

Management Review and Analysis

Readers and investors are advised to pay attention to the following details when reading the Management Review and Analysis and the consolidated financial results, and in particular the prior year consolidated figures which have been restated.

Application of Merger Accounting for the Acquisition of MAH (holding company of CTPI (HK) and MAC)

On 30 July 2009, CTIH completed an acquisition of a 47.8% equity interest in MAH from TPG (HK). On 4 November 2009, the Company completed an acquisition of another 48.66% equity interest in MAH, representing shares held by the investing public. Together with the 3.54% equity interest in MAH originally held by CTIH, the total equity interest in MAH now held by the Company after both acquisitions was 100%. As such, MAH is now a wholly-owned subsidiary of CTIH. Because MAH and the Company were both under the common control of TPG (HK) before and after the acquisitions, the Group has applied Accounting Guideline No. 5 on “Merger Accounting for Common Control Combinations”. Under these principles of merger accounting, the acquisition of MAH is accounted for as though the business of MAH has always been carried out by the Group. Accordingly, the following prior year consolidated figures have been restated as if MAH had been consolidated with the Group throughout the prior year presented. For the period before 4 November 2009, MAH was 51.34% owned by CTIH, and therefore the results of MAH have been 51.34% consolidated with the Group. Immediately after the remaining 48.66% equity interest of MAH was acquired by the Company on 4 November 2009, the results of MAH have been fully consolidated with the Group.

Changes in Accounting Policies

The Company has changed the following accounting policies in preparing its consolidated financial statements for the year ended 31 December 2009:

1. Measurement of insurance contract liabilities for the life insurance segment and property and casualty insurance segment;
2. Recognition of premium income of mixed insurance contracts containing insurance and other risks.

The above changes in accounting policies have been applied retrospectively and the comparative figures of 2008 have been restated accordingly.

管理層回顧和分析

務請讀者及投資者於閱覽管理層回顧和分析及綜合財務表現時注意下列細節，尤其是往年綜合數字已作相應重列。

應用合併會計法處理購入民安控股(中國太平香港及民安中國之控股公司)

於二零零九年七月三十日，中國太平控股完成從中國太平集團(香港)購入民安控股47.8%股本權益。於二零零九年十一月四日，本公司完成購入公眾投資者持有之民安控股48.66%股本權益。連同中國太平控股原已持有之3.54%民安控股權益，於兩次購入後本公司現合共持有100%民安控股權益。因此，民安控股現為中國太平控股的全資附屬公司。由於在此合併前及合併後，民安控股及本公司均共同受到中國太平集團(香港)之控制，本集團應用會計指引第5號「共同控制合併之合併會計處理」。按該等合併會計原則對購入民安控股進行會計處理，猶如民安控股之業務一直由本集團經營。因此，往年年度之合併數字已作重列，猶如民安控股於所列示之往年年度一直合併於本集團內。於二零零九年十一月四日前之期間，中國太平控股擁有民安控股51.34%，因此民安控股業績之51.34%併入本集團內。緊接本公司於二零零九年十一月四日購入餘下48.66%民安控股股本權益後，民安控股之業績全數併入本集團內。

會計政策變更

編製截至二零零九年十二月三十一日止年度綜合財務報表時，本公司已變更下列會計政策：

1. 人壽保險業務及財產保險業務之保險合約負債的計量方法；
2. 混合保險合約(包含保險及其他風險)的保費確認。

上述之會計政策已追溯執行，二零零八年之比較數據亦已相應重列。

Management Review and Analysis

CONSOLIDATED FINANCIAL RESULTS

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

For the year ended 31 December, HK\$ million

	2009	2008 (Restated)	Change
Gross premiums written, policy fees and premium deposits	35,016.10	27,609.83	26.8%
Less: Premium deposits of universal life products	3,281.34	9,748.21	(66.3%)
Premium deposits of unit-linked products	248.76	2,053.06	(87.9%)
Premium deposits of other products	463.28	576.23	(19.6%)
Gross premiums written and policy fees recognized in consolidated income statement	31,022.72	15,232.33	2.0 times
Net investment income	3,151.73	2,865.61	10.0%
Net realized investment gains	1,314.62	75.95	17.3 times
Net unrealized investment gains/(losses)	16.51	(98.71)	—
Impairment on AFS debt and equity securities	—	(434.14)	—
Goodwill impairment	—	(73.28)	—
Net exchange gain/(loss)	7.87	(180.64)	—
Profit/(loss) before taxation	1,480.40	(594.86)	—
Profit/(loss) after taxation	1,187.64	(562.38)	—
Net profit/(loss) attributable to the owners	825.74	(486.09)	—
Basic earnings/(loss) per share (HK cent)	52.7	(31.3)	—
No final dividend proposed (2008: Nil)	—	—	—

管理層回顧和分析

綜合財務表現

本集團年內重點表現如下：

截至十二月三十一日止年度，百萬港元

	二零零九年	二零零八年 (重列)	變化
毛承保保費、保單費收入及保費存款	35,016.10	27,609.83	26.8%
減：萬能壽險產品之保費存款	3,281.34	9,748.21	(66.3%)
投資連結產品之保費存款	248.76	2,053.06	(87.9%)
其他產品之保費存款	463.28	576.23	(19.6%)
確認於綜合損益表之毛承保保費及保單費收入	31,022.72	15,232.33	2.0倍
投資收入淨額	3,151.73	2,865.61	10.0%
已實現投資收益淨額	1,314.62	75.95	17.3倍
未實現投資收益／(虧損)淨額	16.51	(98.71)	—
可供出售債務及股本證券減值	—	(434.14)	—
商譽減值	—	(73.28)	—
匯兌收益／(虧損)	7.87	(180.64)	—
除稅前溢利／(虧損)	1,480.40	(594.86)	—
除稅後溢利／(虧損)	1,187.64	(562.38)	—
股東應佔溢利／(虧損)淨額	825.74	(486.09)	—
每股基本盈利／(虧損) (港仙)	52.7	(31.3)	—
不建議派發末期息 (二零零八年：無)	—	—	—

Management Review and Analysis

CONSOLIDATED FINANCIAL RESULTS (Continued)

The net profit/(loss) attributable to the owners by each business line is summarized below:

For the year ended 31 December, HK\$ million

	2009	2008 (Restated)	Change
Reinsurance	404.15	51.85	7.8 times
Life insurance	579.31	486.68	19.0%
Property and casualty insurance	(15.53)	(506.07)	(96.9%)
PRC operations carried out by:			
– TPI	(136.05)	(327.38)	(58.4%)
– MAC	(69.28)	(156.27)	(55.7%)
Hong Kong operations carried out by:			
– CTPI (HK) ¹	189.80	(22.42)	–
Other businesses	(142.19)	(518.55)	(72.6%)
– Holding company and other businesses	7.14	(239.02)	–
– Pension company operated by TPP	(122.13)	(164.53)	(25.8%)
– Assets management companies operated by TPAM and TPA (HK)	(27.20)	(41.72)	(34.8%)
– Goodwill impairment	–	(73.28)	–
Net profit/(loss) attributable to the owners	825.74	(486.09)	–

The reconciliation of the net profit attributable to the owners for the year ended 31 December 2009 before and after the change in accounting policies by each business line is as follows:

HK\$ million

	Net profit/ (loss) attributable to the owners before adjustment	Effect of changes in accounting policies	Net profit/ (loss) attributable to the owners after adjustment
Reinsurance	404.15	–	404.15
Life insurance	632.39	(53.08)	579.31
Property and casualty insurance	(87.26)	71.73	(15.53)
PRC operations carried out by:			
– TPI	(181.87)	45.82	(136.05)
– MAC	(99.55)	30.27	(69.28)
Hong Kong operations carried out by:			
– CTPI (HK) ¹	194.16	(4.36)	189.80
Other businesses	(142.19)	–	(142.19)
Total	807.09	18.65	825.74

管理層回顧和分析

綜合財務表現 (續)

按各業務分類之股東應佔溢利／(虧損)淨額概述如下：

截至十二月三十一日止年度，百萬港元

	二零零九年	二零零八年 (重列)	變化
再保險	404.15	51.85	7.8倍
人壽保險	579.31	486.68	19.0%
財產保險	(15.53)	(506.07)	(96.9%)
中國業務			
— 由太平財險經營	(136.05)	(327.38)	(58.4%)
— 由民安中國經營	(69.28)	(156.27)	(55.7%)
香港業務			
— 由中國太平香港經營 ¹	189.80	(22.42)	—
其他業務	(142.19)	(518.55)	(72.6%)
— 控股公司及其他業務	7.14	(239.02)	—
— 由太平養老營運之養老保險公司	(122.13)	(164.53)	(25.8%)
— 由太平資產及太平資產(香港)營運之資產管理公司	(27.20)	(41.72)	(34.8%)
— 商譽減值	—	(73.28)	—
股東應佔溢利／(虧損)淨額	825.74	(486.09)	—

截至二零零九年十二月三十一日止年度於會計政策變更前後按各業務分類的股東應佔溢利淨額對賬如下：

百萬港元

	調整前股東 應佔溢利／ (虧損)淨額	會計政策 變更之影響	調整後股東 應佔溢利／ (虧損)淨額
再保險	404.15	—	404.15
人壽保險	632.39	(53.08)	579.31
財產保險	(87.26)	71.73	(15.53)
中國業務			
— 由太平財險經營	(181.87)	45.82	(136.05)
— 由民安中國經營	(99.55)	30.27	(69.28)
香港業務			
— 由中國太平香港經營 ¹	194.16	(4.36)	189.80
其他業務	(142.19)	—	(142.19)
總額	807.09	18.65	825.74

Management Review and Analysis

CONSOLIDATED FINANCIAL RESULTS (Continued)

The reconciliation of the previously reported and restated net loss attributable to the owners for the year ended 31 December 2008 by each business line is as follows:

HK\$ million

	Net profit/ (loss) attributable to the owners as previously reported	Adjustments		Net profit/ (loss) attributable to the owners as restated
		Effect of application of merger accounting for acquisition of MAH	Effect of changes in accounting policies	
Reinsurance	51.85	—	—	51.85
Life insurance	440.68	—	46.00	486.68
Property and casualty insurance	(280.50)	(190.49)	(35.08)	(506.07)
PRC operations carried out by:				
— TPI	(280.50)	—	(46.88)	(327.38)
— MAC	—	(178.12)	21.85	(156.27)
Hong Kong operations carried out by:				
— CTPI (HK) ¹	—	(12.37)	(10.05)	(22.42)
Other businesses	(511.75)	(6.80)	—	(518.55)
Total	(299.72)	(197.29)	10.92	(486.09)

¹ The figures include the financial results of MAH itself and the subsidiaries (other than MAC) of CTPI (HK).

管理層回顧和分析

綜合財務表現 (續)

截至二零零八年十二月三十一日止年度如前呈報及重列按各業務分類的股東應佔虧損淨額對賬如下：

百萬港元

	股東 應佔溢利／ (虧損)淨額， 如前呈報	調整		股東 應佔溢利／ (虧損) 淨額，重列
		應用合併 會計法處理 收購民安控股 之影響	會計政策 變更之影響	
再保險	51.85	—	—	51.85
人壽保險	440.68	—	46.00	486.68
財產保險	(280.50)	(190.49)	(35.08)	(506.07)
中國業務				
— 由太平財險經營	(280.50)	—	(46.88)	(327.38)
— 由民安中國經營	—	(178.12)	21.85	(156.27)
香港業務				
— 由中國太平香港經營 ¹	—	(12.37)	(10.05)	(22.42)
其他業務	(511.75)	(6.80)	—	(518.55)
總額	(299.72)	(197.29)	10.92	(486.09)

¹ 數額包括民安控股本部及中國太平香港之附屬公司(民安中國除外)之財務業績。

Management Review and Analysis

CONSOLIDATED FINANCIAL RESULTS (Continued)

The following analysis shows the movement of the net assets value attributable to the owners of the Company (“NAV”).

HK\$ million

	2009	2008
NAV as at 1 January, as previously reported	4,596.62	5,685.63
Effect of changes in accounting policies	707.91	697.27
Effect of application of merger accounting for acquisition of MAH	1,642.77	1,710.34
Revaluation of intangible asset of TPI	80.00	—
NAV as at 1 January, as restated	7,027.30	8,093.24
Profit/(loss) recognized in income statement	825.74	(486.09)
Net changes in AFS investment reserve	606.31	(725.20)
Revaluation of intangible asset of TPI	—	80.00
Exchange gain arising from translation of financial statements of subsidiaries outside Hong Kong	7.43	177.50
Acquisition of 48.66% equity interest of MAH	1,799.17	—
Dividend paid	—	(183.15)
Other movements ²	30.76	71.00
NAV as at 31 December	10,296.71	7,027.30

² In 2009, other movements mainly include the amortization of the costs of Shares acquired under the Share Award Scheme. In 2008, it also includes the net proceeds received for Shares issued under the Share Option Scheme.

The **gross premiums written and policy fees** for the Year increased by 103.7% to HK\$31,022.72 million from HK\$15,232.33 million (*restated*) in the Last Year. The increase was mainly due to strong premium growth at the life insurance business in which premiums increased by 145.0% to HK\$21,636.23 million from HK\$8,830.29 million in the Last Year.

The **net profit attributable to the owners** for the Year was HK\$825.74 million (2008 (*restated*): loss of HK\$486.09 million). The Group’s strong rebound in profitability was primarily due to investment gains from equity and debt securities. As a result, the reinsurance business, life insurance business and property and casualty insurance business in Hong Kong all produced solid profits during the Year, while the operating losses at the property and casualty insurance operations in the PRC lessened significantly.

The **reinsurance business** contributed net profit to the owners of HK\$404.15 million (2008: HK\$51.85 million). The increase in profits was mainly due to significant improvements in investment returns during the Year. The reinsurance business also benefited from a benign year in the global reinsurance industry in which major catastrophes were absent.

管理層回顧和分析

綜合財務表現 (續)

以下為本公司股東應佔資產淨值變化分析。

百萬港元

	二零零九年	二零零八年
於一月一日之資產淨值，如前呈報	4,596.62	5,685.63
會計政策變更之影響	707.91	697.27
應用合併會計法處理購入民安控股之影響	1,642.77	1,710.34
太平財險無形資產重估	80.00	—
於一月一日，重列後的資產淨值	7,027.30	8,093.24
確認於損益表之溢利／(虧損)	825.74	(486.09)
可供出售投資儲備變化淨額	606.31	(725.20)
太平財險無形資產重估	—	80.00
因換算香港以外地區附屬公司財務報表的匯兌收益	7.43	177.50
購入民安控股48.66%股權權益	1,799.17	—
已付股息	—	(183.15)
其他變動 ²	30.76	71.00
於十二月三十一日之資產淨值	10,296.71	7,027.30

² 於二零零九年，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。於二零零八年，亦包括根據認股權計劃發行新股所收取之款項淨額。

於本年度，毛承保保費及保單費收入由去年152.3233億港元(重列)大幅增加103.7%至310.2272億港元。增加主要是因為人壽保險業務之保費收入增長強勁，由去年88.3029億港元增加145.0%至216.3623億港元。

於本年度，股東應佔溢利淨額為8.2574億港元(二零零八年(重列)：虧損4.8609億港元)。本集團溢利強勁反彈的主因是股本及債務證券錄得投資收益。因此，再保險業務、人壽保險業務及於香港的財產保險業務全錄得穩健的溢利，而於中國之財產保險業務錄得的經營虧損亦顯著減少。

再保險業務對股東淨溢利的貢獻為4.0415億港元(二零零八年：5,185萬港元)。溢利上升主要是由於本年度投資回報大幅改善。再保險業務亦受惠於沒有重大災難、對全球再保險業來說是有利的一年。

Management Review and Analysis

CONSOLIDATED FINANCIAL RESULTS *(Continued)*

The **life insurance business** contributed net profit to the owners of HK\$579.31 million (2008 *(restated)*: HK\$486.68 million). The increase in profits was mainly due to significant improvements in investment returns during the Year. The life insurance business also benefited from strong increases in premium and improvements in the scale of operations.

The **property and casualty insurance business** incurred a net loss to the owners of HK\$15.53 million (2008 *(restated)*: HK\$506.07 million). The decrease in losses was mainly due to significant improvements in investment returns during the Year. In addition, the restructuring of the business production channel and the re-underwriting of the entire portfolio also contributed to a reduction of the loss and expense ratios.

The **holding company and other businesses** incurred a net profit to the owners of HK\$7.14 million (2008 *(restated)*: loss of HK\$239.02 million). The net profit was primarily due to significant improvements in investment returns during the Year.

The **pension business** incurred a net loss to the owners of HK\$122.13 million (2008: HK\$164.53 million). The loss was mainly due to the continued lack of economies of scale at the pension operations. The Group's pension business is operated by TPP, which is a PRC-incorporated company and a non-direct controlled subsidiary effectively owned 50.03% by the Group. TPP is principally engaged in planning and administering enterprise annuity products, and providing trustee and investment services for enterprise annuity schemes in Mainland China. Such supplemental pension systems are voluntarily developed by enterprises and their employees, and represent a vast potential market for the future. TPP also provides marketing services to TPL on group life insurance products.

At the end of the Year, the annuity and investment funds managed by TPP amounted to RMB24.1 billion, which constituted the funds and schemes of 7,433 enterprises. As the qualified enterprise annuity industry is still in its nascent stage of development in China, TPP is still in its initial set-up period. TPP is thus currently focused on building up its marketing network and exploring potential business models for the future.

The **asset management business** incurred a net loss to the owners of HK\$27.20 million (2008 *(restated)*: HK\$41.72 million). The lower loss level was primarily due to equity investment gains from shares traded in the PRC and Hong Kong. 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 and TPA (HK) currently represent cost centers of the Group, as the asset management fee income received from the Group companies are eliminated at the consolidated level, while the corresponding expenses, such as salary and incentive compensation paid to fund managers and other operating expenses, are absorbed in full at the consolidated level.

管理層回顧和分析

綜合財務表現 (續)

人壽保險業務對股東淨溢利的貢獻為5.7931億港元(二零零八年(重列)：4.8668億港元)。溢利上升主要是由於投資回報大幅改善。人壽保險業務亦受惠於保費升幅強勁及經營規模改善。

財產保險業務使股東遭受淨虧損1,553萬港元(二零零八年(重列)：5.0607億港元)。虧損減少的主因是投資回報大幅改善。另外，重組業務生產渠道及重新承保整個組合亦帶來賠付及費用率降低。

控股公司及其他業務對股東淨溢利的貢獻為714萬港元(二零零八年(重列)：虧損2.3902億港元)。淨溢利主要是由於投資回報大幅改善。

養老保險業務使股東遭受淨虧損1.2213億港元(二零零八年：1.6453億港元)。虧損主要是由於養老保險營運持續缺乏足夠的規模經濟。本集團之養老保險業務由本集團擁有50.03%有效權益、非直接控制之中國註冊公司太平養老營運。太平養老主要於中國大陸從事策劃及管理企業年金產品及為企業年金計劃提供受託及投資服務。該等補充養老制度由企業及其僱員自願建立及代表未來巨大的市場潛力。太平養老亦為太平人壽的團體人壽保險產品提供市場推廣服務。

於本年末，由太平養老管理之年金及投資基金總計為人民幣241億元，包括7,433間企業之養老年金計劃。由於合資格企業年金業於中國仍在發展初期，太平養老仍處於建立初期。因此，太平養老現正專注於建立其市場推廣網絡及探索未來的潛在業務模式。

資產管理業務使股東遭受淨虧損2,720萬港元(二零零八年(重列)：4,172萬港元)。虧損程度下降主要是由於在香港及中國買賣的股本證券錄得投資收益。本集團之資產管理業務由太平資產及太平資產(香港)營運，分別主要就本集團人民幣及非人民幣投資組合提供投資諮詢服務。太平資產及太平資產(香港)現皆為本集團之成本中心，它們收取本集團旗下各公司之資產管理費乃在綜合賬上對銷，而相應開支，例如工資及給予基金經理之獎金及其他開支等則在綜合賬上全額並納。

Management Review and Analysis

CONSOLIDATED INVESTMENT PERFORMANCE

Consolidated investment assets

The total investments of the Group are summarized as follows:

At 31 December, HK\$ million

	2009	% of Total	2008 (Restated)	% of Total
Debt securities	59,940.21	62.6%	51,587.99	70.3%
Direct equity securities	8,433.55	8.8%	1,607.60	2.2%
Investment funds	5,716.14	6.0%	3,082.94	4.2%
Cash and bank deposits	20,474.76	21.4%	15,956.51	21.7%
Investment properties	1,193.23	1.2%	1,164.43	1.6%
Total investments	95,757.89	100.0%	73,399.47	100.0%

The investments in securities are classified as Held-to-Maturity (“HTM”), Available-for-Sale (“AFS”), Held for Trading (“HFT”) 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 2009, HK\$ million

	HTM	AFS	HFT	LR	Total
Debt securities	39,333.10	18,111.62	286.48	2,209.01	59,940.21
Direct equity securities	—	8,320.25	113.30	—	8,433.55
Investment funds	—	5,669.99	46.15	—	5,716.14
	39,333.10	32,101.86	445.93	2,209.01	74,089.90

At 31 December 2008, HK\$ million (Restated)

	HTM	AFS	HFT	LR	Total
Debt securities	21,845.17	27,050.23	492.77	2,199.82	51,587.99
Direct equity securities	—	1,550.47	57.13	—	1,607.60
Investment funds	—	2,973.19	109.75	—	3,082.94
	21,845.17	31,573.89	659.65	2,199.82	56,278.53

管理層回顧和分析

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

	二零零九年	佔總額百分比	二零零八年 (重列)	佔總額百分比
債務證券	59,940.21	62.6%	51,587.99	70.3%
直接股本證券	8,433.55	8.8%	1,607.60	2.2%
投資基金	5,716.14	6.0%	3,082.94	4.2%
現金及銀行存款	20,474.76	21.4%	15,956.51	21.7%
投資物業	1,193.23	1.2%	1,164.43	1.6%
投資總額	95,757.89	100.0%	73,399.47	100.0%

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：

於二零零九年十二月三十一日，百萬港元

	持有 至到期日	可供出售	持有作 交易用途	貸款 及應收款項	總額
債務證券	39,333.10	18,111.62	286.48	2,209.01	59,940.21
直接股本證券	—	8,320.25	113.30	—	8,433.55
投資基金	—	5,669.99	46.15	—	5,716.14
	39,333.10	32,101.86	445.93	2,209.01	74,089.90

於二零零八年十二月三十一日，百萬港元(重列)

	持有 至到期日	可供出售	持有作 交易用途	貸款 及應收款項	總額
債務證券	21,845.17	27,050.23	492.77	2,199.82	51,587.99
直接股本證券	—	1,550.47	57.13	—	1,607.60
投資基金	—	2,973.19	109.75	—	3,082.94
	21,845.17	31,573.89	659.65	2,199.82	56,278.53

Management Review and Analysis

CONSOLIDATED INVESTMENT PERFORMANCE *(Continued)*

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:

	2009	2008 <i>(Restated)</i>
Reinsurance	5.2%	5.5%
Life insurance	83.1%	79.5%
Property and casualty insurance	10.5%	12.6%
Other businesses	1.2%	2.4%
	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

	2009	2008 <i>(Restated)</i>	Change
Net investment income	3,151.73	2,865.61	10.0%
Net realized investment gains	1,314.62	75.95	17.3 times
Net unrealized investment gains/(losses)	16.51	(98.71)	—
Impairment on AFS debt and equity securities	—	(434.14)	—
Total investment income	4,482.86	2,408.71	86.1%

The total investment income of the Group recognized in the consolidated income statement increased significantly by 86.1% to HK\$4,482.86 million in the Year from HK\$2,408.71 million *(restated)* in the Last Year. The increase was primarily attributable to more equity investment gains from shares traded in Hong Kong and the PRC. Following an extraordinarily difficult and tumultuous year in 2008 due to the unprecedented and challenging global financial crisis, equity markets in Hong Kong and the PRC experienced a significant positive rebound and recovery during the Year.

According to the Group's impairment policy, investments in debt and equity securities other than those held for trading 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 2009, no impairment loss on debt and equity securities were recognized in the consolidated income statement (2008 *(restated)*: HK\$434.14 million).

管理層回顧和分析

綜合投資表現 (續)

於報告期末各業務分類佔本集團投資總額賬面值之百分比如下：

	二零零九年	二零零八年 (重列)
再保險	5.2%	5.5%
人壽保險	83.1%	79.5%
財產保險	10.5%	12.6%
企業及其他業務	1.2%	2.4%
	100.0%	100.0%

綜合投資收入

本集團確認在綜合損益表內之稅前投資收入總額概述如下：

截至十二月三十一日止年度，百萬港元

	二零零九年	二零零八年 (重列)	變化
投資收入淨額	3,151.73	2,865.61	10.0%
已實現投資收益淨額	1,314.62	75.95	17.3倍
未實現投資收益／(虧損)淨額	16.51	(98.71)	—
可供出售債務及股本證券減值	—	(434.14)	—
投資收入總額	4,482.86	2,408.71	86.1%

本集團確認於綜合損益表內的投資收入總額由去年的24.0871億港元(重列)大幅上升86.1%至本年度的44.8286億港元。上升主要由於來自香港及中國買賣證券的股本投資收益增加所致。經過百年一遇及嚴峻的金融危機；非常艱苦及混亂的二零零八年，本年內香港及中國股票市場均大幅反彈及復甦。

按本集團減值政策，將會定期檢討除持有作交易用途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、經濟或法律方面已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。於二零零九年，綜合損益表內並無確認債務及股本證券減值虧損(二零零八年(重列)：4.3414億港元)。

Management Review and Analysis

CONSOLIDATED INVESTMENT PERFORMANCE *(Continued)*

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

For the year ended 31 December 2009, HK\$ million

	Recognized in the consolidated income statement						Sub total	Unrealized gains/(losses) recognized in the fair value reserve	Grand total
	Interest income/(expense)	Dividend income	Rental income	Realized gains/(losses)	Unrealized gains/(losses)	Impairment			
Debt securities									
HTM	1,186.60	–	–	20.26	(7.08)	–	1,199.78	–	1,199.78
AFS	1,126.86	–	–	(189.91)	–	–	936.95	(611.74)	325.21
HFT	21.00	–	–	21.77	10.61	–	53.38	–	53.38
LR	131.93	–	–	–	–	–	131.93	–	131.93
Direct equity securities									
AFS	–	66.12	–	1,016.96	–	–	1,083.08	652.52	1,735.60
HFT	–	3.89	–	5.94	(20.50)	–	(10.67)	–	(10.67)
Investment funds									
AFS	–	202.53	–	304.40	–	–	506.93	1,036.90	1,543.83
HFT	–	3.55	–	135.20	4.68	–	143.43	–	143.43
Cash and bank deposits	470.25	–	–	–	–	–	470.25	–	470.25
Investment properties	–	–	48.74	–	28.80	–	77.54	–	77.54
Securities sold under repurchase agreements	(110.14)	–	–	–	–	–	(110.14)	–	(110.14)
Others	0.40	–	–	–	–	–	0.40	–	0.40
	2,826.90	276.09	48.74	1,314.62	16.51	–	4,482.86	1,077.68	5,560.54

管理層回顧和分析

綜合投資表現 (續)

本集團稅前投資收入／(虧損)之詳細分析如下：

截至二零零九年十二月三十一日止年度，百萬港元

	於綜合損益表內確認						小計	於公允價值	總額
	利息 收入／ (支出)	股息收入	租金收入	已實現 收益／ (虧損)	未實現 收益／ (虧損)	減值		儲備內確認 之未實現 收益／ (虧損)	
債務證券									
持有至到期日	1,186.60	—	—	20.26	(7.08)	—	1,199.78	—	1,199.78
可供出售	1,126.86	—	—	(189.91)	—	—	936.95	(611.74)	325.21
持有作交易用途	21.00	—	—	21.77	10.61	—	53.38	—	53.38
貸款及應收款項	131.93	—	—	—	—	—	131.93	—	131.93
直接股本證券									
可供出售	—	66.12	—	1,016.96	—	—	1,083.08	652.52	1,735.60
持有作交易用途	—	3.89	—	5.94	(20.50)	—	(10.67)	—	(10.67)
投資基金									
可供出售	—	202.53	—	304.40	—	—	506.93	1,036.90	1,543.83
持有作交易用途	—	3.55	—	135.20	4.68	—	143.43	—	143.43
現金及銀行存款	470.25	—	—	—	—	—	470.25	—	470.25
投資物業	—	—	48.74	—	28.80	—	77.54	—	77.54
賣出回購證券	(110.14)	—	—	—	—	—	(110.14)	—	(110.14)
其他	0.40	—	—	—	—	—	0.40	—	0.40
	2,826.90	276.09	48.74	1,314.62	16.51	—	4,482.86	1,077.68	5,560.54

Management Review and Analysis

CONSOLIDATED INVESTMENT PERFORMANCE (Continued)

For the year ended 31 December 2008, HK\$ million (Restated)

	Recognized in the consolidated income statement						Sub total	Unrealized gains/ (losses) recognized in the fair value reserve	Grand total
	Interest income/ (expense)	Dividend income	Rental income	Realized gains/ (losses)	Unrealized gains/ (losses)	Impairment			
Debt securities									
HTM	544.80	—	—	—	—	—	544.80	—	544.80
AFS	1,232.08	—	—	(17.67)	—	(11.55)	1,202.86	1,316.50	2,519.36
HFT	25.71	—	—	266.08	(55.84)	—	235.95	—	235.95
LR	44.69	—	—	—	—	—	44.69	—	44.69
Direct equity securities									
AFS	—	53.87	—	498.33	—	(308.78)	243.42	(1,483.41)	(1,239.99)
HFT	—	2.40	—	(65.48)	(43.75)	—	(106.83)	—	(106.83)
Investment funds									
AFS	—	372.44	—	(448.13)	—	(113.81)	(189.50)	(1,203.19)	(1,392.69)
HFT	—	159.26	—	(157.18)	(91.04)	—	(88.96)	—	(88.96)
Cash and bank deposits	461.94	—	—	—	—	—	461.94	—	461.94
Investment properties	—	—	47.25	—	91.92	—	139.17	—	139.17
Securities sold under repurchase agreements	(80.80)	—	—	—	—	—	(80.80)	—	(80.80)
Others	1.97	—	—	—	—	—	1.97	—	1.97
	2,230.39	587.97	47.25	75.95	(98.71)	(434.14)	2,408.71	(1,370.10)	1,038.61

管理層回顧和分析

綜合投資表現 (續)

截至二零零八年十二月三十一日止年度，百萬港元(重列)

	於綜合損益表內確認						小計	於公允價值	總額
	利息 收入/ (支出)	股息收入	租金收入	已實現 收益/ (虧損)	未實現 收益/ (虧損)	減值		儲備內確認 之未實現 收益/ (虧損)	
債務證券									
持有至到期日	544.80	—	—	—	—	—	544.80	—	544.80
可供出售	1,232.08	—	—	(17.67)	—	(11.55)	1,202.86	1,316.50	2,519.36
持有作交易用途	25.71	—	—	266.08	(55.84)	—	235.95	—	235.95
貸款及應收款項	44.69	—	—	—	—	—	44.69	—	44.69
直接股本證券									
可供出售	—	53.87	—	498.33	—	(308.78)	243.42	(1,483.41)	(1,239.99)
持有作交易用途	—	2.40	—	(65.48)	(43.75)	—	(106.83)	—	(106.83)
投資基金									
可供出售	—	372.44	—	(448.13)	—	(113.81)	(189.50)	(1,203.19)	(1,392.69)
持有作交易用途	—	159.26	—	(157.18)	(91.04)	—	(88.96)	—	(88.96)
現金及銀行存款	461.94	—	—	—	—	—	461.94	—	461.94
投資物業	—	—	47.25	—	91.92	—	139.17	—	139.17
賣出回購證券	(80.80)	—	—	—	—	—	(80.80)	—	(80.80)
其他	1.97	—	—	—	—	—	1.97	—	1.97
	2,230.39	587.97	47.25	75.95	(98.71)	(434.14)	2,408.71	(1,370.10)	1,038.61

Management Review and Analysis

REINSURANCE BUSINESS

The Group's reinsurance business is operated by Taiping Reinsurance Company Ltd. ("TPRe") formerly known as China International Reinsurance Company Limited ("CIRe"). TPRe is a Hong Kong-incorporated company and wholly-owned by the Group, and is mainly engaged in the underwriting of all classes of reinsurance business around the globe, consisting mainly of short-tail, property reinsurance business in the Asia Pacific region. TPRe has chosen not to engage in long-tail, liability reinsurance business from outside of Asia, such as from the United States and Europe. TPRe's key markets are Mainland China, Hong Kong and Macau, Japan, the rest of Asia, Europe and other parts of the world.

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

For the year ended 31 December, HK\$ million

	2009	2008	Change
Gross premiums written	1,774.95	1,839.00	(3.5%)
Net premiums written	1,508.76	1,568.66	(3.8%)
Net earned premiums	1,568.98	1,534.90	2.2%
Net claims incurred	(1,024.38)	(887.76)	15.4%
Net commission expenses	(333.07)	(396.01)	(15.9%)
Underwriting profit	134.11	222.43	(39.7%)
Total investment income/(loss)	307.91	(97.90)	—
Net exchange gain/(loss)	9.91	(38.09)	—
Profit before taxation	423.40	59.59	7.1 times
Profit attributable to the owners	404.15	51.85	7.8 times
Regulatory solvency margin ratio	656.8%	630.6%	26.2pts
Technical reserves ratio	183.2%	179.1%	4.1pts
Retained ratio	85.0%	85.3%	(0.3pt)
Earned premiums ratio	88.4%	83.5%	4.9pts
Loss ratio ¹	65.3%	57.8%	7.5pts
Expense ratio ²	27.2%	27.1%	0.1pt
Combined ratio ³	92.5	84.9	7.6pts

¹ The loss ratio is based on net earned premiums.

² The expense ratio is based on net premiums written. If the net earned premiums basis is applied, then the expense ratio would be 26.2% for the Year (2008: 27.7%).

³ The combined ratio is the sum of the loss ratio and the expense ratio. If the expense ratio is based on net earned premiums, then the combined ratio would be 91.5 for the Year (2008: 85.5).

管理層回顧和分析

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有限公司(「太平再保險」)(前稱中國國際再保險有限公司(「中再國際」))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。太平再保險選擇不從事亞洲以外如來自美國及歐洲的長尾巴責任險業務。太平再保險之主要市場為中國大陸、香港及澳門、日本、亞洲其他地區、歐洲及世界其他地方。

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

	二零零九年	二零零八年	變化
毛承保保費	1,774.95	1,839.00	(3.5%)
淨承保保費	1,508.76	1,568.66	(3.8%)
已賺取保費淨額	1,568.98	1,534.90	2.2%
賠款淨額	(1,024.38)	(887.76)	15.4%
佣金支出淨額	(333.07)	(396.01)	(15.9%)
承保溢利	134.11	222.43	(39.7%)
投資收入／(虧損)總額	307.91	(97.90)	—
匯兌收益／(虧損)淨額	9.91	(38.09)	—
除稅前溢利	423.40	59.59	7.1倍
股東應佔溢利	404.15	51.85	7.8倍
監管償付能力充足比率	656.8%	630.6%	26.2點
技術性儲備比率	183.2%	179.1%	4.1點
自留比率	85.0%	85.3%	(0.3點)
已賺取保費率	88.4%	83.5%	4.9點
賠付率 ¹	65.3%	57.8%	7.5點
費用率 ²	27.2%	27.1%	0.1點
綜合成本率 ³	92.5	84.9	7.6點

1 賠付率按已賺取保費淨額為基準計算。

2 費用率按淨承保保費為基準計算。倘使用已賺取保費淨額基準，則本年度之費用率將為26.2%(二零零八年：27.7%)。

3 綜合成本率為賠付率與費用率的總和。倘費用率按已賺取保費淨額為基準計算，則本年度之綜合成本率將為91.5(二零零八年：85.5)。

Management Review and Analysis

REINSURANCE BUSINESS *(Continued)*

Profit Attributable to the Owners

The reinsurance business contributed net profit to the owners of HK\$404.15 million during the Year (2008: HK\$51.85 million), representing a significant increase of 679.5% compared to Last Year. The increase in profits was mainly due to significant improvements in investment returns during the Year, primarily because of equity investment gains from shares traded in Hong Kong. The reinsurance business also benefited from a benign year in the global reinsurance industry during which major catastrophes were absent, which was in sharp contrast to that of Last Year. As a result, TPRe produced one of its highest levels of net income ever in its entire thirty years' history.

Gross Premiums Written

TPRe's gross premiums written for the Year decreased by 3.5% to HK\$1,774.95 million from HK\$1,839.00 million in the Last Year. The decrease in premium was due to a revised accounting treatment for accrued premium. As a result, the related unearned premium provisions and acquisition costs were reduced accordingly. TPRe believes that the revised basis of recognizing accrued premium and the related provisions and expenses is more in line with internationally accepted practices, and is also more accurate in reflecting underwriting performance.

During the Year, TPRe benefited from improved terms and conditions in reinsurance contracts in favor of reinsurers, especially in its single largest market of Mainland China, where proportional reinsurance contracts showed significant improvements with lower commission terms and tighter conditions in favor of reinsurers. In the rest of Asia, TPRe maximized its franchise and deep-rooted position by offering to its clients a wide variety of products and services. Such a wide spectrum of offerings is not only attractive and more convenient to clients, but also allows TPRe to gain the benefits of wider diversification across not only different clients, but also different geographies and different lines of insurance.

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

For the year ended 31 December, HK\$ million

	2009	% of Total	2008	% of Total
Hong Kong & Macau	280.93	15.8%	304.00	16.5%
Mainland China (& Taiwan)	535.93	30.2%	530.03	28.8%
Japan	117.45	6.6%	143.42	7.8%
Rest of Asia	450.11	25.4%	453.70	24.7%
Europe	244.43	13.8%	226.92	12.3%
Others	146.10	8.2%	180.93	9.9%
	1,774.95	100.0%	1,839.00	100.0%

管理層回顧和分析

再保險業務 (續)

股東應佔溢利

再保險業務對股東淨溢利的貢獻為4.0415億港元(二零零八年：5,185萬港元)，較去年大幅上升679.5%。溢利上升主要是由於在香港買賣的股本證券錄得投資收益令投資回報大幅改善所致。再保險業務亦受惠於本年度沒有重大災難、對全球再保險業來說是有利的一年，這與去年形成強烈對比。因此，太平再保險取得其過去三十年歷史以來最高淨收入水平之一。

毛承保保費

太平再保險之毛承保保費由去年18.3900億港元下跌3.5%至17.7495億港元。保費下跌是由於優化累計保費的會計處理所致。因此，有關之未到期責任準備金及展業成本亦相應減少。太平再保險相信，經修訂之計提保費及相關準備及費用的確認基準更接近國際慣例，亦能更準確地反映承保表現。

本年度內，太平再保險受惠於再保險合約條款及條件改善，尤其於其單一最大的中國大陸市場，比例財產再保險合約出現重大改善，較低的佣金條款及較嚴謹的條件對再保險商有利。在亞洲其他市場，太平再保險於各類保險提供一系列的產品及服務而進一步擴大其穩固的地位。提供各種不同的產品及服務，不但為吸引及方便客戶，亦令太平再保險獲得更廣泛的客戶群、地區及業務種類。

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

	二零零九年	佔總額百分比	二零零八年	佔總額百分比
香港及澳門	280.93	15.8%	304.00	16.5%
中國大陸(及台灣)	535.93	30.2%	530.03	28.8%
日本	117.45	6.6%	143.42	7.8%
亞洲其他地區	450.11	25.4%	453.70	24.7%
歐洲	244.43	13.8%	226.92	12.3%
其他	146.10	8.2%	180.93	9.9%
	1,774.95	100.0%	1,839.00	100.0%

Management Review and Analysis

REINSURANCE BUSINESS *(Continued)*

Net Claims Incurred

Although there were no major catastrophes in the global reinsurance industry during the Year, within the Asia Pacific region there were a number of large-scale natural disasters which occurred during the second half of the Year, such as Typhoon Ketsana and the ensuing flooding of Manila in the Philippines, and the Padang Earthquake in Indonesia, both taking place in September 2009. During the Year, there was also a higher frequency of medium-sized fire losses in some Asian countries. Thus, the net claims incurred for the Year increased by 15.4% to HK\$1,024.38 million from HK\$887.76 million in the Last Year. The loss ratio of the reinsurance operations increased to 65.3% from 57.8% in the Last Year.

TPre's top three major claims in terms of gross losses during the Year were as follows:

For the year ended 31 December 2009, HK\$ million

	Date of loss	Gross loss incurred	Net retained loss incurred
Typhoon Ketsana in the Philippines	Sep 2009	72.15	70.97
Earthquake in Padang, Indonesia	Sep 2009	25.36	25.34
Earthquake in Central Italy	Apr 2009	13.36	13.36

Investment Performance

The composition of investments held by TPre was as follows:

At 31 December, HK\$ million

	2009	% of Total	2008	% of Total
Debt securities	2,852.02	57.6%	1,904.91	46.8%
Direct equity securities	302.41	6.1%	231.80	5.7%
Investment funds	77.16	1.6%	67.04	1.7%
Cash and bank deposits	1,620.59	32.7%	1,786.45	43.9%
Investment properties	98.13	2.0%	76.72	1.9%
Total invested assets	4,950.31	100.0%	4,066.92	100.0%

During the Year, although investment markets sentiment improved significantly in Hong Kong, TPre 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 90.3% of the total invested assets as at 31 December 2009 (2008: 90.7%). Almost all of the debt securities had investment grade ratings from international credit rating agencies.

管理層回顧和分析

再保險業務 (續)

淨賠款總額

儘管於本年度內全球再保險市場未有發生巨大災難，但亞太地區在本年度下半年有若干大規模自然災害，如颱風凱薩娜及菲律賓馬尼拉水災，印尼巴東地震皆於二零零九年九月發生。本年度內於一些亞洲國家亦頻繁地發生中等規模火災索賠事件。因此，本年度的淨賠款由去年8.8776億港元增加15.4%至10.2438億港元。再保險業務的賠付率由去年的57.8%上升至65.3%。

太平再保險於年內以毛賠付總額計之三大賠案如下：

截至二零零九年十二月三十一日止年度，百萬港元

	出險日期	毛賠付總額	自留賠付淨額
菲律賓颱風凱薩娜	2009年9月	72.15	70.97
印尼巴東地震	2009年9月	25.36	25.34
意大利中部地震	2009年4月	13.36	13.36

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

	二零零九年	佔總額百分比	二零零八年	佔總額百分比
債務證券	2,852.02	57.6%	1,904.91	46.8%
直接股本證券	302.41	6.1%	231.80	5.7%
投資基金	77.16	1.6%	67.04	1.7%
現金及銀行存款	1,620.59	32.7%	1,786.45	43.9%
投資物業	98.13	2.0%	76.72	1.9%
投資總額	4,950.31	100.0%	4,066.92	100.0%

於本年度內，儘管香港的投資氣氛大幅改善，太平再保險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、現金及銀行存款於二零零九年十二月三十一日合共佔投資資產總額約90.3%（二零零八年：90.7%）。幾乎全部債務證券均達到國際信貸評級機構認可的投資評級。

Management Review and Analysis

REINSURANCE BUSINESS *(Continued)*

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

At 31 December 2009, HK\$ million

	HTM	AFS	HFT	LR	Total
Debt securities	2,000.86	706.56	144.60	—	2,852.02
Direct equity securities	—	302.41	—	—	302.41
Investment funds	—	43.76	33.40	—	77.16
	2,000.86	1,052.73	178.00	—	3,231.59

At 31 December 2008, HK\$ million

	HTM	AFS	HFT	LR	Total
Debt securities	1,338.63	390.08	176.20	—	1,904.91
Direct equity securities	—	194.66	37.14	—	231.80
Investment funds	—	38.18	28.86	—	67.04
	1,338.63	622.92	242.20	—	2,203.75

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

At 31 December, HK\$ million

	2009	2008
Central governments and central banks	234.93	131.34
Public sector entities	50.76	50.97
Banks and other financial institutions	1,377.77	1,425.13
Corporate entities	1,188.56	286.47
Others	—	11.00
	2,852.02	1,904.91

管理層回顧和分析

再保險業務 (續)

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：

於二零零九年十二月三十一日，百萬港元

	持有至到期日	可供出售	持有作 交易用途	貸款及 應收款項	總額
債務證券	2,000.86	706.56	144.60	—	2,852.02
直接股本證券	—	302.41	—	—	302.41
投資基金	—	43.76	33.40	—	77.16
	2,000.86	1,052.73	178.00	—	3,231.59

於二零零八年十二月三十一日，百萬港元

	持有至到期日	可供出售	持有作 交易用途	貸款及 應收款項	總額
債務證券	1,338.63	390.08	176.20	—	1,904.91
直接股本證券	—	194.66	37.14	—	231.80
投資基金	—	38.18	28.86	—	67.04
	1,338.63	622.92	242.20	—	2,203.75

債務證券按類別分類如下：

於十二月三十一日，百萬港元

	二零零九年	二零零八年
中央政府及中央銀行	234.93	131.34
公共機構	50.76	50.97
銀行及其他金融機構	1,377.77	1,425.13
企業實體	1,188.56	286.47
其他	—	11.00
	2,852.02	1,904.91

Management Review and Analysis

REINSURANCE BUSINESS *(Continued)*

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

At 31 December, HK\$ million

	2009	2008
USD	2,369.27	1,677.80
EUR	187.71	85.08
HKD	86.98	68.98
GBP	144.12	40.43
Others	63.94	32.62
	2,852.02	1,904.91

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:

For the year ended 31 December, HK\$ million

	2009	2008	Change
Net investment income	179.31	178.67	0.4%
Net realized investment gains/(losses)	96.01	(96.96)	—
Net unrealized investment gains/(losses)	32.59	(73.79)	—
Impairment on AFS equities	—	(105.82)	—
Total investment income/(loss)	307.91	(97.90)	—
Total investment yield	6.8%	(2.2%)	—

TPRe's total investment income was a gain of HK\$307.91 million for the Year, a significant increase from the loss of HK\$97.90 million in the Last Year. A strong rebound in equities traded in Hong Kong was the primary factor behind TPRE's large investment gains. Despite higher levels of debt securities and cash and bank deposits, TPRE's net investment income was largely the same as that of the Last Year, primarily because of lower interest rates for debt securities and bank deposits. The above-described investment income and investment yield figures do not include a net exchange gain of HK\$9.91 million (2008: loss of HK\$38.09 million).

管理層回顧和分析

再保險業務 (續)

債務證券按原貨幣分類之折合港元值如下：

於十二月三十一日，百萬港元

	二零零九年	二零零八年
美元	2,369.27	1,677.80
歐羅	187.71	85.08
港元	86.98	68.98
英鎊	144.12	40.43
其他	63.94	32.62
	2,852.02	1,904.91

太平再保險確認在綜合損益表內之稅前投資收入總額及稅前投資收益率概述如下：

截至十二月三十一日止年度，百萬港元

	二零零九年	二零零八年	變化
投資收入淨額	179.31	178.67	0.4%
已實現投資收益／(虧損)淨額	96.01	(96.96)	—
未實現投資收益／(虧損)淨額	32.59	(73.79)	—
可供出售股本投資減值	—	(105.82)	—
投資收入／(虧損)總額	307.91	(97.90)	—
總投資收益率	6.8%	(2.2%)	—

本年度內，太平再保險錄得投資收入總額3.0791億港元，較去年虧損9,790萬港元大幅增加。香港買賣的股票價格強勁反彈是太平再保險錄得龐大投資收益的主因。儘管持有更多的銀行存款及固定收入證券，但太平再保險之投資收入大致與去年相若，主要是由於債務證券及銀行存款的利率下跌。上述投資收入及投資收益率並不包括991萬港元匯兌收益淨額(二零零八年：虧損3,809萬港元)。

Management Review and Analysis

REINSURANCE BUSINESS *(Continued)*

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

For the year ended 31 December 2009, HK\$ million

	Recognized in the consolidated income statement						Sub total	Unrealized gains recognized in the fair value reserve	Grand total
	Interest income	Dividend income	Rental income	Realized gains/(losses)	Unrealized gains/(losses)	Impairment			
Debt securities									
HTM	97.78	–	–	3.44	(7.08)	–	94.14	–	94.14
AFS	41.18	–	–	–	–	–	41.18	92.55	133.73
HFT	13.18	–	–	8.22	13.72	–	35.12	–	35.12
Direct equity securities									
AFS	–	6.57	–	85.40	–	–	91.97	56.20	148.17
HFT	–	1.57	–	(1.05)	–	–	0.52	–	0.52
Investment funds									
AFS	–	0.93	–	–	–	–	0.93	5.58	6.51
HFT	–	2.72	–	–	4.54	–	7.26	–	7.26
Cash and bank deposits	13.42	–	–	–	–	–	13.42	–	13.42
Investment properties	–	–	1.95	–	21.41	–	23.36	–	23.36
Others	0.01	–	–	–	–	–	0.01	–	0.01
	165.57	11.79	1.95	96.01	32.59	–	307.91	154.33	462.24

管理層回顧和分析

再保險業務 (續)

太平再保險的稅前投資收入／(虧損)之詳細分析如下：

截至二零零九年十二月三十一日止年度，百萬港元

	於綜合損益表內確認						小計	於公允價值 儲備內確認 之未實現收益	總額
	利息收入	股息收入	租金收入	已實現 收益/ (虧損)	未實現 收益/ (虧損)	減值			
債務證券									
持有至到期日	97.78	—	—	3.44	(7.08)	—	94.14	—	94.14
可供出售	41.18	—	—	—	—	—	41.18	92.55	133.73
持有作交易用途	13.18	—	—	8.22	13.72	—	35.12	—	35.12
直接股本證券									
可供出售	—	6.57	—	85.40	—	—	91.97	56.20	148.17
持有作交易用途	—	1.57	—	(1.05)	—	—	0.52	—	0.52
投資基金									
可供出售	—	0.93	—	—	—	—	0.93	5.58	6.51
持有作交易用途	—	2.72	—	—	4.54	—	7.26	—	7.26
現金及銀行存款	13.42	—	—	—	—	—	13.42	—	13.42
投資物業	—	—	1.95	—	21.41	—	23.36	—	23.36
其他	0.01	—	—	—	—	—	0.01	—	0.01
	165.57	11.79	1.95	96.01	32.59	—	307.91	154.33	462.24

Management Review and Analysis

REINSURANCE BUSINESS (Continued)

For the year ended 31 December 2008, HK\$ million

	Recognized in the consolidated income statement						Sub total	Unrealized losses recognized in the fair value reserve	Grand total
	Interest income	Dividend income	Rental income	Realized losses	Unrealized losses	Impairment			
Debt securities									
HTM	76.21	—	—	—	—	—	76.21	—	76.21
AFS	35.89	—	—	—	—	—	35.89	(65.04)	(29.15)
HFT	9.26	—	—	(1.28)	(36.23)	—	(28.25)	—	(28.25)
Direct equity securities									
AFS	—	12.64	—	(95.31)	—	(105.82)	(188.49)	(93.43)	(281.92)
HFT	—	1.60	—	(0.37)	(25.35)	—	(24.12)	—	(24.12)
Investment funds									
AFS	—	0.19	—	—	—	—	0.19	(12.95)	(12.76)
HFT	—	2.94	—	—	(10.37)	—	(7.43)	—	(7.43)
Cash and bank deposits	36.17	—	—	—	—	—	36.17	—	36.17
Investment properties	—	—	2.81	—	(1.84)	—	0.97	—	0.97
Others	0.96	—	—	—	—	—	0.96	—	0.96
	158.49	17.37	2.81	(96.96)	(73.79)	(105.82)	(97.90)	(171.42)	(269.32)

管理層回顧和分析

再保險業務 (續)

截至二零零八年十二月三十一日止年度，百萬港元

	於綜合損益表內確認						於公允價值 儲備內確認		總額
	利息收入	股息收入	租金收入	已實現虧損	未實現虧損	減值	小計	之未實現虧損	
債務證券									
持有至到期日	76.21	—	—	—	—	—	76.21	—	76.21
可供出售	35.89	—	—	—	—	—	35.89	(65.04)	(29.15)
持有作交易用途	9.26	—	—	(1.28)	(36.23)	—	(28.25)	—	(28.25)
直接股本證券									
可供出售	—	12.64	—	(95.31)	—	(105.82)	(188.49)	(93.43)	(281.92)
持有作交易用途	—	1.60	—	(0.37)	(25.35)	—	(24.12)	—	(24.12)
投資基金									
可供出售	—	0.19	—	—	—	—	0.19	(12.95)	(12.76)
持有作交易用途	—	2.94	—	—	(10.37)	—	(7.43)	—	(7.43)
現金及銀行存款	36.17	—	—	—	—	—	36.17	—	36.17
投資物業	—	—	2.81	—	(1.84)	—	0.97	—	0.97
其他	0.96	—	—	—	—	—	0.96	—	0.96
	158.49	17.37	2.81	(96.96)	(73.79)	(105.82)	(97.90)	(171.42)	(269.32)

Management Review and Analysis

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

For the year ended 31 December, HK\$ million

	2009	2008 <i>(Restated)</i>	Change
Gross premiums written and premium deposits	25,629.61	21,207.79	20.9%
Less: Premium deposits of universal life products	3,281.34	9,748.21	(66.3%)
Premium deposits of unit-linked products	248.76	2,053.06	(87.9%)
Premium deposits of other products	463.28	576.23	(19.6%)
Gross premiums written recognized in income statement	21,636.23	8,830.29	2.5 times
Policy fees	277.78	647.37	(57.1%)
Net premiums written and policy fees	21,707.51	9,367.45	2.3 times
Net earned premiums and policy fees	21,662.21	9,324.03	2.3 times
Total investment income	3,482.90	2,677.05	30.1%
Net exchange loss	(1.59)	(81.66)	(98.1%)
Net policyholders' benefits	(4,926.99)	(3,609.91)	36.5%
Net commission expenses	(2,706.78)	(2,026.97)	33.5%
Change in life insurance contract liabilities, net of reinsurance	(12,252.39)	(2,708.08)	4.5 times
Administrative and other expenses	(3,829.55)	(2,671.61)	43.3%
Finance costs	(188.04)	(98.18)	91.5%
Profit before taxation	1,404.88	916.59	53.3%
Profit after taxation	1,157.46	972.33	19.0%
Profit attributable to the owners	579.31	486.68	19.0%

管理層回顧和分析

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。太平人壽主要在中國大陸從事承保人壽保險業務。

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

	二零零九年	二零零八年 (重列)	變化
毛承保保費及保費存款	25,629.61	21,207.79	20.9%
減：萬能壽險產品之保費存款	3,281.34	9,748.21	(66.3%)
投資連結產品之保費存款	248.76	2,053.06	(87.9%)
其他產品之保費存款	463.28	576.23	(19.6%)
確認於損益表之毛承保保費	21,636.23	8,830.29	2.5倍
保單費收入	277.78	647.37	(57.1%)
淨承保保費及保單費收入	21,707.51	9,367.45	2.3倍
已賺取保費及保單費收入淨額	21,662.21	9,324.03	2.3倍
投資收入總額	3,482.90	2,677.05	30.1%
匯兌虧損淨額	(1.59)	(81.66)	(98.1%)
保單持有人利益淨額	(4,926.99)	(3,609.91)	36.5%
佣金支出淨額	(2,706.78)	(2,026.97)	33.5%
壽險合約負債變化，減再保險	(12,252.39)	(2,708.08)	4.5倍
行政及其他費用	(3,829.55)	(2,671.61)	43.3%
財務費用	(188.04)	(98.18)	91.5%
除稅前溢利	1,404.88	916.59	53.3%
除稅後溢利	1,157.46	972.33	19.0%
股東應佔溢利	579.31	486.68	19.0%

Management Review and Analysis

LIFE INSURANCE BUSINESS *(Continued)*

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

	2009	2008	Change
Market share ¹	2.8%	2.6%	0.2pts
Number of provincial branches	33	33	—
Number of sub-branches and marketing centers	611	506	105
Number of in-force policies	5,183,756	3,803,553	1,380,203
Number of individual agents	60,781	46,781	14,000
Persistency ratio — 13th month ²			
— Individual	85.0%	82.6%	2.4pts
— Bancassurance	92.0%	90.7%	1.3pts
Compound persistency ratio — 25th month ²			
— Individual	76.4%	75.6%	0.8pts
— Bancassurance	87.9%	84.5%	3.4pts

¹ Based on premiums published by the CIRC.

² Based on the amount of premiums.

Profit Attributable to the Owners

The life insurance business contributed net profit to the owners of HK\$579.31 million during the Year (2008 *(restated)*: HK\$486.68 million), representing an increase of 19.0% compared to Last Year. The increase in profits was mainly due to significant improvements in investment returns during the Year. The life insurance business also benefited from strong increases in premium and improvements in the scale of operations.

During the Year, the economy of the PRC was resilient following the difficulties of the global economic and financial crisis, and again posted one of the fastest GDP growth rates in the world. The life insurance industry in Mainland China benefited substantially from the positive recovery in the financial markets and the continued expansion of the underlying PRC economy.

Gross Premiums Written and Premium Deposits

TPL's gross premiums written recognized in consolidated income statement increased by 145.0% to HK\$21,636.23 million from HK\$8,830.29 million in the Last Year, while the premium deposits decreased by 67.7% to HK\$3,993.38 million from HK\$12,377.50 million in the Last Year. Although far lower amounts of unit-linked and universal life products were sold during the Year, TPL more than made up for this lower level with a substantial increase in sales of more traditional life insurance products, many of which have regular premium features. Such a change of focus was brought about by the continued emphasis by TPL's directors and senior management on selling more products with higher profit margins and new actuarial business values.

管理層回顧和分析

人壽保險業務(續)

人壽保險業務之主要經營數據概述如下：

	二零零九年	二零零八年	變化
市場份額 ¹	2.8%	2.6%	0.2點
省級分公司數目	33	33	—
支公司及市場推廣中心數目	611	506	105
有效之保單數目	5,183,756	3,803,553	1,380,203
個人銷售代理數目	60,781	46,781	14,000
第13個月之保費繼續率 ²			
— 個人	85.0%	82.6%	2.4點
— 銀行保險	92.0%	90.7%	1.3點
第25個月之保費複合繼續率 ²			
— 個人	76.4%	75.6%	0.8點
— 銀行保險	87.9%	84.5%	3.4點

¹ 據中國保監會刊發之毛承保保費計算。

² 按保費金額。

股東應佔溢利

本年度內，股東來自人壽保險業務之溢利淨額為5.7931億港元(二零零八年(重列)：4.8668億港元)，較去年上升19.0%。溢利上升主要是由於投資回報大幅改善。人壽保險業務亦受惠於保費強勁上升及經營規模改善。

本年度內，中國經濟隨著全球經濟及金融危機的困境過去迅速恢復，再次為國內生產總值全球增長最快的國家之一。中國大陸人壽保險業受惠於金融市場復甦及中國經濟持續發展。

毛承保保費及保費存款

太平人壽確認在綜合損益表內毛承保保費由去年之88.3029億港元上升145.0%至216.3623億港元，而保費存款則由去年之123.7750億港元下降67.7%至39.9338億港元。儘管投資連結及萬能壽險產品的銷售金額遠低於去年，但由於太平人壽大幅增加銷售更傳統的人壽保險產品，其中很多具期繳特色，因而抵銷了其影響。轉移重點乃由於太平人壽董事及高級管理層一直着重銷售更高利潤率及具業務價值的產品。

Management Review and Analysis

LIFE INSURANCE BUSINESS (Continued)

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

For the year ended 31 December 2009, HK\$ million

	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
Individual	6,652.02	—	95.52	117.00	6,864.54	26.8%
Bancassurance	14,264.99	3,281.34	153.24	0.74	17,700.31	69.1%
Group	719.22	—	—	345.54	1,064.76	4.1%
	21,636.23	3,281.34	248.76	463.28	25,629.61	100.0%

For the year ended 31 December 2008, HK\$ million

	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
Individual	4,302.84	—	270.61	100.25	4,673.70	22.0%
Bancassurance	3,855.91	9,748.21	1,782.35	0.63	15,387.10	72.6%
Group	671.54	—	0.10	475.35	1,146.99	5.4%
	8,830.29	9,748.21	2,053.06	576.23	21,207.79	100.0%

During the Year, the sale of unit linked products fell significantly to HK\$248.76 million from HK\$2,053.06 million in the Last Year, representing a decrease of 87.9%. The sale of universal life products fell to HK\$3,281.34 million from HK\$9,748.21 million in the Last Year, representing a decrease of 66.3%. This decline in premium, however, was more than made up for by the strong increase in demand for traditional products, which sharply increased to HK\$21,636.23 million from HK\$8,830.29 million in the Last Year, representing an increase of 145.0%.

管理層回顧和分析

人壽保險業務 (續)

太平人壽按業務劃分之毛承保保費及保費存款如下：

截至二零零九年十二月三十一日止年度，百萬港元

	確認在 綜合損益表內 之毛承保保費	保費存款			總額	佔總額百分比
		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		
個人	6,652.02	—	95.52	117.00	6,864.54	26.8%
銀行保險	14,264.99	3,281.34	153.24	0.74	17,700.31	69.1%
團體	719.22	—	—	345.54	1,064.76	4.1%
	21,636.23	3,281.34	248.76	463.28	25,629.61	100.0%

截至二零零八年十二月三十一日止年度，百萬港元

	確認在 綜合損益表內 之毛承保保費	保費存款			總額	佔總額百分比
		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		
個人	4,302.84	—	270.61	100.25	4,673.70	22.0%
銀行保險	3,855.91	9,748.21	1,782.35	0.63	15,387.10	72.6%
團體	671.54	—	0.10	475.35	1,146.99	5.4%
	8,830.29	9,748.21	2,053.06	576.23	21,207.79	100.0%

本年內，投資連結產品的銷售大幅下降至2.4876億港元，相比去年20.5306億港元，減幅87.9%。萬能壽險產品的銷售由去年97.4821億港元下降至32.8134億港元，減幅66.3%。不過，此保費減少的幅度被傳統產品需求的強勁增長所抵銷。傳統產品的保費由去年88.3029億港元急升145.0%至216.3623億港元。

Management Review and Analysis

LIFE INSURANCE BUSINESS (Continued)

The strength of the traditional product sales was apparent in both the individual agency distribution channel and the bank distribution channel. Traditional premiums distributed through the individual agency force increased to HK\$6,652.02 million from HK\$4,302.84 million in the Last Year, representing a significant increase of 54.6%. This strong growth was due to improvements in productivity in the existing agency force, as well as the increase in number of individual agents to 60,781 as of 31 December 2009 (2008: 46,781). In the bank distribution channel, traditional product sales increased to HK\$14,264.99 million from HK\$3,855.91 million in the Last Year, representing a substantial increase of 270.0%. TPL's bank channel of distribution benefited from the resurgence of interest in bancassurance products among policyholders during a time of equity markets uncertainty, as well as TPL's continued position as a leader and premier service provider in this line of business.

During the Year, TPL continued to increase within its traditional product sales the number of its 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:

For the year ended 31 December, HK\$ million

Individual

	2009	% of Total	2008	% of Total
Single Premium	112.59	1.7%	42.51	1.0%
Regular Premium — First Year	2,737.52	41.1%	2,091.95	48.6%
Regular Premium — Renewal Year	3,801.91	57.2%	2,168.38	50.4%
	6,652.02	100.0%	4,302.84	100.0%

Bancassurance

	2009	% of Total	2008	% of Total
Single Premium	7,980.98	56.0%	744.34	19.3%
Regular Premium — First Year	3,328.77	23.3%	1,684.99	43.7%
Regular Premium — Renewal Year	2,955.24	20.7%	1,426.58	37.0%
	14,264.99	100.0%	3,855.91	100.0%

Group

	2009	% of Total	2008	% of Total
Employee Benefit ("EB")	714.67	99.4%	662.41	98.6%
Annuity	4.55	0.6%	9.13	1.4%
	719.22	100.0%	671.54	100.0%

管理層回顧和分析

人壽保險業務 (續)

傳統產品的銷售在個人代理分銷渠道及銀行分銷渠道均明顯上升，保費由去年43.0284億港元增至66.5202億港元，顯著增長54.6%。如此強勁的增長是因為現有代理隊伍產能提升以及於二零零九年十二月三十一日個人代理隊伍增至60,781人(二零零八年：46,781人)所致。銀行分銷渠道方面，傳統產品保費則由去年38.5591億港元增至142.6499億港元，大幅增長270.0%。太平人壽的銀行分銷渠道受惠於客戶在股票市場不明朗時重新對銀行保險產品的需求，以及太平人壽在業界中的領先地位及提供優越的服務。

於本年度內，太平人壽持續在其傳統產品銷售中提高具期繳保費特色之產品佔比。以下概述太平人壽按業務劃分的躉繳保費產品及期繳保費產品的詳細分析：

截至十二月三十一日止年度，百萬港元

個人

	二零零九年	佔總額百分比	二零零八年	佔總額百分比
躉繳保費	112.59	1.7%	42.51	1.0%
期繳保費 — 首年	2,737.52	41.1%	2,091.95	48.6%
期繳保費 — 續年	3,801.91	57.2%	2,168.38	50.4%
	6,652.02	100.0%	4,302.84	100.0%

銀行保險

	二零零九年	佔總額百分比	二零零八年	佔總額百分比
躉繳保費	7,980.98	56.0%	744.34	19.3%
期繳保費 — 首年	3,328.77	23.3%	1,684.99	43.7%
期繳保費 — 續年	2,955.24	20.7%	1,426.58	37.0%
	14,264.99	100.0%	3,855.91	100.0%

團體

	二零零九年	佔總額百分比	二零零八年	佔總額百分比
僱員福利	714.67	99.4%	662.41	98.6%
年金	4.55	0.6%	9.13	1.4%
	719.22	100.0%	671.54	100.0%

Management Review and Analysis

LIFE INSURANCE BUSINESS *(Continued)*

TPL's strategy over the past few years has been to gradually increase, within its sales of traditional products, the proportion of those products with regular premium features. This prioritization has been strongly reemphasized by the directors and senior management and is now the top performance benchmark for the life insurance operations for the next three to five years. TPL intends to build a solid platform of high profit margin, regular premium products, upon which the life insurance operations may use as a long-term base for further expansion in the years to come.

The higher proportion of regular premium products and their higher profitability are reflected in the significantly higher embedded value and new business value figures of TPL for 2009. It is encouraging to note that the embedded value of TPL (expressed in terms of HKD) has increased 59.4% to HK\$13,626 million from HK\$8,548 million at the end of Last Year. Likewise, the new business value after cost of capital for the Year increased to HK\$1,353 million from HK\$865 million at the end of Last Year, representing a strong growth of 56.4%. These latest actuarial figures of TPL are disclosed below in the section titled "Embedded Value of TPL".

Investment Performance

The composition of investments held by TPL was as follows:

At 31 December, HK\$ million

	2009	% of Total	2008	% of Total
Debt securities	52,282.77	65.7%	44,945.96	77.0%
Direct equity securities	7,614.25	9.6%	1,034.86	1.8%
Investment funds	5,162.44	6.5%	2,418.22	4.1%
Cash and bank deposits	14,473.74	18.2%	9,941.26	17.1%
Total investments	79,533.20	100.0%	58,340.30	100.0%

During the Year, although investment markets sentiment improved significantly in the PRC, 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 and cash and bank deposits constituted a combined total of approximately 83.9% of the total invested assets as at 31 December 2009 (2008: 94.1%).

管理層回顧和分析

人壽保險業務(續)

過去幾年，太平人壽的策略是在其傳統產品銷售中提高期繳保費產品比重。董事及高級管理層重申，期繳保費產品是人壽保險業務未來三至五年最為重要的表現指標。太平人壽打算建立一個穩固及具高利潤率的期繳保費產品平台，作為人壽保險業務進一步發展的穩固基礎。

更高的期繳保費產品比例及其更高的盈利能力使太平人壽二零零九年之內涵價值及新業務價值顯著提高。令人注目的是太平人壽的內涵價值(以港幣折算)由去年底之85.48億港元增加59.4%至136.26億港元。同樣地，本年度之新業務扣除資本成本後之價值為13.53億港元，較去年之8.65億港元，顯著增長56.4%。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。

投資表現

太平人壽所持之投資組合如下：

於十二月三十一日，百萬港元

	二零零九年	佔總額百分比	二零零八年	佔總額百分比
債務證券	52,282.77	65.7%	44,945.96	77.0%
直接股本證券	7,614.25	9.6%	1,034.86	1.8%
投資基金	5,162.44	6.5%	2,418.22	4.1%
現金及銀行存款	14,473.74	18.2%	9,941.26	17.1%
投資總額	79,533.20	100.0%	58,340.30	100.0%

於本年度內，儘管中國的投資氣氛大幅改善，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、現金及銀行存款於二零零九年十二月三十一日合共佔投資資產總額約83.9% (二零零八年：94.1%)。

Management Review and Analysis

LIFE INSURANCE BUSINESS (Continued)

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

At 31 December 2009, HK\$ million

	HTM	AFS	HFT	LR	Total
Debt securities	35,961.15	14,254.57	—	2,067.05	52,282.77
Direct equity securities	—	7,522.91	91.34	—	7,614.25
Investment funds	—	5,162.44	—	—	5,162.44
	35,961.15	26,939.92	91.34	2,067.05	65,059.46

At 31 December 2008, HK\$ million

	HTM	AFS	HFT	LR	Total
Debt securities	19,222.47	23,634.69	25.05	2,063.75	44,945.96
Direct equity securities	—	1,034.86	—	—	1,034.86
Investment funds	—	2,360.72	57.50	—	2,418.22
	19,222.47	27,030.27	82.55	2,063.75	48,399.04

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

At 31 December, HK\$ million

	2009	2008
Central governments and central banks	18,706.59	18,649.54
Banks and other financial institutions	10,816.69	8,465.89
Corporate entities	22,759.49	17,830.53
	52,282.77	44,945.96

管理層回顧和分析

人壽保險業務 (續)

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：

於二零零九年十二月三十一日，百萬港元

	持有 至到期日	可供出售	持有作 交易用途	貸款 及應收款項	總額
債務證券	35,961.15	14,254.57	—	2,067.05	52,282.77
直接股本證券	—	7,522.91	91.34	—	7,614.25
投資基金	—	5,162.44	—	—	5,162.44
	35,961.15	26,939.92	91.34	2,067.05	65,059.46

於二零零八年十二月三十一日，百萬港元

	持有 至到期日	可供出售	持有作 交易用途	貸款 及應收款項	總額
債務證券	19,222.47	23,634.69	25.05	2,063.75	44,945.96
直接股本證券	—	1,034.86	—	—	1,034.86
投資基金	—	2,360.72	57.50	—	2,418.22
	19,222.47	27,030.27	82.55	2,063.75	48,399.04

債務證券按類別分類如下：

於十二月三十一日，百萬港元

	二零零九年	二零零八年
中央政府及中央銀行	18,706.59	18,649.54
銀行及其他金融機構	10,816.69	8,465.89
企業實體	22,759.49	17,830.53
	52,282.77	44,945.96

Management Review and Analysis

LIFE INSURANCE BUSINESS *(Continued)*

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

For the year ended 31 December, HK\$ million

	2009	2008	Change
Net investment income	2,576.91	2,286.08	12.7%
Net realized investment gains	928.24	483.53	92.0%
Net unrealized investment (losses)/gains	(22.25)	1.55	—
Impairment on AFS equities	—	(94.11)	—
Total investment income	3,482.90	2,677.05	30.1%
Total investment yield	5.5%	5.3%	0.2pt

TPL's total investment income was a gain of HK\$3,482.90 million during the Year, representing a significant increase from the gain of HK\$2,677.05 million in the Last Year. A strong rebound in equities traded in the PRC was one of the factors for the increase in investment income. Higher levels of cash inflows from increased premium also resulted in more investments in debt securities, which led to higher net investment income. The above-mentioned investment income and investment yield figures do not include a net exchange loss of HK\$1.59 million (2008: HK\$81.66 million).

管理層回顧和分析

人壽保險業務(續)

太平人壽確認在綜合損益表內之稅前投資收入總額及稅前投資收益率概述如下：

截至十二月三十一日止年度，百萬港元

	二零零九年	二零零八年	變化
投資收入淨額	2,576.91	2,286.08	12.7%
已實現投資收益淨額	928.24	483.53	92.0%
未實現投資(虧損)/收益淨額	(22.25)	1.55	—
可供出售股本投資減值	—	(94.11)	—
投資收入總額	3,482.90	2,677.05	30.1%
總投資收益率	5.5%	5.3%	0.2點

本年度內，太平人壽錄得投資收入總額收益34.8290億港元，較去年溢利26.7705億港元大幅增加。在中國買賣的股票強勁反彈是令投資收入增加的原因之一。保費增長所帶來的現金流水平增加了對債務證券的投資，令投資收入淨額提高。上述投資收入及投資收益率並不包括159萬港元匯兌虧損淨額(二零零八年：8,166萬港元)。

Management Review and Analysis

LIFE INSURANCE BUSINESS (Continued)

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

For the year ended 31 December 2009, HK\$ million

	Recognized in the consolidated income statement					Sub total	Unrealized gains/(losses) recognized in the fair value reserve	Grand total
	Interest income/(expense)	Dividend income	Realized gains/(losses)	Unrealized gains/(losses)	Impairment			
Debt securities								
HTM	1,016.75	—	—	—	—	1,016.75	—	1,016.75
AFS	929.85	—	(309.94)	—	—	619.91	(809.70)	(189.79)
HFT	0.15	—	7.00	—	—	7.15	—	7.15
LR	123.58	—	—	—	—	123.58	—	123.58
Direct equity securities								
AFS	—	50.40	867.04	—	—	917.44	530.80	1,448.24
HFT	—	1.43	(6.10)	(22.25)	—	(26.92)	—	(26.92)
Investment funds								
AFS	—	167.78	249.21	—	—	416.99	932.13	1,349.12
HFT	—	0.45	121.03	—	—	121.48	—	121.48
Cash and bank deposits	393.33	—	—	—	—	393.33	—	393.33
Securities sold under repurchase agreements	(106.81)	—	—	—	—	(106.81)	—	(106.81)
	2,356.85	220.06	928.24	(22.25)	—	3,482.90	653.23	4,136.13

管理層回顧和分析

人壽保險業務 (續)

太平人壽稅前投資收入／(虧損)之詳細分析如下：

截至二零零九年十二月三十一日止年度，百萬港元

	於綜合損益表內確認					小計	於公允價值	總額
	利息 收入／ (支出)	股息收入	已實現 收益／ (虧損)	未實現 收益／ (虧損)	減值		儲備內確認之 未實現收益／ (虧損)	
債務證券								
持有至到期日	1,016.75	—	—	—	—	1,016.75	—	1,016.75
可供出售	929.85	—	(309.94)	—	—	619.91	(809.70)	(189.79)
持有作交易用途	0.15	—	7.00	—	—	7.15	—	7.15
貸款及應收款項	123.58	—	—	—	—	123.58	—	123.58
直接股本證券								
可供出售	—	50.40	867.04	—	—	917.44	530.80	1,448.24
持有作交易用途	—	1.43	(6.10)	(22.25)	—	(26.92)	—	(26.92)
投資基金								
可供出售	—	167.78	249.21	—	—	416.99	932.13	1,349.12
持有作交易用途	—	0.45	121.03	—	—	121.48	—	121.48
現金及銀行存款	393.33	—	—	—	—	393.33	—	393.33
賣出回購證券	(106.81)	—	—	—	—	(106.81)	—	(106.81)
	2,356.85	220.06	928.24	(22.25)	—	3,482.90	653.23	4,136.13

Management Review and Analysis

LIFE INSURANCE BUSINESS (Continued)

For the year ended 31 December 2008, HK\$ million

	Recognized in the consolidated income statement					Sub total	Unrealized gains/ (losses) recognized in the fair value reserve	Grand total
	Interest income/ (expense)	Dividend income	Realized gains/ (losses)	Unrealized gains/ (losses)	Impairment			
Debt securities								
HTM	421.66	—	—	—	—	421.66	—	421.66
AFS	1,103.07	—	(29.08)	—	—	1,073.99	1,380.58	2,454.57
HFT	0.03	—	258.32	(1.09)	—	257.26	—	257.26
LR	42.52	—	—	—	—	42.52	—	42.52
Direct equity securities								
AFS	—	23.51	815.69	—	(60.00)	779.20	(1,254.28)	(475.08)
HFT	—	—	(60.13)	—	—	(60.13)	—	(60.13)
Investment funds								
AFS	—	339.75	(358.96)	—	(34.11)	(53.32)	(1,154.85)	(1,208.17)
HFT	—	119.29	(142.31)	2.64	—	(20.38)	—	(20.38)
Cash and bank deposits	315.53	—	—	—	—	315.53	—	315.53
Securities sold under repurchase agreements	(79.28)	—	—	—	—	(79.28)	—	(79.28)
	1,803.53	482.55	483.53	1.55	(94.11)	2,677.05	(1,028.55)	1,648.50

管理層回顧和分析

人壽保險業務 (續)

截至二零零八年十二月三十一日止年度 · 百萬港元

	於綜合損益表內確認					於公允價值		總額
	利息 收入/ (支出)	股息收入	已實現 收益/ (虧損)	未實現 收益/ (虧損)	減值	小計	儲備內確認之 未實現收益/ (虧損)	
債務證券								
持有至到期日	421.66	—	—	—	—	421.66	—	421.66
可供出售	1,103.07	—	(29.08)	—	—	1,073.99	1,380.58	2,454.57
持有作交易用途	0.03	—	258.32	(1.09)	—	257.26	—	257.26
貸款及應收款項	42.52	—	—	—	—	42.52	—	42.52
直接股本證券								
可供出售	—	23.51	815.69	—	(60.00)	779.20	(1,254.28)	(475.08)
持有作交易用途	—	—	(60.13)	—	—	(60.13)	—	(60.13)
投資基金								
可供出售	—	339.75	(358.96)	—	(34.11)	(53.32)	(1,154.85)	(1,208.17)
持有作交易用途	—	119.29	(142.31)	2.64	—	(20.38)	—	(20.38)
現金及銀行存款	315.53	—	—	—	—	315.53	—	315.53
賣出回購證券	(79.28)	—	—	—	—	(79.28)	—	(79.28)
	1,803.53	482.55	483.53	1.55	(94.11)	2,677.05	(1,028.55)	1,648.50

Management Review and Analysis

LIFE INSURANCE BUSINESS *(Continued)*

Net Policyholders' Benefits

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

For the year ended 31 December, HK\$ million

	2009	2008 <i>(Restated)</i>	Change
Net claims	436.30	551.60	(20.9%)
Surrenders	1,036.33	1,697.82	(39.0%)
Annuity, dividends and maturity payments	2,284.03	185.60	12.3 times
Interest allocated to investment contract	1,170.33	1,174.89	(0.4%)
	4,926.99	3,609.91	36.5%

Net Commission Expenses

The net commission expenses of TPL were as follows:

For the year ended 31 December, HK\$ million

	2009	2008	Change
Net commission expenses	2,706.78	2,026.97	33.5%
Ratio of net commission expenses to gross premiums written	12.5%	23.0%	(10.5pts)

Administrative and Other Expenses

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

For the year ended 31 December, HK\$ million

	2009	2008 <i>(Restated)</i>	Change
Staff costs	1,564.06	1,214.43	28.8%
Rental expenses	200.85	153.96	30.5%
Others	2,064.64	1,303.22	58.4%
	3,829.55	2,671.61	43.3%

管理層回顧和分析

人壽保險業務(續)

保單持有人利益淨額

太平人壽之保單持有人利益淨額概述如下：

截至十二月三十一日止年度，百萬港元

	二零零九年	二零零八年 (重列)	變化
賠償淨額	436.30	551.60	(20.9%)
退保額	1,036.33	1,697.82	(39.0%)
年金、分紅及到期付款	2,284.03	185.60	12.3倍
分配至投資合約之利益	1,170.33	1,174.89	(0.4%)
	4,926.99	3,609.91	36.5%

佣金支出淨額

太平人壽之佣金支出淨額如下：

截至十二月三十一日止年度，百萬港元

	二零零九年	二零零八年	變化
佣金支出淨額	2,706.78	2,026.97	33.5%
佣金支出淨額佔毛承保保費	12.5%	23.0%	(10.5點)

行政及其他費用

太平人壽之行政及其他費用概述如下：

截至十二月三十一日止年度，百萬港元

	二零零九年	二零零八年 (重列)	變化
員工成本	1,564.06	1,214.43	28.8%
租賃開支	200.85	153.96	30.5%
其他	2,064.64	1,303.22	58.4%
	3,829.55	2,671.61	43.3%

Management Review and Analysis

LIFE INSURANCE BUSINESS *(Continued)*

Financial Strength and Solvency Margin

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

At 31 December, RMB million

	2009	2008
Actual Solvency Margin	6,409	4,740
Minimum Statutory Solvency Margin	2,882	2,175
Solvency Margin Ratio	222%	218%

PROPERTY AND CASUALTY INSURANCE BUSINESS

The Group's property and casualty insurance segment is operated by TPI, MAC and CTPI (HK) and its subsidiaries. TPI is a PRC-incorporated company and is 50.05%-owned by the Group. MAC and CTPI (HK) are a PRC-incorporated company and a Hong Kong-incorporated company, respectively, and they are wholly-owned by the Group. TPI, MAC and CTPI (HK) are principally engaged in the underwriting of motor, marine and non-marine policies.

CTIH completed the acquisition of 47.80% and 48.66% of the equity interests of MAH (the holding company of CTPI (HK) and MAC) on 30 July 2009 and 4 November 2009, respectively. Together with the 3.54% ownership interest originally held by the Company, the total equity interest in MAH now held by CTIH after both acquisitions was 100%. As such, MAH (together with CTPI (HK) and MAC) is now a wholly-owned subsidiary of the Company.

Because MAH and the Company were both under the common control of TPG (HK) before and after the acquisitions, the Group has applied Accounting Guideline No. 5 on "Merger Accounting for Common Control Combinations". Under these principles of merger accounting, the acquisition of MAH is accounted for as though the business of MAH has always been carried out by the Group. As such, the consolidated financial statements have been prepared as if the current Group structure has always been in existence throughout the periods presented.

Readers and investors are advised to pay attention to these details when reading the Management Review and Analysis and the consolidated financial statements.

管理層回顧和分析

人壽保險業務(續)

財務實力及償付能力

太平人壽按中國保監會規定之償付能力充足率如下：

於十二月三十一日，百萬人民幣

	二零零九年	二零零八年
實際償付能力	6,409	4,740
最低法定償付能力	2,882	2,175
償付能力充足率	222%	218%

財產保險業務

本集團之財產保險業務由太平財險、民安中國及中國太平香港及其附屬公司營運。太平財險為中國註冊公司並由本集團擁有50.05%權益。民安中國及中國太平香港分別為中國註冊公司及香港註冊公司，並由本集團全資擁有。太平財險、民安中國及中國太平香港主要從事承保車險、水險及非水險業務。

中國太平控股已分別於二零零九年七月三十日及二零零九年十一月四日完成購入民安控股(中國太平香港及民安中國之控股公司)47.8%及48.66%股權權益。連同本公司原已持有之3.54%民安控股權益，經過兩次購入後，中國太平控股現合共持有100%民安控股股權權益。因此，民安控股(連同中國太平香港及民安中國)成為本公司全資附屬公司。

由於在此購入前及購入後，民安控股及本公司均共同受到中國太平集團(香港)之控制，本集團應用會計指引第5號「共同控制合併之合併會計處理」。按該等合併會計原則對購入民安控股進行會計處理，猶如民安控股之業務一直由本集團經營。因此，綜合財務報表乃按現行之集團架構一直存在於呈列之往前期間而編製。

務請讀者及投資者於閱覽以下管理層回顧及分析及綜合財務報表時注意此等細節。

Management Review and Analysis

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

On 15 July 2008, the Company contributed additional capital of RMB265,460,000 into TPI. With this capital contribution, CTIH's stake in TPI was increased from 40.025% to 50.05%, and the Company became the controlling shareholder of TPI. The financial results of TPI for the period from the date of the acquisition to 31 December 2008 have been consolidated into the Group financial statements on a line-by-line basis for the year ended 31 December 2008. However, the following key financial data and ratios of TPI cover the full year of 2008.

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

For the year ended 31 December, HK\$ million

	2009	2008 (Restated)	Change
Gross premiums written	5,106.40	4,778.54	6.9%
Net premiums written	4,372.93	3,979.05	9.9%
Net earned premiums	4,215.40	3,707.56	13.7%
Net claims incurred	(2,621.22)	(2,399.14)	9.3%
Net commission expenses	(238.80)	(303.45)	(21.3%)
Total investment income	191.05	34.04	5.6 times
Net exchange loss	(2.42)	(10.78)	(77.6%)
Administrative and other expenses	(1,700.44)	(1,663.43)	2.2%
Finance costs	(50.21)	(5.03)	10.0 times
Underwriting loss	(345.35)	(667.06)	(48.2%)
Loss before taxation	(262.31)	(649.81)	(59.6%)
Loss after taxation	(271.81)	(697.91)	(61.1%)
Loss attributable to the owners	(136.05)	(327.38)	(58.4%)
— in form of associate	—	(132.00)	—
— in form of subsidiary	(136.05)	(195.38)	(30.4%)
Technical reserves ratio	78.7%	75.3%	3.4pts
Retained ratio	85.6%	83.3%	2.3pts
Earned premiums ratio	82.6%	77.6%	5.0pts
Loss ratio ¹	62.2%	64.7%	(2.5pts)
Expense ratio ²	44.4%	52.2%	(7.8pts)
Combined ratio ³	106.6	116.9	(10.3pts)

¹ The loss ratio is based on net earned premiums.

² The expense ratio is based on net premiums written. If the net earned premiums basis is applied, then the expense ratio would be 46.0% for the Year (2008: 48.6%).

³ The combined ratio is the sum of the loss ratio and the expense ratio. If the expense ratio is based on net earned premiums, then the combined ratio would be 108.2 for the Year (2008: 113.3).

管理層回顧和分析

財產保險業務 — 由太平財險營運之中國業務

於二零零八年七月十五日，本公司向太平財險注入額外資本人民幣2.6546億元。於是次注資後，中國太平控股於太平財險所持的股權由40.025%增加至50.05%，令本公司成為太平財險的控股股東。太平財險於收購日至二零零八年十二月三十一日期間的財務業績，已按分項總計方法綜合於本集團截至二零零八年十二月三十一日止年度的財務報表內。然而，以下為涵蓋二零零八年全年的太平財險重要財務數據及比率。

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：

截至十二月三十一日止年度，百萬港元

	二零零九年	二零零八年 (重列)	變化
毛承保保費	5,106.40	4,778.54	6.9%
淨承保保費	4,372.93	3,979.05	9.9%
已賺取保費淨額	4,215.40	3,707.56	13.7%
賠款淨額	(2,621.22)	(2,399.14)	9.3%
佣金支出淨額	(238.80)	(303.45)	(21.3%)
投資收入總額	191.05	34.04	5.6倍
匯兌虧損淨額	(2.42)	(10.78)	(77.6%)
行政及其他費用	(1,700.44)	(1,663.43)	2.2%
財務費用	(50.21)	(5.03)	10.0倍
承保虧損	(345.35)	(667.06)	(48.2%)
除稅前虧損	(262.31)	(649.81)	(59.6%)
除稅後虧損	(271.81)	(697.91)	(61.1%)
股東應佔虧損	(136.05)	(327.38)	(58.4%)
— 以聯營公司形式	—	(132.00)	—
— 以附屬公司形式	(136.05)	(195.38)	(30.4%)
技術性儲備比率	78.7%	75.3%	3.4點
自留比率	85.6%	83.3%	2.3點
已賺取保費率	82.6%	77.6%	5.0點
賠付率 ¹	62.2%	64.7%	(2.5點)
費用率 ²	44.4%	52.2%	(7.8點)
綜合成本率 ³	106.6	116.9	(10.3點)

¹ 賠付率按已賺取保費淨額為基準計算。

² 費用率按淨承保保費為基準計算。倘使用已賺取保費淨額基準，則本年度之費用率將為46.0% (二零零八年：48.6%)。

³ 綜合成本率為賠付率與費用率的總和。倘費用率按已賺取保費淨額為基準計算，則本年度之綜合成本率將為108.2 (二零零八年：113.3)。

Management Review and Analysis

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

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

	2009	2008	Change
Market share ¹	1.5%	1.7%	(0.2pt)
Number of provincial branches	27	27	—
Number of sub-branches and marketing centers	378	455	(77)
Number of direct sales representatives	2,487	3,661	(1,174)
Total investment yield ²	4.6%	1.1%	3.5pts

¹ Based on premiums published by the CIRC.

² Excluding exchange gain/(loss) incurred from foreign currency capital assets.

Loss Attributable to the Owners

The property and casualty insurance business operated by TPI incurred a net loss to the owners of HK\$136.05 million during the Year (2008 *(restated)*: HK\$327.38 million). During the Year, TPI adopted stringent measures to restructure its product-line management and re-underwrite its entire portfolio. Certain sales units with low productivity and poor performance were consolidated. As a result, there were substantial savings on the expense ratio as well as gradual reversals of unsatisfactory trends in claims experience during the latter part of the Year. The decrease in losses was also due to significant improvements in investment returns during the Year, primarily because of equity investment gains from shares traded in the PRC.

Gross Premiums Written

Despite the tightening of underwriting selections and the reduction of allowable acquisition costs, TPI's gross premiums written increased by 6.9% to HK\$5,106.40 million from HK\$4,778.54 million in the Last Year. The detailed breakdown of TPI's gross premiums written was as follows:

For the year ended 31 December, HK\$ million

Business Line	2009	% of Total	2008	% of Total
Motor	4,149.77	81.3%	3,761.13	78.7%
Marine	165.56	3.2%	199.80	4.2%
Non-marine	791.07	15.5%	817.61	17.1%
	5,106.40	100.0%	4,778.54	100.0%

Net Claims Incurred

TPI's net claims incurred increased by 9.3% to HK\$2,621.22 million from HK\$2,399.14 million *(restated)* in the Last Year.

管理層回顧和分析

財產保險業務 — 由太平財險營運之中國業務 (續)

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：

	二零零九年	二零零八年	變化
市場份額 ¹	1.5%	1.7%	(0.2點)
省級分公司數目	27	27	—
支公司及市場推廣中心數目	378	455	(77)
直接銷售代表數目	2,487	3,661	(1,174)
總投資收益率 ²	4.6%	1.1%	3.5點

¹ 據中國保監會刊發之毛承保保費計算。

² 不包括外匯資本資產產生之匯兌收益/(虧損)。

股東應佔虧損

本年度內，由太平財險經營之財產保險業務使股東遭受淨虧損1.3605億港元(二零零八年(重列)：3.2738億港元)。本年度內，太平財險採取嚴謹的措施重組其業務種類及重新檢視其整個承保組合，整合若干產能低下及表現欠佳的銷售單位。因此，不但費用率明顯下降，賠款欠佳的狀況亦於本年下半年續漸改善。年度內在中國買賣的股本證券錄得投資收益令投資回報大幅改善亦令虧損減少。

毛承保保費

儘管收緊承保及展業開支，但太平財險之毛承保保費仍由去年之47.7854億港元上升6.9%至51.0640億港元。太平財險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

業務種類	二零零九年	佔總額百分比	二零零八年	佔總額百分比
車險	4,149.77	81.3%	3,761.13	78.7%
水險	165.56	3.2%	199.80	4.2%
非水險	791.07	15.5%	817.61	17.1%
	5,106.40	100.0%	4,778.54	100.0%

淨賠款總額

太平財險之淨賠款總額由去年之23.9914億港元上升9.3%至26.2122億港元。

Management Review and Analysis

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

Combined Ratio

As a result of stringent controls on its own expenses and the tightening of acquisition costs, TPI's expense ratio, calculated based on net premiums written, decreased to 44.4% from 52.2% *(restated)* in the Last Year. The loss ratio also decreased by 2.5 percentage points (from 64.7%). Although there were less catastrophes during year, TPI suffered two typhoon claims in the province of Guangdong in August and September causing net retained claims of RMB12.38 million and RMB10.00 million, respectively. TPI's combined ratio of 106.6 during the Year was lower than the 116.9 *(restated)* in the Last Year, an encouraging trend in underwriting improvement at the property and casualty operations. TPI's loss ratios, expense ratios and combined ratios were as follows:

For the year ended 31 December

	2009	2008 <i>(restated)</i>
Loss ratio	62.2%	64.7%
Expense ratio	44.4%	52.2%
Combined ratio	106.6	116.9

Investment Performance

The composition of investments held by TPI was as follows:

At 31 December, HK\$ million

	2009	% of Total	2008	% of Total
Debt securities	2,450.87	47.5%	2,105.07	51.6%
Direct equity securities	156.65	3.0%	10.29	0.3%
Investment funds	336.55	6.5%	351.17	8.6%
Cash and bank deposits	2,218.03	43.0%	1,612.70	39.5%
Total invested assets	5,162.10	100.0%	4,079.23	100.0%

During the Year, although investment markets sentiment improved significantly in the PRC, TPI 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 90.5% of the total invested assets as at 31 December 2009 (2008: 91.1%).

管理層回顧和分析

財產保險業務 — 由太平財險營運之中國業務 (續)

綜合成本率

由於嚴謹的費用控制及收緊展業開支，太平財險按淨承保保費為基準計算之費用率由去年的52.2% (重列) 下降至44.4%。賠付率亦減少2.5個百分點 (由64.7%)。儘管年度內災難較少，但太平財險遭受了由於廣東省於8月及9月份颱風帶來的索償，其自留賠付分別為人民幣1,230萬元及人民幣1,000萬元。本年度內太平財險之綜合成本率為106.6，低於去年之116.9，財產保險業務承保改善趨勢令人鼓舞。太平財險之賠付率、費用率及綜合成本率情況如下：

截至十二月三十一日止年度

	二零零九年	二零零八年 (重列)
賠付率	62.2%	64.7%
費用率	44.4%	52.2%
綜合成本率	106.6	116.9

投資表現

太平財險所持之投資組合如下：

於十二月三十一日，百萬港元

	二零零九年	佔總額百分比	二零零八年	佔總額百分比
債務證券	2,450.87	47.5%	2,105.07	51.6%
直接股本證券	156.65	3.0%	10.29	0.3%
投資基金	336.55	6.5%	351.17	8.6%
現金及銀行存款	2,218.03	43.0%	1,612.70	39.5%
投資總額	5,162.10	100.0%	4,079.23	100.0%

於本年度內，儘管中國的投資氣氛大幅改善，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、現金及銀行存款於二零零九年十二月三十一日合共佔投資資產總額約90.5% (二零零八年：91.1%)。

Management Review and Analysis

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

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

At 31 December 2009, HK\$ million

	HTM	AFS	HFT	LR	Total
Debt securities	880.68	1,467.97	—	102.22	2,450.87
Direct equity securities	—	156.65	—	—	156.65
Investment funds	—	336.55	—	—	336.55
	880.68	1,961.17	—	102.22	2,944.07

At 31 December 2008, HK\$ million

	HTM	AFS	HFT	LR	Total
Debt securities	426.48	1,576.53	—	102.06	2,105.07
Direct equity securities	—	10.29	—	—	10.29
Investment funds	—	351.17	—	—	351.17
	426.48	1,937.99	—	102.06	2,466.53

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

At 31 December, HK\$ million

	2009	2008
Central governments and central banks	1,118.98	1,128.55
Banks and other financial institutions	575.14	616.48
Corporate entities	756.75	360.04
	2,450.87	2,105.07

管理層回顧和分析

財產保險業務 — 由太平財險營運之中國業務 (續)

太平財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：

於二零零九年十二月三十一日，百萬港元

	持有 至到期日	可供出售	持有作 交易用途	貸款 及應收款項	總額
債務證券	880.68	1,467.97	—	102.22	2,450.87
直接股本證券	—	156.65	—	—	156.65
投資基金	—	336.55	—	—	336.55
	880.68	1,961.17	—	102.22	2,944.07

於二零零八年十二月三十一日，百萬港元

	持有 至到期日	可供出售	持有作 交易用途	貸款 及應收款項	總額
債務證券	426.48	1,576.53	—	102.06	2,105.07
直接股本證券	—	10.29	—	—	10.29
投資基金	—	351.17	—	—	351.17
	426.48	1,937.99	—	102.06	2,466.53

債務證券按類別分類如下：

於十二月三十一日，百萬港元

	二零零九年	二零零八年
中央政府及中央銀行	1,118.98	1,128.55
銀行及其他金融機構	575.14	616.48
企業實體	756.75	360.04
	2,450.87	2,105.07

Management Review and Analysis

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

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:

For the year ended 31 December, HK\$ million

	2009	2008	Change
Net investment income	136.12	235.30	(42.2%)
Net realized investment gains/(losses)	54.93	(156.29)	—
Impairment on AFS equities	—	(44.97)	—
Total investment income	191.05	34.04	5.6 times
Total investment yield	4.6%	1.1%	3.5pts

TPI's total investment income was HK\$191.05 million during the Year, representing a large increase from HK\$34.04 million in the Last Year. A strong rebound in equities traded in the PRC was the primary factor behind TPI's investment gains. TPI's net investment income decreased from that of the Last Year, primarily because of lower dividend income from investment funds (caused by poor equity market performance in the Last Year). The above-mentioned investment income and investment yield figures do not include a net exchange loss of HK\$2.42 million (2008: HK\$10.78 million).

管理層回顧和分析

財產保險業務 — 由太平財險營運之中國業務 (續)

太平財險確認在綜合損益表內之稅前投資收入總額及稅前投資收益率概述如下：

截至十二月三十一日止年度，百萬港元

	二零零九年	二零零八年	變化
投資收入淨額	136.12	235.30	(42.2%)
已實現投資收益／(虧損)淨額	54.93	(156.29)	—
可供出售股本投資減值	—	(44.97)	—
投資收入總額	191.05	34.04	5.6倍
總投資收益率	4.6%	1.1%	3.5點

本年內，太平財險錄得投資收入總額1.9105億港元，較去年3,404萬港元大幅增加。在中國買賣的股本證券強勁反彈改善了太平財險獲得的投資收益。太平財險之投資收入淨額較去年下跌，主要是源於較低的投資基金股息收入(去年疲弱的股本市場表現所致)。上述投資收入及投資收益率並不包括242萬港元匯兌虧損淨額(二零零八年：1,078萬港元)。

Management Review and Analysis

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

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

For the year ended 31 December 2009, HK\$ million

	Recognized in the consolidated income statement					Sub total	Unrealized gains/(losses) recognized in the fair value reserve	Grand total
	Interest income/(expense)	Dividend income	Realized gains/(losses)	Unrealized gains/(losses)	Impairment			
Debt securities								
HTM	30.66	—	—	—	—	30.66	—	30.66
AFS	62.67	—	(12.97)	—	—	49.70	(17.30)	32.40
HFT	—	—	—	—	—	—	—	—
LR	6.26	—	—	—	—	6.26	—	6.26
Direct equity securities								
AFS	—	0.89	20.23	—	—	21.12	19.84	40.96
HFT	—	0.24	—	—	—	0.24	—	0.24
Investment funds								
AFS	—	7.65	47.67	—	—	55.32	89.27	144.59
HFT	—	—	—	—	—	—	—	—
Cash and bank deposits	30.30	—	—	—	—	30.30	—	30.30
Securities sold under repurchase agreements	(2.55)	—	—	—	—	(2.55)	—	(2.55)
	127.34	8.78	54.93	—	—	191.05	91.81	282.86

管理層回顧和分析

財產保險業務 — 由太平財險營運之中國業務 (續)

太平財險稅前投資收入／(虧損)之詳細分析如下：

截至二零零九年十二月三十一日止年度，百萬港元

	於綜合損益表內確認					於公允價值		總額
	利息 收入／ (支出)	股息收入	已實現 收益／ (虧損)	未實現 收益／ (虧損)	減值	小計	儲備內確認之 未實現收益／ (虧損)	
債務證券								
持有至到期日	30.66	—	—	—	—	30.66	—	30.66
可供出售	62.67	—	(12.97)	—	—	49.70	(17.30)	32.40
持有作交易用途	—	—	—	—	—	—	—	—
貸款及應收款項	6.26	—	—	—	—	6.26	—	6.26
直接股本證券								
可供出售	—	0.89	20.23	—	—	21.12	19.84	40.96
持有作交易用途	—	0.24	—	—	—	0.24	—	0.24
投資基金								
可供出售	—	7.65	47.67	—	—	55.32	89.27	144.59
持有作交易用途	—	—	—	—	—	—	—	—
現金及銀行存款	30.30	—	—	—	—	30.30	—	30.30
賣出回購證券	(2.55)	—	—	—	—	(2.55)	—	(2.55)
	127.34	8.78	54.93	—	—	191.05	91.81	282.86

Management Review and Analysis

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

For the year ended 31 December 2008, HK\$ million

	Recognized in the consolidated income statement					Sub total	Unrealized gains/ (losses) recognized in the fair value reserve	Grand total
	Interest income/ (expense)	Dividend income	Realized gains/ (losses)	Unrealized gains/ (losses)	Impairment			
Debt securities								
HTM	5.30	—	—	—	—	5.30	—	5.30
AFS	43.74	—	0.63	—	—	44.37	26.56	70.93
HFT	—	—	—	—	—	—	—	—
LR	1.61	—	—	—	—	1.61	—	1.61
Direct equity securities								
AFS	—	0.70	10.89	—	—	11.59	(61.52)	(49.93)
Investment funds								
AFS	—	134.97	(168.18)	—	(44.97)	(78.18)	(129.59)	(207.77)
HFT	—	0.02	0.37	—	—	0.39	—	0.39
Cash and bank deposits	49.04	—	—	—	—	49.04	—	49.04
Securities sold under repurchase agreements	(0.08)	—	—	—	—	(0.08)	—	(0.08)
	99.61	135.69	(156.29)	—	(44.97)	34.04	(164.55)	(130.51)

管理層回顧和分析

財產保險業務 — 由太平財險營運之中國業務 (續)

截至二零零八年十二月三十一日止年度，百萬港元

	於綜合損益表內確認					於公允價值		總額
	利息 收入/ (支出)	股息收入	已實現 收益/ (虧損)	未實現 收益/ (虧損)	減值	小計	儲備內確認之 未實現收益/ (虧損)	
債務證券								
持有至到期日	5.30	—	—	—	—	5.30	—	5.30
可供出售	43.74	—	0.63	—	—	44.37	26.56	70.93
持有作交易用途	—	—	—	—	—	—	—	—
貸款及應收款項	1.61	—	—	—	—	1.61	—	1.61
直接股本證券								
可供出售	—	0.70	10.89	—	—	11.59	(61.52)	(49.93)
投資基金								
可供出售	—	134.97	(168.18)	—	(44.97)	(78.18)	(129.59)	(207.77)
持有作交易用途	—	0.02	0.37	—	—	0.39	—	0.39
現金及銀行存款	49.04	—	—	—	—	49.04	—	49.04
賣出回購證券	(0.08)	—	—	—	—	(0.08)	—	(0.08)
	99.61	135.69	(156.29)	—	(44.97)	34.04	(164.55)	(130.51)

Management Review and Analysis

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

Net Commission Expenses

The net commission expenses of TPI were as follows:

For the year ended 31 December, HK\$ million

	2009	2008	Change
Net commission expenses	238.80	303.45	(21.3%)
Ratio of net commission expenses to gross premiums written	4.7%	6.4%	(1.7pts)

Administrative and Other Expenses

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

For the year ended 31 December, HK\$ million

	2009	2008	Change
Staff costs	467.02	658.03	(29.0%)
Rental expenses	64.99	62.13	4.6%
Business tax and additional charges	285.96	265.55	7.7%
Others	882.47	677.72	30.2%
	1,700.44	1,663.43	2.2%

Financial Strength and Solvency Margin

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

At 31 December, RMB million

	2009	2008
Actual Solvency Margin	1,109	919
Minimum Statutory Solvency Margin	578	532
Solvency Margin Ratio	192%	173%

管理層回顧和分析

財產保險業務 — 由太平財險營運之中國業務 (續)

佣金支出淨額

太平財險之佣金支出淨額如下：

截至十二月三十一日止年度，百萬港元

	二零零九年	二零零八年	變化
佣金支出淨額	238.80	303.45	(21.3%)
佣金支出淨額佔毛承保保費	4.7%	6.4%	(1.7點)

行政及其他費用

太平財險之行政及其他費用概述如下：

截至十二月三十一日止年度，百萬港元

	二零零九年	二零零八年	變化
員工成本	467.02	658.03	(29.0%)
租賃開支	64.99	62.13	4.6%
營業稅金及附加費用	285.96	265.55	7.7%
其他	882.47	677.72	30.2%
	1,700.44	1,663.43	2.2%

財務實力及償付能力

太平財險按中國保監會規定之償付能力充足率如下：

於十二月三十一日，百萬人民幣

	二零零九年	二零零八年
實際償付能力	1,109	919
最低法定償付能力	578	532
償付能力充足率	192%	173%

Management Review and Analysis

PROPERTY AND CASUALTY INSURANCE BUSINESS — PRC OPERATIONS CARRIED OUT BY MAC

On 14 March 2010, CTIH entered into a framework agreement with a prospective purchaser pursuant to which the Company and the prospective purchaser agreed to enter into a formal sale and purchase agreement whereby the Company agreed to sell and the prospective purchaser agreed to purchase a 100% equity interest in MAC, conditional upon the prospective purchaser being satisfied with the results of its due diligence.

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

For the year ended 31 December, HK\$ million

	2009	2008	Change
Gross premiums written	1,449.15	1,054.38	37.4%
Net premiums written	1,233.03	903.21	36.5%
Net earned premiums	1,164.99	655.25	77.8%
Net claims incurred	(613.88)	(362.23)	69.5%
Net commission expenses	(146.56)	(134.21)	9.2%
Total investment income	74.16	16.47	4.5 times
Net exchange loss	(1.73)	(47.08)	(96.3%)
Administrative and other expenses	(592.66)	(434.07)	36.5%
Underwriting loss	(182.33)	(268.74)	(32.2%)
Loss before taxation	(114.29)	(304.39)	(62.5%)
Loss after taxation	(116.38)	(304.39)	(61.8%)
Loss attributable to the owners	(69.28)	(156.27)	(55.7%)
Technical reserves ratio	71.3%	94.0%	(22.7pts)
Retained ratio	85.1%	85.7%	(0.6pt)
Earned premiums ratio	80.4%	62.1%	18.3pts
Loss ratio ¹	52.7%	55.3%	(2.6pt)
Expense ratio ²	59.5%	62.2%	(2.7pts)
Combined ratio ³	112.2	117.5	(5.3pts)

¹ The loss ratio is based on net earned premiums.

² The expense ratio is based on net premiums written. If the net earned premiums basis is applied, then the expense ratio would be 63.0% for the Year (2008: 85.7%).

³ The combined ratio is the sum of the loss ratio and the expense ratio. If the expense ratio is based on net earned premiums, then the combined ratio would be 115.7 for the Year (2008:141.0).

管理層回顧和分析

財產保險業務 — 由民安中國營運之中國業務

於二零一零年三月十四日，中國太平控股與潛在買家訂立框架協議，據此，待潛在買家滿意盡職調查的結果後，本公司及潛在買家同意訂立正式買賣協議，根據正式買賣協議，本公司同意出售及潛在買家同意購買本公司間接持有之全資附屬公司 — 民安中國的全部權益。

由民安中國經營之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

	二零零九年	二零零八年	變化
毛承保保費	1,449.15	1,054.38	37.4%
淨承保保費	1,233.03	903.21	36.5%
已賺取保費淨額	1,164.99	655.25	77.8%
賠款淨額	(613.88)	(362.23)	69.5%
佣金支出淨額	(146.56)	(134.21)	9.2%
投資收入總額	74.16	16.47	4.5倍
匯兌虧損淨額	(1.73)	(47.08)	(96.3%)
行政及其他費用	(592.66)	(434.07)	36.5%
承保虧損	(182.33)	(268.74)	(32.2%)
除稅前虧損	(114.29)	(304.39)	(62.5%)
除稅後虧損	(116.38)	(304.39)	(61.8%)
股東應佔虧損	(69.28)	(156.27)	(55.7%)
技術性儲備比率	71.3%	94.0%	(22.7點)
自留比率	85.1%	85.7%	(0.6點)
已賺取保費率	80.4%	62.1%	18.3點
賠付率 ¹	52.7%	55.3%	(2.6點)
費用率 ²	59.5%	62.2%	(2.7點)
綜合成本率 ³	112.2	117.5	(5.3點)

¹ 賠付率按已賺取保費淨額為基準計算。

² 費用率按淨承保保費為基準計算。倘使用已賺取保費淨額基準，則本年度之費用率將為63.0% (二零零八年：85.7%)。

³ 綜合成本率為賠付率與費用率的總和。倘費用率按已賺取保費淨額為基準計算，則本年度之綜合成本率將為115.7 (二零零八年：141.0)。

Management Review and Analysis

PROPERTY AND CASUALTY INSURANCE BUSINESS — PRC OPERATIONS CARRIED OUT BY MAC *(Continued)*

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

	2009	2008	Change
Market share ¹	0.4%	0.4%	—
Number of provincial branches	19	19	—
Number of sub-branches and marketing centers	91	76	15
Total investment yield ²	4.7%	1.3%	3.4pts

¹ Based on premiums published by the CIRC.

² Excluding exchange gain/(loss) incurred from foreign currency capital assets.

Loss Attributable to the Owners

The property and casualty insurance business operated by MAC incurred a net loss to the owners of HK\$69.28 million during the Year (2008: HK\$156.27 million). The decrease in losses was mainly due to significant improvements in investment returns and better underwriting performance during the Year. MAC was also able to lower its expense ratio through the obtainment of incremental scale economies and stringent cost controls.

Gross Premiums Written

MAC's gross premiums written increased by 37.4% to HK\$1,449.15 million from HK\$1,054.38 million in the Last Year. The detailed breakdown of MAC's gross premiums written was as follows:

For the year ended 31 December, HK\$ million

Business Line	2009	% of Total	2008	% of Total
Motor	1,055.38	72.8%	738.87	70.1%
Marine	55.72	3.9%	48.41	4.6%
Non-marine	338.05	23.3%	267.10	25.3%
	1,449.15	100.0%	1,054.38	100.0%

Net Claims Incurred

MAC's net claims incurred increased by 69.5% to HK\$613.88 million from HK\$362.23 million in the Last Year.

管理層回顧和分析

財產保險業務 — 由民安中國營運之中國業務 (續)

由民安中國經營之財產保險業務之主要經營數據概述如下：

	二零零九年	二零零八年	變化
市場份額 ¹	0.4%	0.4%	—
省級分公司數目	19	19	—
支公司及市場推廣中心數目	91	76	15
總投資收益率 ²	4.7%	1.3%	3.4點

¹ 據中國保監會刊發之毛承保保費計算。

² 不包括外匯資本資產產生之匯兌收益/(虧損)。

股東應佔虧損

本年度內，由民安中國經營之財產保險業務使股東遭受淨虧損6,928萬港元(二零零八年：1.5627億港元)。虧損減少的主因是投資回報大幅改善及本年內更佳的承保表現所致。民安中國亦透過提升規模經濟及嚴謹的成本控制降低其費用率。

毛承保保費

民安中國之毛承保保費由去年之10.5438億港元上升37.4%至14.4915億港元。民安中國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

業務種類	二零零九年	佔總額百分比	二零零八年	佔總額百分比
車險	1,055.38	72.8%	738.87	70.1%
水險	55.72	3.9%	48.41	4.6%
非水險	338.05	23.3%	267.10	25.3%
	1,449.15	100.0%	1,054.38	100.0%

淨賠款總額

民安中國之淨賠款總額由去年之3.6223億港元上升69.5%至6.1388億港元。

Management Review and Analysis

PROPERTY AND CASUALTY INSURANCE BUSINESS — PRC OPERATIONS CARRIED OUT BY MAC *(Continued)*

Combined Ratio

Although the fundamentals of the PRC property and casualty insurance market remained difficult and challenging, MAC's loss ratio improved to 52.7% from 55.3% in the Last Year, while its expense ratio improved, to 59.5% from 62.2% in the Last Year. The decrease in expense ratio was due to MAC's gradual obtainment of scale and a stringent focus on cost controls. As a result, MAC's combined ratio was 112.2 during the Year, which was lower than the 117.5 in the Last Year. MAC's loss ratios, expense ratios and combined ratios were as follows:

For the year ended 31 December

	2009	2008
Loss ratio	52.7%	55.3%
Expense ratio	59.5%	62.2%
Combined ratio	112.2	117.5

Investment Performance

The composition of investments held by MAC was as follows:

At 31 December, HK\$ million

	2009	% of Total	2008	% of Total
Debt securities	500.38	28.4%	412.92	29.8%
Direct equity securities	121.38	6.9%	34.77	2.5%
Investment funds	63.46	3.6%	170.94	12.3%
Cash and bank deposits	1,075.70	61.1%	767.53	55.4%
Total invested assets	1,760.92	100.0%	1,386.16	100.0%

During the Year, although investment markets sentiment improved significantly in the PRC, MAC 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 89.5% of the total invested assets as at 31 December 2009 (2008: 85.2%).

管理層回顧和分析

財產保險業務 — 由民安中國營運之中國業務 (續)

綜合成本率

儘管中國財產保險市場的基本因素仍然嚴峻及具挑戰性，但民安中國賠付率由去年的55.3%改善至52.7%，同時其費用率亦由去年的62.2%改善至59.5%。費用率下降，原因是民安中國續漸達至規模及嚴謹的成本控制。因此，本年度內民安中國之綜合成本率為112.2，低於去年之117.5。民安中國之賠付率、費用率及綜合成本率情況如下：

截至十二月三十一日止年度

	二零零九年	二零零八年
賠付率	52.7%	55.3%
費用率	59.5%	62.2%
綜合成本率	112.2	117.5

投資表現

民安中國所持之投資組合如下：

於十二月三十一日，百萬港元

	二零零九年	佔總額百分比	二零零八年	佔總額百分比
債務證券	500.38	28.4%	412.92	29.8%
直接股本證券	121.38	6.9%	34.77	2.5%
投資基金	63.46	3.6%	170.94	12.3%
現金及銀行存款	1,075.70	61.1%	767.53	55.4%
投資總額	1,760.92	100.0%	1,386.16	100.0%

於本年度內，儘管中國的投資氣氛大幅改善，民安中國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、現金及銀行存款於二零零九年十二月三十一日合共佔投資資產總額約89.5% (二零零八年：85.2%)。

Management Review and Analysis

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

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

At 31 December 2009, HK\$ million

	HTM	AFS	HFT	LR	Total
Debt securities	—	466.31	—	34.07	500.38
Direct equity securities	—	121.38	—	—	121.38
Investment funds	—	63.46	—	—	63.46
	—	651.15	—	34.07	685.22

At 31 December 2008, HK\$ million

	HTM	AFS	HFT	LR	Total
Debt securities	—	378.90	—	34.02	412.92
Direct equity securities	—	34.77	—	—	34.77
Investment funds	—	170.94	—	—	170.94
	—	584.61	—	34.02	618.63

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

At 31 December, HK\$ million

	2009	2008
Central governments and central banks	431.22	297.62
Banks and other financial institutions	22.84	77.87
Corporate entities	46.32	37.43
	500.38	412.92

管理層回顧和分析

財產保險業務 — 由民安中國營運之中國業務 (續)

民安中國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：

於二零零九年十二月三十一日，百萬港元

	持有 至到期日	可供出售	持有作 交易用途	貸款 及應收款項	總額
債務證券	—	466.31	—	34.07	500.38
直接股本證券	—	121.38	—	—	121.38
投資基金	—	63.46	—	—	63.46
	—	651.15	—	34.07	685.22

於二零零八年十二月三十一日，百萬港元

	持有 至到期日	可供出售	持有作 交易用途	貸款 及應收款項	總額
債務證券	—	378.90	—	34.02	412.92
直接股本證券	—	34.77	—	—	34.77
投資基金	—	170.94	—	—	170.94
	—	584.61	—	34.02	618.63

債務證券按類別分類如下：

於十二月三十一日，百萬港元

	二零零九年	二零零八年
中央政府及中央銀行	431.22	297.62
銀行及其他金融機構	22.84	77.87
企業實體	46.32	37.43
	500.38	412.92

Management Review and Analysis

PROPERTY AND CASUALTY INSURANCE BUSINESS — PRC OPERATIONS CARRIED OUT BY MAC *(Continued)*

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

For the year ended 31 December, HK\$ million

	2009	2008	Change
Net investment income	42.48	67.61	(37.2%)
Net realized investment gains	31.68	5.27	6.0 times
Impairment on AFS equities	—	(56.41)	—
Total investment income	74.16	16.47	4.5 times
Total investment yield	4.7%	1.3%	3.4pts

MAC's total investment income was HK\$74.16 million for the Year, representing a large increase from HK\$16.47 million in the Last Year. The above-mentioned investment income and investment yield figures do not include a net exchange loss of HK\$1.73 million (2008: HK\$47.08 million).

管理層回顧和分析

財產保險業務 — 由民安中國營運之中國業務 (續)

民安中國確認在綜合損益表內之稅前投資收入總額及稅前投資收益率概述如下：

截至十二月三十一日止年度，百萬港元

	二零零九年	二零零八年	變化
投資收入淨額	42.48	67.61	(37.2%)
已實現投資收益淨額	31.68	5.27	6.0倍
可供出售股本投資減值	—	(56.41)	—
投資收入總額	74.16	16.47	4.5倍
總投資收益率	4.7%	1.3%	3.4點

本年內，民安中國錄得投資收入總額7,416萬港元，較去年溢利1,647萬港元大幅增加。上述投資收入及投資收益率並不包括173萬港元匯兌虧損淨額（二零零八年：4,708萬港元）。

Management Review and Analysis

PROPERTY AND CASUALTY INSURANCE BUSINESS — PRC OPERATIONS CARRIED OUT BY MAC *(Continued)*

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

For the year ended 31 December 2009, HK\$ million

	Recognized in the consolidated income statement					Sub total	Unrealized gains/ (losses) recognized in the fair value reserve	Grand total
	Interest income/ (expense)	Dividend income	Realized gains	Unrealized gains	Impairment			
Debt securities								
HTM	—	—	—	—	—	—	—	—
AFS	10.33	—	6.98	—	—	17.31	(16.37)	0.94
HFT	—	—	0.12	—	—	0.12	—	0.12
LR	2.09	—	—	—	—	2.09	—	2.09
Direct equity securities								
AFS	—	0.51	17.06	—	—	17.57	23.10	40.67
HFT	—	—	—	—	—	—	—	—
Investment funds								
AFS	—	12.29	7.52	—	—	19.81	5.54	25.35
HFT	—	0.29	—	—	—	0.29	—	0.29
Cash and bank deposits	17.57	—	—	—	—	17.57	—	17.57
Securities sold under repurchase agreements	(0.78)	—	—	—	—	(0.78)	—	(0.78)
Other	0.18	—	—	—	—	0.18	—	0.18
	29.39	13.09	31.68	—	—	74.16	12.27	86.43

管理層回顧和分析

財產保險業務 — 由民安中國營運之中國業務 (續)

民安中國稅前投資收入／(虧損)之詳細分析如下：

截至二零零九年十二月三十一日止年度，百萬港元

	於綜合損益表內確認					小計	於公允價值 儲備內確認之 未實現收益／ (虧損)	總額
	利息 收入／ (支出)	股息收入	已實現收益	未實現收益	減值			
債務證券								
持有至到期日	—	—	—	—	—	—	—	—
可供出售	10.33	—	6.98	—	—	17.31	(16.37)	0.94
持有作交易用途	—	—	0.12	—	—	0.12	—	0.12
貸款及應收款項	2.09	—	—	—	—	2.09	—	2.09
直接股本證券								
可供出售	—	0.51	17.06	—	—	17.57	23.10	40.67
持有作交易用途	—	—	—	—	—	—	—	—
投資基金								
可供出售	—	12.29	7.52	—	—	19.81	5.54	25.35
持有作交易用途	—	0.29	—	—	—	0.29	—	0.29
現金及銀行存款	17.57	—	—	—	—	17.57	—	17.57
賣出回購證券	(0.78)	—	—	—	—	(0.78)	—	(0.78)
其他	0.18	—	—	—	—	0.18	—	0.18
	29.39	13.09	31.68	—	—	74.16	12.27	86.43

Management Review and Analysis

PROPERTY AND CASUALTY INSURANCE BUSINESS — PRC OPERATIONS CARRIED OUT BY MAC (Continued)

For the year ended 31 December 2008, HK\$ million

	Recognized in the consolidated income statement					Sub total	Unrealized gains/ (losses) recognized in the fair value reserve	Grand total
	Interest income/ (expense)	Dividend income	Realized gains/ (losses)	Unrealized gains	Impairment			
Debt securities								
HTM	—	—	—	—	—	—	—	—
AFS	11.22	—	(1.66)	—	—	9.56	16.26	25.82
HFT	—	—	—	—	—	—	—	—
LR	0.54	—	—	—	—	0.54	—	0.54
Direct equity securities								
AFS	—	0.48	16.41	—	(21.68)	(4.79)	(38.55)	(43.34)
HFT	—	—	—	—	—	—	—	—
Investment funds								
AFS	—	28.37	(9.48)	—	(34.73)	(15.84)	(5.19)	(21.03)
HFT	—	—	—	—	—	—	—	—
Cash and bank deposits	28.16	—	—	—	—	28.16	—	28.16
Securities sold under repurchase agreements	(1.21)	—	—	—	—	(1.21)	—	(1.21)
Other	0.05	—	—	—	—	0.05	—	0.05
	38.76	28.85	5.27	—	(56.41)	16.47	(27.48)	(11.01)

管理層回顧和分析

財產保險業務 — 由民安中國營運之中國業務 (續)

截至二零零八年十二月三十一日止年度 · 百萬港元

	於綜合損益表內確認					於公允價值		總額
	利息 收入/ (支出)	股息收入	已實現 收益/ (虧損)	未實現收益	減值	小計	儲備內確認之 未實現收益/ (虧損)	
債務證券								
持有至到期日	—	—	—	—	—	—	—	—
可供出售	11.22	—	(1.66)	—	—	9.56	16.26	25.82
持有作交易用途	—	—	—	—	—	—	—	—
貸款及應收款項	0.54	—	—	—	—	0.54	—	0.54
直接股本證券								
可供出售	—	0.48	16.41	—	(21.68)	(4.79)	(38.55)	(43.34)
持有作交易用途	—	—	—	—	—	—	—	—
投資基金								
可供出售	—	28.37	(9.48)	—	(34.73)	(15.84)	(5.19)	(21.03)
持有作交易用途	—	—	—	—	—	—	—	—
現金及銀行存款	28.16	—	—	—	—	28.16	—	28.16
賣出回購證券	(1.21)	—	—	—	—	(1.21)	—	(1.21)
其他	0.05	—	—	—	—	0.05	—	0.05
	38.76	28.85	5.27	—	(56.41)	16.47	(27.48)	(11.01)

Management Review and Analysis

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

Net Commission Expenses

The net commission expenses of MAC were as follows:

For the year ended 31 December, HK\$ million

	2009	2008	Change
Net commission expenses	146.56	134.21	9.2%
Ratio of net commission expenses to gross premiums written	10.1%	12.7%	(2.6pts)

Administrative and Other Expenses

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

For the year ended 31 December, HK\$ million

	2009	2008	Change
Staff costs	339.65	183.35	85.2%
Rental expenses	38.15	29.28	30.3%
Business tax and additional charges	73.27	54.15	35.3%
Others	141.59	167.29	(15.4%)
	592.66	434.07	36.5%

Financial Strength and Solvency Margin

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

At 31 December, RMB million

	2009	2008
Actual Solvency Margin	452	567
Minimum Statutory Solvency Margin	166	123
Solvency Margin Ratio	272%	461%

管理層回顧和分析

財產保險業務 — 由民安中國營運之中國業務 (續)

佣金支出淨額

民安中國之佣金支出淨額如下：

截至十二月三十一日止年度，百萬港元

	二零零九年	二零零八年	變化
佣金支出淨額	146.56	134.21	9.2%
佣金支出淨額佔毛承保保費	10.1%	12.7%	(2.6點)

行政及其他費用

民安中國之行政及其他費用概述如下：

截至十二月三十一日止年度，百萬港元

	二零零九年	二零零八年	變化
員工成本	339.65	183.35	85.2%
租賃開支	38.15	29.28	30.3%
營業稅金及附加費用	73.27	54.15	35.3%
其他	141.59	167.29	(15.4%)
	592.66	434.07	36.5%

財務實力及償付能力

民安中國按中國保監會規定之償付能力充足率如下：

於十二月三十一日，百萬人民幣

	二零零九年	二零零八年
實際償付能力	452	567
最低法定償付能力	166	123
償付能力充足率	272%	461%

Management Review and Analysis

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

The key financial data of the property and casualty insurance business operated in Hong Kong is summarized below:

For the year ended 31 December, HK\$ million

	2009	2008	Change
Gross premiums written	778.20	911.39	(14.6%)
Net premiums written	512.96	554.00	(7.4%)
Net earned premiums	516.44	549.06	(5.9%)
Net claims incurred	(239.27)	(274.27)	(12.8%)
Net commission expenses	(132.49)	(150.79)	(12.1%)
Total investment income	298.20	(31.84)	—
Net exchange gain/(loss)	1.88	(14.37)	—
Administrative and other expenses	(162.19)	(162.32)	(0.1%)
Underwriting loss ⁴	(0.26)	(17.85)	(98.5%)
Profit/(loss) before taxation	299.73	(43.54)	—
Profit/(loss) after taxation	299.44	(43.66)	—
Profit/(loss) attributable to the owners	189.80	(22.42)	—
Technical reserves ratio	244.6%	243.6%	1.0pts
Retained ratio	64.5%	59.5%	5.0pts
Earned premiums ratio	64.9%	58.9%	6.0pts
Loss ratio ¹	46.3%	50.0%	(3.7pts)
Expense ratio ²	54.1%	52.8%	1.3pts
Combined ratio ³	100.4	102.8	(2.4pts)

¹ The loss ratio is based on net earned premiums.

² The expense ratio is based on net premiums written. If the net earned premiums basis is applied, then the expense ratio would be 53.7% for the Year (2008: 53.3%).

³ The combined ratio is the sum of the loss ratio and the expense ratio. If the expense ratio is based on net earned premiums, then the combined ratio would be 100.1 for the Year (2008: 103.3).

⁴ Before the change in accounting policy, the underwriting result is a profit of HK\$6.96 million (2008: HK\$1.71 million).

Profit Attributable to the Owners

The Hong Kong operations recorded a net profit to the owners of HK\$189.80 million during the Year (2008: loss of HK\$22.42 million). The strong rebound in profitability was mainly due to significant improvements in investment returns and a slight improvement in underwriting performance during the Year.

管理層回顧和分析

財產保險業務 — 由中國太平香港營運之香港業務

在香港經營之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

	二零零九年	二零零八年	變化
毛承保保費	778.20	911.39	(14.6%)
淨承保保費	512.96	554.00	(7.4%)
已賺取保費淨額	516.44	549.06	(5.9%)
賠款淨額	(239.27)	(274.27)	(12.8%)
佣金支出淨額	(132.49)	(150.79)	(12.1%)
投資收入總額	298.20	(31.84)	—
匯兌收益／(虧損)淨額	1.88	(14.37)	—
行政及其他費用	(162.19)	(162.32)	(0.1%)
承保虧損 ⁴	(0.26)	(17.85)	(98.5%)
除稅前溢利／(虧損)	299.73	(43.54)	—
除稅後溢利／(虧損)	299.44	(43.66)	—
股東應佔溢利／(虧損)	189.80	(22.42)	—
技術性儲備比率	244.6%	243.6%	1.0點
自留比率	64.5%	59.5%	5.0點
已賺取保費率	64.9%	58.9%	6.0點
賠付率 ¹	46.3%	50.0%	(3.7點)
費用率 ²	54.1%	52.8%	1.3點
綜合成本率 ³	100.4	102.8	(2.4點)

¹ 賠付率按已賺取保費淨額為基準計算。

² 費用率按淨承保保費為基準計算。倘使用已賺取保費淨額基準，則本年度之費用率將為53.7% (二零零八年：53.3%)。

³ 綜合成本率為賠付率與費用率的總和。倘費用率按已賺取保費淨額為基準計算，則本年度之綜合成本率將為100.1 (二零零八年：103.3)。

⁴ 會計政策變更前，承保業績為溢利696萬港元 (二零零八年：171萬港元)。

股東應佔溢利

本年度內，香港經營之財產保險業務使股東錄得淨收益1.8980億港元 (二零零八年：虧損2,242萬港元)。溢利強勁反彈主要是由於投資回報大幅改善及承保表現略為改善所致。

Management Review and Analysis

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

Gross Premiums Written

As a result of the uncertain economic outlook in Hong Kong during the Year, the Hong Kong property and casualty insurance market experienced very weak premium growth, while intense competition for business pressed premium pricing to a low level. Gross premiums written decreased by 14.6% to HK\$778.20 million from HK\$911.39 million in the Last Year. This decrease in premium was mainly attributable to: (1) a decrease in marine hull values, which directly correlates with margin hull premium values; (2) a significant decrease in cargo trading volumes in Hong Kong, which lowered margin cargo premium levels; and (3) the non-renewal of two major employee compensation accounts due to strong market competition. The detailed breakdown of gross premiums written was as follows:

For the year ended 31 December, HK\$ million

Business Line	2009	% of Total	2008	% of Total
Motor	201.36	25.9%	213.92	23.5%
Marine	150.13	19.3%	191.34	21.0%
Non-marine	426.71	54.8%	506.13	55.5%
	778.20	100.0%	911.39	100.0%

Net Claims Incurred

Net claims incurred decreased by 12.8% to HK\$239.27 million from HK\$274.27 million in the Last Year.

Combined Ratio

The expense ratio, calculated based on net premiums written, increased to 54.1% from 52.8% in the Last Year. However, a much better loss ratio of 46.3% from 50.0% in the Last Year allowed the combined ratio to be improved to 100.4 from 102.8 in the Last Year. The loss ratios, expense ratios and combined ratios were as follows:

For the year ended 31 December

	2009	2008
Loss ratio	46.3%	50.0%
Expense ratio	54.1%	52.8%
Combined ratio	100.4	102.8

管理層回顧和分析

財產保險業務 — 由中國太平香港營運之香港業務 (續)

毛承保保費

由於本年內香港的經濟前景不明朗，香港財產保險市場只錄得非常微弱的保費增長，同時業務競爭激烈令保費價格被抑制在低水平。毛承保保費由去年之9.1139億港元下跌14.6%至7.7820億港元。此保費下跌主要是(1)船價下跌，影響以船舶價值作保費基礎的船舶險保費；(2)全港貨運量大幅減少，使貨運險保費大幅下跌；及(3)因市場競爭激烈，流失兩筆較大的僱賠險續保業務。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

業務種類	二零零九年	佔總額百分比	二零零八年	佔總額百分比
車險	201.36	25.9%	213.92	23.5%
水險	150.13	19.3%	191.34	21.0%
非水險	426.71	54.8%	506.13	55.5%
	778.20	100.0%	911.39	100.0%

淨賠款總額

淨賠款總額由去年之2.7427億港元下跌12.8%至2.3927億港元。

綜合成本率

按淨承保保費為基準計算之費用率由去年的52.8%上升至54.1%。然而，賠付率由去年的50.0%下降至46.3%，令綜合成本率由去年的102.8改善至100.4。賠付率、費用率及綜合成本率情況如下：

截至十二月三十一日止年度

	二零零九年	二零零八年
賠付率	46.3%	50.0%
費用率	54.1%	52.8%
綜合成本率	100.4	102.8

Management Review and Analysis

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

Investment Performance

The composition of investments was as follows:

At 31 December, HK\$ million

	2009	% of Total	2008	% of Total
Debt securities	1,393.08	44.5%	1,739.36	45.8%
Direct equity securities	164.79	5.3%	98.60	2.6%
Investment funds	63.78	2.0%	52.18	1.4%
Cash and bank deposits	417.21	13.3%	817.31	21.5%
Investment properties	1,095.10	34.9%	1,087.71	28.7%
Total invested assets	3,133.96	100.0%	3,795.16	100.0%

During the Year, although investment markets sentiment improved significantly in Hong Kong, 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 57.8% of the total invested assets as at 31 December 2009 (2008: 67.3%).

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

At 31 December 2009, HK\$ million

	HTM	AFS	HFT	LR	Total
Debt securities	476.87	916.21	—	—	1,393.08
Direct equity securities	—	164.79	—	—	164.79
Investment funds	—	63.78	—	—	63.78
	476.87	1,144.78	—	—	1,621.65

At 31 December 2008, HK\$ million

	HTM	AFS	HFT	LR	Total
Debt securities	841.02	667.38	230.96	—	1,739.36
Direct equity securities	—	85.28	13.32	—	98.60
Investment funds	—	52.18	—	—	52.18
	841.02	804.84	244.28	—	1,890.14

管理層回顧和分析

財產保險業務 — 由中國太平香港營運之香港業務 (續)

投資表現

投資組合情況如下：

於十二月三十一日，百萬港元

	二零零九年	佔總額百分比	二零零八年	佔總額百分比
債務證券	1,393.08	44.5%	1,739.36	45.8%
直接股本證券	164.79	5.3%	98.60	2.6%
投資基金	63.78	2.0%	52.18	1.4%
現金及銀行存款	417.21	13.3%	817.31	21.5%
投資物業	1,095.10	34.9%	1,087.71	28.7%
投資總額	3,133.96	100.0%	3,795.16	100.0%

於本年度內，儘管香港的投資氣氛大幅改善，中國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、現金及銀行存款於二零零九年十二月三十一日合共佔投資資產總額約57.8% (二零零八年：67.3%)。

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：

於二零零九年十二月三十一日，百萬港元

	持有 至到期日	可供出售	持有作 交易用途	貸款及 應收款項	總額
債務證券	476.87	916.21	—	—	1,393.08
直接股本證券	—	164.79	—	—	164.79
投資基金	—	63.78	—	—	63.78
	476.87	1,144.78	—	—	1,621.65

於二零零八年十二月三十一日，百萬港元

	持有 至到期日	可供出售	持有作 交易用途	貸款及 應收款項	總額
債務證券	841.02	667.38	230.96	—	1,739.36
直接股本證券	—	85.28	13.32	—	98.60
投資基金	—	52.18	—	—	52.18
	841.02	804.84	244.28	—	1,890.14

Management Review and Analysis

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

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

At 31 December, HK\$ million

	2009	2008
Central governments and central banks	16.61	263.09
Banks and other financial institutions	886.82	812.74
Corporate entities	451.24	663.53
Others	38.41	—
	1,393.08	1,739.36

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

For the year ended 31 December, HK\$ million

	2009	2008	Change
Net investment income	167.40	172.29	(2.8%)
Net realized investment gains/(losses)	123.41	(198.53)	—
Net unrealized investment gains	7.39	62.68	(88.2%)
Impairment on debt and equity securities	—	(68.28)	—
Total investment income	298.20	(31.84)	—
Total investment yield	8.7%	(0.7%)	—

Total investment income was HK\$298.20 million for the Year, representing a large increase from the loss of HK\$31.84 million in the Last Year. A strong rebound in equities traded in Hong Kong was the primary factor behind CTPI (HK)'s large investment gains. The above-mentioned investment income and investment yield figures do not include a net exchange gain of HK\$1.88 million (2008: loss of HK\$14.37 million).

管理層回顧和分析

財產保險業務 — 由中國太平香港營運之香港業務 (續)

債務證券按類別分類如下：

於十二月三十一日，百萬港元

	二零零九年	二零零八年
中央政府及中央銀行	16.61	263.09
銀行及其他金融機構	886.82	812.74
企業實體	451.24	663.53
其他	38.41	—
	1,393.08	1,739.36

中國太平香港確認在綜合損益表內之稅前投資收入總額及稅前投資收益率概述如下：

截至十二月三十一日止年度，百萬港元

	二零零九年	二零零八年	變化
投資收入淨額	167.40	172.29	(2.8%)
已實現投資收益／(虧損)淨額	123.41	(198.53)	—
未實現投資收益淨額	7.39	62.68	(88.2%)
債務及股本證券減值	—	(68.28)	—
投資收入總額	298.20	(31.84)	—
總投資收益率	8.7%	(0.7%)	—

本年內錄得投資收入總額2.9820億港元，較去年虧損3,184萬港元大幅增加。在香港買賣的股本證券強勁反彈為中國太平香港獲得較佳的投資收益的主因。上述投資收入及投資收益率並不包括188萬港元匯兌收益淨額(二零零八年：虧損1,437萬港元)。

Management Review and Analysis

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

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

For the year ended 31 December 2009, HK\$ million

	Recognized in the consolidated income statement						Sub total	Unrealized gains recognized in the fair value reserve	Grand total
	Interest income	Dividend income	Rental income	Realized gains	Unrealized gains	Impairment			
Debt securities									
HTM	40.59	—	—	16.83	—	—	57.42	—	57.42
AFS	52.69	—	—	60.69	—	—	113.38	98.91	212.29
HFT	4.12	—	—	7.16	—	—	11.28	—	11.28
Direct equity securities									
AFS	—	4.19	—	29.96	—	—	34.15	20.77	54.92
HFT	—	0.26	—	8.77	—	—	9.03	—	9.03
Investment funds									
AFS	—	13.88	—	—	—	—	13.88	1.88	15.76
HFT	—	—	—	—	—	—	—	—	—
Cash and bank deposits	4.86	—	—	—	—	—	4.86	—	4.86
Investment properties	—	—	46.79	—	7.39	—	54.18	—	54.18
Others	0.02	—	—	—	—	—	0.02	—	0.02
	102.28	18.33	46.79	123.41	7.39	—	298.20	121.56	419.76

管理層回顧和分析

財產保險業務 — 由中國太平香港營運之香港業務 (續)

中國太平香港稅前投資收入／(虧損)之詳細分析如下：

截至二零零九年十二月三十一日止年度，百萬港元

	於綜合損益表內確認						於公允價值	總額	
	利息收入	股息收入	租金收入	已實現收益	未實現收益	減值	小計		儲備內確認 之未實現 收益
債務證券									
持有至到期日	40.59	—	—	16.83	—	—	57.42	—	57.42
可供出售	52.69	—	—	60.69	—	—	113.38	98.91	212.29
持有作交易用途	4.12	—	—	7.16	—	—	11.28	—	11.28
直接股本證券									
可供出售	—	4.19	—	29.96	—	—	34.15	20.77	54.92
持有作交易用途	—	0.26	—	8.77	—	—	9.03	—	9.03
投資基金									
可供出售	—	13.88	—	—	—	—	13.88	1.88	15.76
持有作交易用途	—	—	—	—	—	—	—	—	—
現金及銀行存款	4.86	—	—	—	—	—	4.86	—	4.86
投資物業	—	—	46.79	—	7.39	—	54.18	—	54.18
其他	0.02	—	—	—	—	—	0.02	—	0.02
	102.28	18.33	46.79	123.41	7.39	—	298.20	121.56	419.76

Management Review and Analysis

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

For the year ended 31 December 2008, HK\$ million

	Recognized in the consolidated income statement						Sub total	Unrealized losses recognized in the fair value reserve	Grand total
	Interest income	Dividend income	Rental income	Realized gains/(losses)	Unrealized gains/(losses)	Impairment			
Debt securities									
HTM	42.57	—	—	—	—	—	42.57	—	42.57
AFS	29.89	—	—	0.84	—	(11.54)	19.19	(27.72)	(8.53)
HFT	14.24	—	—	0.12	(20.83)	—	(6.47)	—	(6.47)
Direct equity securities									
AFS	—	11.86	—	(197.38)	—	(56.74)	(242.26)	(38.26)	(280.52)
HFT	—	0.35	—	0.70	(10.25)	—	(9.20)	—	(9.20)
Investment funds									
AFS	—	0.04	—	(2.81)	—	—	(2.77)	(0.01)	(2.78)
HFT	—	—	—	—	—	—	—	—	—
Cash and bank deposits	28.90	—	—	—	—	—	28.90	—	28.90
Investment properties	—	—	44.44	—	93.76	—	138.20	—	138.20
	115.60	12.25	44.44	(198.53)	62.68	(68.28)	(31.84)	(65.99)	(97.83)

管理層回顧和分析

財產保險業務 — 由中國太平香港營運之香港業務 (續)

截至二零零八年十二月三十一日止年度，百萬港元

	於綜合損益表內確認						小計	於公允價值 儲備內確認之 未實現虧損	總額
	利息收入	股息收入	租金收入	已實現 收益/ (虧損)	未實現 收益/ (虧損)	減值			
債務證券									
持有至到期日	42.57	—	—	—	—	—	42.57	—	42.57
可供出售	29.89	—	—	0.84	—	(11.54)	19.19	(27.72)	(8.53)
持有作交易用途	14.24	—	—	0.12	(20.83)	—	(6.47)	—	(6.47)
直接股本證券									
可供出售	—	11.86	—	(197.38)	—	(56.74)	(242.26)	(38.26)	(280.52)
持有作交易用途	—	0.35	—	0.70	(10.25)	—	(9.20)	—	(9.20)
投資基金									
可供出售	—	0.04	—	(2.81)	—	—	(2.77)	(0.01)	(2.78)
持有作交易用途	—	—	—	—	—	—	—	—	—
現金及銀行存款	28.90	—	—	—	—	—	28.90	—	28.90
投資物業	—	—	44.44	—	93.76	—	138.20	—	138.20
	115.60	12.25	44.44	(198.53)	62.68	(68.28)	(31.84)	(65.99)	(97.83)

Management Review and Analysis

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

Net Commission Expenses

The net commission expenses were as follows:

For the year ended 31 December, HK\$ million

	2009	2008	Change
Net commission expenses	132.49	150.79	(12.1%)
Ratio of net commission expenses to gross premiums written	17.0%	16.5%	0.5pt

Administrative and Other Expenses

The administrative and other expenses are summarized as follows:

For the year ended 31 December, HK\$ million

	2009	2008	Change
Staff costs	114.20	115.89	(1.5%)
Rental expenses	0.36	1.33	(72.9%)
Others	47.63	45.1	5.6%
	162.19	162.32	(0.1%)

Financial Strength and Solvency Margin

The solvency margin ratios under the Hong Kong Insurance regulations were as follows:

At 31 December, HKD million

	2009	2008
Actual Solvency Margin	2,503	2,272
Minimum Statutory Solvency Margin	126	132
Solvency Margin Ratio	1,987%	1,721%

管理層回顧和分析

財產保險業務 — 由中國太平香港營運之香港業務 (續)

佣金支出淨額

中國太平香港之佣金支出淨額如下：

截至十二月三十一日止年度，百萬港元

	二零零九年	二零零八年	變化
佣金支出淨額	132.49	150.79	(12.1%)
佣金支出淨額佔毛承保保費	17.0%	16.5%	0.5點

行政及其他費用

中國太平香港之行政及其他費用概述如下：

截至十二月三十一日止年度，百萬港元

	二零零九年	二零零八年	變化
員工成本	114.20	115.89	(1.5%)
租賃開支	0.36	1.33	(72.9%)
其他	47.63	45.1	5.6%
	162.19	162.32	(0.1%)

財務實力及償付能力

中國太平香港按香港保險條例規定之償付能力充足率如下：

於十二月三十一日，百萬港元

	二零零九年	二零零八年
實際償付能力	2,503	2,272
最低法定償付能力	126	132
償付能力充足率	1,987%	1,721%

Management Review and Analysis

OUTLOOK

Reinsurance Business — TPRe

The renewal of reinsurance contracts for the January 2010 renewal season was stable for TPRe in its core markets, with only small downward adjustments in pricing which were not unreasonable. In Mainland China, which is now the single largest market of TPRe, the renewal of business has likewise been smooth, and TPRe's Beijing Branch has been able to bring the momentum of a very satisfactory start-up year in 2009 to a very promising beginning in 2010, as the reinsurers writing business in Mainland China have been selective in pursuing business expansion. The hardening of reinsurance conditions in favor of reinsurers in the PRC was instigated by major reinsurers active in the Mainland China market.

Going forward, TPRe will continue to strive to expand its reinsurance business in Mainland China, and believes that its broad experience in many different lines of reinsurance across many different geographies, its cultural affinities with and understanding of PRC clients, and its expanding domestic professional staff in Beijing and Shanghai will give the reinsurance operations strong competitive advantages in building its presence in the PRC. The timing of the establishment of the Beijing Branch in December 2008 has been very good and opportune, as the property and casualty insurance industry in Mainland China appears to be growing well, and the quality of the overall market has also been slowly improving following intensified regulations and enforcement by the CIRC, the insurance regulator. As such, TPRe is very optimistic over its long-term prospects and potential in the PRC reinsurance industry.

TPRe has now entered into its 30th year of operations, and the senior management and professionals of the reinsurance business are highly excited and very much look forward to further cultivating its long established and deep client relationships and positions in all of its core markets for the decades to come. TPRe is as committed as ever to position itself as one of the premier reinsurers in Asia, by providing high quality reinsurance services to its clients, while also delivering strong, long term sustainable growth, returns and value to its partners and shareholders.

Life Insurance Business — TPL

The PRC life insurance industry continues to have highly attractive fundamentals for long-term growth. Life insurance penetration in the country remains at very low levels, and the Mainland China economy has proven to be very strong and resilient during the middle and in the aftermath of the global economic and financial crisis. As such, the directors and senior management of TPL are optimistic for the prospects of the PRC life insurance industry in 2010.

Over the next twelve months, TPL will continue its major strategy of prioritizing the sale of traditional products with regular premium features. This strategic prioritization is not just for 2010, but will continue for at least several more years, if not longer into the foreseeable future. TPL intends to establish regular premium product sales as the bedrock of its operations in the years to come. This is why TPL, still a relatively young company, has decided to adopt such an approach so early in its development. By having the life insurance operations predominantly consisting of higher profit margin and higher new business value products, the resulting foundation will best facilitate and inculcate a culture and philosophy of value and profitability that will last for the future.

TPL will also continue to focus heavily on improving its cost levels throughout its organization. While building scale and further expanding its network infrastructure throughout China will be pursued (30 new sub-branches and 180 marketing centers are planned to be opened in 2010), effective expense management will continue to be focused upon.

管理層回顧和分析

展望

再保險業務 — 太平再保險

在二零一零年一月續保旺季，太平再保險在其核心市場內的再保險合約續保情況穩定，價格只有輕微下調，但尚算合理。在中國大陸（現為太平再保險的單一最大市場），業務續保亦同樣順利。太平再保險北京分公司於二零零九年設立，並已呈現出良好的勢頭，令人鼓舞。受惠於再保險商能選擇性地於中國大陸擴展業務，二零一零年將會是充滿期待的一年。在活躍於中國大陸市場的大型再保險商推動下，再保險條件的整固對中國再保險商有利。

展望將來，太平再保險將繼續致力在中國大陸擴大其再保險業務，並深信其憑著於不同地區從事各再保險業務的豐富經驗、與中國客戶的文化雷同和對中國客戶的了解，以及在北京及上海增聘本地專業人員，都為再保險業務在中國發展帶來強大競爭優勢。在二零零八年十二月成立北京分公司，乃屬較佳而恰當的時機，因為中國大陸財產保險業看來增長不俗，而經過中國保監會（保險監管機構）加強規管及執法，整體市場的質素亦見逐步改善。因此，太平再保險對在中國再保險業的長遠發展前景及潛力非常樂觀。

太平再保險開業以來已進入第三十周年，再保險業務的高級管理層及專業人員對此深感鼓舞，並熱切期待在未來十年進一步培養既有而深厚的客戶關係，以及在其全部核心市場的地位。太平再保險一如承諾，將繼續致力於成為一家亞洲領先的再保險商，為客戶提供優質的再保險服務，同時為夥伴及股東帶來強勁而長遠的可持續增長、回報及價值。

人壽保險業務 — 太平人壽

中國人壽保險業長遠增長的基調仍極具吸引力。國內壽險滲透率仍然極低，而在全球經濟及金融危機期間及過後，中國大陸經濟已顯現出其強大及迅速復甦的態勢。因此，太平人壽董事及高級管理層對中國人壽保險業在二零一零年的前景感到樂觀。

未來十二個月，太平人壽會繼續其著重銷售期繳型傳統產品的策略。此策略不只針對二零一零年，並會繼續至少數年，甚至會在可見將來一貫推行。太平人壽打算以期繳型產品銷售作為往後業務的基石。太平人壽雖然年輕，但已在其發展初期便決定採取此策略。壽險業務以高利潤及高業務價值產品為主導，貫徹我們以價值及盈利為本的文化及哲學，並長存不息。

太平人壽亦將繼續專注於改善全企業的成本水平。在全中國擴展規模及加強發展其銷售網絡（計劃於二零一零年開設30家新的支公司及180家市場推廣中心）的同時，還會繼續集中執行有效的費用管控。

Management Review and Analysis

OUTLOOK *(Continued)*

Property and Casualty Insurance Business

TPI

Growth prospects for the PRC property and casualty insurance industry remain very attractive in 2010 and beyond, as the penetration of property and casualty insurance in the PRC remains at very low levels and economic growth in the country continues to be among the fastest in the world. The underlying profitability of the property and casualty insurance industry in Mainland China, however, will likely continue to be difficult and challenging in the near term, although recent efforts by regulators in promulgating and enforcing stricter and more efficient rules and laws have begun to gradually improve the practices of the market.

TPI will install an enhanced information technology system in the latter part of the year, which is expected, when fully launched, to provide a much better operating platform to facilitate TPI's plans for centralized control management. A rigid and strict focus on controlling costs and expenses, and a more professional and efficient underwriting approach should allow the operations to break even on a sustainable basis provided that the external market environment and discipline also improves.

MAC

An announcement was made on 15 March 2010 on the possible disposal by CTIH of an 100% equity interest in MAC.

The proposed transaction, if completed, will provide immediate cash inflows to the Company together with a reasonable profit, and will resolve certain PRC regulatory issues. CTIH has learned of possible modifications of certain regulatory requirements that a single insurance holding company or insurance group company may no longer be allowed to have controlling interests in more than one insurance company operating in the same business line in Mainland China. Having considered the long term development objectives and goals of the property and casualty insurance segment of the Company, the Board believes that the Proposed Transaction is in the best interests of the Shareholders of CTIH.

It is estimated, based on the latest information available, that the disposal of MAC may generate a material profit to the Company for the financial year ending 31 December 2010 in which the completion of the Proposed Transaction is expected to take place.

CTPI (HK)

The property and casualty insurance industry in Hong Kong is a highly competitive market, and growth over the near- to medium-term will likely be steady and challenging. CTPI (HK) is currently undergoing a rationalization of its various departments to enhance productivity and reduce unit costs. With the economy stabilizing in Hong Kong after difficult years in 2008 and 2009, CTPI (HK) expects to maintain its market position and client relationships and remain one of the top insurers in the city with sustainable and acceptable returns to shareholders.

Investments

Although global investment markets have rebounded positively since the financial crisis of 2008, much uncertainty and unpredictability remain in the global financial markets and economies. As such, it is very possible that above-average volatility will be present in the financial markets. In such an environment, the investment policies and investment portfolios in both Hong Kong and the PRC will continue to be managed in a conservative and prudent fashion, with a special emphasis placed upon risk management and conservative asset allocation.

管理層回顧和分析

展望 (續)

財產保險業務

太平財險

在二零一零年及以後，中國財產保險業的增長前景仍然極具吸引力，因為中國財產保險滲透率仍在極低水平，而國內經濟增長仍屬全球最快。儘管近期監管當局致力推出及執行更嚴厲及更有效的法律和法規，市場環境亦已開始逐步改善，但中國大陸財產保險業所隱含的盈利能力在短期內或會繼續難以顯現，而且仍具挑戰性。

太平財險先進的資訊科技系統將在下半年設置，預期全面運作後可提供最佳的營運平台以促進太平財險實現中央管控的計劃。憑藉嚴格及嚴謹的成本及費用控制以及更專業及有效的承保作業，只要外圍市場環境及秩序亦得到改善，可望使業務在可持續發展的情況下實現收支平衡。

民安中國

於二零一零年三月十五日，中國太平控股刊發可能出售民安中國100%股權權益之公告。

若交易建議完成，將為本公司帶來即時的現金收入及合理的利潤，及解決若干中國監管要求可能帶來之變數。中國太平控股得悉若干監管要求可能作出修訂，一間保險控股公司或保險集團公司可能不容許持有多於一間在中國內地從事同一業務種類的保險公司之控制性股權。考慮到本公司財產保險業務的長遠發展目標，董事會相信交易建議最符合中國太平控股股東的利益。

按最新資料評估，預計交易建議將在二零一零年內完成，出售民安中國將可能為本公司截至二零一零年十二月三十一日止財務年度之業績帶來顯著利潤。

中國太平香港

香港財產保險業為競爭極為激烈的市場，中短期的增長應會比較穩定及具挑戰性。中國太平香港現正重整各部門以提升產能及降低單位成本。香港經濟經過二零零八年及二零零九年的逆境後漸趨穩定，中國太平香港亦期望可保持其市場地位及客戶關係，為股東帶來持續及令人滿意的回報，並繼續成為區內首選保險商之一。

投資

雖然全球投資市場在經過二零零八年金融危機之後已見反彈，但全球金融市場及經濟仍有不少不明朗因素及不可預知的情況。因此，金融市場極有可能出現大幅波動。在此環境下，將繼續保持穩健審慎的態度制定香港及中國的投資政策及投資組合，特別是要更加重視風險管理及採取穩健的資產配置措施。

Management Review and Analysis

LIQUIDITY AND FINANCIAL RESOURCES

The Group's cash and bank deposits as at 31 December 2009 amounted to HK\$20,474.76 million (2008 *(restated)*: HK\$15,956.51 million). There was no bank borrowing during the Year except for certain temporary bank overdrafts for insignificant amounts. The interest-bearing notes as at 31 December 2009 amounted to HK\$5,725.11 million (2008: HK\$5,376.03 million). The gearing ratio, which represents interest-bearing notes issued divided by the total assets of the Group, was 5.1% as at 31 December 2009 (2008 *(restated)*: 6.1%).

CAPITAL STRUCTURE

During the Year, CTIH issued 280,343,500 new shares (2008: 6,449,000 shares). All of the new shares were issued for consideration other than cash (2008: Nil) for the purpose of acquiring equity interests in MAH. No new shares (2008: 6,449,000 shares) were issued and proceeds received in cash (2008: HK\$15.41 million) under the Company's employee share option scheme.

STAFF AND STAFF REMUNERATION

As at 31 December 2009, the Group had a total of 33,002 employees (2008 *(restated)*: 26,893 employees), an increase of 6,109 employees. Total remuneration for the Year amounted to HK\$2,895.96 million (2008 *(restated)*: HK\$2,098.38 million), an increase of 38.0%. Bonuses are linked to both the performance of the Group and the performance of the individual.

MAJOR EVENT DURING THE YEAR

On 22 May 2009, TPG (HK) and Manhold as vendors and CTIH as purchaser entered into a conditional sale and purchase agreement in relation to the acquisition of an aggregate of 1,389,247,000 ordinary shares of MAH, representing approximately 47.80% of the issued share capital of MAH (the "Stake Acquisition"). The consideration for the Stake Acquisition was payable by the Company through the issue and allotment of an aggregate amount of 138,924,700 new ordinary shares of CTIH to TPG (HK) upon completion of the sale and purchase agreement on the basis of 1 CTIH share for every 10 MAH shares. Subject to the satisfaction of certain pre-conditions, the Company requested the board of MAH to put forward a proposal to privatize MAH (the "Privatization Proposal") by way of a scheme of arrangement (the "Scheme") under Section 86 of the Companies Law. The details of this transaction were set out in the circular of CTIH dated 19 June 2009.

On 16 July 2009, CTIH shareholders passed resolutions approving, ratifying and confirming the Stake Acquisition and the Privatization Proposal, and their related connected transactions by way of poll at an extraordinary general meeting of the Company.

On 30 July 2009, the Stake Acquisition was completed, and CTIH became the controlling shareholder of MAH.

On 24 August 2009, as the pre-conditions of the Privatization Proposal had been satisfied or waived, MAH put forth the Privatization Proposal. On 7 October 2009, the independent MAH shareholders approved the Scheme at a Court Meeting. The MAH shareholders also approved a special resolution for a capital reduction, an increase in share capital and the issuance of new MAH Shares in connection with the Scheme. On 30 October 2009 (*Cayman Islands time*), the Scheme was sanctioned without modification by the Grand Court of the Cayman Islands. All conditions of the Privatization Proposal having been fulfilled, the Privatization Proposal became effective on 30 October 2009 (*Cayman Islands time*). On 4 November 2009, the Company completed the acquisition of a 48.66% equity interest of MAH by the issue and allotment of 141,418,800 Shares. MAH became a wholly-owned subsidiary of CTIH.

管理層回顧和分析

流動資金及財務資源

於二零零九年十二月三十一日，本集團的現金及銀行存款為204.7476億港元(二零零八年(重列)：159.5651億港元)。除若干小額臨時銀行透支外，本年度內並無任何銀行借貸。二零零九年十二月三十一日須付息票據總額為57.2511億港元(二零零八年：53.7603億港元)。二零零九年十二月三十一日已發行須付息票據除以本集團總資產所得出的槓桿比率為5.1%(二零零八年(重列)：6.1%)。

資本結構

本年度，中國太平控股發行280,343,500股新股(二零零八年：6,449,000股)。全部發行之新股均以非現金代價發行(二零零八年：無)，用以購入民安控股股權。本年度並無根據本公司僱員認股權計劃發行新股及收取現金代價(二零零八年：發行6,449,000股並收取現金代價1,541萬港元)。

員工及員工酬金

於二零零九年十二月三十一日，本集團的僱員總人數達33,002人(二零零八年(重列)：26,893人)，增加6,109人。本年度總酬金為28.9596億港元(二零零八年(重列)：20.9838億港元)，增加38.0%。花紅與本集團的業績及員工的個人表現掛鉤。

本年度重要事項

於二零零九年五月二十二日，中國太平集團(香港)及汶豪作為賣方與中國太平控股作為買方訂立有條件買賣協議，內容有關收購合共1,389,247,000股民安控股股份，相當於民安控股現有已發行股本約47.80%([股權收購])。本公司須於完成買賣協議時透過按每10股民安控股股份可換1股中國太平控股股份之基準向中國太平集團(香港)發行及配發合共138,924,700股新中國太平控股股份，藉以作為支付股權收購之代價。本公司已要求民安控股董事會，待達成若干先決條件後，提出根據公司法第86條，建議以協議安排([該協議])的方式全面收購民安控股([全面收購建議])。請參閱中國太平控股於二零零九年六月十九日之通函。

於二零零九年七月十六日，中國太平控股股東於本公司股東特別大會上以投票表決方式正式通過有關批准、追認及確認股權收購、全面收購關連交易之決議案。

於二零零九年七月三十日，完成股權收購及中國太平控股成為民安控股之控股股東。

於二零零九年八月二十四日，由於全面收購協議之先決條件已達成或獲豁免，民安控股向協議股東提出全面收購建議。於二零零九年十月七日，民安控股獨立股東於法院會議批准該協議。民安控股股東亦通過就協議削減資本、增加股本及發行新民安控股股份的特別決議案。於二零零九年十月三十日(開曼群島時間)，該協議在沒有修訂的情況下獲大法院批准。全面收購建議之條件均已達成，而全面收購建議已於二零零九年十月三十日(星期五)(開曼群島時間)開始生效。於二零零九年十一月四日，本公司以發行及配發完成141,418,800股股份完成購入民安控股48.66%權益。民安控股成為中國太平控股之全資附屬公司。

Management Review and Analysis

MAJOR EVENT DURING THE YEAR *(Continued)*

On 23 November 2009, TPL entered into an acquisition agreement with TPIH (the “Acquisition Agreement”) pursuant to which TPL agreed to acquire a 39% equity interest in TPR for a consideration of RMB924,001,140 and to take an assignment of 39% of the loans of TPR in the amount of RMB168,446,000. The details of this transaction were set out in the circular of the Company dated 3 December 2009.

On 23 November 2009, TPL entered into an acquisition agreement with TPR (the “Property Acquisition Framework Agreement”) pursuant to which TPL agreed to acquire from TPR certain property consisting of approximately 16,108 square meters of gross floor area of Taiping Financial Tower, involving six floors (from the 24th to 29th floors, or such other floors as shall be agreed to by the parties in writing) for a consideration of RMB595,996,000. The consideration will be adjusted in accordance with the actual gross floor area of the completed Property to be delivered to TPL at a sum of RMB37,000 per square meter. CTIH believes that the consideration will not exceed RMB613,875,880 after the adjustments. The details of this transaction were set out in the circular of the Company dated 3 December 2009.

On 23 December 2009, CTIH entered into a conditional agreement in respect of capital contributions into TPI (the “Capital Contribution Agreement”) with TPG, TPI and ICBC (Asia). The Capital Contribution Agreement proposed that the registered capital of TPI be increased from RMB1,570,000,000 to RMB2,070,000,000 through additional registered capital of RMB500,000,000 to be contributed by TPG, the Company and ICBC (Asia) in proportion to their respective shareholdings in TPI. As at the date of this report, ICBC (Asia) has yet to decide whether it will participate in this capital contribution. Pursuant to the Capital Contribution Agreement, TPG and CTIH have conditionally agreed to contribute to the registered capital of TPI, in cash, (i) RMB187,500,000 and RMB250,250,000, respectively; and (ii) if ICBC (Asia) does not participate in the capital contribution, additional amounts of RMB26,663,335 and RMB35,586,665, respectively, the aggregate of which is equal to the amount of ICBC (Asia)’s proportion of the contribution, such that the registered capital of TPI will be increased by RMB500,000,000 in total. The details of this transaction were set out in the announcement of the Company dated 23 December 2009.

On 29 December 2009, the registered capital of TPL was increased from RMB2,330 million to RMB3,730 million through RMB1,400 million of additional capital contributed by TPG, CTIH and Fortis in proportion to their respective shareholdings in TPL, amounting to RMB350.70 million, RMB700.70 million and RMB348.60 million, respectively.

CONTINGENT LIABILITIES

The Group has received a query issued by the Inland Revenue Department of Hong Kong in relation to the taxability of certain investment income from its offshore investments for the years of assessment from 1999 to 2008. The Directors believe that the Group has a strong legal basis to support its tax position. As such, no provision for a potential tax exposure of approximately HK\$31.60 million (2008: HK\$31.60 million) was made as at 31 December 2009.

The Group has also received a query issued by the Inland Revenue Department of Hong Kong in relation to the taxability of certain realized and unrealized gains from the disposal of listed investments for the years of assessment from 2000/2001 to 2002/2003. Because such gains were capital in nature, the Directors believe that the Group has good prospects to support its tax position, and therefore no provision for a potential tax exposure of approximately HK\$30.00 million (2008: HK\$30.00 million) was made as at 31 December 2009.

Save as herein disclosed and 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 2009.

管理層回顧和分析

本年度重要事項 (續)

於二零零九年十一月二十三日，太平人壽與太平投資控股訂立收購協議（「收購協議」），據此，太平人壽同意以人民幣924,001,140元之代價購入太平置業39%權益，及以人民幣168,446,000元之代價轉授太平置業貸款39%。此交易之詳情請參閱本公司於二零零九年十二月三日之通函。

於二零零九年十一月二十三日，太平人壽與太平置業訂立收購協議（「物業收購框架協議」），據此，太平人壽同意向太平置業收購太平金融大廈中約16,108平方米之若干建築面積，當中將包括太平金融大廈中之六個樓層（第24至29層或訂約方可能書面議定之其他樓層），代價為人民幣595,996,000元。代價將可按照已建成該物業向太平人壽交付之實際建築面積，按每平方米人民幣37,000元予以調整。中國太平控股相信調整後之代價將不超過人民幣613,875,880元。此交易之詳情請參閱本公司於二零零九年十二月三日之通函。

於二零零九年十二月二十三日，中國太平控股與中國太平集團、太平財險及工銀（亞洲）訂立有關向太平財險增資之有條件協議（「增資協議」）。增資協議建議太平財險之註冊資本由人民幣1,570,000,000元，增加額外註冊資本人民幣500,000,000元至人民幣2,070,000,000元，並由中國太平集團、本公司及工銀（亞洲）根據各自於太平財險之持股比例增資。於本報告日期，工銀（亞洲）仍未決定其是否參與增資。根據增資協議，中國太平集團及本公司已有條件同意以現金向太平財險新增註冊資本，(i)分別為人民幣187,500,000元及人民幣250,250,000元；及(ii)（如工銀（亞洲）不參與增資）額外金額分別人民幣26,663,335元及人民幣35,586,665元，合計等於工銀（亞洲）增資之金額，而使太平財險之註冊資本合計增加人民幣500,000,000元。此交易之詳情請參閱本公司於二零零九年十二月二十三日之通函。

於二零零九年十二月二十九日，太平人壽的註冊資本由人民幣23.3億元，增加額外註冊資本人民幣14億元至人民幣37.3億元，並由中國太平集團、中國太平控股及富通根據各自於太平人壽之持股比例增入資金，分別為人民幣3.5070億元、人民幣7.0070億元及人民幣3.4860億元。

或然負債

本集團收到香港稅務局的詢問，質疑個別離岸投資收入於一九九九年至二零零八年評稅年度內的應課稅務責任。董事相信本集團稅務觀點擁有堅實的法律基礎支持，因此，於二零零九年十二月三十一日本集團毋需就約3,160萬港元（二零零八年：3,160萬港元）的潛在稅務責任計提準備。

本集團亦收到香港稅務局的詢問，關於二零零零年及二零零一年至二零零二年及二零零三年評稅年度內，出售上市投資之若干已變現及未變現收益的應課稅事宜。由於該等收益乃資本性質，故董事相信本集團的稅務狀況很可能得到支持，因此，於二零零九年十二月三十一日毋需就約3,000萬港元（二零零八年：3,000萬港元）之潛在稅務風險計提準備。

除本報告所披露及在本集團日常保險業務中產生的訴訟外，於二零零九年十二月三十一日，本集團概無任何未決訴訟或或然負債。