67	25.4%
Group Life	團體壽險	88.43	7.8%	161.04	25.1%
		1,136.43	100.0%	641.48	100.0%

Management Review and Analysis

管理層回顧和分析

ASSET MANAGEMENT BUSINESS

The Group's asset management business is operated by TPAM and TPA (HK), which are mainly engaged in the provision of investment consultancy services to the Group in managing its RMB and non-RMB investment portfolios, respectively. TPAM is a PRC-incorporated company and is 60% owned by the Group, while TPA (HK) is a Hong Kong-incorporated company and is wholly-owned by the Group.

During 2011, the Group held an effective interest in TPAM of 42.03%. With effect from 28 December 2011 upon the completion of the share transfer agreement of TPAM dated 31 December 2010, TPAM become a direct 60%-owned subsidiary of the Company.

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

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

For the year ended 31 December, HK\$ million

		2012	2011	Change 變化
Management fee income	管理費收入	192.80	164.90	+16.9%
Total investment income	總投資收入	13.80	7.41	+86.2%
Administrative and other expenses	行政及其他費用	(173.72)	(140.04)	+24.1%
Profit from operation before taxation	除稅前經營溢利	40.48	40.38	+0.2%
Profit from operation after taxation	除稅後經營溢利	31.70	29.13	+8.8%
Profit from operating attributable to the owners	股東應佔經營溢利	20.16	15.45	+30.5%

資產管理業務

本集團之資產管理業務由太平資產及太平資產(香港)營運，主要分別為本集團的人民幣及非人民幣投資組合提供投資顧問服務。太平資產為中國註冊公司並由本集團擁有60%權益，而太平資產(香港)則為香港註冊公司並由本集團全資擁有。

於二零一一年，本集團持有太平資產42.03%的有效權益。自二零一一年十二月二十八日，在完成日期為二零一零年十二月三十一日的太平資產股權轉讓協議後，太平資產成為本公司直接擁有60%的附屬公司。

以下數字為集團內部對銷前，太平資產及太平資產(香港)的營運業績。

由太平資產及太平資產(香港)於內地及香港營運的資產管理業務之主要財務數據概述如下：

截至十二月三十一日止年度，百萬港元

Management Review and Analysis

管理層回顧和分析

ASSET MANAGEMENT BUSINESS (Continued)

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

HK\$ million

		2012	2011	Change 變化
TPAM	太平資產			
Assets under management	資產管理規模	177,949	142,790	+24.6%
Including: Assets within the Group	包括：集團內資產	160,663	134,081	+19.8%
TPA (HK)	太平資產(香港)			
Assets under management	資產管理規模	10,152	7,299	+39.1%
Including: Assets within the Group	包括：集團內資產	8,968	6,366	+40.9%

Operating Profit

The asset management business produced a net operating profit of HK\$31.70 million during the Year (2011: HK\$29.13 million), representing an increase of 8.8% compared to Last Year. The net operating profit attributable to the owners amounted to HK\$20.16 million (2011: HK\$15.45 million).

LIQUIDITY AND FINANCIAL RESOURCES

The Group's cash and bank deposits as at 31 December 2012 amounted to HK\$56,137.22 million (2011: HK\$37,776.40 million).

FINANCIAL LEVERAGE

The interest-bearing notes as at 31 December 2012 amounted to HK\$13,334.74 million (2011: HK\$11,040.73 million). As of December 31 2012, CTIH's consolidated financial leverage ratio (calculated by debt over the summation of debt plus equity) was 38.8% (2011: 39.3%). Following the draw-down of the US\$250 million bank loan facility in the first quarter of 2013, the Company's financial leverage ratio was approximately 42.1%. In November 2013, CTIH will be repaying US\$175 million to the noteholders of its senior bond issued in 2003. Also in November 2013, TPL plans to repay RMB1.5 billion of subordinated debt. Following these repayments, CTIH's pro forma consolidated financial leverage ratio would be approximately 36.5%.

資產管理業務(續)

資產管理業務之主要經營數據概述如下：

百萬港元

		2012	2011	Change 變化
TPAM	太平資產			
Assets under management	資產管理規模	177,949	142,790	+24.6%
Including: Assets within the Group	包括：集團內資產	160,663	134,081	+19.8%
TPA (HK)	太平資產(香港)			
Assets under management	資產管理規模	10,152	7,299	+39.1%
Including: Assets within the Group	包括：集團內資產	8,968	6,366	+40.9%

經營溢利

資產管理業務的經營溢利淨額為3,170萬港元(二零一一年：2,913萬港元)，較去年增加8.8%。股東應佔經營溢利淨額為2,016萬港元(二零一一年：1,545萬港元)。

流動資金及財務資源

於二零一二年十二月三十一日，本集團的現金及銀行存款為561.3722億港元(二零一一年：377.7640億港元)。

財務槓桿

二零一二年十二月三十一日須付息票據總額為133.3474億港元(二零一一年：110.4073億港元)。於二零一二年十二月三十一日，中國太平控股的綜合財務槓桿比率(債務/(債務+股本))為38.8%(二零一一年：39.3%)。在二零一三年首季提取2.5億美元銀行貸款融通後，本公司的財務槓桿比率約為42.1%。假若於二零一三年十一月，中國太平控股和太平人壽分別償還其到期的1.75億美元的債券和人民幣15億元的次級債務後，中國太平控股備考綜合財務槓桿比率將約為36.5%。

Management Review and Analysis

管理層回顧和分析

CAPITAL STRUCTURE

During the Year, CTIH issued 600,000 new shares (2011: 1,660,000 shares). All the shares were issued for cash under the Company's employee share option scheme. Net proceeds received for the shares issued for cash in aggregate amounted to HK\$1.73 million (2011: HK\$4.91 million).

STAFF AND STAFF REMUNERATION

As at 31 December 2012, the Group had a total of 37,187 employees (2011: 31,661 employees), an increase of 5,526 employees. Total remuneration for the Year amounted to HK\$5,021.14 million (2011: HK\$3,965.27 million), an increase of 26.6%. Bonuses are linked to both the performance of the Group and the performance of the individual.

CONTINGENT LIABILITIES

Other than those incurred in the normal course of the Group's insurance businesses, there were no outstanding litigation nor any other contingent liabilities as at 31 December 2012.

EVENT AFTER THE REPORTING PERIOD

Draw-down of US\$250 million Loan Facility provided by a financial institution

Quicken Assets Limited, a wholly-owned subsidiary of CTIH, has entered into a loan agreement with a financial institution and obtained a loan facility of US\$250 million in December 2012. The loan facility is for five years, is unconditionally and irrevocably guaranteed by CTIH and bears interest at LIBOR plus 2.4% (effective rate). The proceeds of the loan facility will be used for financing the general working capital requirements of the Group. Such loan facility was fully drawn in a single draw-down in January 2013.

資本結構

本年度，中國太平控股發行600,000股新股（二零一一年：1,660,000股）。全部發行之新股均根據本公司僱員認股權計劃以現金代價發行。發行新股換取現金的總代價淨額為173萬港元（二零一一年：491萬港元）。

員工及員工酬金

於二零一二年十二月三十一日，本集團的僱員總人數達37,187人（二零一一年：31,661人），增加5,526人。本年度總酬金為50.2114億港元（二零一一年：39.6527億港元），增加26.6%。花紅與本集團的業績及員工的個人表現掛鉤。

或然負債

除在本集團日常保險業務中產生的訴訟外，於二零一二年十二月三十一日，本集團概無任何未決訴訟或或然負債。

報告期後事項

提取由一家金融機構提供的2.5億美元貸款額度

於二零一二年十二月，Quicken Assets Limited，中國太平控股的全資附屬公司，與一家金融機構簽訂貸款協議獲取2.5億美元貸款額度。貸款為期五年並由中國太平控股無條件及不可撤回地擔保，利率為倫敦銀行同業拆息加2.4%（有效利率）。貸款的所得款項將供本集團作一般營運資金。貸款額度已一次性於二零一三年一月全數提取。