

Overall Results at a Glance

整體業績概覽

This year's international and domestic economic and financial environment has become relatively challenging. The development of the insurance industry in China has also encountered more difficulties, especially on life insurance. With the slow down of life insurance premium growth rates due to the lower enthusiasm of customers to purchase new insurance products, and the increasing labor costs for marketing together with the continuing volatility of financial markets, many challenges to the operating business were present during the first half of 2012. Despite the above, CTIH has generated substantial growth in value for its shareholders. The Company will continue focusing on its long-term business strategy, and believes that it is well-positioned to go through the coming market headwinds in the years to come.

During the Period, CTIH achieved satisfactory increases in the group embedded value and total equity, representing growth of 17.2% and 15.5%, respectively, as compared to 31 December 2011.

As at 30 June 2012, there was an increase in the market share of both TPL and TPI. There was encouraging and positive total premium growth for TPL, with growth rates higher than major players of the industry. TPL was also able to reverse the previous declines in the number of agents. The growth of TPI is much higher than the industry average growth rate, and TPI remains one of the leading property and casualty insurance companies in the PRC.

In the first half of 2012, the new business value after cost of capital of TPL increased to HK\$1,283 million from HK\$1,253 million at the end of Last Period, representing a modest growth of 2.4% and a CAGR of 29.2% since 2008.

During the Period, CTIH's profit from operations before taxation increased by 6.5% compared with the Last Period to HK\$1,175.08 million, showing a good trend of the Company's major businesses in insurance and investments.

However, as the income tax charge increased during the Period, the profit attributable to the owners decreased by 12.1% compared with the Last Period to HK\$983.38 million. At the same time, the net profit attributable to the owners amounted to HK\$536.67 million, representing a decrease of 32.3% from the Last Period, due to negative result from its wholly owned reinsurance operation.

今年國際及國內經濟金融環境較為嚴峻，保險業發展也遇到較多困難，尤以人壽保險為甚。壽險保費增速放緩，客戶新購保單意欲下降，同時營銷業務面臨勞動力成本上升，加上金融市場持續波動，為二零一二年上半年的經營帶來不少挑戰。儘管如此，中國太平控股為股東創造了可觀價值增長，本公司仍繼續專注其長期業務策略，並相信藉此克服未來可能出現的各種挑戰。

於本財務期內，本公司總內涵價值及總權益取得令人滿意的上升，較二零一一年十二月三十一日分別增長17.2%及15.5%。

截至二零一二年六月三十日，太平人壽及太平財險的保險市場佔有率均獲提升。其中太平人壽總保費保持良性正增長，表現優於同業主要公司，代理隊伍數目止跌回升。太平財險增幅大幅優於市場同業平均水準，並在中國主要保險公司中保持領先。

二零一二年上半年，太平人壽之新業務扣除資本成本後之價值為12.83億港元，較去年同期之12.53億港元增長2.4%，自二零零八年以來年均複合增長率高達29.2%。

於本財務期內，中國太平控股除稅前經營溢利11.7508億港元，同比增加6.5%，顯示本公司的保險及投資主營業務經營呈現良好趨勢。

但由於期內稅項支出增加，使除稅後溢利較去年同期下降12.1%至9.8338億港元。同時，除稅後股東應佔溢利淨額為5.3667億港元，同比下降32.3%，其差異主要源於全資擁有的再保險業務錄得虧損。

Overall Results at a Glance

整體業績概覽

LIFE INSURANCE BUSINESS

TPL's gross premiums written increased by 12.6% from HK\$21,002.23 million in the Last Period to HK\$23,656.93 million. Despite a very challenging operating environment during the Period with industry-wide PRC life insurance sector growth rates in gross premium far lower than in previous years, TPL was in a leading position among the major PRC life insurance companies and produced growth rates much higher than industry averages. TPL's market share increased by 0.1% to 3.4% compared with 31 December 2011.

The increase in TPL's gross premiums written was primarily due to continued strength in policy renewals in all of the life insurance operation's distribution channels. At the same time, TPL's business remained of high quality. During the Period:

- In the individual channel, premium increased substantially by 25.9% to HK\$9,487.43 million from HK\$7,537.69 million. 85.6% of the individual single and first year regular premium have payment terms of 10 years or above.
- In the bancassurance channel, premium increased by 5.9% to HK\$13,625.04 million from HK\$12,864.47 million. The proportion of products with long payment terms has increased steadily in recent years. Currently, nearly 85% have payment terms of 10 years.
- In the other channels, premium increased substantially by 80.0% to HK\$456.69 million from HK\$253.68 million. The Company's initiatives in developing other channels have achieved positive results.

人壽保險業務

太平人壽的毛承保保費由去年同期之210.0223億港元增加12.6%至236.5693億港元。儘管期內經營環境非常嚴峻，整個中國人壽保險業的毛保費增長率遠低於過去幾年，太平人壽的保費增幅優於市場同業平均增幅，並在主要中資壽險公司中取得領先優勢，使得市場佔有率較二零一一年十二月三十一日上升0.1個百分點至3.4%。

太平人壽的毛承保保費上升主要是由於各分銷管道持續強勁增長。同時，太平人壽的業務維持高質量。於本財務期內：

- 個人代理渠道方面，保費由去年同期的75.3769億港元上升至94.8743億港元，大幅增長25.9%。個人新保保費中繳費期十年及以上保費收入佔比高達85.6%。
- 銀行保險渠道方面，保費由去年同期128.6447億港元上升至136.2504億港元，增幅5.9%。長年期繳型產品佔比近年來穩步上升，目前接近85%的繳費期長達十年。
- 多元銷售渠道方面，保費由去年同期2.5368億港元上升至4.5669億港元，大幅增長80.0%。顯示公司發展多元管道的舉措獲得積極成果。

Overall Results at a Glance

整體業績概覽

LIFE INSURANCE BUSINESS (Continued)

In addition, TPL's business fundamentals and new business values were further strengthened during the Period:

- The number of agents in the individual channel was 51,008 as of 30 June 2012, a strong increase of 10.7% from 31 December 2011. TPL was able to grow the agency force despite continued fierce competition for agency professionals among life insurers in the PRC.
- The persistency ratios for the individual channel at the 13th months and 25th months were 92.7% and 88.3%, representing an increase of 0.7% and 3.8% from 31 December 2011, respectively.
- TPL's new business value after cost of capital increased by 2.4% to HK\$1,283 million from HK\$1,253 million at the end of Last Period, representing a CAGR of 29.2% since 2008.

PROPERTY AND CASUALTY INSURANCE BUSINESS IN THE PRC

TPI's gross premiums written increased by 30.4% to HK\$4,507.51 million from HK\$3,455.75 million in the Last Period. The growth rate was much higher than the industry growth rate, and TPI was able to achieve an increase of 0.1% in market share to 1.3%. As at 30 June 2012, TPI's market share entered the top ten in the PRC property and casualty insurance industry for the first time.

TPI's combined ratio of 98.0% during the Period was lower than the 99.6% in the Last Period, and has been continuously decreasing since 2008, and was the result of lower loss levels due to TPI's recent proactive risk selection and effective expansion.

During the Period, with the completion of the capital contribution into TPI jointly by CTIH and TPG, the solvency margin of TPI increased by 16 percentage points compared with 31 December 2011 to 168%. This additional capital will help support TPI's business expansion.

人壽保險業務 (續)

此外，本財務期內太平人壽的業務基礎和新業務價值獲得進一步增強：

- 個人渠道代理隊伍數目於二零一二年六月三十日達51,008人，較二零一一年十二月三十一日大幅提升10.7%。儘管中國人壽保險市場同業間的專業代理競爭持續激烈，太平人壽成功壯大其代理隊伍。
- 個人渠道第13個月保費繼續率及第25個月之保費複合繼續率分別達92.7%及88.3%，較二零一一年十二月三十一日分別增加0.7及3.8個百分點。
- 太平人壽之新業務扣除資本成本後之價值為12.83億港元，較去年同期之12.53億港元增長2.4%，自二零零八年以來年均複合增長率高達29.2%。

中國財產保險業務

太平財險之毛承保保費由去年同期之34.5575億港元大幅上升30.4%至45.0751億港元。其保費增幅遠超同業的平均增幅，市場佔有率上升0.1個百分點至1.3%。截至二零一二年六月三十日，太平財險在中國財產保險業的市場份額排名首次跨入前十名。

於本財務期內，太平財險之綜合成本率為98.0%，低於去年同期之99.6%，且從二零零八年以來持續改善。這是太平財險近期採取積極的風險擇優承保政策，有效地擴展規模及降低賠付率的成果。

於本財務期內，隨著中國太平控股及中國太平集團向太平財險注資完成，太平財險之償付能力比率較二零一一年十二月三十一日增加16個百分點至168%，該等額外資本將有助太平財險支持其業務擴展。

Overall Results at a Glance

整體業績概覽

PROPERTY AND CASUALTY INSURANCE BUSINESS IN HONG KONG

CTPI (HK)'s gross premiums written increased by 10.7% to HK\$565.82 million from HK\$511.11 million in the Last Period. During the Period, CTPI (HK)'s combined ratio improved significantly to 93.9% from 95.8% in the Last Period.

REINSURANCE BUSINESS

TPRe's gross premiums written for the Period was HK\$2,127.63 million, representing an increase of 14.3% from HK\$1,861.87 million in the Last Period. The strong reinsurance pricing trend was maintained, and TPRe achieved premium growth in all of its Asian territories during the Period.

PENSION AND GROUP LIFE INSURANCE BUSINESS

TPP's gross premium written substantially increased by 176.3% from HK\$216.30 million in the Last Period to HK\$597.54 million. The annuity and investment funds under management also increased by 14.4% during the first six months of 2012.

ASSET MANAGEMENT BUSINESS

As at 30 June 2012, CTIH's total invested assets amounted to HK\$200.97 billion, representing an increase of HK\$29.70 billion or 17.3%, compared with 31 December 2011.

During the Period, CTIH achieved an annualized net investment yield of 4.4%, representing an increase of 0.5 percentage points compared to the Last Period, while the annualized total investment yield was 3.8%, representing a decrease of 0.4 percentage points compared to the Last Period. The net investment income recognized in the consolidated income statement increased by 34.8% to HK\$3,652.76 million during the Period from HK\$2,709.27 million in the Last Period, showing that the Company was able to achieve reasonable consolidated investment results in the volatile capital markets.

香港財產保險業務

太平香港的香港財產保險業務毛承保保費由去年同期之5.1111億港元上升10.7%至5.6582億港元，於本財務期內綜合成本率由去年同期的95.8%大幅改善至93.9%。

再保險業務

太平再保險的毛承保保費由去年同期之18.6187億港元上升14.3%至21.2763億港元。本財務期內再保險的訂價行情仍然強勁，且在所有亞洲地區的保費均有所增加。

養老及團體人壽保險業務

太平養老的毛承保保費由去年同期之2.1630億港元大幅上升176.3%至5.9754億港元。在二零一二年首六個月，管理的年金及投資基金金額亦上升14.4%。

資產管理業務

中國太平控股於二零一二年六月三十日之總投資資產達2,009.7億港元，較二零一一年十二月三十一日增加297.0億港元，增幅高達17.3%。

中國太平控股於本財務期內實現的年化淨投資收益率達4.4%，較去年同期增長0.5個百分點；年化總投資收益率為3.8%，較去年同期下降0.4個百分點。於綜合損益表內的投資收入淨額由去年同期的27.0927億港元增加34.8%至本財務期的36.5276億港元，顯示公司在動盪的資本市場中取得不俗綜合投資業績。

Overall Results at a Glance

整體業績概覽

MANAGEMENT'S OUTLOOK

CTIH expects its core operating units to continue to focus on their respective operating strategies for the remainder of 2012. With macroeconomic and financial conditions globally and in China/Hong Kong likely to continue to be challenging and difficult, CTIH believes that it is of utmost importance for the Company to follow its philosophy of pursuing sustainable value creation and perfecting its integrated business model of “One Customer, One Taiping”. CTIH will continue to focus on enhancing its capabilities in professional management, operations, profitability and sustainable development. The Company will strive for its strategic objective of “building a new Taiping in three years”, that is “to double total premium, total assets and net profit in three years’ time, while maintaining quality, efficiency and risks at an acceptable level”.

The Group will continue to explore measures to further enhance the efficiency of its management, operations and capital management. The Group intends to have in place mechanisms to improve the capacity for long-term capital raising and funding. In this connection, with the support of its controlling shareholder, the Company would consider various options including, increasing its shareholding in its non-wholly owned subsidiaries and/or making other strategic investments, to be funded by the issuance of new equity as consideration.

管理層展望

中國太平控股期待各核心營運單位在二零一二年下半年繼續專注其營運策略。預料環球及中國／香港的宏觀經濟和金融情況將持續嚴峻和富挑戰性，中國太平控股認為重中之重是堅持追求價值持續增長的理念，完善「一個客戶，一個太平」的綜合經營模式，提升專業化運作能力，整體盈利能力和可持續發展能力，力爭完成「三年再造一個新太平」的戰略目標：「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」。

本集團將繼續探討進一步提高行政管理、營運及資本管理效率的措施。本集團計劃建立機制以增強長期融資能力，因此，在控股股東支持下，本公司將考慮各種可能，包括通過發行新股為代價，增持非全資附屬公司的權益及／或進行其他戰略投資。