

Management Discussion and Analysis

管理層討論和分析

CONSOLIDATED FINANCIAL RESULTS

During the Period, CTIH's operating units produced strong and steady operating and financial results, notwithstanding the very challenging conditions in the global capital markets and in the life insurance sector in the PRC. Despite economic, financial and investment volatility at high levels due to China's determined efforts to tighten money supply and lower inflation, and with uncertain financial conditions in the United States and Europe creating global economic and financial difficulties, the Company was still able to achieve satisfactory operating and financial results during the first half of 2011, and has continued its long-term objective of focusing on high value, profitable growth for the future.

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

HK\$ million

綜合財務表現

於本財務期內，面對嚴峻的環球資本市場及國內人壽保險業充滿挑戰的變化，中國太平控股各營運單位仍取得堅實及穩健的營運及財務業績。中國大力收緊貨幣供應以降低通脹，美國和歐洲的金融狀況不明朗造成環球經濟及金融困局，增加了經濟、金融及投資波動性。在此等錯綜複雜環境下，本公司仍能於二零一一年上半年取得令人滿意的營運及財務業績，並繼續專注於高價值及盈利增長的長期目標。

本集團期內重點表現如下：

百萬港元

		1H 2011 二零一一年 上半年	1H 2010 二零一零年 上半年	Change 變化
Gross premiums written, policy fees and premium deposits	毛承保保費、保單費收入及保費存款	27,456.74	27,791.33	(1.2%)
Less: Premium deposits of universal life products	減：萬能壽險產品之保費存款	24.50	140.43	(82.6%)
Premium deposits of unit-linked products	投資連結產品之保費存款	166.74	51.90	2.2 times 倍
Premium deposits of other products	其他產品之保費存款	106.74	325.84	(67.2%)
Gross premiums written and policy fees recognized in consolidated income statement	確認於綜合損益表之毛承保保費及保單費收入	27,158.76	27,273.16	(0.4%)
Net investment income	投資收入淨額	2,709.27	2,065.81	31.1%
Net realized investment gains	已實現投資收益淨額	466.16	546.02	(14.6%)
Net unrealized investment gains	未實現投資收益淨額	56.87	15.30	2.7 times 倍
Net impairment loss on securities	證券減值淨額	(95.64)	(148.12)	(35.4%)
Profit before taxation	除稅前溢利	1,037.07	974.36	6.4%
Profit after taxation	除稅後溢利	1,051.66	948.26	10.9%
Net profit attributable to the owners	股東應佔溢利淨額	725.78	603.00	20.4%
Basic earnings per share (HK cent)	每股基本盈利 (港仙)	42.6	35.5	7.1 cents 仙

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CONSOLIDATED FINANCIAL RESULTS (Continued)

綜合財務表現 (續)

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

按各業務分類之股東應佔溢利／(虧損)淨額概述如下：

HK\$ million

百萬港元

		1H 2011 二零一一年 上半年	1H 2010 二零一零年 上半年	Change 變化
Life insurance	人壽保險	322.87	356.68	(9.5%)
Property and casualty insurance	財產保險	323.49	234.13	38.2%
PRC operations	中國業務	82.93	65.22	27.2%
Hong Kong operations ¹	香港業務 ¹	240.56	168.91	42.4%
Reinsurance	再保險	159.92	173.58	(7.9%)
Other businesses	其他業務	(80.50)	(161.39)	(50.1%)
— Pension	— 養老	(59.13)	(58.22)	1.6%
— Disposed business	— 出售業務			
— MAC ²	— 民安中國 ²	—	(42.27)	—
— Holding company and other businesses	— 控股公司及 其他業務	(21.37)	(60.90)	(64.9%)
Net profit attributable to the owners	股東應佔溢利淨額	725.78	603.00	20.4%

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

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。

² MAC ceased to be a consolidated subsidiary of the Company after 31 December 2010.

² 民安中國於二零一零年十二月三十一日後不再為本公司之綜合附屬公司。

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CONSOLIDATED FINANCIAL RESULTS (Continued)

綜合財務表現 (續)

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

以下為本公司股東應佔資產淨值變化分析。

HK\$ million

百萬港元

		2011 二零一一年	2010 二零一零年
NAV as at 1 January	於一月一日之資產淨值	12,712.39	10,296.71
Profit recognized in income statement	確認於損益表之溢利	725.78	603.00
Net changes in AFS investment reserve	可供出售投資儲備變化淨額	(607.58)	(779.38)
Revaluation gain arising from reclassification of own-use properties into investment properties	因自用物業重新分類為投資物業而產生之重估收益	—	23.09
Exchange gain arising from translation of financial statements of subsidiaries outside Hong Kong	因換算香港以外地區附屬公司財務報表的匯兌收益	138.09	48.99
Other movements ³	其他變動 ³	7.49	14.85
NAV as at 30 June	於六月三十日之資產淨值	12,976.17	10,207.26

³ Other movements mainly include the amortization of the costs of Shares acquired under the Share Award Scheme and net proceeds received for Shares issued under the Share Option Scheme.

³ 其他變動主要包括根據股份獎勵計劃而購入之股份的成本攤銷及根據認股權計劃發行新股所收取之款項淨額。

CONSOLIDATED INVESTMENT PERFORMANCE

綜合投資表現

Consolidated investment assets

綜合投資資產

The total investments of the Group are summarized as follows:

本集團的投資總值概述如下：

		At 30 June 2011		At 31 December 2010	
		於二零一一年六月三十日	於二零一零年十二月三十一日	於二零一零年十二月三十一日	於二零一一年六月三十日
		HK\$ million	% of Total	HK\$ million	% of Total
		百萬港元	佔總額百分比	百萬港元	佔總額百分比
Debt securities	債務證券	104,737.86	63.0%	86,452.05	64.7%
Equity securities	股本證券	11,251.49	6.8%	12,245.30	9.2%
Investment funds	投資基金	7,082.56	4.3%	4,250.68	3.2%
Cash and bank deposits	現金及銀行存款	41,852.34	25.1%	29,412.03	22.0%
Investment properties	投資物業	1,354.34	0.8%	1,304.11	0.9%
Total investments	投資總額	166,278.59	100.0%	133,664.17	100.0%

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CONSOLIDATED INVESTMENT PERFORMANCE

(Continued)

Consolidated investment assets (Continued)

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

At 30 June 2011, HK\$ million

	HTM 持有至到期日	AFS 可供出售	HFT 持有作 交易用途	LR 貸款及 應收款項	Total 總額
Debt securities 債務證券	78,695.64	19,941.17	206.54	5,894.51	104,737.86
Equity securities 股本證券	—	11,217.17	34.32	—	11,251.49
Investment funds 投資基金	—	7,037.24	45.32	—	7,082.56
	78,695.64	38,195.58	286.18	5,894.51	123,071.91

At 31 December 2010, HK\$ million

	HTM 持有至到期日	AFS 可供出售	HFT 持有作 交易用途	LR 貸款及 應收款項	Total 總額
Debt securities 債務證券	62,764.51	19,222.91	355.02	4,109.61	86,452.05
Equity securities 股本證券	—	12,069.42	175.88	—	12,245.30
Investment funds 投資基金	—	4,217.05	33.63	—	4,250.68
	62,764.51	35,509.38	564.53	4,109.61	102,948.03

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:

綜合投資表現 (續)

綜合投資資產 (續)

證券投資被歸類為持有至到期日、可供出售、持有作交易用途及貸款及應收款項。本集團總投資組合按此歸類的分佈概述如下：

於二零一一年六月三十日，百萬港元

於二零一零年十二月三十一日，百萬港元

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：

	At 30 June 2011 於二零一一年 六月三十日	At 31 December 2010 於二零一零年 十二月三十一日
Life insurance 人壽保險	87.3%	86.9%
Property and casualty insurance 財產保險	7.3%	7.9%
Reinsurance 再保險	3.6%	4.3%
Other businesses 其他業務	1.8%	0.9%
	100.0%	100.0%

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CONSOLIDATED INVESTMENT PERFORMANCE

(Continued)

Consolidated investment income

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

HK\$ million

		1H 2011 二零一一年 上半年	1H 2010 二零一零年 上半年	Change 變化
Net investment income	投資收入淨額	2,709.27	2,065.81	31.1%
Net realized investment gains	已實現投資收益淨額	466.16	546.02	(14.6%)
Net unrealized investment gains	未實現投資收益淨額	56.87	15.30	2.7 times 倍
Net impairment loss on securities	證券減值淨額	(95.64)	(148.12)	(35.4%)
Total investment income	投資收入總額	3,136.66	2,479.01	26.5%

The total investment income of the Group recognized in the consolidated income statement increased by 26.5% to HK\$3,136.66 million in the Period from HK\$2,479.01 million in the Last Period. Although investments made in equities traded in the PRC and Hong Kong did not perform well during the Period, a significant increase in interest income from a larger investment portfolio was behind the higher levels of net investment income.

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 are also objective evidence of impairment. In 2011, the net impairment loss on securities recognized in the consolidated income statement was HK\$95.64 million (2010: HK\$148.12 million).

綜合投資表現 (續)

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：

百萬港元

本集團確認於綜合損益表內的投資收入總額由去年同期的24.7901億港元上升26.5%至本財務期的31.3666億港元。儘管本財務期內於中國及香港買賣的股票投資表現並不理想，但投資組合規模增長令利息收入顯著上升，使投資收入淨額上升。

根據本集團減值政策，本集團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有減值的需要。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。於二零一一年，綜合損益表內確認的證券減值淨額為9,564萬港元（二零一零年：1.4812億港元）。

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CONSOLIDATED INVESTMENT PERFORMANCE

(Continued)

綜合投資表現 (續)

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

本集團稅前投資收入／(虧損)之詳細分析如下：

For the six months ended 30 June 2011, HK\$ million

截至二零一一年六月三十日止六個月，百萬港元

		Recognized in the consolidated income statement 於綜合損益表內確認					Unrealized (losses)/ gains recognized in the fair value reserve 於公允價值 儲備內確認			
		Net investment income 投資收入淨額			Net realized gains/ (losses) 已實現 收益/ (虧損)淨額	Net unrealized gains/ (losses) 未實現 收益/ (虧損)淨額	Net impairment loss 確認減值 淨額	Sub total 小計	之未實現 (虧損)／ 收益	Grand total 總額
Interest income/ (expense) 利息收入/ (支出)	Dividend income 股息收入	Rental income 租金收入								
Debt securities	債務證券									
HTM	持有至到期日	1,468.11	—	—	1.65	—	—	1,469.76	—	1,469.76
AFS	可供出售	432.31	—	—	44.96	—	—	477.27	(51.57)	425.70
HFT	持有作交易用途	3.55	—	—	18.25	3.14	—	24.94	—	24.94
LR	貸款及應收款項	142.13	—	—	—	—	—	142.13	—	142.13
Equity securities	股本證券									
AFS	可供出售	—	83.42	—	362.69	—	(65.80)	380.31	(865.51)	(485.20)
HFT	持有作交易用途	—	2.00	—	(8.68)	(1.04)	—	(7.72)	—	(7.72)
Investment funds	投資基金									
AFS	可供出售	—	161.43	—	46.66	—	(29.84)	178.25	(629.36)	(451.11)
HFT	持有作交易用途	—	1.37	—	0.63	(1.42)	—	0.58	—	0.58
Cash and bank deposits	現金及銀行存款	439.16	—	—	—	—	—	439.16	—	439.16
Investment properties	投資物業	—	—	27.11	—	56.19	—	83.30	—	83.30
Securities sold/ purchased under repurchase/resale agreements	賣出回購/ 買入返售證券	(57.53)	—	—	—	—	—	(57.53)	—	(57.53)
Others	其他	6.21	—	—	—	—	—	6.21	—	6.21
		2,433.94	248.22	27.11	466.16	56.87	(95.64)	3,136.66	(1,546.44)	1,590.22

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CONSOLIDATED INVESTMENT PERFORMANCE

(Continued)

綜合投資表現 (續)

For the six months ended 30 June 2010, HK\$ million

截至二零一零年六月三十日止六個月，百萬港元

		Recognized in the consolidated income statement 於綜合損益表內確認						Unrealized gains/ (losses) recognized in the fair value reserve 於公允價值儲備內確認之未實現收益/ (虧損)		Grand total 總額
		Net investment income 投資收入淨額			Net realized gains/ (losses) 已實現收益/ (虧損)淨額	Net unrealized gains/ (losses) 未實現收益/ (虧損)淨額	Net impairment loss reversed/ (recognized) 減值回撥 / (確認)淨額	Sub total 小計		
		Interest income/ (expense) 利息收入/ (支出)	Dividend income 股息收入	Rental income 租金收入						
Debt securities	債務證券									
HTM	持有至到期日	996.86	—	—	—	—	2.53	999.39	—	999.39
AFS	可供出售	401.52	—	—	88.77	—	—	490.29	394.19	884.48
HFT	持有作交易用途	9.60	—	—	(0.19)	13.33	—	22.74	—	22.74
LR	貸款及應收款項	92.79	—	—	—	—	—	92.79	—	92.79
Equity securities	股本證券									
AFS	可供出售	—	47.16	—	265.88	—	(150.65)	162.39	(1,278.69)	(1,116.30)
HFT	持有作交易用途	—	0.31	—	3.34	(3.50)	—	0.15	—	0.15
Investment funds	投資基金									
AFS	可供出售	—	260.49	—	190.64	—	—	451.13	(775.17)	(324.04)
HFT	持有作交易用途	—	1.71	—	(2.42)	(1.17)	—	(1.88)	—	(1.88)
Cash and bank deposits	現金及銀行存款	262.81	—	—	—	—	—	262.81	—	262.81
Investment properties	投資物業	—	—	25.94	—	6.64	—	32.58	—	32.58
Securities sold/ purchased under repurchase/resale agreements	賣出回購/ 買入返售證券	(37.31)	—	—	—	—	—	(37.31)	—	(37.31)
Others	其他	3.93	—	—	—	—	—	3.93	—	3.93
		1,730.20	309.67	25.94	546.02	15.30	(148.12)	2,479.01	(1,659.67)	819.34

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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 gross premium written and premium deposits of the life insurance business is summarized below:

HK\$ million

人壽保險業務

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

人壽保險業務之毛承保保費及保費存款概述如下：

百萬港元

		1H2011	1H2010	2H2010	1H 2011 vs 1H 2010 二零一一年 上半年 相比 二零一零年 上半年	1H 2011 vs 2H 2010 二零一一年 上半年 相比 二零一零年 下半年
Gross premiums written and premium deposits	毛承保保費及保費存款	21,300.21	21,750.83	16,124.37	(2.1%)	32.1%
Less: Premium deposits of universal life products	減：萬能壽險產品之保費存款	24.50	140.43	63.62	(82.6%)	(61.5%)
Premium deposits of unit-linked products	投資連結產品之保費存款	166.74	51.90	66.79	2.2 times 倍	1.5 times 倍
Premium deposits of other products	其他產品之保費存款	106.74	325.84	192.96	(67.2%)	(44.7%)
Gross premiums written recognized in income statement	確認於損益表之毛承保保費	21,002.23	21,232.66	15,801.00	(1.1%)	32.9%

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LIFE INSURANCE BUSINESS (Continued)

人壽保險業務 (續)

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

人壽保險業務之主要財務數據概述如下：

HK\$ million

百萬港元

		1H 2011 二零一一年 上半年	1H 2010 二零一零年 上半年	Change 變化
Net premiums written and policy fees	淨承保保費及保單費收入	20,962.38	21,181.52	(1.0%)
Net earned premiums and policy fees	已賺取保費及保單費收入淨額	21,009.96	21,110.59	(0.5%)
Policy fees	保單費收入	111.50	57.39	94.3%
Net policyholders' benefits	保單持有人利益淨額	(2,942.71)	(2,368.78)	24.2%
Net commission expenses	佣金支出淨額	(1,775.16)	(1,836.86)	(3.4%)
Change in life insurance contract liabilities, net of reinsurance	壽險合約負債變化，減再保險	(15,695.25)	(15,777.08)	(0.5%)
Total investment income	投資收入總額	2,639.07	1,970.46	33.9%
Administrative and other expenses	行政及其他費用	(2,410.36)	(2,216.83)	8.7%
Finance costs	財務費用	(211.96)	(96.00)	1.2 times 倍
Profit before taxation	除稅前溢利	622.70	725.48	(14.2%)
Profit after taxation	除稅後溢利	645.09	712.66	(9.5%)
Profit attributable to the owners	股東應佔溢利	322.87	356.68	(9.5%)

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LIFE INSURANCE BUSINESS (Continued)

人壽保險業務 (續)

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

人壽保險業務之主要經營數據概述如下：

		At 30 June 2011 於二零一一年 六月三十日	At 31 December 2010 於二零一零年 十二月三十一日	Change 變化
Market share ¹	市場份額 ¹	3.1%	3.1%	—
Number of provincial branches	省級分公司數目	34	33	1
Number of sub-branches and marketing centers	支公司及市場推廣中心數目	754	707	47
Number of in-force policies	有效保單數目	7,634,466	6,845,183	789,283
Number of individual agents	個人銷售代理數目	46,124	50,527	(4,403)
Persistency ratio — 13th month ²	第13個月之保費繼續率 ²			
— Individual	— 個人	91.7%	88.2%	3.5pts 點
— Bancassurance	— 銀行保險	93.3%	94.0%	(0.7pt 點)
Compound persistency ratio — 25th month ²	第25個月之保費複合繼續率 ²			
— Individual	— 個人	84.8%	81.0%	3.8pts 點
— Bancassurance	— 銀行保險	91.5%	89.6%	1.9pts 點
Regulatory solvency margin ratio	監管性償付能力充足率	231%	270%	(39pts 點)

¹ Based on premiums published by the CIRC.

¹ 據中國保監會刊發之保費計算。

² Based on the amount of premiums.

² 按保費金額。

Profit Attributable to the Owners

股東應佔溢利

The life insurance business contributed net profit to the owners of HK\$322.87 million during the Period (2010: HK\$356.68 million), representing a decrease of 9.5% compared to Last Period.

於本財務期內，股東來自人壽保險業務之應佔溢利淨額為3.2287億港元(二零一零年：3.5668億港元)，較去年同期下跌9.5%。

Management Discussion and Analysis

管理層討論和分析

LIFE INSURANCE BUSINESS (Continued)

人壽保險業務 (續)

Gross Premiums Written and Premium Deposits

毛承保保費及保費存款

TPL's gross premiums written recognized in the consolidated income statement decreased by 1.1% to HK\$21,002.23 million from HK\$21,232.66 million in the Last Period. The decline in gross premiums written was primarily due to a very challenging operating environment. With high inflation in the economy, the PRC central government has increased interest rates and bank reserve requirements sharply over the span of a few months. Such tightening of money supply has resulted in slower life insurance sales nationwide in both the agency and bank distribution channels. The high yields brought forth by the higher interest rates have also created more attractive investment alternatives, such as bank deposits and other wealth management products, which compete directly against insurance policies.

太平人壽確認於綜合損益表內的毛承保保費由去年同期之212.3266億港元減少1.1%至210.0223億港元。毛承保保費下跌主要是由於營運環境艱巨。隨着經濟處於高通脹環境，中國政府在數月間大幅提高利率及銀行準備金率，收緊貨幣供應令全國代理及銀行分銷渠道的人壽保險銷售速度減慢。高利率環境使市場充斥其他收益率較高的投資選擇，如銀行存款及其他理財產品，對保單銷售構成直接競爭。

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

太平人壽按業務劃分之毛承保保費及保費存款如下：

For the six months ended 30 June 2011, HK\$ million

截至二零一一年六月三十日止六個月，百萬港元

		Gross premiums written recognized in the consolidated income statement 確認於綜合損益表內之毛承保保費	Premium deposits of			Total 總額	% of Total 佔總額百分比
			universal life products 萬能壽險產品之保費存款	unit-linked products 投資連結產品之保費存款	Premium deposits of other products 其他產品之保費存款		
Individual	個人代理	7,537.69	—	50.83	58.10	7,646.62	35.9%
Bancassurance	銀行保險	12,864.47	24.50	115.91	0.57	13,005.45	61.1%
Group	團體	346.39	—	—	48.07	394.46	1.9%
Other Channels	¹ 多元銷售 ¹	253.68	—	—	—	253.68	1.1%
		21,002.23	24.50	166.74	106.74	21,300.21	100.0%

Management Discussion and Analysis

管理層討論和分析

LIFE INSURANCE BUSINESS (Continued)

人壽保險業務 (續)

For the six months ended 30 June 2010, HK\$ million

截至二零一零年六月三十日止六個月，百萬港元

		Gross premiums written recognized in the consolidated income statement	Premium deposits of universal life products	Premium deposits of unit-linked products	Premium deposits of other products	Total	% of Total
		確認於綜合損益表內之毛承保保費	萬能壽險產品之保費存款	投資連結產品之保費存款	其他產品之保費存款	總額	佔總額百分比
Individual	個人代理	5,429.48	—	25.07	53.35	5,507.90	25.3%
Bancassurance	銀行保險	15,192.21	140.43	26.83	0.68	15,360.15	70.6%
Group	團體	507.40	—	—	271.81	779.21	3.6%
Other Channels	¹ 多元銷售 ¹	103.57	—	—	—	103.57	0.5%
		21,232.66	140.43	51.90	325.84	21,750.83	100.0%

For the six months ended 31 December 2010, HK\$ million

截至二零一零年十二月三十一日止六個月，百萬港元

		Gross premiums written recognized in the consolidated income statement	Premium deposits of universal life products	Premium deposits of unit-linked products	Premium deposits of other products	Total	% of Total
		確認於綜合損益表內之毛承保保費	萬能壽險產品之保費存款	投資連結產品之保費存款	其他產品之保費存款	總額	佔總額百分比
Individual	個人代理	4,889.15	—	59.67	81.01	5,029.83	31.2%
Bancassurance	銀行保險	10,280.14	63.62	7.12	0.36	10,351.24	64.2%
Group	團體	470.55	—	—	111.59	582.14	3.6%
Other Channels	¹ 多元銷售 ¹	161.16	—	—	—	161.16	1.0%
		15,801.00	63.62	66.79	192.96	16,124.37	100.0%

¹ Other Channels is comprised of mainly telemarketing.

¹ 多元銷售主要由電話營銷組成。

Management Discussion and Analysis

管理層討論和分析

LIFE INSURANCE BUSINESS (Continued)

The challenges in selling insurance products were apparent in both the individual agency force and the bank distribution channel. Although traditional premiums distributed through the individual agency force increased to HK\$7,537.69 million from HK\$5,429.48 million in the Last Period, representing a strong increase of 38.8%, the premium growth was still lower than expectations. While improvements in productivity among existing agents continued, the increases were partly offset by the decline in the overall number of agents, which stood at 46,124 as of 30 June 2011 (30 June 2010: 57,435). Life insurers have found competition for human resources with other industries to be even more intense during the Period, as the strong development of China's economy over the years has produced attractive employment and career opportunities in many sectors outside of insurance. This competition for people has been heightened by the high inflationary environment.

In the bancassurance channel, traditional product sales declined to HK\$12,864.47 million from HK\$15,192.21 million in the Last Period, representing a decrease of 15.3%. During the Period, sales of insurance products through bank branches encountered difficulties not only because banks were required to keep more deposits as reserves, but also because of the promulgation of new rules governing the sales of bancassurance. During the Period, the entire life insurance sector was in a period of adjusting to the new requirements for such sales. Insurers had to reformulate their sales methods to meet the new regulations. As a result, insurance sales through banks decreased industry-wide in the first half of 2011.

人壽保險業務 (續)

個人代理隊伍及銀行分銷渠道的保險產品銷售面對明顯的艱難。儘管透個人代理隊伍分銷的傳統保費由去年同期的54.2948億港元上升至75.3769億港元，大幅增長38.8%，保費增長仍較預期低。代理人的產能持續提升，但整體代理人數目減少減慢了保費增長幅度。於二零一一年六月三十日，個人代理隊伍為46,124人(二零一零年六月三十日：57,435人)。本財務期內，由於中國經濟經過多年的強勁增長，保險以外的行業亦產生了大量具吸引力的就業機會，使壽險公司與其他行業在人力資源方面的競爭更為激烈。同時，高通脹環境亦加劇了人才競爭的壓力。

銀行保險渠道方面，傳統產品銷售由去年同期151.9221億港元下降至128.6447億港元，減幅15.3%。期內不但由於銀行需要保留更多的存款作為儲備金，監管銀行保險銷售的新法規增加了銀行分行銷售保險產品的困難。本財務期內，整個人壽保險業處於適應該等銷售新要求的過渡期。保險公司須調整其銷售方法以符合新法規。因此，二零一一年上半年整個行業內的銀行保險銷售均減少。

Management Discussion and Analysis

管理層討論和分析

LIFE INSURANCE BUSINESS (Continued)

During the Period, despite the difficult operating environment, TPL continued to focus on its strategy of selling more traditional products with regular premium features, which are more profitable. TPL continued to prioritize profitability over top-line expansion. The detailed breakdown of TPL's single premium products and regular premium products by line of business is summarized as follows:

人壽保險業務 (續)

於本財務期內，在嚴峻的經營環境下，太平人壽繼續專注於銷售更多具利潤貢獻的期繳保費傳統產品，太平人壽貫徹了著重盈利能力多於保費收入增長的經營理念。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如下：

HK\$ million

Individual

		1H 2011 二零一一年 上半年	% of Total 佔總額 百分比	1H 2010 二零一零年 上半年	% of Total 佔總額 百分比	2H 2010 二零一零年 下半年	% of Total 佔總額 百分比
Single Premium	躉繳保費	49.39	0.6%	58.91	1.1%	44.80	0.9%
Regular Premium	期繳保費						
— First Year	— 首年	2,243.88	29.8%	2,296.69	42.3%	1,842.54	37.7%
— Renewal Year	— 續年	5,244.42	69.6%	3,073.88	56.6%	3,001.81	61.4%
		7,537.69	100.0%	5,429.48	100.0%	4,889.15	100.0%

百萬港元

個人

Bancassurance

		1H 2011 二零一一年 上半年	% of Total 佔總額 百分比	1H 2010 二零一零年 上半年	% of Total 佔總額 百分比	2H 2010 二零一零年 下半年	% of Total 佔總額 百分比
Single Premium	躉繳保費	6,413.93	49.8%	10,297.85	67.8%	5,792.32	56.3%
Regular Premium	期繳保費						
— First Year	— 首年	1,552.55	12.1%	1,952.53	12.8%	1,487.94	14.5%
— Renewal Year	— 續年	4,897.99	38.1%	2,941.83	19.4%	2,999.88	29.2%
		12,864.47	100.0%	15,192.21	100.0%	10,280.14	100.0%

銀行保險

Group

		1H 2011 二零一一年 上半年	% of Total 佔總額 百分比	1H 2010 二零一零年 上半年	% of Total 佔總額 百分比	2H 2010 二零一零年 下半年	% of Total 佔總額 百分比
Employee Benefit ("EB")	僱員福利	342.70	98.9%	506.05	99.7%	464.51	98.7%
Annuity	年金	3.69	1.1%	1.35	0.3%	6.04	1.3%
		346.39	100.0%	507.40	100.0%	470.55	100.0%

團體

Other Channels

		1H 2011 二零一一年 上半年	% of Total 佔總額 百分比	1H 2010 二零一零年 上半年	% of Total 佔總額 百分比	2H 2010 二零一零年 下半年	% of Total 佔總額 百分比
Single Premium	躉繳保費	0.08	0.0%	0.01	0.0%	—	0.0%
Regular Premium	期繳保費						
— First Year	— 首年	152.87	60.3%	77.04	74.4%	102.92	63.9%
— Renewal Year	— 續年	100.73	39.7%	26.52	25.6%	58.24	36.1%
		253.68	100.0%	103.57	100.0%	161.16	100.0%

多元銷售

Management Discussion and Analysis

管理層討論和分析

LIFE INSURANCE BUSINESS (Continued)

Although first year regular premium sales also declined slightly during the Period, most of the decrease in premium was from the fall in single premium product sales in the bancassurance channel. Such single premium products have lower profitability. As a result, the overall proportion of regular premium products in the overall sales for the Period has increased, and the overall product mix and quality have improved.

The overall improvement in the quality of the operations can also be reflected by the steady improvements of the persistency ratio, which were 91.7% and 93.3% at 13th months and 84.8% and 91.5% at 25th months for the individual agency and bancassurance channels, respectively. The better persistency figures were in part due to TPL's initiatives in improving and professionalizing its customer service and back office processing functions.

The higher percentage of sales of regular premium products and their higher profitability are reflected in the higher embedded value and new business value figures of TPL for the first half of 2011. It is encouraging to note that the embedded value of TPL (expressed in terms of HKD) has increased 34.7% to HK\$19,110 million from HK\$14,187 million at the end of Last Period. Likewise, the new business value after cost of capital for the Period increased to HK\$1,253 million from HK\$1,055 million at the end of Last Period, representing an acceptable growth of 18.8% despite a reduction in top line premium. With rapid changes occurring in the economic and investment environment in recent years, the management of TPL is seriously considering and contemplating the necessity of updating certain key assumptions in its actuarial appraisal at the year end, which will be submitted to TPL's board of directors for a final decision. It is estimated that if the investment assumption is increased by 50 basis points, the new business value for the Period would be upwardly revised to HK\$1,408 million, representing an increase of 33.5% over the Last Period. Such a growth rate would be very impressive given the very challenging premium growth thus far in 2011. The latest actuarial figures of TPL are disclosed below in the section titled "Embedded Value of TPL".

人壽保險業務 (續)

儘管本財務期內首年期繳保費銷售亦錄得輕微下跌，但保費大部份跌幅來自銀行銷售渠道躉繳保費產品。躉繳保費產品的利潤較低。因此，整體的期繳保費產品佔期內整體銷售比例上升，產品結構及素質均獲得提升。

受惠於太平人壽優化客戶服務及後援運營職能專業化的措施，保費繼續率穩步上升(個人代理及銀行保險渠道第13個月分別為91.7%及93.3%，而第25個月則分別為84.8%及91.5%)亦反映整體業務素質提升。

期繳保費產品具有較佳盈利能力，其銷售增長使太平人壽二零一一年上半年之內涵價值及新業務價值提高。令人興奮的是太平人壽的內涵價值(以港幣折算)由去年同期末之141.87億港元增加34.7%至191.10億港元。同樣地，儘管保費收入減少，本財務期之新業務扣除資本成本後之價值為12.53億港元，較去年同期末之10.55億港元增長18.8%，令人滿意。隨着近年經濟及投資環境急劇轉變，太平人壽的管理層正審慎地研究是否需要調整二零一一年年底精算評估的若干主要假設，並將提交太平人壽董事會作最後定案。若投資收益率假設上調50基點，本財務期內新業務價值將相應上調至14.08億港元，較去年同期增長33.5%。此增長率在保費負增長的情況下，實屬令人鼓舞。這些太平人壽的最新精算數據於「太平人壽之內涵價值」一文內披露。

Management Discussion and Analysis

管理層討論和分析

LIFE INSURANCE BUSINESS (Continued)

人壽保險業務 (續)

Investment Performance

投資表現

The composition of investments held by TPL was as follows: 太平人壽所持之投資組合如下：

		At 30 June 2011		At 31 December 2010	
		於二零一一年六月三十日	於二零一零年十二月三十一日	於二零一零年十二月三十一日	於二零一一年六月三十日
		HK\$ million	% of Total	HK\$ million	% of Total
		百萬港元	佔總額百分比	百萬港元	佔總額百分比
Debt securities	債務證券	94,711.60	65.2%	77,656.00	66.8%
Equity securities	股本證券	9,888.59	6.8%	10,825.23	9.3%
Investment funds	投資基金	6,673.06	4.6%	3,963.34	3.4%
Cash and bank deposits	現金及銀行存款	33,918.20	23.4%	23,764.74	20.5%
Total investments	投資總額	145,191.45	100.0%	116,209.31	100.0%

During the Period, with poor equity markets performance and conditions in the PRC, TPL was 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 88.6% of the total invested assets as at 30 June 2011 (31 December 2010: 87.3%).

於本財務期內，中國股票市場表現欠佳，因此太平人壽對於其投資組合的資產配置十分審慎。股本投資維持在資產配置的一個較低百分比，而債務證券、現金及銀行存款於二零一一年六月三十日合共佔投資資產總額約88.6%（二零一零年十二月三十一日：87.3%）。

Management Discussion and Analysis

管理層討論和分析

LIFE INSURANCE BUSINESS (Continued)

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

At 30 June 2011, HK\$ million

	HTM 持有至到期日	AFS 可供出售	HFT 持有作 交易用途	LR 貸款及 應收款項	Total 總額
Debt securities 債務證券	74,399.60	14,830.01	34.80	5,447.19	94,711.60
Equity securities 股本證券	—	9,888.59	—	—	9,888.59
Investment funds 投資基金	—	6,673.06	—	—	6,673.06
	74,399.60	31,391.66	34.80	5,447.19	111,273.25

At 31 December 2010, HK\$ million

	HTM 持有至到期日	AFS 可供出售	HFT 持有作 交易用途	LR 貸款及 應收款項	Total 總額
Debt securities 債務證券	59,222.83	14,544.51	33.13	3,855.53	77,656.00
Equity securities 股本證券	—	10,683.21	142.02	—	10,825.23
Investment funds 投資基金	—	3,963.34	—	—	3,963.34
	59,222.83	29,191.06	175.15	3,855.53	92,444.57

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

HK\$ million

		At 30 June 2011 於二零一一年 六月三十日	At 31 December 2010 於二零一零年 十二月三十一日
Central governments and central banks	中央政府及中央銀行	27,346.11	24,325.96
Public sector entities	公共機構	5,447.19	3,855.53
Banks and other financial institutions	銀行及其他 金融機構	39,501.83	28,000.93
Corporate entities	企業實體	22,416.47	21,473.58
		94,711.60	77,656.00

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：

於二零一一年六月三十日，百萬港元

於二零一零年十二月三十一日，百萬港元

債務證券按類別分類如下：

百萬港元

Management Discussion and Analysis

管理層討論和分析

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:

HK\$ million

		1H 2011 二零一一年 上半年	1H 2010 二零一零年 上半年	Change 變化
Net investment income	投資收入淨額	2,343.05	1,725.33	35.8%
Net realized investment gains	已實現投資收益淨額	378.91	389.35	(2.7%)
Net unrealized investment gains	未實現投資收益淨額	0.13	3.82	(96.6%)
Net impairment loss on AFS securities	可供出售證券減值淨額	(83.02)	(148.04)	(43.9%)
Total investment income	投資收入總額	2,639.07	1,970.46	33.9%
Total investment yield (year-to-date)	總投資收益率 (本期)	2.2%	2.4%	(0.2pt 點)

TPL's total investment income was a gain of HK\$2,639.07 million during the Period, representing a strong increase from the gain of HK\$1,970.46 million in the Last Period. Although equities did not perform well during the Period, the large increase in invested assets from premium inflows — leading to an increase in interest income from bank deposits and fixed income investments — were behind the solid increase in net investment income. The total investment yield was satisfactory at 2.2% for the Period despite an impairment of HK\$83.02 million being booked for AFS equities and investment funds.

人壽保險業務 (續)

太平人壽確認於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：

百萬港元

		1H 2011 二零一一年 上半年	1H 2010 二零一零年 上半年	Change 變化
Net investment income	投資收入淨額	2,343.05	1,725.33	35.8%
Net realized investment gains	已實現投資收益淨額	378.91	389.35	(2.7%)
Net unrealized investment gains	未實現投資收益淨額	0.13	3.82	(96.6%)
Net impairment loss on AFS securities	可供出售證券減值淨額	(83.02)	(148.04)	(43.9%)
Total investment income	投資收入總額	2,639.07	1,970.46	33.9%
Total investment yield (year-to-date)	總投資收益率 (本期)	2.2%	2.4%	(0.2pt 點)

於本財務期，太平人壽錄得投資收入總額26.3907億港元，較去年同期19.7046億港元升幅強勁。雖然本財務期股票投資表現並不理想，但保費流入令投資資產規模上升導致來自銀行存款及固定收入投資的利息收入上升，投資收入淨額穩健上升。扣除可供出售股本證券及投資基金減值8,302萬港元，本財務期之總投資收益率仍有2.2%，令人滿意。

Management Discussion and Analysis

管理層討論和分析

LIFE INSURANCE BUSINESS (Continued)

人壽保險業務 (續)

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

太平人壽稅前投資收入／(虧損)之詳細分析如下：

For the six months ended 30 June 2011, HK\$ million

截至二零一一年六月三十日止六個月，百萬港元

		Recognized in the consolidated income statement 於綜合損益表內確認					Unrealized losses recognized in the fair value reserve 於公允價值 儲備內確認 之未實現 虧損		Grand total 總額
		Net investment income 投資收入淨額	Dividend income 股息收入	Net realized gains/ (losses) 已實現 收益/ (虧損)淨額	Net unrealized gains/ (losses) 未實現 收益/ (虧損)淨額	Net impairment loss recognized 確認減值 淨額	Sub total 小計		
Debt securities	債務證券								
HTM	持有至到期日	1,359.98	—	—	—	—	1,359.98	—	1,359.98
AFS	可供出售	309.55	—	3.18	—	—	312.73	(48.23)	264.50
HFT	持有作交易用途	0.11	—	16.06	0.13	—	16.30	—	16.30
LR	貸款及應收款項	132.39	—	—	—	—	132.39	—	132.39
Equity securities	股本證券								
AFS	可供出售	—	58.83	312.61	—	(53.18)	318.26	(738.98)	(420.72)
HFT	持有作交易用途	—	1.50	(7.58)	—	—	(6.08)	—	(6.08)
Investment funds	投資基金								
AFS	可供出售	—	151.62	54.64	—	(29.84)	176.42	(614.04)	(437.62)
Cash and bank deposits	現金及銀行存款	380.24	—	—	—	—	380.24	—	380.24
Securities sold under repurchase agreements	賣出回購證券	(56.55)	—	—	—	—	(56.55)	—	(56.55)
Other	其他	5.38	—	—	—	—	5.38	—	5.38
		2,131.10	211.95	378.91	0.13	(83.02)	2,639.07	(1,401.25)	1,237.82

Management Discussion and Analysis

管理層討論和分析

LIFE INSURANCE BUSINESS (Continued)

人壽保險業務 (續)

For the six months ended 30 June 2010, HK\$ million

截至二零一零年六月三十日止六個月，百萬港元

		Recognized in the consolidated income statement 於綜合損益表內確認					Unrealized gains/ (losses) recognized in the fair value reserve 於公允價值 儲備內確認 之未實現 收益/(虧損)		Grand total 總額
		Net investment income 投資收入淨額		Net realized gains/ (losses) 已實現 收益/ (虧損)淨額	Net unrealized gains 未實現 收益淨額	Net impairment loss recognized 確認減值 淨額	Sub total 小計		
		Interest income/ (expense) 利息收入/ (支出)	Dividend income 股息收入						
Debt securities	債務證券								
HTM	持有至到期日	912.80	—	—	—	—	912.80	—	912.80
AFS	可供出售	301.97	—	(0.66)	—	—	301.31	393.46	694.77
LR	貸款及應收款項	88.37	—	—	—	—	88.37	—	88.37
Equity securities	股本證券								
AFS	可供出售	—	33.64	225.16	—	(148.04)	110.76	(1,105.69)	(994.93)
HFT	持有作交易用途	—	—	2.23	3.82	—	6.05	—	6.05
Investment funds	投資基金								
AFS	可供出售	—	202.94	162.62	—	—	365.56	(666.58)	(301.02)
HFT	持有作交易用途	—	0.07	—	—	—	0.07	—	0.07
Cash and bank deposits	現金及銀行存款	219.55	—	—	—	—	219.55	—	219.55
Securities sold under repurchase agreements	賣出回購證券	(34.01)	—	—	—	—	(34.01)	—	(34.01)
		1,488.68	236.65	389.35	3.82	(148.04)	1,970.46	(1,378.81)	591.65

Management Discussion and Analysis

管理層討論和分析

LIFE INSURANCE BUSINESS (Continued)

人壽保險業務 (續)

Net Policyholders' Benefits

保單持有人利益淨額

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

太平人壽之保單持有人利益淨額概述如下：

HK\$ million

百萬港元

		1H 2011 二零一一年 上半年	1H 2010 二零一零年 上半年	Change 變化
Net claims	賠償淨額	349.92	238.64	46.6%
Surrenders	退保額	1,144.17	586.36	95.1%
Annuity, dividends and maturity payments	年金、分紅及到期付款	799.00	922.82	(13.4%)
Interest allocated to investment contract	分配至投資合約之利益	649.62	620.96	4.6%
		2,942.71	2,368.78	24.2%

Administrative and Other Expenses

行政及其他費用

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

太平人壽之行政及其他費用概述如下：

HK\$ million

百萬港元

		1H 2011 二零一一年 上半年	1H 2010 二零一零年 上半年	Change 變化
Staff costs	員工成本	1,360.82	1,220.89	11.5%
Rental expenses	租賃開支	129.80	113.03	14.8%
Others	其他	919.74	882.91	4.2%
		2,410.36	2,216.83	8.7%

Management Discussion and Analysis

管理層討論和分析

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

The Group's PRC property and casualty insurance segment is operated by TPI. TPI is a PRC-incorporated company and is 51.77%-owned by the Group. TPI is principally engaged in the underwriting of motor, marine and non-marine policies in Mainland China.

As of 30 June 2011, TPI was 50.05%-owned by the Group. The equity of TPI held by the Group increased from 50.05% to 51.77% with effect from July 2011 upon the completion of the capital contribution agreement of TPI dated 23 December 2009. The details are set out in the announcement of the Company dated 27 July 2011. For the Period, the results of TPI have still been 50.05% consolidated with the Group.

On 17 August 2011, the Company entered into a share transfer agreement with ICBC (Asia) to acquire a 9.44% equity interest in TPI from ICBC (Asia) for a consideration of RMB264,000,000. Upon the completion of the above share transfer agreement, the Group will have an equity interest of 61.21% in TPI.

財產保險業務 — 由太平財險營運之中國業務

本集團之中國財產保險業務由太平財險營運。太平財險為中國註冊公司並由本集團擁有51.77%權益。太平財險主要於中國大陸從事承保車險、水險及非水險業務。

二零一一年六月三十日，本集團擁有太平財險50.05%權益。二零一一年七月完成二零零九年十二月二十三日所簽訂之太平財險增資協議後，本集團於太平財險之權益由50.05%增加至51.77%。此交易詳情請參閱本公司於二零一一年七月二十七日之公告。於本財務期，太平財險業績仍按50.05%併入本集團內。

於二零一一年八月十七日，本公司與工銀亞洲訂立股權轉讓協議，向工銀亞洲收購太平財險9.44%權益，作價為人民幣264,000,000元。於完成上述股權轉讓協議後，本集團將擁有太平財險註冊資本61.21%權益。

Management Discussion and Analysis

管理層討論和分析

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

財產保險業務 — 由太平財險營運之中國業務 (續)

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

由太平財險經營之財產保險業務之主要財務數據概述如下：

HK\$ million

百萬港元

		1H 2011 二零一一年 上半年	1H 2010 二零一零年 上半年	Change 變化
Gross premiums written	毛承保保費	3,455.75	3,040.52	13.7%
Net premiums written	淨承保保費	2,939.56	2,618.12	12.3%
Net earned premiums	已賺取保費淨額	2,833.03	2,363.03	19.9%
Net claims incurred	賠款淨額	(1,551.79)	(1,275.99)	21.6%
Underwriting expenses	承保費用	(1,167.59)	(1,019.67)	14.5%
Net commission expenses	佣金支出淨額	(66.23)	(64.39)	2.9%
Underwriting profit	承保溢利	47.42	2.98	14.9 times 倍
Total investment income	投資收入總額	172.62	161.79	6.7%
Other administrative expenses	其他行政費用	(16.24)	(3.38)	3.8 times 倍
Finance costs	財務費用	(26.02)	(28.13)	(7.5%)
Profit before taxation	除稅前溢利	165.76	130.36	27.2%
Profit after taxation	除稅後溢利	165.70	130.32	27.1%
Profit attributable to the owners	股東應佔溢利	82.93	65.22	27.2%
Technical reserves ratio	技術性儲備比率	165.7%	160.1%	5.6pts 點
Retained ratio	自留比率	85.1%	86.1%	(1.0pt 點)
Earned premiums ratio	已賺取保費率	82.0%	77.7%	4.3pts 點
Loss ratio ¹	賠付率 ¹	54.8%	54.0%	0.8pt 點
Expense ratio ¹	費用率 ¹	43.6%	45.9%	(2.3pts 點)
Combined ratio ²	綜合成本率 ²	98.4	99.9	(1.5pts 點)

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

¹ 賠付率及費用率均按已賺取保費淨額為基準計算。

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

² 綜合成本率為賠付率與費用率的總和。

Management Discussion and Analysis

管理層討論和分析

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

財產保險業務 — 由太平財險營運之中國業務 (續)

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

由太平財險經營之財產保險業務之主要經營數據概述如下：

		At 30 June 2011 於二零一一年 六月三十日	At 31 December 2010 於二零一零年 十二月三十一日	Change 變化
Market share ¹	市場份額 ¹	1.2%	1.3%	(0.1pt 點)
Number of provincial branches	省級分公司數目	27	27	—
Number of sub-branches and marketing centers	支公司及市場推廣中心數目	369	369	—
Number of direct sales representatives	直接銷售代表數目	3,356	3,804	(448)
Regulatory solvency margin ratio	監管性償付能力充足率	153%	154%	(1.0pt 點)

¹ Based on premiums published by the CIRC.

¹ 據中國保監會刊發之保費計算。

Profit Attributable to the Owners

The property and casualty insurance business operated by TPI contributed net profit to the owners of HK\$82.93 million during the Period (2010: HK\$65.22 million), representing a solid increase of 27.2%. Measures taken by the CIRC focusing on market malpractices, excessive commissions and improper accounting practices have created a much more positive, commercial and professional environment in the property and casualty insurance industry. The CIRC's efforts to strictly supervise solvency margin has also prompted insurers to prioritize premium adequacy levels and profitability, and has made unhealthy competitive practices much more difficult to sustain and survive. As a result, the entire property and casualty insurance industry in the country produced better underwriting results during the Period, as did TPI.

股東應佔溢利

於本財務期內，由太平財險經營之財產保險業務對股東淨溢利的貢獻為8,293萬港元(二零一零年：6,522萬港元)，較去年增加27.2%。中國保監會重點打擊市場違規行為、超額佣金及數據不真實性，均改善了財產保險業的營商環境。中國保監會嚴格監管償付能力亦使保險公司著重保費充足水平及盈利能力，約束了不良的競爭行為。因此於本財務期，全國整個財產保險業普遍取得更佳的承保業績，太平財險也不例外。

Management Discussion and Analysis

管理層討論和分析

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

財產保險業務 — 由太平財險營運之中國業務 (續)

Gross Premiums Written

毛承保保費

TPI's gross premiums written increased by 13.7% to HK\$3,455.75 million from HK\$3,040.52 million in the Last Period. The detailed breakdown of TPI's gross premiums written was as follows:

太平財險之毛承保保費由去年同期之30.4052億港元上升13.7%至34.5575億港元。太平財險毛承保保費詳細分析如下：

HK\$ million

百萬港元

Business Line 業務種類		1H 2011 二零一一年 上半年	% of Total 佔總額 百分比	1H 2010 二零一零年 上半年	% of Total 佔總額 百分比
Motor 車險		2,657.64	76.9%	2,446.91	80.5%
Marine 水險		97.51	2.8%	84.83	2.8%
Non-marine 非水險		700.60	20.3%	508.78	16.7%
		3,455.75	100.0%	3,040.52	100.0%

Combined Ratio

綜合成本率

TPI's combined ratio of 98.4 during the Period was lower than the 99.9 in the Last Period, and was the result of TPI's continued growth in economies of scale and its efforts to manage expenses. TPI's loss ratios, expense ratios and combined ratios were as follows:

於本財務期內，太平財險之綜合成本率為98.4，低於去年同期之99.9，這是太平財險擴大規模效益及控制費用的成果。太平財險之賠付率、費用率及綜合成本率情況如下：

		1H 2011 二零一一年 上半年	1H 2010 二零一零年 上半年
Loss ratio 賠付率		54.8%	54.0%
Expense ratio 費用率		43.6%	45.9%
Combined ratio 綜合成本率		98.4	99.9

Management Discussion and Analysis

管理層討論和分析

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

財產保險業務 — 由太平財險營運之中國業務 (續)

Investment Performance

投資表現

The composition of investments held by TPI was as follows:

太平財險所持之投資組合如下：

	At 30 June 2011		At 31 December 2010	
	HK\$ million 百萬港元	% of Total 佔總額百分比	HK\$ million 百萬港元	% of Total 佔總額百分比
Debt securities 債務證券	3,854.35	49.7%	3,240.76	49.1%
Equity securities 股本證券	326.29	4.2%	489.67	7.4%
Investment funds 投資基金	289.92	3.7%	170.53	2.6%
Cash and bank deposits 現金及銀行存款	3,288.38	42.4%	2,694.78	40.9%
Total invested assets 投資總額	7,758.94	100.0%	6,595.74	100.0%

During the Period, with poor equity markets performance and conditions in the PRC, TPI was more cautious in its asset allocation for its investment portfolio. Equity investments were reduced to a low percentage of the asset allocation, while debt securities and cash and bank deposits constituted a combined total of approximately 92.1% of the total invested assets as at 30 June 2011 (31 December 2010: 90.0%).

於本財務期內，中國股票市場表現欠佳，因此太平財險對於其投資組合的資產配置更為審慎。股本投資在資產配置降低至一個較低百分比，而債務證券、現金及銀行存款於二零一一年六月三十日合共佔投資資產總額約92.1% (二零一零年十二月三十一日：90.0%)。

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

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

At 30 June 2011, HK\$ million

於二零一一年六月三十日，百萬港元

	HTM	AFS	HFT	LR	Total 總額
	持有至到期日	可供出售	持有作 交易用途	貸款及 應收款項	
Debt securities 債務證券	1,237.46	2,169.27	46.96	400.66	3,854.35
Equity securities 股本證券	—	326.29	—	—	326.29
Investment funds 投資基金	—	289.92	—	—	289.92
	1,237.46	2,785.48	46.96	400.66	4,470.56

Management Discussion and Analysis

管理層討論和分析

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

財產保險業務 — 由太平財險營運之中國業務 (續)

At 31 December 2010, HK\$ million

於二零一零年十二月三十一日，百萬港元

	HTM 持有至到期日	AFS 可供出售	HFT 持有作 交易用途	LR 貸款及 應收款項	Total 總額
Debt securities 債務證券	938.08	1,974.19	99.09	229.40	3,240.76
Equity securities 股本證券	—	489.67	—	—	489.67
Investment funds 投資基金	—	170.53	—	—	170.53
	938.08	2,634.39	99.09	229.40	3,900.96

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

HK\$ million

百萬港元

		At 30 June 2011 於二零一一年 六月三十日	At 31 December 2010 於二零一零年 十二月三十一日
Central governments and central banks	中央政府及中央銀行	808.75	745.67
Public sector entities	公共機構	400.66	229.40
Banks and other financial institutions	銀行及其他金融機構	1,119.27	1,101.66
Corporate entities	企業實體	1,525.67	1,164.03
		3,854.35	3,240.76

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

太平財險確認於綜合損益表內之稅前投資收入總額及稅前投資收益率概述如下：

HK\$ million

百萬港元

		1H 2011 二零一一年 上半年	1H 2010 二零一零年 上半年	Change 變化
Net investment income	投資收入淨額	124.10	139.26	(10.9%)
Net realized investment gains	已實現投資收益淨額	47.78	22.53	1.1 times 倍
Net unrealized investment gains	未實現投資收益淨額	0.74	—	—
Total investment income	投資收入總額	172.62	161.79	6.7%
Total investment yield (year-to-date)	總投資收益率 (本期)	2.5%	3.0%	(0.5pt 點)

TPI's total investment income was HK\$172.62 million during the Period, representing a modest increase from HK\$161.79 million in the Last Period.

於本財務期內，太平財險錄得投資收入總額1.7262億港元，較去年同期1.6179億港元增加。

Management Discussion and Analysis

管理層討論和分析

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

財產保險業務 — 由太平財險營運之中國業務 (續)

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

太平財險稅前投資收入／(虧損)之詳細分析如下：

For the six months ended 30 June 2011, HK\$ million

截至二零一一年六月三十日止六個月，百萬港元

		Recognized in the consolidated income statement 於綜合損益表內確認					Unrealized gains/(losses) recognized in the fair value reserve 於公允價值儲備內確認之未實現收益／(虧損)		Grand total 總額
		Net investment income 投資收入淨額	Net realized gains/(losses) 已實現收益／(虧損)淨額	Net unrealized gains 未實現收益淨額	Net impairment loss recognized 確認減值淨額	Sub total 小計			
Debt securities	債務證券								
HTM	持有至到期日	23.82	—	—	—	23.82	—	23.82	
AFS	可供出售	37.50	—	(6.18)	—	31.32	2.33	33.65	
HFT	持有作交易用途	0.23	—	1.16	0.74	2.13	—	2.13	
LR	貸款及應收款項	8.92	—	—	—	8.92	—	8.92	
Equity securities	股本證券								
AFS	可供出售	—	3.92	69.24	—	73.16	(113.30)	(40.14)	
Investment funds	投資基金								
AFS	可供出售	—	9.43	(16.44)	—	(7.01)	(14.49)	(21.50)	
Cash and bank deposits	現金及銀行存款	41.16	—	—	—	41.16	—	41.16	
Securities sold under repurchase agreements	賣出回購證券	(1.21)	—	—	—	(1.21)	—	(1.21)	
Others	其他	0.33	—	—	—	0.33	—	0.33	
		110.75	13.35	47.78	0.74	172.62	(125.46)	47.16	

Management Discussion and Analysis

管理層討論和分析

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

財產保險業務 — 由太平財險營運之中國 業務 (續)

For the six months ended 30 June 2010, HK\$ million

截至二零一零年六月三十日止六個月，百萬港元

	Recognized in the consolidated income statement 於綜合損益表內確認					Unrealized losses recognized in the fair value reserve 於公允價值 儲備內確認 之未實現 虧損	Sub total 小計	Grand total 總額
	Net investment income 投資收入淨額	Dividend income 股息收入	Net realized gains/ (losses) 已實現 收益/ (虧損)淨額	Net unrealized gains/ (losses) 未實現 收益/ (虧損)淨額	Net impairment loss recognized 確認減值 淨額			
Debt securities	債務證券							
HTM	持有至到期日	20.70	—	—	—	20.70	—	20.70
AFS	可供出售	27.31	—	(0.59)	—	26.72	(7.37)	19.35
LR	貸款及應收款項	4.42	—	—	—	4.42	—	4.42
Equity securities	股本證券							
AFS	可供出售	—	1.30	5.94	—	7.24	(20.17)	(12.93)
Investment funds	投資基金							
AFS	可供出售	—	56.31	17.18	—	73.49	(94.41)	(20.92)
Cash and bank deposits	現金及銀行存款							
		29.00	—	—	—	29.00	—	29.00
Securities sold under repurchase agreements	賣出回購證券							
		(3.22)	—	—	—	(3.22)	—	(3.22)
Others	其他							
		3.44	—	—	—	3.44	—	3.44
		81.65	57.61	22.53	—	161.79	(121.95)	39.84

Management Discussion and Analysis

管理層討論和分析

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

財產保險業務 — 由太平財險營運之中國業務 (續)

Underwriting and Other Administrative Expenses

承保及其他行政費用

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

太平財險之承保及其他行政費用概述如下：

HK\$ million

百萬港元

		1H 2011 二零一一年 上半年	1H 2010 二零一零年 上半年	Change 變化
Staff costs	員工成本	737.11	604.59	21.9%
Rental expenses	租賃開支	30.48	28.83	5.7%
Business tax and additional charges	營業稅金及附加費用	195.57	169.73	15.2%
Others	其他	220.67	219.90	0.4%
		1,183.83	1,023.05	15.7%

Management Discussion and Analysis

管理層討論和分析

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

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

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

HK\$ million

財產保險業務 — 由中國太平香港營運之 香港業務

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

由中國太平香港經營的香港財產保險業務之主要財務數據概述如下：

百萬港元

		1H 2011 二零一一年 上半年	1H 2010 二零一零年 上半年	Change 變化
Gross premiums written	毛承保保費	511.11	471.51	8.4%
Net premiums written	淨承保保費	330.44	295.95	11.7%
Net earned premiums	已賺取保費淨額	282.71	266.02	6.3%
Net claims incurred	賠款淨額	(147.01)	(139.22)	5.6%
Underwriting expenses	承保費用	(67.87)	(69.78)	(2.7%)
Net commission expenses	佣金支出淨額	(55.90)	(52.52)	6.4%
Underwriting profit	承保溢利	11.93	4.50	1.7 times 倍
Total investment income	投資收入總額	180.47	158.37	14.0%
Net exchange gain	匯兌收益淨額	37.33	8.52	3.4 times 倍
Net impairment losses written back for property & equipment	物業及設備減值回撥淨額	11.59	—	—
Other administrative expenses	其他行政費用	(8.96)	(3.33)	1.7 times 倍
Profit before taxation	除稅前溢利	240.56	168.92	42.4%
Profit attributable to the owners	股東應佔溢利	240.56	168.91	42.4%
Technical reserves ratio	技術性儲備比率	474.0%	492.5%	(18.5pts 點)
Retained ratio	自留比率	64.7%	62.8%	1.9pts 點
Earned premiums ratio	已賺取保費率	55.3%	56.4%	(1.1pts 點)
Loss ratio ¹	賠付率 ¹	52.0%	52.3%	(0.3pt 點)
Expense ratio ¹	費用率 ¹	43.8%	46.0%	(2.2pts 點)
Combined ratio ²	綜合成本率 ²	95.8	98.3	(2.5pts 點)

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

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

¹ 賠付率及費用率均按已賺取保費淨額為基準計算。

² 綜合成本率為賠付率與費用率的總和。

Management Discussion and Analysis

管理層討論和分析

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

財產保險業務 — 由中國太平香港營運之 香港業務 (續)

Profit Attributable to the Owners

The Hong Kong operations recorded a net profit to the owners of HK\$240.56 million during the Period (2010: HK\$168.91 million), representing a strong gain of 42.4%. The sizable increase in net income was due to solid premium growth, increases in total investment income and large net foreign exchange gains.

股東應佔溢利

於本財務期內，香港業務為股東錄得淨溢利2.4056億港元(二零一零年：1.6891億港元)，大幅增長42.4%。收入淨額大幅增加來自保費穩健增長、投資收入增加及大額外匯收益。

Gross Premiums Written

Gross premiums written increased by 8.4% to HK\$511.11 million from HK\$471.51 million in the Last Period. During the Period, CTPI (HK) maintained its market position at a time of stable and normal growth for the Hong Kong insurance industry. The detailed breakdown of gross premiums written was as follows:

毛承保保費

毛承保保費由去年同期之4.7151億港元上升8.4%至5.1111億港元。於本財務期內，中國太平香港在穩步增長的香港保險業中維持其市場地位。毛承保保費詳細分析如下：

HK\$ million

百萬港元

Business Line 業務種類		1H 2011 二零一一年 上半年	% of Total 佔總額 百分比	1H 2010 二零一零年 上半年	% of Total 佔總額 百分比
Motor	車險	87.81	17.2%	93.28	19.8%
Marine	水險	103.05	20.2%	95.90	20.3%
Non-marine	非水險	320.25	62.6%	282.33	59.9%
		511.11	100.0%	471.51	100.0%

Management Discussion and Analysis

管理層討論和分析

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

財產保險業務 — 由中國太平香港營運之 香港業務 (續)

Net Claims Incurred and Combined Ratio

淨賠款總額及綜合成本率

Net claims incurred increased by 5.6% to HK\$147.01 million from HK\$139.22 million in the Last Period. The expense ratio, calculated based on net earned premiums, decreased to 43.8% from 46.0% in the Last Period. The loss ratio decreased to 52.0% from 52.3% in the Last Period. As a result, the combined ratio improved to 95.8 from 98.3 in the Last Period. The loss ratios, expense ratios and combined ratios were as follows:

淨賠款總額由去年同期之1.3922億港元上升5.6%至1.4701億港元。按已賺取保費淨額為基準計算之費用率由去年同期的46.0%下降至43.8%。賠付率由去年同期的52.3%下降至52.0%。因此，綜合成本率由去年同期的98.3改善至95.8。賠付率、費用率及綜合成本率情況如下：

		1H 2011 二零一一年 上半年	1H 2010 二零一零年 上半年
Loss ratio	賠付率	52.0%	52.3%
Expense ratio	費用率	43.8%	46.0%
Combined ratio	綜合成本率	95.8	98.3

Investment Performance

投資表現

The composition of investments was as follows:

投資組合情況如下：

		At 30 June 2011 於二零一一年六月三十日		At 31 December 2010 於二零一零年十二月三十一日	
		HK\$ million 百萬港元	% of Total 佔總額百分比	HK\$ million 百萬港元	% of Total 佔總額百分比
Debt securities	債務證券	1,520.04	35.3%	1,450.31	36.2%
Equity securities	股本證券	334.52	7.8%	295.38	7.4%
Investment funds	投資基金	43.96	1.0%	58.77	1.5%
Cash and bank deposits	現金及銀行存款	1,128.89	26.2%	962.44	24.1%
Investment properties	投資物業	1,279.46	29.7%	1,233.19	30.8%
Total invested assets	投資總額	4,306.87	100.0%	4,000.09	100.0%

During the Period, with volatile equity markets performance and conditions in Hong Kong and the rest of the world, 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 61.5% of the total invested assets as at 30 June 2011 (31 December 2010: 60.3%).

於本財務期內，香港及世界其他地區的股票市場的表現波動，故此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、現金及銀行存款於二零一一年六月三十日合共佔投資資產總額約61.5% (二零一零年十二月三十一日：60.3%)。

Management Discussion and Analysis 管理層討論和分析

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

財產保險業務 — 由中國太平香港營運之
香港業務 (續)

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

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

At 30 June 2011, HK\$ million

於二零一一年六月三十日，百萬港元

	HTM 持有至到期日	AFS 可供出售	HFT 持有作 交易用途	LR 貸款及 應收款項	Total 總額
Debt securities 債務證券	—	1,520.04	—	—	1,520.04
Equity securities 股本證券	—	334.52	—	—	334.52
Investment funds 投資基金	—	43.96	—	—	43.96
	—	1,898.52	—	—	1,898.52

At 31 December 2010, HK\$ million

於二零一零年十二月三十一日，百萬港元

	HTM 持有至到期日	AFS 可供出售	HFT 持有作 交易用途	LR 貸款及 應收款項	Total 總額
Debt securities 債務證券	—	1,450.31	—	—	1,450.31
Equity securities 股本證券	—	295.38	—	—	295.38
Investment funds 投資基金	—	58.77	—	—	58.77
	—	1,804.46	—	—	1,804.46

Management Discussion and Analysis 管理層討論和分析

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

財產保險業務 — 由中國太平香港營運之
香港業務 (續)

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

債務證券按類別分類如下：

HK\$ million

百萬港元

		At 30 June 2011 於二零一一年 六月三十日	At 31 December 2010 於二零一零年 十二月三十一日
Central governments and central banks	中央政府及中央銀行	—	27.20
Banks and other financial institutions	銀行及其他金融機構	1,086.70	996.59
Corporate entities	企業實體	433.34	426.52
		1,520.04	1,450.31

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

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：

HK\$ million

百萬港元

		1H 2011 二零一一年 上半年	1H 2010 二零一零年 上半年	Change 變化
Net investment income	投資收入淨額	83.06	64.92	27.9%
Net realized investment gains	已實現投資收益淨額	45.18	93.45	(51.7%)
Net unrealized gains on investment properties	投資物業未實現收益淨額	52.23	—	—
Total investment income	投資收入總額	180.47	158.37	14.0%
Total investment yield (year-to-date)	總投資收益率 (本期)	4.4%	5.0%	(0.6pt 點)

Total investment income was HK\$180.47 million for the Period, representing a solid increase from HK\$158.37 million in the Last Period. Despite many uncertainties and challenges in the global investment markets, the total investment yield for the Period was a very satisfactory 4.4%.

本財務期內錄得投資收入總額1.8047億港元，較去年同期1.5837億港元穩健上升。儘管全球投資市場不明朗及充滿挑戰，本財務期總投資收益率達4.4%，令人非常滿意。

Management Discussion and Analysis

管理層討論和分析

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

財產保險業務 — 由中國太平香港營運之
香港業務 (續)

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

中國太平香港稅前投資收入／(虧損)之詳細分析如下：

For the six months ended 30 June 2011, HK\$ million

截至二零一一年六月三十日止六個月，百萬港元

		Recognized in the consolidated income statement 於綜合損益表內確認					Net impairment loss recognized	Sub total	Unrealized gains/ (losses) recognized in the fair value reserve 於公允價值 儲備內確認 之未實現 收益/ (虧損)	Grand total
		Net investment income 投資收入淨額			Net realized gains 已實現 收益淨額	Net unrealized gains 未實現 收益淨額				
		Interest income 利息收入	Dividend income 股息收入	Rental income 租金收入						
Debt securities	債務證券									
AFS	可供出售	43.46	—	—	23.14	—	—	66.60	5.50	72.10
Equity securities	股本證券									
AFS	可供出售	—	7.01	—	13.19	—	—	20.20	(20.35)	(0.15)
Investment funds	投資基金									
AFS	可供出售	—	—	—	8.85	—	—	8.85	(0.17)	8.68
Cash and bank deposits	現金及銀行存款	6.05	—	—	—	—	—	6.05	—	6.05
Investment properties	投資物業	—	—	26.54	—	52.23	—	78.77	—	78.77
		49.51	7.01	26.54	45.18	52.23	—	180.47	(15.02)	165.45

Management Discussion and Analysis

管理層討論和分析

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

財產保險業務 — 由中國太平香港營運之
香港業務 (續)

For the six months ended 30 June 2010, HK\$ million

截至二零一零年六月三十日止六個月，百萬港元

	Recognized in the consolidated income statement 於綜合損益表內確認						Unrealized (losses)/ gains recognized in the fair value reserve 於公允價值 儲備內確認 之未實現 (虧損)/ 收益	Grand total 總額		
	Net investment income 投資收入淨額			Net realized gains 已實現 收益淨額	Net unrealized gains 未實現 收益淨額	Net impairment loss 確認減值 淨額			Sub total 小計	
	Interest income 利息收入	Dividend income 股息收入	Rental income 租金收入							
Debt securities AFS	債務證券 可供出售	32.39	—	—	87.33	—	—	119.72	(23.14)	96.58
Equity securities AFS	股本證券 可供出售	—	6.30	—	6.12	—	—	12.42	(28.89)	(16.47)
Investment funds AFS	投資基金 可供出售	—	0.51	—	—	—	—	0.51	0.92	1.43
Cash and bank deposits	現金及銀行存款	0.46	—	—	—	—	—	0.46	—	0.46
Investment properties	投資物業	—	—	25.26	—	—	—	25.26	—	25.26
		32.85	6.81	25.26	93.45	—	—	158.37	(51.11)	107.26

Underwriting and Other Administrative Expenses

承保及其他行政費用

The underwriting and other administrative expenses are summarized as follows:

承保及其他行政費用概述如下：

HK\$ million

百萬港元

		1H 2011 二零一一年 上半年	1H 2010 二零一零年 上半年	Change 變化
Staff costs	員工成本	58.32	54.56	6.9%
Rental expenses	租賃開支	—	0.14	—
Others	其他	18.51	18.41	0.5%
		76.83	73.11	5.1%

Management Discussion and Analysis

管理層討論和分析

REINSURANCE BUSINESS

The Group's reinsurance business is operated by TPRé. TPRé 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. TPRé has chosen not to engage in long-tail, liability reinsurance business from outside of Asia, such as from the United States and Europe. TPRé'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:

HK\$ million

		1H 2011 二零一一年 上半年	1H 2010 二零一零年 上半年	Change 變化
Gross premiums written	毛承保保費	1,861.87	1,566.39	18.9%
Net premiums written	淨承保保費	1,592.04	1,375.09	15.8%
Net earned premiums	已賺取保費淨額	1,197.69	912.85	31.2%
Net claims incurred	賠款淨額	(788.29)	(497.77)	58.4%
Underwriting expenses	承保費用	(22.19)	(18.05)	22.9%
Net commission expenses	佣金支出淨額	(402.51)	(319.22)	26.1%
Underwriting (loss)/profit	承保(虧損)/溢利	(15.30)	77.82	—
Total investment income	投資收入總額	107.82	148.19	(27.2%)
Net exchange gain/(loss)	匯兌收益/(虧損)淨額	82.14	(28.83)	—
Other administrative expenses	其他行政費用	(11.65)	(13.40)	(13.1%)
Profit before taxation	除稅前溢利	163.70	185.68	(11.8%)
Profit attributable to the owners	股東應佔溢利	159.92	173.58	(7.9%)
Technical reserves ratio	技術性儲備比率	356.5%	373.2%	(16.7pts 點)
Retained ratio	自留比率	85.5%	87.8%	(2.3pts 點)
Earned premiums ratio	已賺取保費率	64.3%	58.3%	6.0pts 點
Loss ratio ¹	賠付率 ¹	65.8%	54.5%	11.3pts 點
Expense ratio ^{1&3}	費用率 ^{1及3}	35.5%	36.9%	(1.4pts 點)
Combined ratio ²	綜合成本率 ²	101.3	91.4	9.9pts 點

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

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

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

再保險業務

本集團之再保險業務由本集團全資擁有之香港註冊公司太平再保險營運。太平再保險主要從事承保全球各類再保險業務，主要包括亞太地區的短尾巴，財產再保險業務。太平再保險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：

百萬港元

		1H 2011 二零一一年 上半年	1H 2010 二零一零年 上半年	Change 變化
Gross premiums written	毛承保保費	1,861.87	1,566.39	18.9%
Net premiums written	淨承保保費	1,592.04	1,375.09	15.8%
Net earned premiums	已賺取保費淨額	1,197.69	912.85	31.2%
Net claims incurred	賠款淨額	(788.29)	(497.77)	58.4%
Underwriting expenses	承保費用	(22.19)	(18.05)	22.9%
Net commission expenses	佣金支出淨額	(402.51)	(319.22)	26.1%
Underwriting (loss)/profit	承保(虧損)/溢利	(15.30)	77.82	—
Total investment income	投資收入總額	107.82	148.19	(27.2%)
Net exchange gain/(loss)	匯兌收益/(虧損)淨額	82.14	(28.83)	—
Other administrative expenses	其他行政費用	(11.65)	(13.40)	(13.1%)
Profit before taxation	除稅前溢利	163.70	185.68	(11.8%)
Profit attributable to the owners	股東應佔溢利	159.92	173.58	(7.9%)
Technical reserves ratio	技術性儲備比率	356.5%	373.2%	(16.7pts 點)
Retained ratio	自留比率	85.5%	87.8%	(2.3pts 點)
Earned premiums ratio	已賺取保費率	64.3%	58.3%	6.0pts 點
Loss ratio ¹	賠付率 ¹	65.8%	54.5%	11.3pts 點
Expense ratio ^{1&3}	費用率 ^{1及3}	35.5%	36.9%	(1.4pts 點)
Combined ratio ²	綜合成本率 ²	101.3	91.4	9.9pts 點

¹ 賠付率及費用率均按已賺取保費淨額為基準計算。

² 綜合成本率為賠付率與費用率的總和。

³ 費用率包括承保費用及佣金支出淨額。

Management Discussion and Analysis

管理層討論和分析

REINSURANCE BUSINESS (Continued)

Profit Attributable to the Owners

The reinsurance business contributed net profit to the owners of HK\$159.92 million during the Period (2010: HK\$173.58 million), representing a decrease of 7.9% compared to Last Period. The decline in net income was mainly due to the unprecedented loss impact caused by the Japanese earthquake in March 2011 and the New Zealand earthquake in February 2011, as well as lower investment income.

Gross Premiums Written

TPRe's gross premiums written for the Period was HK\$1,861.87 million, representing an increase of 18.9% from HK\$1,566.39 million in the Last Period. The increase in premium was mainly driven by non-marine treaty businesses written in Mainland China. The high frequency and severity of losses from natural catastrophes around the globe during the fourth quarter of 2010 and the first quarter of 2011 have resulted in the hardening of reinsurance premium pricing.

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

HK\$ million

		1H 2011 二零一一年 上半年	% of Total 佔總額 百分比	1H 2010 二零一零年 上半年	% of Total 佔總額 百分比
Hong Kong & Macau	香港及澳門	239.08	12.8%	218.85	14.0%
Mainland China (& Taiwan)	中國大陸(及台灣)	704.06	37.8%	578.73	36.9%
Japan	日本	106.80	5.8%	83.80	5.4%
Rest of Asia	亞洲其他地區	374.60	20.1%	336.81	21.5%
Europe	歐洲	298.09	16.0%	209.64	13.4%
Others	其他	139.24	7.5%	138.56	8.8%
		1,861.87	100.0%	1,566.39	100.0%

再保險業務(續)

股東應佔溢利

於本財務期內，再保險業務對股東淨溢利的貢獻為1.5992億港元(二零一零年：1.7358億港元)，較去年同期下跌7.9%。溢利下跌主要由於二零一一年三月日本地震及二零一一年二月新西蘭地震造成罕見的賠付影響，以及較低的投資收入。

毛承保保費

太平再保險之毛承保保費由去年同期15.6639億港元上升18.9%至18.6187億港元。保費大幅增長主要由承保中國大陸非水險合約業務所帶動。二零一零年第四季度及二零一一年第一季度全球發生一連串的自然災害賠案，令再保險保費定價上揚。

太平再保險按地區分佈劃分之毛承保保費簡報如下：

百萬港元

Management Discussion and Analysis

管理層討論和分析

REINSURANCE BUSINESS (Continued)

Net Claims Incurred

During the Period, TPRé experienced significant earthquake losses to its reinsurance portfolio from the Great Eastern Japan Earthquake on 11 March 2011 and the Christchurch Earthquake in New Zealand on 22 February 2011. The gross and net incurred losses arising from the Japanese earthquake was HK\$459.35 million and HK\$260.78 million, respectively, while the gross and net incurred losses arising from the New Zealand earthquake was HK\$88.22 million and HK\$88.03 million, respectively. Due to the unprecedented, widespread impact of the destructive tsunami following the Japanese earthquake and the extraordinary difficulty in making damage assessments, the initial net retained loss estimate made by TPRé in March 2011 (range of HK\$75 million to HK\$100 million) has proven to be too optimistic.

Apart from these two catastrophes, there were no other serious losses for TPRé during the Period. The impact of these catastrophes is manageable for TPRé. In the first half of 2011, TPRé conducted its regular review of loss reserve provisions for its prior underwriting years against the latest claims payment patterns, which resulted in a release of loss reserve provisions in the amount of HK\$290.82 million. As a result of the catastrophe losses and the reserve releases, the loss ratio of the reinsurance operations increased to 65.8% from 54.5% in the Last Period. The combined ratio during the Period was 101.3 (2010: 91.4).

Investment Performance

The composition of investments held by TPRé was as follows:

再保險業務 (續)

淨賠款總額

於本財務期，太平再保險的再保險組合遭受來自二零一一年三月十一日東日本大地震及二零一一年二月二十二日新西蘭基督城地震的重大索賠。來自日本地震的毛賠付及自留賠付總額分別為4.5935億港元及2.6078億港元，而來自新西蘭地震的毛賠付及自留賠付總額分別為8,822萬港元及8,803萬港元。由於日本地震引發毀滅性海嘯帶來史無前例及廣泛的破壞，以及評估損毀情況異常困難，太平再保險原先於二零一一年三月作出的賠付總額初步估計（為7,500萬港元至1.00億港元）顯然過於樂觀。

除上述兩項巨災外，太平再保險於本財務期並沒有其他重大的賠案。這些巨災對太平再保險的影響仍在可控範圍。於二零一一年上半年，太平再保險按最新的賠付情況對其往年賠款儲備進行定期審閱，並回撥賠款儲備2.9082億港元。由於巨災賠款及儲備回撥，再保險業務的賠付率由去年同期的54.5%上升至65.8%。於本財務期之綜合成本率為101.3（二零一零年：91.4）。

投資表現

太平再保險持有之投資組合情況如下：

		At 30 June 2011		At 31 December 2010	
		於二零一一年六月三十日		於二零一零年十二月三十一日	
		HK\$ million	% of Total	HK\$ million	% of Total
		百萬港元	佔總額百分比	百萬港元	佔總額百分比
Debt securities	債務證券	3,978.83	66.1%	3,565.91	62.0%
Equity securities	股本證券	582.12	9.7%	527.98	9.2%
Investment funds	投資基金	57.18	1.0%	58.04	1.0%
Cash and bank deposits	現金及銀行存款	1,327.30	22.0%	1,529.52	26.6%
Investment properties	投資物業	74.88	1.2%	70.92	1.2%
Total invested assets	投資總額	6,020.31	100.0%	5,752.37	100.0%

Management Discussion and Analysis

管理層討論和分析

REINSURANCE BUSINESS (Continued)

During the Period, with volatile equity markets performance and conditions in Hong Kong and the rest of the world, 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 88.1% of the total invested assets as at 30 June 2011 (31 December 2010: 88.6%).

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

At 30 June 2011, HK\$ million

	HTM 持有至到期日	AFS 可供出售	HFT 持有作 交易用途	LR 貸款及 應收款項	Total 總額
Debt securities 債務證券	2,887.08	984.69	81.81	25.25	3,978.83
Equity securities 股本證券	—	582.12	—	—	582.12
Investment funds 投資基金	—	24.09	33.09	—	57.18
	2,887.08	1,590.90	114.90	25.25	4,618.13

At 31 December 2010, HK\$ million

	HTM 持有至到期日	AFS 可供出售	HFT 持有作 交易用途	LR 貸款及 應收款項	Total 總額
Debt securities 債務證券	2,517.03	872.22	169.61	7.05	3,565.91
Equity securities 股本證券	—	527.98	—	—	527.98
Investment funds 投資基金	—	24.41	33.63	—	58.04
	2,517.03	1,424.61	203.24	7.05	4,151.93

再保險業務 (續)

於本財務期內，香港及世界其他地區股票市場的表現及情況反覆，因此太平再保險對於其投資組合的資產配置十分審慎。股本投資維持在資產配置的一個較低百分比，而債務證券、現金及銀行存款於二零一一年六月三十日合共佔投資資產總額約88.1% (二零一零年十二月三十一日：88.6%)。

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

於二零一一年六月三十日，百萬港元

Management Discussion and Analysis

管理層討論和分析

REINSURANCE BUSINESS (Continued)

再保險業務 (續)

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

HK\$ million

百萬港元

		At 30 June 2011 於二零一一年 六月三十日	At 31 December 2010 於二零一零年 十二月三十一日
Central governments and central banks	中央政府及中央銀行	519.90	410.19
Public sector entities	公共機構	40.91	30.56
Banks and other financial institutions	銀行及其他金融機構	2,141.68	1,810.88
Corporate entities	企業實體	1,276.34	1,314.28
		3,978.83	3,565.91

The debt securities classified by original currencies in their respective HKD equivalents were as follows: 債務證券按原貨幣分類之折合港元值如下：

HK\$ million

百萬港元

		At 30 June 2011 於二零一一年 六月三十日	At 31 December 2010 於二零一零年 十二月三十一日
USD	美元	2,909.01	2,692.63
EUR	歐羅	297.77	259.61
RMB	人民幣	406.55	208.69
GBP	英鎊	215.41	201.15
HKD	港元	2.81	91.70
AUD	澳元	76.97	68.81
Others	其他	70.31	43.32
		3,978.83	3,565.91

Management Discussion and Analysis

管理層討論和分析

REINSURANCE BUSINESS (Continued)

再保險業務 (續)

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

太平再保險確認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：

HK\$ million

百萬港元

		1H 2011 二零一一年 上半年	1H 2010 二零一零年 上半年	Change 變化
Net investment income	投資收入淨額	132.18	104.68	26.3%
Net realized investment (losses)/gains	已實現投資 (虧損)/收益淨額	(18.52)	23.45	—
Net unrealized investment gains	未實現投資收益淨額	5.31	19.23	(72.4%)
Net impairment loss (recognized)/reversed	減值(確認)/回撥淨額	(11.15)	0.83	—
Total investment income	投資收入總額	107.82	148.19	(27.2%)
Total investment yield (year-to-date)	總投資收益率 (本期)	1.8%	2.9%	(1.1pts 點)

TPRe's total investment income was a gain of HK\$107.82 million for the Period, representing a decline from HK\$148.19 million in the Last Period. As equities traded in Hong Kong did not perform well during the Period, TPRe increased its holdings of investment grade, short-duration debt securities. The higher levels of debt securities have increased TPRe's net investment income.

本財務期，太平再保險錄得投資收入總額溢利1.0782億港元，較去年同期1.4819億港元減少。由於本財務期內於香港買賣的股票表現欠佳，太平再保險增加持有具投資評級的短期債務證券。持有更多的債務證券令太平再保險投資收入淨額增加。

Management Discussion and Analysis

管理層討論和分析

REINSURANCE BUSINESS (Continued)

再保險業務 (續)

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

太平再保險的稅前投資收入／(虧損)之詳細分析如下：

For the six months ended 30 June 2011, HK\$ million

截至二零一一年六月三十日止六個月，百萬港元

		Recognized in the consolidated income statement 於綜合損益表內確認					Unrealized gains/(losses) recognized in the fair value reserve 於公允價值儲備內確認之未實現收益/(虧損)	Grand total 總額	
		Net investment income 投資收入淨額			Net realized gains/(losses) 已實現收益/(虧損)淨額	Net unrealized gains/(losses) 未實現收益/(虧損)淨額	Net impairment loss 減值確認淨額	Sub total 小計	
		Interest income 利息收入	Dividend income 股息收入	Rental income 租金收入					
Debt securities	債務證券								
HTM	持有至到期日	81.65	—	—	1.65	—	—	83.30	83.30
AFS	可供出售	29.21	—	—	10.79	—	—	40.00	(4.92) 35.08
HFT	持有作交易用途	2.34	—	—	1.55	1.92	—	5.81	— 5.81
LR	貸款及應收款項	0.45	—	—	—	—	—	0.45	— 0.45
Equity securities	股本證券								
AFS	可供出售	—	9.52	—	(32.31)	—	(11.15)	(33.94)	11.92 (22.02)
Investment funds	投資基金								
AFS	可供出售	—	0.38	—	(0.20)	—	—	0.18	(0.55) (0.37)
HFT	持有作交易用途	—	1.36	—	—	(0.57)	—	0.79	— 0.79
Cash and bank deposits	現金及銀行存款	6.56	—	—	—	—	—	6.56	— 6.56
Securities sold under resale agreements	買入返售證券	0.14	—	—	—	—	—	0.14	— 0.14
Investment properties	投資物業	—	—	0.57	—	3.96	—	4.53	— 4.53
		120.35	11.26	0.57	(18.52)	5.31	(11.15)	107.82	6.45 114.27

Management Discussion and Analysis

管理層討論和分析

REINSURANCE BUSINESS (Continued)

再保險業務 (續)

For the six months ended 30 June 2010, HK\$ million

截至二零一零年六月三十日止六個月，百萬港元

		Recognized in the consolidated income statement 於綜合損益表內確認						Unrealized gains/ (losses) recognized in the fair value reserve 於公允價值 儲備內確認	Sub total 小計	之未實現 收益/ (虧損)	Grand total 總額
		Net investment income 投資收入淨額			Net realized gains/ (losses) 已實現 收益/ (虧損)淨額	Net unrealized gains/ (losses) 未實現 收益/ (虧損)淨額	Net impairment loss reversed/ (recognized) 減值 回撥/ (確認)淨額				
		Interest income 利息收入	Dividend income 股息收入	Rental income 租金收入							
Debt securities	債務證券										
HTM	持有至到期日	62.54	—	—	—	—	2.53	65.07	—	65.07	
AFS	可供出售	24.50	—	—	(2.07)	—	—	22.43	20.31	42.74	
HFT	持有作交易用途	5.91	—	—	—	13.05	—	18.96	—	18.96	
Equity securities	股本證券										
AFS	可供出售	—	5.48	—	25.51	—	(1.70)	29.29	(94.34)	(65.05)	
Investment funds	投資基金										
AFS	可供出售	—	0.37	—	0.01	—	—	0.38	2.09	2.47	
HFT	持有作交易用途	—	1.37	—	—	(0.46)	—	0.91	—	0.91	
Cash and bank deposits	現金及銀行存款	3.83	—	—	—	—	—	3.83	—	3.83	
Investment properties	投資物業	—	—	0.68	—	6.64	—	7.32	—	7.32	
		96.78	7.22	0.68	23.45	19.23	0.83	148.19	(71.94)	76.25	

Underwriting and Other Administrative Expenses

承保及其他行政費用

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

太平再保險的承保及其他行政費用概述如下：

HK\$ million

百萬港元

		1H 2011 二零一一年 上半年	1H 2010 二零一零年 上半年	Change 變化
Staff costs	員工成本	17.42	17.82	(2.2%)
Rental expenses	租賃開支	2.47	2.00	23.5%
Others	其他	13.95	11.63	20.0%
		33.84	31.45	7.6%

Management Discussion and Analysis

管理層討論和分析

OUTLOOK

CTIH expects its core operating units to continue to focus on their respective operating strategies for the remainder of 2011. Overall, CTIH believes that satisfactory consolidated results will be achieved for the full year of 2011.

Life Insurance Business – TPL

The directors and senior management of TPL continue to be optimistic about the medium- and long-term prospects for the PRC life insurance industry.

For the remainder of 2011, TPL will continue to focus on training and helping its agency force sell policies which have high value and profitability. Such policies also carry higher levels of commission, which are critical to retaining and recruiting high quality agents. While TPL believes that rapid expansion of an effective agency force in today's market economy in China faces more difficulties than before, only a long-term exercise focused on value creation will produce a high quality sales force capable of supporting a healthy and sustainable growth rate in line with the changing operating and trading landscape in China. In the bancassurance channel, TPL is striving for a "triple win" solution to balance the interests of policyholders, banks and insurance companies, with a goal of avoiding excessive commissions which erode profit margins and hurt policyholders' interests.

TPL believes that the months ahead should show steady and gradual improvements. TPL will continue to be steadfast in its determination and focus on selling more traditional products with regular premium features and higher profitability. Overall, TPL is confident of producing satisfactory results for the full year of 2011.

展望

中國太平控股預期各核心營運單位在二零一一年下半年繼續專注其營運策略。整體而言，中國太平控股相信將可達成令人滿意的二零一一年全年業績。

人壽保險業務 — 太平人壽

太平人壽董事及高級管理層對國內人壽保險業的中長期前景感到樂觀。

在二零一一年下半年，太平人壽繼續專注於培訓及協助其銷售隊伍銷售更多具高價值及盈利的保單。因該等保單給付較高佣金，對留住及吸收高素質的代理人尤為重要。太平人壽相信在中國現時的市況急速擴充高效的代理人隊伍較以往困難，只有長期專注於創造價值才可產生高質的銷售隊伍，以支持健康及可持續的增長，同時亦祇有這樣才能適宜中國不斷變化的營運環境。在銀行保險方面，太平人壽正爭取達至「三贏」局面，以平衡保單持有人、銀行及保險公司的利益，避免佣金過高而蠶蝕利潤及傷害保戶利益。

太平人壽相信未來數月經營環境應可望逐步改善。太平人壽將繼續堅定地專注於銷售更多具期繳特色的傳統人壽保險產品及提高盈利能力。整體而言，太平人壽有信心在二零一一年全年取得令人滿意的業績。

Management Discussion and Analysis

管理層討論和分析

OUTLOOK (Continued)

Property and Casualty Insurance Business

TPI

The general market conditions in the PRC property and casualty insurance sector continue to be good. The directors and senior management of TPI expect the positive operating environment to be sustainable into the second half of 2011 and beyond. Although the premium growth of the property and casualty insurance industry was in part driven by inflation and asset appreciation, TPI is cautious and aware that the high inflationary environment could bring risks of claims costs acceleration, which could lead to higher loss ratios. As such, TPI will continue to apply strict underwriting criteria in an effort to manage its loss ratio during the remaining part of the year.

On 17 August 2011, the Company entered into a share transfer agreement with the ICBC (Asia) to acquire a 9.44% equity interest in TPI from ICBC (Asia) for a consideration of RMB264,000,000. Upon the completion of the above share transfer agreement, the Group will have an equity interest of 61.21% in TPI.

CTPI (HK)

Although competition in the property and casualty insurance industry in Hong Kong continues to be intense, the directors and senior management of CTPI (HK) are confident that it will continue to maintain a decent rate of growth in line with the market. CTPI (HK) expects premium growth to be stable and normal, and believes that it will be able to achieve satisfactory underwriting and operating results for the full year.

展望 (續)

財產保險業務

太平財險

中國財產保險業的整體市場情況持續向好。太平財險董事及高級管理層預期良好的經營環境可延續至未來。儘管財產保險業保費的部份增長由通脹及資產升值所帶動，但太平財險對此保持謹慎態度並意識到高通脹環境可令賠付成本加劇，推高賠付率。因此，太平財險將繼續實施嚴謹的承保標準，並監控下半年的賠付率。

於二零一一年八月十七日，本公司與工銀亞洲訂立股權轉讓協議，向工銀亞洲收購太平財險9.44%權益，作價為人民幣264,000,000元。於完成上述股權轉讓協議後，本集團將擁有太平財險註冊資本61.21%權益。

中國太平香港

儘管香港財產保險業的競爭持續激烈，中國太平香港董事及高級管理層有信心能維持與市場同步的增長率。中國太平香港預期保費增長穩定，並相信可於全年取得令人滿意的承保及營運業績。

Management Discussion and Analysis

管理層討論和分析

OUTLOOK (Continued)

Reinsurance Business – TPRe

Following the earthquakes in Japan and New Zealand, the global reinsurance markets have tightened up terms and conditions for many lines of business, and a hard reinsurance pricing environment is expected to persist in the coming months.

In Mainland China, TPRe has been successful in its market strategy, and there are still plenty of opportunities for growth. However, TPRe will continue to apply its strict underwriting discipline and uphold its prudent risk appetite in pursuing business expansion.

As the northern hemisphere enters into the typhoon and rainy seasons, together with unpredictable seismic activities worldwide, TPRe will be vigilant in its catastrophe exposure, and will ensure that adequate measures are in place to protect its balance sheet against adverse events. Barring any unforeseen or significant adverse events in the coming months, TPRe still expects to achieve reasonable operating results for the full year of 2011, although net profit levels may be lower than 2010.

Investments

The equity share markets in Hong Kong and the PRC have been challenging and volatile over the past few months due to the PRC government's efforts to contain inflation with higher interest rates and credit tightening measures. With macroeconomic and sovereign debt concerns also affecting the capital markets worldwide, especially in the United States and Europe, investor sentiment and the outlook for equity share price performance has been weak and unclear. In such an uncertain market environment, the investment policies and investment portfolios in both Hong Kong and the PRC will continue to be managed in a highly conservative and prudent fashion.

展望 (續)

再保險業務 — 太平再保險

經過日本及新西蘭的地震巨災，全球再保險市場於多個業務種類均收緊了條款及條件，並預期再保險市場的費率在未來數月持續上揚。

太平再保險在中國大陸的市場策略成功，這裏仍充滿業務增長的商機。然而，太平再保險將繼續以嚴謹的承保制度及堅持審慎的風險胃納發展其業務。

北半球現進入颱風及雨季，連同難以預測的全球地震活動，太平再保險對巨災風險保持警惕，並確保有充份的措施防範其資產負債表免受不利事件的影響。除非未來數月發生未能預見或重大的事件，太平再保險預期二零一一年全年仍可取得合理的營運業績，惟淨溢利水平可能較二零一零年為低。

投資

在過去數月，由於中國政府調高利率及收緊信貸以控制通脹，香港及中國的股票市場出現急劇波動。加上對全球經濟及主權債務的憂慮，亦對全球資本市場造成影響，尤其在美國及歐洲，投資者的情緒及對股價表現的前景看淡及未明朗。在此等不明朗的市場環境下，香港及中國的投資政策及投資組合將繼續以高度審慎及穩健的方式管理。

Management Discussion and Analysis

管理層討論和分析

LIQUIDITY AND FINANCIAL RESOURCES

The Group's cash and bank deposits as at 30 June 2011 amounted to HK\$41,852.34 million (31 December 2010: HK\$29,412.03 million). There was no bank borrowing during the Period except for certain temporary bank overdrafts for insignificant amounts. The interest-bearing notes as at 30 June 2011 amounted to HK\$10,798.27 million (31 December 2010: HK\$10,231.07 million). The gearing ratio, which represents interest-bearing notes issued divided by the total assets of the Group, was 5.8% as at 30 June 2011 (31 December 2010: 6.6%).

CAPITAL STRUCTURE

During the Period, CTIH issued 1,160,000 new shares (31 December 2010: 1,550,000 shares). All the shares were issued for cash under the Company's employee share option scheme. Net proceeds received for the shares issued for cash in aggregate amounted to HK\$3.48 million (31 December 2010: HK\$3.26 million).

STAFF AND STAFF REMUNERATION

As at 30 June 2011, the Group had a total of 29,193 employees (2010: 34,458 employees), a decrease of 5,265 employees. Total remuneration for the Period amounted to HK\$2,360.62 million (2010: HK\$2,266.68 million), an increase of 4.1%. Bonuses are linked to both the performance of the Group and the performance of the individual.

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

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

流動資金及財務資源

於二零一一年六月三十日，本集團的現金及銀行存款為418.5234億港元(二零一零年十二月三十一日：294.1203億港元)。除若干小額臨時銀行透支外，本財務期內並無任何銀行借貸。二零一一年六月三十日須付息票據總額為107.9827億港元(二零一零年十二月三十一日：102.3107億港元)。二零一一年六月三十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5.8%(二零一零年十二月三十一日：6.6%)。

資本結構

於本財務期內，中國太平控股發行1,160,000股新股(二零一零年十二月三十一日：1,550,000股)。全部發行之新股均根據本公司僱員認股權計劃以現金為代價發行。發行新股換取現金的總代價淨額為348萬港元(二零一零年十二月三十一日：326萬港元)。

員工及員工酬金

於二零一一年六月三十日，本集團的僱員總人數達29,193人(二零一零年：34,458人)，減少5,265人。本財務期總酬金為23.6062億港元(二零一零年：22.6668億港元)，增加4.1%。員工花紅與本集團的業績及員工的個人表現掛鉤。

購買、出售或贖回本公司的上市證券

於本財務期內中國太平控股或任何其附屬公司概無購入、出售或贖回任何本公司的上市證券。