

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

	2008	2007	Change
Gross premiums written and policy fees	25,003.80	17,934.00	39.4%
Net investment income	3,394.34	1,888.40	79.8%
Net realized investment (losses)/gains	(1,048.78)	4,277.79	—
Net unrealized investment (losses)/gains	(1,755.63)	505.58	—
Impairment on AFS equities	(309.44)	—	—
Goodwill impairment	(73.28)	—	—
Net exchange loss	(119.20)	(31.12)	3.8 times
(Loss)/profit before taxation	(269.00)	3,010.91	—
(Loss)/profit after taxation	(205.76)	2,457.20	—
Net (loss)/profit attributable to the equity holders	(299.72)	1,549.07	—
Basic (loss)/earnings per share (HK cent)	(21.2)	110.2	—
No final dividend proposed (2007: HK10 cents per share)	—	141.53	—

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

For the year ended 31 December, HK\$ million

	2008	2007	Change
Reinsurance	51.85	579.69	(91.1%)
Life insurance	440.68	1,018.06	(56.7%)
Property and casualty insurance	(280.50)	(58.31)	4.8 times
Corporate and other businesses	(511.75)	9.63	—
— Holding company and other businesses	(237.54)	42.83	—
— Pension company operated by TPP	(164.53)	(59.63)	2.8 times
— Assets management companies operated by TPAM and CIGAML	(36.40)	26.43	—
— Goodwill impairment	(73.28)	—	—
Net (loss)/profit attributable to the equity holders	(299.72)	1,549.07	—

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

	二零零八年	二零零七年	變化
毛承保保費及保單費收入	25,003.80	17,934.00	39.4%
投資收入淨額	3,394.34	1,888.40	79.8%
已實現投資(虧損)/收益淨額	(1,048.78)	4,277.79	—
未實現投資(虧損)/收益淨額	(1,755.63)	505.58	—
可供出售股本投資減值	(309.44)	—	—
商譽減值	(73.28)	—	—
匯兌虧損	(119.20)	(31.12)	3.8倍
除稅前(虧損)/溢利	(269.00)	3,010.91	—
除稅後(虧損)/溢利	(205.76)	2,457.20	—
股東應佔(虧損)/溢利淨額	(299.72)	1,549.07	—
每股基本(虧損)/盈利(港仙)	(21.2)	110.2	—
不建議派發末期息(二零零七年：每股10港仙)	—	141.53	—

按各業務分類之股東應佔(虧損)/溢利淨額概述如下：

截至十二月三十一日止年度，百萬港元

	二零零八年	二零零七年	變化
再保險	51.85	579.69	(91.1%)
人壽保險	440.68	1,018.06	(56.7%)
財產保險	(280.50)	(58.31)	4.8倍
企業及其他業務	(511.75)	9.63	—
— 控股公司及其他業務	(237.54)	42.83	—
— 由太平養老營運之養老保險公司	(164.53)	(59.63)	2.8倍
— 由太平資產管理及中保資產管理營運之資產管理公司	(36.40)	26.43	—
— 商譽減值	(73.28)	—	—
股東應佔(虧損)/溢利淨額	(299.72)	1,549.07	—

MANAGEMENT REVIEW AND ANALYSIS

The following analysis shows the movement of the net assets value attributable to the equity holders of the Company ("NAV") from 1 January 2008 to 31 December 2008.

HK\$ million

NAV as at 1 January 2008	5,685.63
Loss recognized in income statement	(299.72)
Net changes in AFS investment reserve	(866.54)
Exchange gain arising from translation of the financial statements of subsidiaries outside Hong Kong	147.70
Dividend paid	(141.45)
Others ¹	71.00
NAV as at 31 December 2008	4,596.62

¹ Others mainly include the net proceeds received for Shares issued under the Share Option Scheme and the amortization of the costs of the Shares acquired under the Share Award Scheme.

The **gross premiums written and policy fees** for the Year increased significantly by 39.4% to HK\$25,003.80 million from HK\$17,934.00 million in the Last Year. The increase was mainly due to the strong premium growth at each of our business segments, in particular the life insurance business in which premiums increased by 30.6% to HK\$21,207.79 million from HK\$16,245.25 million in the Last Year.

The **net loss attributable to the equity holders** for the Year was HK\$299.72 million (2007: profit of HK\$1,549.07 million). The Group's net loss was primarily due to investment losses from equity securities traded in Hong Kong and the PRC, and operating losses at our property and casualty insurance operations at TPI, pension operations at TPP and impairment on goodwill associated with acquisition of CIGAML. Because of our relative lack of scale and early stage of development, changes in investment performance in particular will have a relatively larger impact on our consolidated figures.

The **reinsurance business** contributed net profit to the equity holders of HK\$51.85 million (2007: HK\$579.69 million). The decline in profits was mainly due to significant declines in investment returns during the Year, primarily because of equity investment losses from shares traded in Hong Kong, which offset higher underwriting profits.

The **life insurance business** contributed net profit to the equity holders of HK\$440.68 million (2007: HK\$1,018.06 million). The decrease in profits was mainly due to significant declines in investment returns during the Year, primarily because of equity investment losses from shares traded in the PRC, which offset strong increases in premium and improvements in the scale of operations.

The **property and casualty insurance business** incurred a net loss to the equity holders of HK\$280.50 million (2007: HK\$58.31 million). The increase in losses was mainly due to significant increase in premiums, which resulted in higher acquisition costs booked in the Year, the current lack of scale of operations, higher claims expenses from natural disasters, and a significant decline in investment returns, during the Year. The continuing severe and irrational competition in the PRC property and casualty insurance market has made profitable underwriting extremely difficult.

The **holding company and other businesses** incurred a net loss to the equity holders of HK\$237.54 million (2007: profit of HK\$42.83 million). The losses were primarily due to investment losses of HK\$129.03 million (2007: gains of HK\$161.53 million), which were primarily related to equity losses on shares traded in Hong Kong and interest expenses of HK\$80.17 million (2007: HK\$80.02 million) related to the outstanding senior debt.

管理層回顧和分析

以下為由二零零八年一月一日至二零零八年十二月三十一日本公司股東應佔資產淨值變化分析。

百萬港元

於二零零八年一月一日之資產淨值	5,685.63
確認於損益表之虧損	(299.72)
可供出售投資儲備淨變化	(866.54)
因換算香港以外地區附屬公司 財務報表的匯兌收益	147.70
已付股息	(141.45)
其他 ¹	71.00
於二零零八年十二月三十一日之資產淨值	4,596.62

¹ 其他主要包括根據認股權計劃發行新股所收取之款項淨額及根據股份獎勵計劃而購入之股份的成本攤銷。

於本年度，毛承保保費及保單費收入由去年179.3400億港元大幅增加39.4%至250.0380億港元。增加主要是因為各業務分類的保費收入有強勁的增長，特別是人壽保險業務之保費收入由去年162.4525億港元增加30.6%至212.0779億港元。

於本年度，股東應佔虧損淨額為2.9972億港元(二零零七年：溢利15.4907億港元)。本集團錄得虧損淨額的主因是在香港及中國買賣的股本證券錄得投資虧損；太平保險營運的財產保險業務及太平養老營運的養老保險業務錄得經營虧損；以及購入中保資產管理有關之商譽減值。由於我們規模比較小，加上仍在發展初期，特別是當投資表現的轉變對我們的綜合數字有相對較大的影響。

再保險業務對股東淨溢利的貢獻為5,185萬港元(二零零七年：5.7969億港元)。溢利下降主要是由於本年度內在香購買的股份錄得股本投資虧損，導致投資回報大幅減少所致，並與承保溢利上升相抵銷。

人壽保險業務對股東淨溢利的貢獻為4.4068億港元(二零零七年：10.1806億港元)。溢利下降主要是由於本年內在中國買賣的股份錄得股本投資虧損，導致投資回報大幅減少所致，並抵銷了保費強勁上升及經營規模改善的效果。

財產保險業務使股東遭受淨虧損2.8050億港元(二零零七年：5,831萬港元)。虧損增加的主因是本年度內保費大幅上漲，令本年度入賬之展業成本提高及目前仍缺乏經營規模、自然災害賠付費用增加；以及投資回報大幅減少。中國財產保險市場持續的嚴峻和非理性競爭局面，令從承保中獲取溢利變得非常困難。

控股公司及其他業務使股東遭受淨虧損2.3754億港元(二零零七年：溢利4,283萬港元)。虧損主要來自投資虧損1.2903億港元(二零零七年：收益1.6153億港元)，其中主要涉及香港股票買賣的股票虧損及有關未到期的優先債之利息支出8,017萬港元(二零零七年：8,002萬港元)。

MANAGEMENT REVIEW AND ANALYSIS

The **pension business** incurred a net loss to the equity holders of HK\$164.53 million (2007: HK\$59.63 million). The losses were mainly due to the current lack of economies of scale at the pension operations and investment losses (primarily related to equity shares traded in the A-share markets) incurred during the Year. 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 administrating enterprise annuity products, providing trustee and investment services for enterprise annuity schemes in Mainland China. Such supplemental pension systems are voluntarily built by enterprises and their employees and represent a vast potential market. 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 RMB15.6 billion, which constituted the funds and schemes of 6,833 enterprises. As the qualified enterprise annuity industry is still in its nascent stage of development in China, and because TPP is one of the very first approved pension operators in the country, TPP is still in its initial set-up period and is building up its marketing network and exploring potential business models for the future.

The **asset management business** incurred a net loss to the equity holders of HK\$36.40 million (2007: profit of HK\$26.43 million). The Group's asset management business is operated by TPAM and CIGAML, 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 CIGAML currently represent cost centres 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, incentive compensation paid to fund managers and other operating expenses, are absorbed in full at the consolidated level.

During the Year, the impairment of HK\$73.28 million (2007: nil) was recognized on the goodwill associated with the acquisition of CIGAML in 2002. In 2005, an impairment amount of HK\$250.00 million was made on this goodwill. After the further impairment amount of HK\$73.28 million in 2008, there is no remaining goodwill asset associated with the acquisition of CIGAML recognized in the consolidated financial statements of the Company.

CONSOLIDATED INVESTMENT PERFORMANCE

Consolidated investment assets

The total investments of the Group are summarized as follows:

At 31 December, HK\$ million

	2008	% of Total	2007	% of Total
Debt securities	50,028.09	69.0%	27,746.83	54.3%
Direct equity securities	1,621.71	2.2%	7,000.45	13.7%
Equity investment funds	5,123.70	7.1%	5,614.96	11.0%
Composite investment funds	90.36	0.1%	139.95	0.3%
Cash and bank deposits	15,620.70	21.5%	10,520.27	20.6%
Investment properties	76.72	0.1%	78.56	0.1%
Total investments	72,561.28	100.0%	51,101.02	100.0%

管理層回顧和分析

養老保險業務使股東遭受淨虧損1.6453億港元(二零零七年：5,963萬港元)。虧損主要是由於養老保險營運目前缺乏足夠的規模經濟及本年度內蒙受的投資虧損(主要與A股市場掛牌買賣之股票有關)所致。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、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巨大的潛在市場。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156億元，包括6,833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，雖然太平養老是國內養老保險率先獲准經營者之一，太平養老仍處於建立初期，正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3,640萬港元(二零零七年：溢利2,643萬港元)。本集團之資產管理業務由太平資產管理及中保資產管理營運，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。太平資產管理及中保資產管理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。

有關於二零零二年購入中保資產管理之商譽減值本年度為7,328萬港元(二零零七年：無)。於二零零五年，此商譽已作出2.5000億港元減值。包括於二零零八年度為數7,328萬港元之進一步減值後，本公司之綜合財務報表內再沒有與購入中保資產管理有關餘下的商譽資產。

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

	二零零八年	佔總額百分比	二零零七年	佔總額百分比
債務證券	50,028.09	69.0%	27,746.83	54.3%
直接股本證券	1,621.71	2.2%	7,000.45	13.7%
股本投資基金	5,123.70	7.1%	5,614.96	11.0%
綜合投資基金	90.36	0.1%	139.95	0.3%
現金及銀行存款	15,620.70	21.5%	10,520.27	20.6%
投資物業	76.72	0.1%	78.56	0.1%
投資總額	72,561.28	100.0%	51,101.02	100.0%

MANAGEMENT REVIEW AND ANALYSIS

The investments in securities are classified as Held-to-Maturity (“HTM”), Available-for-Sale (“AFS”), Designated at Fair Value through Profit or Loss (“DTPL”) 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 2008, HK\$ million

	HTM	AFS	DTPL	LR	Total
Debt securities	21,004.15	26,003.95	854.18	2,165.81	50,028.09
Direct equity securities	—	1,510.72	110.99	—	1,621.71
Equity investment funds	—	2,711.89	2,411.81	—	5,123.70
Composite investment funds	—	38.18	52.18	—	90.36
	21,004.15	30,264.74	3,429.16	2,165.81	56,863.86

At 31 December 2007, HK\$ million

	HTM	AFS	DTPL	LR	Total
Debt securities	1,019.07	25,947.54	523.91	256.31	27,746.83
Direct equity securities	—	5,243.17	1,757.28	—	7,000.45
Equity investment funds	—	2,220.71	3,394.25	—	5,614.96
Composite investment funds	—	51.38	88.57	—	139.95
	1,019.07	33,462.80	5,764.01	256.31	40,502.19

The percentages of the Group’s total investments held by each business segment in terms of carrying values at the balance sheet date were as follows:

	2008	2007
Reinsurance	5.6%	8.5%
Life insurance	86.3%	87.1%
Property and casualty insurance	5.6%	—
Corporate and other businesses	2.5%	4.4%
	100.0%	100.0%

管理層回顧和分析

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

於二零零八年十二月三十一日，百萬港元

	持有至到期日	可供出售	指定為通過 損益以反映 公允價值	貸款及 應收款項	總額
債務證券	21,004.15	26,003.95	854.18	2,165.81	50,028.09
直接股本證券	—	1,510.72	110.99	—	1,621.71
股本投資基金	—	2,711.89	2,411.81	—	5,123.70
綜合投資基金	—	38.18	52.18	—	90.36
	21,004.15	30,264.74	3,429.16	2,165.81	56,863.86

於二零零七年十二月三十一日，百萬港元

	持有至到期日	可供出售	指定為通過 損益以反映 公允價值	貸款及 應收款項	總額
債務證券	1,019.07	25,947.54	523.91	256.31	27,746.83
直接股本證券	—	5,243.17	1,757.28	—	7,000.45
股本投資基金	—	2,220.71	3,394.25	—	5,614.96
綜合投資基金	—	51.38	88.57	—	139.95
	1,019.07	33,462.80	5,764.01	256.31	40,502.19

於結算日各業務分類佔本集團投資總額賬面值之百分比如下：

	二零零八年	二零零七年
再保險	5.6%	8.5%
人壽保險	86.3%	87.1%
財產保險	5.6%	—
企業及其他業務	2.5%	4.4%
	100.0%	100.0%

MANAGEMENT REVIEW AND ANALYSIS

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

	2008	2007	Change
Net investment income	3,394.34	1,888.40	79.8%
Net realized investment (losses)/gains	(1,048.78)	4,277.79	—
Net unrealized investment (losses)/gains	(1,755.63)	505.58	—
Impairment on AFS equities	(309.44)	—	—
Total investment income	280.49	6,671.77	(95.8%)
Less: Investment (losses)/gains attributable to unit-linked products ¹	(2,146.67)	553.12	—
Total investment income excluding income of unit-linked products	2,427.16	6,118.65	(60.3%)

¹ *Unit-linked products are the funds managed by the Group for its clients and policyholders. The investment returns attributable to such products are completely borne by the clients and policyholders, and do not directly impact the financial results of the Group.*

The total investment income (excluding the income of unit-linked products) of the Group recognized in the consolidated income statement decreased by 60.3% to HK\$2,427.16 million in the Year from HK\$6,118.65 million in the Last Year. The decrease was primarily attributable to equity investment losses from shares traded in Hong Kong and the PRC. Following extraordinarily strong and positive performances in 2006 and 2007, equity markets in Hong Kong and the PRC experienced sharp declines during the Year.

According to the Group's impairment policy, available-for-sale investments in debt and equity securities are reviewed periodically to determine whether there is objective evidence of impairment. Objective evidence of impairment for available-for-sale equity securities may include specific information about the issuer, but may also include information on material changes that have taken place in the technological, market, economic or legal environments, which taken together or taken alone may provide evidence that the cost of the 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 2008, the impairment loss on available-for-sale equity securities recognized in the income statement was HK\$309.44 million.

管理層回顧和分析

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

	二零零八年	二零零七年	變化
投資收入淨額	3,394.34	1,888.40	79.8%
已實現投資(虧損)/收益淨額	(1,048.78)	4,277.79	—
未實現投資(虧損)/收益淨額	(1,755.63)	505.58	—
可供出售股本投資減值	(309.44)	—	—
投資收入總額	280.49	6,671.77	(95.8%)
減：屬於投資連結產品之投資(虧損)/收益 ¹	(2,146.67)	553.12	—
不含投資連結產品之投資收入	2,427.16	6,118.65	(60.3%)

¹ 投資連結產品是本集團為其客戶及保單持有人管理。該等產品所產生之投資回報全數由客戶及保單持有人承擔，不會直接影響本集團的財務業績。

本集團確認於綜合損益表內的投資收入(不含投資連結產品收入)總額由去年的61.1865億港元下跌60.3%至本年度的24.2716億港元。下跌主要由於來自香港及中國買賣證券的股本投資虧損所致。香港及中國股票市場未能延續二零零六年及二零零七年卓越的表現，於本年度內股價經歷急劇下調。

按本集團減值政策，會定期檢討可供出售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。可供出售股本證券減值的客觀證據可包括有關發行人的具體個別資料，但亦包括有關科技、市場、經濟或法律環境已發生重大變化的資料，而這些資料可提供證據顯示股本證券的成本可能無法收回。在這前提下，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。於二零零八年，確認在損益表內可供出售股本證券的減值虧損為3.0944億港元。

MANAGEMENT REVIEW AND ANALYSIS

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

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	Rental income	Realized (losses)/ gains	Unrealized losses	Impairment			
Debt securities									
HTM	502.23	—	—	—	—	—	502.23	—	502.23
AFS	1,190.97	—	—	(16.85)	—	—	1,174.12	1,333.54	2,507.66
DTPL	19.94	—	—	284.74	(33.43)	—	271.25	—	271.25
LR	44.13	—	—	—	—	—	44.13	—	44.13
Direct equity securities									
AFS	—	44.61	—	679.31	—	(230.36)	493.56	(1,604.73)	(1,111.17)
DTPL	—	8.88	—	(715.39)	(350.52)	—	(1,057.03)	—	(1,057.03)
Equity investment funds									
AFS	—	343.84	—	(435.85)	—	(79.08)	(171.09)	(1,182.71)	(1,353.80)
DTPL	—	818.68	—	(836.20)	(1,277.90)	—	(1,295.42)	—	(1,295.42)
Composite investment funds									
AFS	—	0.19	—	—	—	—	0.19	(12.94)	(12.75)
DTPL	—	38.16	—	(8.54)	(91.94)	—	(62.32)	—	(62.32)
Cash and bank deposits	434.77	—	—	—	—	—	434.77	—	434.77
Investment properties	—	—	2.81	—	(1.84)	—	0.97	—	0.97
Securities sold under repurchase agreements	(79.59)	—	—	—	—	—	(79.59)	—	(79.59)
Others	24.72	—	—	—	—	—	24.72	—	24.72
	2,137.17	1,254.36	2.81	(1,048.78)	(1,755.63)	(309.44)	280.49	(1,466.84)	(1,186.35)

管理層回顧和分析

本集團稅前投資(虧損)/收入之詳細分析如下：

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/ (支出)	股息收入	租金收入	已實現 (虧損)/ 收益	未實現 虧損	減值	小計	之未實現 收益/ (虧損)	
債務證券									
持有至到期日	502.23	—	—	—	—	—	502.23	—	502.23
可供出售	1,190.97	—	—	(16.85)	—	—	1,174.12	1,333.54	2,507.66
指定為通過損益以反映公允價值	19.94	—	—	284.74	(33.43)	—	271.25	—	271.25
貸款及應收款項	44.13	—	—	—	—	—	44.13	—	44.13
直接股本證券									
可供出售	—	44.61	—	679.31	—	(230.36)	493.56	(1,604.73)	(1,111.17)
指定為通過損益以反映公允價值	—	8.88	—	(715.39)	(350.52)	—	(1,057.03)	—	(1,057.03)
股本投資基金									
可供出售	—	343.84	—	(435.85)	—	(79.08)	(171.09)	(1,182.71)	(1,353.80)
指定為通過損益以反映公允價值	—	818.68	—	(836.20)	(1,277.90)	—	(1,295.42)	—	(1,295.42)
綜合投資基金									
可供出售	—	0.19	—	—	—	—	0.19	(12.94)	(12.75)
指定為通過損益以反映公允價值	—	38.16	—	(8.54)	(91.94)	—	(62.32)	—	(62.32)
現金及銀行存款	434.77	—	—	—	—	—	434.77	—	434.77
投資物業	—	—	2.81	—	(1.84)	—	0.97	—	0.97
賣出回購證券	(79.59)	—	—	—	—	—	(79.59)	—	(79.59)
其他	24.72	—	—	—	—	—	24.72	—	24.72
	2,137.17	1,254.36	2.81	(1,048.78)	(1,755.63)	(309.44)	280.49	(1,466.84)	(1,186.35)

MANAGEMENT REVIEW AND ANALYSIS

For the year ended 31 December 2007, HK\$ million

	Recognized in the consolidated income statement						Sub total	Unrealized (losses)/ gains recognized in the fair value reserve	Grand total
	Interest income/(expense)	Dividend income	Rental income	Realized (losses)/ gains	Unrealized gains	Impairment			
Debt securities									
HTM	65.17	—	—	—	—	—	65.17	—	65.17
AFS	978.16	—	—	(0.54)	—	—	977.62	(2,373.35)	(1,395.73)
DTPL	21.75	—	—	100.36	41.26	—	163.37	—	163.37
LR	5.65	—	—	—	—	—	5.65	—	5.65
Direct equity securities									
AFS	—	25.55	—	2,375.46	—	—	2,401.01	1,321.75	3,722.76
DTPL	—	6.48	—	492.99	56.35	—	555.82	—	555.82
Equity investment funds									
AFS	—	256.30	—	710.94	—	—	967.24	451.17	1,418.41
DTPL	—	382.32	—	592.78	379.10	—	1,354.20	—	1,354.20
Composite investment funds									
AFS	—	—	—	—	—	—	—	4.27	4.27
DTPL	—	22.67	—	4.73	23.34	—	50.74	—	50.74
Cash and bank deposits	388.07	—	—	—	—	—	388.07	—	388.07
Investment properties	—	—	2.43	(0.18)	5.53	—	7.78	—	7.78
Securities sold under									
repurchase agreements	(285.33)	—	—	—	—	—	(285.33)	—	(285.33)
Others	19.18	—	—	1.25	—	—	20.43	—	20.43
	1,192.65	693.32	2.43	4,277.79	505.58	—	6,671.77	(596.16)	6,075.61

管理層回顧和分析

截至二零零七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 (虧損)／ 收益	未實現 收益	減值		儲備內確認 之未實現 (虧損)／ 收益	
債務證券									
持有至到期日	65.17	—	—	—	—	—	65.17	—	65.17
可供出售	978.16	—	—	(0.54)	—	—	977.62	(2,373.35)	(1,395.73)
指定為通過損益以反映公允價值	21.75	—	—	100.36	41.26	—	163.37	—	163.37
貸款及應收款項	5.65	—	—	—	—	—	5.65	—	5.65
直接股本證券									
可供出售	—	25.55	—	2,375.46	—	—	2,401.01	1,321.75	3,722.76
指定為通過損益以反映公允價值	—	6.48	—	492.99	56.35	—	555.82	—	555.82
股本投資基金									
可供出售	—	256.30	—	710.94	—	—	967.24	451.17	1,418.41
指定為通過損益以反映公允價值	—	382.32	—	592.78	379.10	—	1,354.20	—	1,354.20
綜合投資基金									
可供出售	—	—	—	—	—	—	—	4.27	4.27
指定為通過損益以反映公允價值	—	22.67	—	4.73	23.34	—	50.74	—	50.74
現金及銀行存款	388.07	—	—	—	—	—	388.07	—	388.07
投資物業	—	—	2.43	(0.18)	5.53	—	7.78	—	7.78
賣出回購證券	(285.33)	—	—	—	—	—	(285.33)	—	(285.33)
其他	19.18	—	—	1.25	—	—	20.43	—	20.43
	1,192.65	693.32	2.43	4,277.79	505.58	—	6,671.77	(596.16)	6,075.61

MANAGEMENT REVIEW AND ANALYSIS

REINSURANCE BUSINESS

The Group's reinsurance business is operated by CIRe, which is a Hong Kong-incorporated company and wholly-owned by the Group. CIRe is mainly engaged in the underwriting of all classes of reinsurance business around the globe, except long-tail, liability reinsurance business from outside of Asia, such as the United States and Europe. CIRe's key markets are Hong Kong and Macau, Mainland China, 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

	2008	2007	Change
Gross premiums written	1,839.00	1,681.21	9.4%
Net premiums written	1,568.66	1,470.06	6.7%
Net earned premiums	1,534.90	1,441.95	6.5%
Net claims incurred	(887.76)	(944.99)*	(6.1%)
Net commission expenses	(396.01)	(351.66)	12.6%
Underwriting profit	222.43	108.64*	2.1 times
Total investment (loss)/income	(97.90)	530.13	—
Net exchange (loss)/gain	(38.09)	10.96*	—
Profit before taxation	59.59	616.93	(90.3%)
Profit attributable to the equity holders	51.85	579.69	(91.1%)
Regulatory solvency margin ratio	630.6%	747.5%	(116.9 pts)
Technical reserves ratio	179.1%	179.8%	(0.7 pt)
Retained ratio	85.3%	87.4%	(2.1 pts)
Earned premiums ratio	83.5%	85.8%	(2.3 pts)
Loss ratio ¹	57.8%	65.5%*	(7.7 pts)
Expense ratio ²	27.1%	26.4%	0.7 pt
Combined ratio ³	84.9	91.9*	(7.0 pts)

¹ The loss ratio is based on net earned premiums.

² The expense ratio is based on net premiums written. The management believes that calculating the expense ratio based on net premiums written is a fairer indicator and better reflects the underwriting performance of CIRe. If the net earned premiums basis is applied, then the expense ratio would be 27.7% for the Year (2007: 26.9%).

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 85.5 for the Year (2007: 92.4).

* Prior to 2008, the exchange difference arising from the claim reserve was recognized in the underwriting results. In order to better reflect the underwriting performance of CIRe, from 2008 onwards, such exchange difference will be reclassified into a separate account in the income statement, namely as the net exchange loss. The exchange difference for 2008 and 2007 are an exchange gain of HK\$57.15 million and an exchange loss of HK\$50.23 million, respectively. For consistency and comparability purposes, the corresponding figures and ratios of 2007 are restated accordingly, however, they are not restated in the consolidated financial statements because the amounts involved are not material from the perspective of the consolidated level.

The original amount of net claims incurred, underwriting profit and net exchange gain for 2007 are HK\$995.22 million, HK\$58.41 million and HK\$61.19 million, respectively. The original loss ratio and combined ratio for 2007 are 69.0% and 95.4, respectively.

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中再國際營運。中再國際主要從事承保全球各類再保險業務，但亞洲以外如美國及歐洲的長尾巴責任險業務則除外。中再國際之主要市場為香港及澳門、中國大陸、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

	二零零八年	二零零七年	變化
毛承保保費	1,839.00	1,681.21	9.4%
淨承保保費	1,568.66	1,470.06	6.7%
已賺取保費淨額	1,534.90	1,441.95	6.5%
賠款淨額	(887.76)	(944.99)*	(6.1%)
佣金支出淨額	(396.01)	(351.66)	12.6%
承保溢利	222.43	108.64*	2.1倍
投資(虧損)/收入總額	(97.90)	530.13	—
匯兌(虧損)/收益淨額	(38.09)	10.96*	—
除稅前溢利	59.59	616.93	(90.3%)
股東應佔溢利	51.85	579.69	(91.1%)
監管償付能力充足比率	630.6%	747.5%	(116.9點)
技術性儲備比率	179.1%	179.8%	(0.7點)
自留比率	85.3%	87.4%	(2.1點)
已賺取保費率	83.5%	85.8%	(2.3點)
賠付率 ¹	57.8%	65.5%*	(7.7點)
費用率 ²	27.1%	26.4%	0.7點
綜合成本率 ³	84.9	91.9*	(7.0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。管理層相信，按淨承保保費為基準計算費用率為更公平的指標，並可更好地反映中再國際的承保表現。倘使用已賺取保費淨額基準，則本年度之費用率將為27.7% (二零零七年：26.9%)。

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85.5 (二零零七年：92.4)。

* 二零零八年之前，賠款儲備之匯兌差異在承保業績內確認。為能夠更合理反映中再國際的承保表現，從二零零八年起，該等匯兌差異於損益表內將被重新分類為匯兌虧損淨額。於二零零八年及二零零七年，該等匯兌差異分別為匯兌收益5,715萬港元及匯兌虧損5,023萬港元。為使數據一致及容易比較，二零零七年相關的金額及比率已作出相應重列，但由於有關金額從綜合層面上不重大，所以沒有在綜合財務報表中重列。

二零零七年之賠款淨額、承保溢利及匯兌收益淨額之原額分別為9.9522億港元、5,841萬港元及6,119萬港元。二零零七年之原賠付率及綜合成本率分別為69.0%及95.4。

MANAGEMENT REVIEW AND ANALYSIS

Profit Attributable to the Equity Holders

The reinsurance business contributed net profit to the equity holders of HK\$51.85 million during the Year (2007: HK\$579.69 million), representing a decline of 91.1% compared to Last Year. Although much lower than Last Year, this level of profitability is considered to be satisfactory, as the reinsurance market and investment conditions in 2008 were one of the most difficult in history. The underwriting profit, together with the release of redundant previous years' loss provisions, were able to offset CIRe's losses in investments (primarily related to equity securities traded in Hong Kong) and foreign exchange (related to its foreign currency holdings).

In 2006 and 2007, CIRe's operations and earnings benefited substantially from extraordinary investment gains related to the strong global equity markets, particularly equities traded in Hong Kong. In 2008, global equity markets and those in Hong Kong experienced significant investment losses, as deteriorating economic fundamentals worldwide combined with crises of confidence in the global financial system to produce sudden and severe equity market declines. The resulting credit crunch has severely dampened economic activity around the world, and resulted in previously-not-seen-before market volatility. Whereas CIRe produced back-to-back record earnings in 2006 and 2007 on the strength of investment gains in the equity markets, in 2008 the sudden and drastic reversals in the equity markets have likewise significantly dampened results for the reinsurance operations.

2008 also saw a significant increase in catastrophes in China and worldwide relative to 2006 and 2007, during which time there were almost no major catastrophes. As such, CIRe experienced higher catastrophe-related claims in 2008, albeit the financial impact of these higher claims levels has been ameliorated by CIRe's retrocession protections. Part of these retrocession arrangements were put into place by CIRe in the Last Year, during which time there were no major catastrophes. The underwriting result was further improved by the release of redundant loss provisions conservatively set against the claims liabilities of earlier years. Thus, despite a higher incidence of catastrophe claims, CIRe was able to produce a strong underwriting profit of HK\$222.43 million for the Year compared to HK\$108.64 million in the Last Year.

Gross Premiums Written

CIRe's gross premiums written increased by 9.4% to HK\$1,839.00 million from HK\$1,681.21 million in the Last Year. During the Year, CIRe made further inroads into the Mainland China market, which has now become the single largest geographic market of CIRe and which drove the overall premium growth of the reinsurance operations. CIRe's Beijing branch was successfully launched and became operational before the end of 2008, just in time to allow the branch and its professionals to participate in the 2009 business renewals with clients in Mainland China. In CIRe's traditional core markets of Hong Kong and Macau, intense competition from the over one hundred registered primary insurers has caused general concerns over original premium pricing. In such a competitive environment, CIRe decided to take a more cautious approach with renewals, while simultaneously seeking to maintain and strengthen our existing client relationships. CIRe has been involved in Hong Kong and Macau for a very long time, and as such its professionals in Hong Kong have tremendous and unique experience, know-how and in-depth knowledge of these two markets, which represents a key competitive advantage. In 2008, CIRe made an effort to utilize these combined skills and experience to better serve and respond to the various needs and demands of its clients. As a result, CIRe was able to maintain its position with most of its key clients and contracts in Hong Kong and Macau, even though the overall premium levels are slightly lower.

In other Asian markets, CIRe was able to keep its market position and grow its premiums in-line with the respective market. Outside of Asia, to maintain CIRe's position and reputation as one of the few Asian-based reinsurers to be long-term committed and involved with reinsurance clients and intermediaries from around the world, the premium income from outside of Asia has increased in line with the growth of the core Asian portfolio, and continues to represent approximately 20.0% of gross premiums written.

管理層回顧和分析

股東應佔溢利

再保險業務對股東淨溢利的貢獻為5,185萬港元(二零零七年：5.7969億港元)，股東應佔溢利較去年下降91.1%。儘管較去年大幅減少，但這盈利水平仍屬滿意，原因是二零零八年再保險市場及投資環境經歷了史上其中一次最嚴峻之景況。承保溢利(包含了早年的賠款準備冗餘回撥)抵銷了中再國際的投資(主要與香港買賣的股本證券有關)及外匯(與其持有的外幣有關)的虧損。

二零零六年及二零零七年，中再國際的業務及盈利大大受惠於全球股市暢旺(特別是香港買賣的股票)相關的豐厚投資收益。二零零八年，隨著全球經濟基本因素惡化，加上全球金融體系的信心危機，導致股本市場急劇走下，全球及香港股票市場均錄得大幅投資虧損。所引發的信貨危機更加嚴重打擊全球經濟活動，導致史無前例的市場波動。雖然中再國際在二零零六年及二零零七年在股票市場的投資收益支持下，盈利連續兩年創新高，但二零零八年股票市場突然急轉直下，使再保險業務的業績大受打擊。

二零零八年，中國及全球各地發生災難的數目較二零零六年及二零零七年大幅上升，於二零零六年及二零零七年期間幾乎沒有任何重大災難賠款。中再國際於二零零八年錄得較高的災害相關賠款，不過，賠款增加對財務影響被中再國際的轉分保障所抵銷。部份轉分安排是去年由中再國際趁當時並沒有重大災難適度增加的。此外，承保業績更由於過往按照審慎原則而提取的賠款準備出現冗餘得以回撥獲得改善；故此，雖然本年度災難事故較多，中再國際仍能錄得強勁的承保溢利，由去年之1.0864億港元上升至本年度2.2243億港元。

毛承保保費

中再國際之毛承保保費由去年16.8121億港元上升9.4%至18.3900億港元。本年度內，中再國際進一步打入中國大陸市場，現已成為中再國際的單一最大地區市場，帶動再保險業務的整體保費增長。中再國際於二零零八年底前成功開設北京分公司，並投入營運，恰巧讓分公司及其專業人士參與二零零九年中國大陸的客戶續保。在中再國際的傳統核心市場，香港及澳門，過百家註冊保險商的激烈競爭，引發起對原保單保費定價的關注。在如此熾熱的競爭環境下，中再國際決定採取更審慎的續保策略，同時亦致力維持並鞏固與現有客戶的關係。中再國際長久以來一直立足香港及澳門，因此其駐香港的專業人員對這兩個市場擁有豐富及獨特的經驗、技術能力及深入的認識，也是其一項主要的競爭優勢。二零零八年，中再國際致力利用這些技能及經驗，滿足客戶不同的需要。因此，儘管整體保費水平稍為下跌，但中再國際能夠保持與香港及澳門大部分主要客戶的關係及合約。

其他亞洲市場方面，中再國際能夠保持其市場地位，並按相關市場的增長速度提升保費量。至於亞洲以外市場，中再國際作為少數的亞洲再保險商，一直堅持以良好信譽服務覆蓋全球的再保險客戶及中介公司，亞洲以外市場的保費收入與亞洲核心組合同步增長，並繼續佔毛承保保費約20.0%。

MANAGEMENT REVIEW AND ANALYSIS

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

For the year ended 31 December, HK\$ million

	2008	% of Total	2007	% of Total
Hong Kong & Macau	304.00	16.5%	316.65	18.8%
Mainland China (& Taiwan)	530.03	28.8%	399.65	23.8%
Japan	143.42	7.8%	113.97	6.8%
Rest of Asia	453.70	24.7%	455.99	27.1%
Europe	226.92	12.3%	249.97	14.9%
Others	180.93	9.9%	144.98	8.6%
	1,839.00	100.0%	1,681.21	100.0%

Net Claims Incurred

Despite an increase in frequency of catastrophes during the Year, CIRe's net claims incurred decreased by 6.1% to HK\$887.76 million from HK\$944.99 million in the Last Year. The loss ratio decreased to 57.8% from 65.5% in 2007. During the Year, the southern provinces of Mainland China experienced a rare snowstorm in the months of January and February, which became the single largest loss for CIRe for the year. The net retained loss from the snowstorm, however, was only half of the gross incurred loss due to CIRe's retrocession protections. The devastating earthquake which struck Sichuan Province in Mainland China on 12 May did not result in serious losses to CIRe, mainly because of the region's low insurance penetration. However, the rainstorm in Guangdong Province and Hong Kong during the middle of June 2008 and Hurricane Ike, which hit areas in the Caribbean Sea and Texas of the United States in September 2008, did result in some losses for the reinsurance operations. Overall, because of proper and effective risk management and retrocession protections in place, CIRe was not overly affected by the catastrophes which occurred during 2008.

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

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

	Date of loss	Gross loss incurred	Net retained loss incurred	% retention
Snowstorm in Southern China	Jan 2008	187.62	94.72	50.5%
Rainstorm in Guangdong & Hong Kong, China	Jun 2008	65.61	48.31	73.6%
Hurricane Ike in United States	Sep 2008	36.05	35.46	98.4%

The loss provisions originally set aside for the claims liabilities of earlier years were reviewed during the Year. Due to positive developments of the run-off liabilities for the earlier underwriting years, redundant loss provisions amounting to approximately HK\$160.90 million were released (approximately 10.5% of net earned premium of the Year), which helped to bolster the underwriting results and profitability in 2008. The combined ratio during the Year was 84.9 (2007: 91.9).

管理層回顧和分析

中再國際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

	二零零八年	佔總額百分比	二零零七年	佔總額百分比
香港及澳門	304.00	16.5%	316.65	18.8%
中國大陸(及台灣)	530.03	28.8%	399.65	23.8%
日本	143.42	7.8%	113.97	6.8%
亞洲其他地區	453.70	24.7%	455.99	27.1%
歐洲	226.92	12.3%	249.97	14.9%
其他	180.93	9.9%	144.98	8.6%
	1,839.00	100.0%	1,681.21	100.0%

淨賠款總額

本年度內，即使災難較往年頻繁，中再國際的淨賠款由去年9.4499億港元減少6.1%至8.8776億港元。賠付率亦由二零零七年的65.5%下降至57.8%。於本年度內，中國大陸華南省份一、二月份發生罕見的雪災，成為了中再國際本年度的單一最大賠付。不過，由於中再國際的轉分保障，雪災的自留賠付淨額僅為毛賠付的一半。二零零八年五月十二日中國大陸四川省發生大地震沒有導致中再國際嚴重賠付，主要原因是該區的保險滲透度低。不過，二零零八年六月中廣東省及香港的暴雨以及二零零八年九月吹襲美國加勒比海及德州的颶風艾克，則令到再保險業務錄得若干賠付。整體上，由於實行了適當有效的風險管理及轉分保障，中再國際並無受二零零八年發生的災難嚴重影響。

中再國際於年內以毛賠付總額計之三大賠案如下：

截至二零零八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	自留百分比
中國南方雪暴	2008年1月	187.62	94.72	50.5%
中國廣東省及香港暴雨	2008年6月	65.61	48.31	73.6%
美國颶風艾克	2008年9月	36.05	35.46	98.4%

本年內就早年賠款責任預留的賠付準備進行了檢討。由於過往承保年度的賠付發展有節餘，故撥回為數約1.6090億港元的賠付準備(約佔本年度之已賺取保費淨額10.5%)，進一步改善了二零零八年承保業績及盈利能力。本年度內之綜合成本率為84.9(二零零七年：91.9)。

MANAGEMENT REVIEW AND ANALYSIS

Investment Performance

The composition of investments held by CIRe was as follows:

At 31 December, HK\$ million

	2008	% of Total	2007	% of Total
Debt securities	1,904.91	46.8%	1,734.13	39.9%
Direct equity securities	231.80	5.7%	638.93	14.7%
Composite investment funds	67.04	1.7%	90.84	2.1%
Cash and bank deposits	1,786.45	43.9%	1,807.81	41.5%
Investment properties	76.72	1.9%	78.56	1.8%
Total invested assets	4,066.92	100.0%	4,350.27	100.0%

During the Year, because of the extraordinarily challenging investment market conditions globally, CIRe was very cautious in its asset allocation for its investment portfolio. Equity investments were significantly reduced, while debt securities and cash and bank deposits were increased to a combined total of approximately 90.7% of the total invested assets as at 31 December 2008 (2007: 81.4%). Almost all of the debt securities had investment grade ratings from international credit rating agencies.

The classification of CIRe's investments in securities under HTM, AFS and DTPL was as follows:

At 31 December 2008, HK\$ million

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

At 31 December 2007, HK\$ million

	HTM	AFS	DTPL	Total
Debt securities	1,013.62	572.33	148.18	1,734.13
Direct equity securities	—	569.55	69.38	638.93
Composite investment funds	—	51.38	39.46	90.84
	1,013.62	1,193.26	257.02	2,463.90

管理層回顧和分析

投資表現

中再國際持有之投資組合情況如下：

於十二月三十一日，百萬港元

	二零零八年	佔總額百分比	二零零七年	佔總額百分比
債務證券	1,904.91	46.8%	1,734.13	39.9%
直接股本證券	231.80	5.7%	638.93	14.7%
綜合投資基金	67.04	1.7%	90.84	2.1%
現金及銀行存款	1,786.45	43.9%	1,807.81	41.5%
投資物業	76.72	1.9%	78.56	1.8%
投資總額	4,066.92	100.0%	4,350.27	100.0%

於本年度內，由於全球投資市況陷入困境，中再國際對於其投資組合的資產配置十分審慎。除大幅減少股票投資外，亦同時增加債務證券、現金及銀行存款。於二零零八年十二月三十一日，債務證券、現金及銀行存款合共佔投資資產總額約90.7%（二零零七年：81.4%）。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。

中再國際歸類為持有至到期日、可供出售及指定為通過損益以反映公允價值的證券投資如下：

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	指定為通過 損益以反映 公允價值	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
綜合投資基金	—	38.18	28.86	67.04
	1,338.63	622.92	242.20	2,203.75

於二零零七年十二月三十一日，百萬港元

	持有至到期日	可供出售	指定為通過 損益以反映 公允價值	總額
債務證券	1,013.62	572.33	148.18	1,734.13
直接股本證券	—	569.55	69.38	638.93
綜合投資基金	—	51.38	39.46	90.84
	1,013.62	1,193.26	257.02	2,463.90

MANAGEMENT REVIEW AND ANALYSIS

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

At 31 December, HK\$ million

	2008	2007
Central governments and central banks	131.34	181.61
Public sector entities	50.97	100.72
Banks and other financial institutions	1,425.13	980.45
Corporate entities	286.47	441.37
Others	11.00	29.98
	1,904.91	1,734.13

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

At 31 December, HK\$ million

	2008	2007
USD	1,677.80	1,667.75
EUR	85.08	11.36
HKD	68.98	19.97
GBP	40.43	—
Others	32.62	35.05
	1,904.91	1,734.13

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

For the year ended 31 December, HK\$ million

	2008	2007	Change
Net investment income	178.67	184.62	(3.2%)
Net realized investment (losses)/gains	(96.96)	357.38	—
Net unrealized investment losses	(73.79)	(11.87)	6.2 times
Impairment on AFS equities	(105.82)	—	—
Total investment (loss)/income	(97.90)	530.13	—
Total investment yield	(2.2%)	13.0%	—

CIRe's total investment income was a loss of HK\$97.90 million for the Year, a significant decline from the profit of HK\$530.13 million in the Last Year. Sharp declines in prices for equities traded in Hong Kong were the primary factors behind CIRe's large investment losses, both realized and unrealized, as well as the impairment on AFS equities. Although the recurrent income from bank deposits and fixed income securities was stable, it could not offset the significant losses in equities, which resulted in the overall negative total investment yield for 2008. The above-described investment income and investment yield figures do not include a net exchange loss of HK\$38.09 million (2007: gain of HK\$10.96 million).

管理層回顧和分析

債務證券按類別分類如下：

於十二月三十一日，百萬港元

	二零零八年	二零零七年
中央政府及中央銀行	131.34	181.61
公共機構	50.97	100.72
銀行及其他金融機構	1,425.13	980.45
企業實體	286.47	441.37
其他	11.00	29.98
	1,904.91	1,734.13

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

	二零零八年	二零零七年
美元	1,677.80	1,667.75
歐羅	85.08	11.36
港元	68.98	19.97
英鎊	40.43	—
其他	32.62	35.05
	1,904.91	1,734.13

中再國際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

	二零零八年	二零零七年	變化
投資收入淨額	178.67	184.62	(3.2%)
已實現投資(虧損)／收益淨額	(96.96)	357.38	—
未實現投資虧損淨額	(73.79)	(11.87)	6.2倍
可供出售股本投資減值	(105.82)	—	—
投資(虧損)／收入總額	(97.90)	530.13	—
總投資收益率	(2.2%)	13.0%	—

本年度內，中再國際錄得投資收入總額虧損9,790萬港元，較去年溢利5.3013億港元大幅減少。香港買賣的股票價格急瀉是中再國際錄得龐大投資虧損(已實現及未實現)及可供出售股本投資減值的主因。儘管來自銀行存款及固定收入證券的經常收入保持穩定，但不能抵銷股票的巨大虧損，導致二零零八年整體的總投資收益率出現負數。上述投資收入及投資收益率並不包括3,809萬港元匯兌虧損淨額(二零零七年：收益1,096萬港元)。

MANAGEMENT REVIEW AND ANALYSIS

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

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)
DTPL	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)
DTPL	—	1.60	—	(0.37)	(25.35)	—	(24.12)	—	(24.12)
Composite investment funds									
AFS	—	0.19	—	—	—	—	0.19	(12.95)	(12.76)
DTPL	—	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

中再國際的稅前投資(虧損)/收入之詳細分析如下：

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	股息收入	租金收入	已實現 虧損	未實現虧損	減值	小計	儲備內 確認之 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)
指定為通過損益以反映公允價值	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)
指定為通過損益以反映公允價值	—	1.60	—	(0.37)	(25.35)	—	(24.12)	—	(24.12)
綜合投資基金									
可供出售	—	0.19	—	—	—	—	0.19	(12.95)	(12.76)
指定為通過損益以反映公允價值	—	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

For the year ended 31 December 2007, HK\$ million

	Recognized in the consolidated income statement						Sub total	Unrealized gains/(losses) recognized in the fair value reserve	Grand total
	Interest income	Dividend income	Rental income	Realized (losses)/gains	Unrealized (losses)/gains	Impairment			
Debt securities									
HTM	64.85	—	—	—	—	—	64.85	—	64.85
AFS	24.47	—	—	—	—	—	24.47	9.49	33.96
DTPL	11.38	—	—	(0.34)	(15.06)	—	(4.02)	—	(4.02)
Direct equity securities									
AFS	—	8.20	—	356.75	—	—	364.95	(99.92)	265.03
DTPL	—	1.91	—	(0.10)	(1.73)	—	0.08	—	0.08
Composite investment funds									
AFS	—	—	—	—	—	—	—	4.27	4.27
DTPL	—	3.18	—	—	(0.61)	—	2.57	—	2.57
Cash and bank deposits	67.82	—	—	—	—	—	67.82	—	67.82
Investment properties	—	—	2.43	(0.18)	5.53	—	7.78	—	7.78
Others	0.38	—	—	1.25	—	—	1.63	—	1.63
	168.90	13.29	2.43	357.38	(11.87)	—	530.13	(86.16)	443.97

Reserving

CIRe continues to focus on writing property damage, marine and short tail liability reinsurance, involving portfolio of risks or for individual policies or risks. CIRe does not get involved in long tail, liability reinsurance in markets outside of Asia as a matter of policy. Based on the review of prior years' loss reserve provisions against the positive development of the run-off liabilities, redundant loss reserve provisions were released during the Year. CIRe continues to adopt prudent reserving standards, resulting in technical reserve provisions at the higher end of the prudent and conservative range. CIRe is therefore able to meet and satisfy the high expectations of its business counterparties and rating agencies in maintaining adequate reserve provisions to ensure that it can safely meet its insurance liabilities.

管理層回顧和分析

截至二零零七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)/ 收益	未實現 (虧損)/ 收益	減值	小計	之未實現 收益/ (虧損)	
債務證券									
持有至到期日	64.85	—	—	—	—	—	64.85	—	64.85
可供出售	24.47	—	—	—	—	—	24.47	9.49	33.96
指定為通過損益以反映公允價值	11.38	—	—	(0.34)	(15.06)	—	(4.02)	—	(4.02)
直接股本證券									
可供出售	—	8.20	—	356.75	—	—	364.95	(99.92)	265.03
指定為通過損益以反映公允價值	—	1.91	—	(0.10)	(1.73)	—	0.08	—	0.08
綜合投資基金									
可供出售	—	—	—	—	—	—	—	4.27	4.27
指定為通過損益以反映公允價值	—	3.18	—	—	(0.61)	—	2.57	—	2.57
現金及銀行存款	67.82	—	—	—	—	—	67.82	—	67.82
投資物業	—	—	2.43	(0.18)	5.53	—	7.78	—	7.78
其他	0.38	—	—	1.25	—	—	1.63	—	1.63
	168.90	13.29	2.43	357.38	(11.87)	—	530.13	(86.16)	443.97

儲備

中再國際一直集中於財產損壞、水險及短期責任之再保險承保業務牽涉一攬子風險或單一保單／風險。中再國際選擇不參與亞洲以外市場之長尾巴責任再保險業務是公司的堅定政策。基於對過往年度賠付準備進行了檢討，賠付發展節餘，故本年內撥回賠付準備。中再國際繼續採取審慎的儲備標準，使技術性儲備比率偏向較審慎及穩健。因此，中再國際能完全滿足業務夥伴及評級機構對其維持充足儲備以確保能安全地履行其保險債務的高度期望。

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

	2008	2007	Change
Gross premiums written	21,207.79	16,245.25	30.6%
Net premiums written and policy fees	21,104.67	16,186.53	30.4%
Net earned premiums and policy fees	21,061.26	16,206.73	30.0%
Total investment income	530.38	5,802.71	(90.9%)
Net exchange loss	(81.66)	(86.61)	(5.7%)
Net policyholders' benefits	(4,288.57)	(4,066.93)	5.5%
Net commission expenses	(2,026.97)	(1,645.50)	23.2%
Change in life insurance funds, net of reinsurance	(11,742.51)	(11,849.47)	(0.9%)
Administrative and other expenses	(2,671.61)	(1,901.47)	40.5%
Finance costs	(98.18)	(68.45)	43.4%
Profit before taxation	794.05	2,522.88	(68.5%)
Profit after taxation	880.43	2,034.08	(56.7%)
Profit attributable to the equity holders	440.68	1,018.06	(56.7%)

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

	二零零八年	二零零七年	變化
毛承保保費	21,207.79	16,245.25	30.6%
淨承保保費及保單費收入	21,104.67	16,186.53	30.4%
已賺取保費及保單費收入淨額	21,061.26	16,206.73	30.0%
投資收入總額	530.38	5,802.71	(90.9%)
匯兌虧損淨額	(81.66)	(86.61)	(5.7%)
保單持有人利益淨額	(4,288.57)	(4,066.93)	5.5%
佣金支出淨額	(2,026.97)	(1,645.50)	23.2%
壽險責任準備金變化，減再保險	(11,742.51)	(11,849.47)	(0.9%)
行政及其他費用	(2,671.61)	(1,901.47)	40.5%
財務費用	(98.18)	(68.45)	43.4%
除稅前溢利	794.05	2,522.88	(68.5%)
除稅後溢利	880.43	2,034.08	(56.7%)
股東應佔溢利	440.68	1,018.06	(56.7%)

MANAGEMENT REVIEW AND ANALYSIS

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

	2008	2007	Change
Market share ¹	2.6%	3.2%	(0.6 pt)
Number of provincial branches	33	29	4
Number of sub-branches and marketing centres	506	317	189
Number of in-force policies	6,944,279	5,016,857	1,927,422
Number of individual agents	46,781	41,140	5,641
Persistency ratio — 13th month ²	82.6%	83.0%	(0.4 pt)
Persistency ratio — 25th month ²	91.1%	92.1%	(1.0 pt)

¹ Based on gross premiums written in accordance with PRC GAAP and published by the CIRC.

² Based on the amount of premiums.

Profit Attributable to the Equity Holders

The life insurance business contributed net profit to the equity holders of HK\$440.68 million during the Year (2007: HK\$1,018.06 million), representing a decline of 56.7% compared to Last Year. Although much lower than Last Year, this level of profitability is considered to be satisfactory, as the global financial and economic turmoil in 2008 also significantly impacted the financial markets of the PRC, in particular the A-share equity markets which fell substantially. Despite this turbulence and volatility, TPL still managed to achieve profitability, as higher gross premiums written, effective cost controls and greater scale economies overcame large investment losses (primarily related to equity securities traded in the PRC).

In 2006 and 2007, TPL's operations and earnings benefited substantially from extraordinary investment gains related to the strong domestic A-share equity markets in the PRC, which produced one of the highest levels of returns of stock indices in the world. In 2008, A-share equity markets produced one of the highest levels of losses of stock indices in the world, as the financial markets of the PRC could not avoid the impact of deteriorating economic fundamentals worldwide and the crises of confidence brought forth by the credit crunch. Whereas TPL produced back-to-back record earnings in 2006 and 2007 on the strength of investment gains in the equity markets, in 2008 the sudden and drastic reversals in the equity markets have likewise significantly lowered results for the life insurance operations.

管理層回顧和分析

人壽保險業務之主要經營數據概述如下：

	二零零八年	二零零七年	變化
市場份額 ¹	2.6%	3.2%	(0.6點)
省級分公司數目	33	29	4
支公司及市場推廣中心數目	506	317	189
有效之保單數目	6,944,279	5,016,857	1,927,422
個人銷售代理數目	46,781	41,140	5,641
第13個月之保費繼續率 ²	82.6%	83.0%	(0.4點)
第25個月之保費繼續率 ²	91.1%	92.1%	(1.0點)

1 據中國公認會計準則按毛承保保費計算並由中國保監會刊發。

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4.4068億港元(二零零七年：10.1806億港元)，較去年下降56.7%。儘管較去年大幅減少，但這盈利水平亦屬滿意，原因是二零零八年全球金融及經濟危機嚴重打擊中國的金融市場，尤其是顯著下滑的A股股票市場。即使處身於如此動盪反覆的環境，太平人壽仍然取得盈利，實因為由於毛承保保費上升、成本控制奏效及規模經濟效益增加抵銷了龐大的投資虧損(主要與中國買賣的股本證券有關)。

二零零六年及二零零七年，太平人壽的業務及盈利受惠於中國本地強勁的A股股本市場相關的豐厚投資收益，而A股股本市場亦成為了全球最高回報之一的股票指數。二零零八年，A股股票市場成為了全球損失最為慘重的股票指數之一，這是由於中國未能逃避全球經濟基本因素惡化以及信貸市場崩潰後引發信心危機所致。雖然太平人壽在二零零六年及二零零七年在股票市場的投資收益支持下，盈利連續兩年創新高，但二零零八年股票市場突然急轉直下，使到人壽保險業務的業績大受打擊。

MANAGEMENT REVIEW AND ANALYSIS

Gross Premiums Written

TPL's gross premiums written increased by 30.6% to HK\$21,207.79 million from HK\$16,245.25 million in the Last Year. Due to uncertainties in the investment outlook, TPL curtailed the sales of unit-linked products and has been successful in shifting its marketing focus and strategy to more traditional life insurance products with regular premium features. With penetration rates still at relatively low levels, the PRC life insurance industry continues to have vast potential for rapid expansion. With a large presence in every single major province and city in the country (except for Tibet, Qinghai, Ningxia and Hainan Island), TPL's nationwide presence and infrastructure have allowed the life insurance operations to continue to produce strong premium growth and to gain scale in the marketplace. TPL's gross premiums written, by line of business, were as follows:

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

	Non unit-linked products	Unit-linked products	Total	% of Total
Individual	4,403.09	270.61	4,673.70	22.0%
Bancassurance	13,604.75	1,782.35	15,387.10	72.6%
Group	1,146.89	0.10	1,146.99	5.4%
	19,154.73	2,053.06	21,207.79	100.0%

For the year ended 31 December 2007, HK\$ million

	Non unit-linked products	Unit-linked products	Total	% of Total
Individual	2,501.32	2,757.25	5,258.57	32.4%
Bancassurance	8,208.53	1,506.80	9,715.33	59.8%
Group	1,261.04	10.31	1,271.35	7.8%
	11,970.89	4,274.36	16,245.25	100.0%

During the Year, the sale of unit linked products fell significantly to HK\$2,053.06 million from HK\$4,274.36 million in the Last Year, representing a decrease of 52.0%. This decline in premium, however, was more than made up for by the strong increase in demand for non unit-linked products, which sharply increased to HK\$19,154.73 million from HK\$11,970.89 million in the Last Year, representing an increase of 60.0%.

The strength of the non unit-linked product sales was apparent in both the individual agency distribution channel and the bank distribution channel. Non unit-linked premiums distributed through the individual agency force increased to HK\$4,403.09 million from HK\$2,501.32 million in the Last Year, representing an increase of 76.0%. This strong growth was due to improvements in productivity among the existing agency force, as well as the increase in number of individual agents to 46,781 as of 31 December 2008 (2007: 41,140). In the bank distribution channel, non unit-linked premiums increased to HK\$13,604.75 million from HK\$8,208.53 million in the Last Year, representing an increase of 65.7%. TPL's bank channel of distribution benefited from the resurgence of interest in bancassurance products among policyholders amidst the poor equity markets sentiment, as well as TPL's continued leadership and cutting-edge expertise in this line of the business.

管理層回顧和分析

毛承保保費

太平人壽之毛承保保費由去年之162.4525億港元上升30.6%至212.0779億港元。由於投資前景不明朗，太平人壽減少投資連結產品的銷售及成功轉移其市場焦點及策略至更多有期繳特色的傳統人壽保險產品。由於滲透率仍處於低水平，中國人壽保險業的發展空間仍相當龐大。憑藉在國內各大主要省市建立龐大網絡(除西藏、青海、寧夏及海南島外)，太平人壽的全國覆蓋面及穩健基礎使人壽保險業務繼續錄得強勁的保費增長及壯大其市場規模。太平人壽按業務劃分之毛承保保費如下：

截至二零零八年十二月三十一日止年度，百萬港元

	非投資連結產品	投資連結產品	總額	佔總額百分比
個人	4,403.09	270.61	4,673.70	22.0%
銀行保險	13,604.75	1,782.35	15,387.10	72.6%
團體	1,146.89	0.10	1,146.99	5.4%
	19,154.73	2,053.06	21,207.79	100.0%

截至二零零七年十二月三十一日止年度，百萬港元

	非投資連結產品	投資連結產品	總額	佔總額百分比
個人	2,501.32	2,757.25	5,258.57	32.4%
銀行保險	8,208.53	1,506.80	9,715.33	59.8%
團體	1,261.04	10.31	1,271.35	7.8%
	11,970.89	4,274.36	16,245.25	100.0%

本年內，投資連結產品的銷售大幅下降至20.5306億港元，相比去年42.7436億港元，減幅52.0%。不過，此保費減少的幅度被非投資連結產品需求的強勁增長所抵銷。非投資連結產品的保費由去年119.7089億港元急升60.0%至191.5473億港元。

非投資連結產品的銷售在個人代理分銷渠道及銀行分銷渠道均有上升。透過個人代理隊伍的非投資連結產品保費由去年25.0132億港元增至44.0309億港元，增長76.0%。如此強勁的增長是因為現有代理隊伍產能提升以及於二零零八年十二月三十一日個人代理隊伍增至46,781人(二零零七年：41,140人)所致。銀行分銷渠道方面，非投資連結產品保費則由去年82.0853億港元增至136.0475億港元，增長65.7%。太平人壽的銀行分銷渠道受惠於客戶在股票市場氣氛欠佳時重新對銀行保險產品的需求，以及太平人壽在業界中的持續領先地位及先進的專業知識。

MANAGEMENT REVIEW AND ANALYSIS

During the Year, TPL continued to increase, within its non unit-linked product sales, the proportion of its products with regular premium. 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

	2008	% of Total	2007	% of Total
Single Premium	42.51	1.0%	36.35	1.5%
Regular Premium — First Year	2,115.40	48.0%	1,062.51	42.5%
Regular Premium — Renewal Year	2,245.18	51.0%	1,402.46	56.0%
	4,403.09	100.0%	2,501.32	100.0%

Bancassurance

	2008	% of Total	2007	% of Total
Single Premium	10,492.55	77.1%	6,763.54	82.4%
Regular Premium — First Year	1,685.17	12.4%	586.95	7.2%
Regular Premium — Renewal Year	1,427.03	10.5%	858.04	10.4%
	13,604.75	100.0%	8,208.53	100.0%

Group

	2008	% of Total	2007	% of Total
Employee Benefit ("EB")	692.59	60.4%	633.47	50.2%
Annuity	454.30	39.6%	627.57	49.8%
	1,146.89	100.0%	1,261.04	100.0%

TPL's strategy over the past few years has been to gradually increase, within its sales of non unit-linked products, the proportion of those products with regular premium. This key parameter is one of the most important priorities of the senior management and professionals of the life insurance operations. During the Year, regular premium products accounted for 99.0% (2007: 98.5%) and 22.9% (2007: 17.6%) of the total non unit-linked product sales produced by TPL's individual agents and bancassurance channels, respectively. Such higher proportion of regular premium product sales is very encouraging, and will continue to be the focus of TPL in the years to come. Regular premium products have higher profit margins from an actuarial perspective and as such constitute much higher quality business for the life insurance operations.

管理層回顧和分析

於本年度內，太平人壽持續在其非投資連結產品銷售中提高期繳保費產品之佔比。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

	二零零八年	佔總額百分比	二零零七年	佔總額百分比
躉繳保費	42.51	1.0%	36.35	1.5%
期繳保費 — 首年	2,115.40	48.0%	1,062.51	42.5%
期繳保費 — 續年	2,245.18	51.0%	1,402.46	56.0%
	4,403.09	100.0%	2,501.32	100.0%

銀行保險

	二零零八年	佔總額百分比	二零零七年	佔總額百分比
躉繳保費	10,492.55	77.1%	6,763.54	82.4%
期繳保費 — 首年	1,685.17	12.4%	586.95	7.2%
期繳保費 — 續年	1,427.03	10.5%	858.04	10.4%
	13,604.75	100.0%	8,208.53	100.0%

團體

	二零零八年	佔總額百分比	二零零七年	佔總額百分比
僱員福利	692.59	60.4%	633.47	50.2%
年金	454.30	39.6%	627.57	49.8%
	1,146.89	100.0%	1,261.04	100.0%

過去幾年，太平人壽的策略是在其非投資連結產品銷售中提高期繳保費產品之比重，這是人壽保險業務高級管理人員及專業人員最為重要的工作指標之一。於本年內，期繳保費產品分別佔太平人壽個人代理及銀行保險渠道錄得的非投資連結產品銷售總額的99.0%（二零零七年：98.5%）及22.9%（二零零七年：17.6%）。期繳保費產品銷售佔比上升相當令人鼓舞，這在未來數年將繼續是太平人壽的重點。從精算角度分析，期繳保費產品的利潤率較高，因此是人壽保險業務中較優質的業務。

MANAGEMENT REVIEW AND ANALYSIS

The higher proportion of regular premium products and their higher profitability is reflected in the significantly higher embedded value and new business value figures of TPL for 2008, despite the adoption of more conservative assumptions (in particular, for the investment yield to take into account the ongoing financial crisis). It is encouraging to note that the embedded value of TPL (expressed in terms of HKD) has increased 24.3% to HK\$8,548 million from HK\$6,879 million at the end of Last Year despite a lower adjusted net worth. Likewise, the new business value after cost of capital and expense overrun for the Year increased to HK\$865 million from HK\$603 million at the end of Last Year, representing a remarkable growth of 43.5%. 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 2008, HK\$ million

	Investment assets (excluding Unit-linked product assets)		Unit-linked product assets		Total
	HK\$ million	% of Total	HK\$ million	% of Total	
Debt securities	44,945.96	77.0%	592.38	13.9%	45,538.34
Direct equity securities	1,034.86	1.8%	67.18	1.6%	1,102.04
Equity investment funds	2,418.22	4.1%	2,354.26	55.3%	4,772.48
Cash and bank deposits	9,946.20	17.1%	1,244.09	29.2%	11,190.29
Total invested assets	58,345.24	100.0%	4,257.91	100.0%	62,603.15

At 31 December 2007, HK\$ million

	Investment assets (excluding Unit-linked product assets)		Unit-linked product assets		Total
	HK\$ million	% of Total	HK\$ million	% of Total	
Debt securities	25,461.94	63.7%	228.59	5.0%	25,690.53
Direct equity securities	4,280.21	10.7%	1,553.37	34.3%	5,833.58
Equity investment funds	2,926.16	7.3%	2,567.05	56.7%	5,493.21
Cash and bank deposits	7,294.99	18.3%	181.16	4.0%	7,476.15
Total invested assets	39,963.30	100.0%	4,530.17	100.0%	44,493.47

During the Year, because of the extraordinarily challenging investment market conditions in the PRC, TPL was very cautious in its asset allocation for its investment portfolio. Equity investments were significantly reduced, while debt securities and cash and bank deposits were increased to a combined total of approximately 94.1% of TPL's total invested assets (excluding unit-linked product assets) as at 31 December 2008 (2007: 82.0%).

管理層回顧和分析

儘管我們採納了更保守之假設(尤其是考慮到當前的金融風暴對長期投資收益率的影響)，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二零零八年之內涵價值及新業務價值顯著提高。令人注目的是儘管經調整的資產淨值下降，太平人壽的內涵價值(以港幣折算)由去年底之68.79億港元增加24.3%至85.48億港元。同樣地，本年度之新業務扣除資本成本及費用超支後之價值為8.65億港元，較去年之6.03億港元，顯著增長43.5%。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：

於二零零八年十二月三十一日，百萬港元

	投資資產 (不含投資連結產品資產)		投資連結產品資產		總額
	百萬港元	佔總額百分比	百萬港元	佔總額百分比	
債務證券	44,945.96	77.0%	592.38	13.9%	45,538.34
直接股本證券	1,034.86	1.8%	67.18	1.6%	1,102.04
股本投資基金	2,418.22	4.1%	2,354.26	55.3%	4,772.48
現金及銀行存款	9,946.20	17.1%	1,244.09	29.2%	11,190.29
投資總額	58,345.24	100.0%	4,257.91	100.0%	62,603.15

於二零零七年十二月三十一日，百萬港元

	投資資產 (不含投資連結產品資產)		投資連結產品資產		總額
	百萬港元	佔總額百分比	百萬港元	佔總額百分比	
債務證券	25,461.94	63.7%	228.59	5.0%	25,690.53
直接股本證券	4,280.21	10.7%	1,553.37	34.3%	5,833.58
股本投資基金	2,926.16	7.3%	2,567.05	56.7%	5,493.21
現金及銀行存款	7,294.99	18.3%	181.16	4.0%	7,476.15
投資總額	39,963.30	100.0%	4,530.17	100.0%	44,493.47

於本年度內，由於中國投資市況陷入低迷，太平人壽對於其投資組合的資產分配十分審慎。在大幅減少股票投資的同時，亦增加債務證券及現金及銀行存款。於二零零八年十二月三十一日，債務證券、現金及銀行存款合共佔太平人壽的投資資產總額(不含投資連結產品資產)約94.1%(二零零七年：82.0%)。

MANAGEMENT REVIEW AND ANALYSIS

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

At 31 December 2008, HK\$ million

	HTM	AFS	DTPL	LR	Total
Debt securities	19,222.47	23,634.69	617.43	2,063.75	45,538.34
Direct equity securities	—	1,034.86	67.18	—	1,102.04
Equity investment funds	—	2,360.72	2,411.76	—	4,772.48
	19,222.47	27,030.27	3,096.37	2,063.75	51,412.86

At 31 December 2007, HK\$ million

	HTM	AFS	DTPL	LR	Total
Debt securities	—	25,094.06	340.16	256.31	25,690.53
Direct equity securities	—	4,168.80	1,664.78	—	5,833.58
Equity investment funds	—	2,220.71	3,272.50	—	5,493.21
	—	31,483.57	5,277.44	256.31	37,017.32

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

At 31 December, HK\$ million

	2008	2007
Central governments and central banks	19,204.89	13,529.67
Banks and other financial institutions	8,465.89	2,911.76
Corporate entities	17,867.56	9,249.10
	45,538.34	25,690.53

管理層回顧和分析

太平人壽歸類為持有至到期日、可供出售、指定為通過損益以反映公允價值及貸款及應收款項的證券投資如下：

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	指定為通過 損益以反映 公允價值	貸款及 應收款項	總額
債務證券	19,222.47	23,634.69	617.43	2,063.75	45,538.34
直接股本證券	—	1,034.86	67.18	—	1,102.04
股本投資基金	—	2,360.72	2,411.76	—	4,772.48
	19,222.47	27,030.27	3,096.37	2,063.75	51,412.86

於二零零七年十二月三十一日，百萬港元

	持有至到期日	可供出售	指定為通過 損益以反映 公允價值	貸款及 應收款項	總額
債務證券	—	25,094.06	340.16	256.31	25,690.53
直接股本證券	—	4,168.80	1,664.78	—	5,833.58
股本投資基金	—	2,220.71	3,272.50	—	5,493.21
	—	31,483.57	5,277.44	256.31	37,017.32

債務證券按類別分類如下：

於十二月三十一日，百萬港元

	二零零八年	二零零七年
中央政府及中央銀行	19,204.89	13,529.67
銀行及其他金融機構	8,465.89	2,911.76
企業實體	17,867.56	9,249.10
	45,538.34	25,690.53

MANAGEMENT REVIEW AND ANALYSIS

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

	2008	2007	Change
Net investment income	3,051.63	1,591.93	91.7%
Net realized investment (losses)/gains	(834.45)	3,758.60	—
Net unrealized investment (losses)/gains	(1,592.69)	452.18	—
Impairment on AFS equities	(94.11)	—	—
Total investment income	530.38	5,802.71	(90.9%)
Less: Investment (losses)/gains attributable to unit-linked products	(2,146.67)	553.12	—
Total investment income excluding unit-linked products income	2,677.05	5,249.59	(49.0%)
Total investment yield excluding unit-linked products income	5.3%	15.6%	(10.3 pts)

TPL's total investment income was a gain of HK\$2,677.05 million for the Year, a significant decline from the profit of HK\$5,249.59 million in the Last Year. Sharp declines in equities traded in the PRC was the primary factor behind TPL's large investment losses, both realized and unrealized, as well as the impairment on AFS equities. Although the recurrent income from bank deposits and fixed income securities increased significantly, it could not overcome the significant losses in equities, which resulted in the lower total investment yield for 2008. The above-mentioned investment income and investment yield figures do not include a net exchange loss of HK\$81.66 million (2007: HK\$86.61 million).

管理層回顧和分析

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

	二零零八年	二零零七年	變化
投資收入淨額	3,051.63	1,591.93	91.7%
已實現投資(虧損)/收益淨額	(834.45)	3,758.60	—
未實現投資(虧損)/收益淨額	(1,592.69)	452.18	—
可供出售股本投資減值	(94.11)	—	—
投資收入總額	530.38	5,802.71	(90.9%)
減：屬於投資連結產品之 投資(虧損)/收益	(2,146.67)	553.12	—
不含投資連結產品之投資收益	2,677.05	5,249.59	(49.0%)
不含投資連結產品之總投資收益率	5.3%	15.6%	(10.3點)

本年度內，太平人壽錄得投資收入總額收益26.7705億港元，較去年溢利52.4959億港元大幅減少。中國買賣的股票價格急瀉是太平人壽錄得龐大投資虧損(已實現及未實現)及可供出售股本投資減值的主因。儘管來自銀行存款及固定收入證券的經常收入顯著增加，但仍未能抵銷股本投資的巨大虧損，導致二零零八年的總投資收益率下降。上述投資收入及投資收益率並不包括8,166萬港元匯兌虧損淨額(二零零七年：8,661萬港元)。

MANAGEMENT REVIEW AND ANALYSIS

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

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 (losses)/gains	Unrealized gains/(losses)	Impairment			
Debt securities								
HTM	421.65	—	—	—	—	421.65	—	421.65
AFS	1,103.07	—	(29.08)	—	—	1,073.99	1,380.58	2,454.57
DTPL	8.49	—	277.10	0.49	—	286.08	—	286.08
LR	42.52	—	—	—	—	42.52	—	42.52
Direct equity securities								
AFS	—	23.51	815.69	—	(60.00)	779.20	(1,254.28)	(475.08)
DTPL	—	6.83	(709.34)	(317.02)	—	(1,019.53)	—	(1,019.53)
Equity investment funds								
AFS	—	339.75	(358.96)	—	(34.11)	(53.32)	(1,154.85)	(1,208.17)
DTPL	—	816.87	(829.86)	(1,276.16)	—	(1,289.15)	—	(1,289.15)
Cash and bank deposits	345.47	—	—	—	—	345.47	—	345.47
Securities sold under repurchase agreements	(79.28)	—	—	—	—	(79.28)	—	(79.28)
Others	22.75	—	—	—	—	22.75	—	22.75
	1,864.67	1,186.96	(834.45)	(1,592.69)	(94.11)	530.38	(1,028.55)	(498.17)

For the year ended 31 December 2007, HK\$ million

	Recognized in the consolidated income statement					Sub total	Unrealized (losses)/gains recognized in the fair value reserve	Grand total
	Interest income/(expense)	Dividend income	Realized (losses)/gains	Unrealized gains	Impairment			
Debt securities								
AFS	943.88	—	(0.54)	—	—	943.34	(2,386.70)	(1,443.36)
DTPL	3.40	—	97.84	55.66	—	156.90	—	156.90
LR	5.65	—	—	—	—	5.65	—	5.65
Direct equity securities								
AFS	—	11.93	1,879.75	—	—	1,891.68	1,414.31	3,305.99
DTPL	—	4.14	485.66	56.88	—	546.68	—	546.68
Equity investment funds								
AFS	—	256.30	710.94	—	—	967.24	451.17	1,418.41
DTPL	—	366.13	584.95	339.64	—	1,290.72	—	1,290.72
Cash and bank deposits	270.31	—	—	—	—	270.31	—	270.31
Securities sold under repurchase agreements	(285.33)	—	—	—	—	(285.33)	—	(285.33)
Others	15.52	—	—	—	—	15.52	—	15.52
	953.43	638.50	3,758.60	452.18	—	5,802.71	(521.22)	5,281.49

管理層回顧和分析

太平人壽稅前投資(虧損)/收入之詳細分析如下：

截至二零零八年十二月三十一日止年度，百萬港元

	利息收入/ (支出)	股息收入	於綜合損益表內確認			小計	於公允價值	總額
			已實現 (虧損)/ 收益	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	421.65	—	—	—	—	421.65	—	421.65
可供出售	1,103.07	—	(29.08)	—	—	1,073.99	1,380.58	2,454.57
指定為通過損益以反映公允價值	8.49	—	277.10	0.49	—	286.08	—	286.08
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)
指定為通過損益以反映公允價值	—	6.83	(709.34)	(317.02)	—	(1,019.53)	—	(1,019.53)
股本投資基金								
可供出售	—	339.75	(358.96)	—	(34.11)	(53.32)	(1,154.85)	(1,208.17)
指定為通過損益以反映公允價值	—	816.87	(829.86)	(1,276.16)	—	(1,289.15)	—	(1,289.15)
現金及銀行存款	345.47	—	—	—	—	345.47	—	345.47
賣出回購證券	(79.28)	—	—	—	—	(79.28)	—	(79.28)
其他	22.75	—	—	—	—	22.75	—	22.75
	1,864.67	1,186.96	(834.45)	(1,592.69)	(94.11)	530.38	(1,028.55)	(498.17)

截至二零零七年十二月三十一日止年度，百萬港元

	利息收入/ (支出)	股息收入	於綜合損益表內確認			小計	於公允價值	總額
			已實現 (虧損)/ 收益	未實現 收益	減值		儲備內確認 之未實現 (虧損)/ 收益	
債務證券								
可供出售	943.88	—	(0.54)	—	—	943.34	(2,386.70)	(1,443.36)
指定為通過損益以反映公允價值	3.40	—	97.84	55.66	—	156.90	—	156.90
貸款及應收款項	5.65	—	—	—	—	5.65	—	5.65
直接股本證券								
可供出售	—	11.93	1,879.75	—	—	1,891.68	1,414.31	3,305.99
指定為通過損益以反映公允價值	—	4.14	485.66	56.88	—	546.68	—	546.68
股本投資基金								
可供出售	—	256.30	710.94	—	—	967.24	451.17	1,418.41
指定為通過損益以反映公允價值	—	366.13	584.95	339.64	—	1,290.72	—	1,290.72
現金及銀行存款	270.31	—	—	—	—	270.31	—	270.31
賣出回購證券	(285.33)	—	—	—	—	(285.33)	—	(285.33)
其他	15.52	—	—	—	—	15.52	—	15.52
	953.43	638.50	3,758.60	452.18	—	5,802.71	(521.22)	5,281.49

MANAGEMENT REVIEW AND ANALYSIS

Net Policyholders' Benefits

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

For the year ended 31 December, HK\$ million

	2008	2007	Change
Net claims	592.49	459.94	28.8%
Surrenders	3,472.70	3,452.95	0.6%
Annuity and maturity payments	102.87	83.00	23.9%
Policy dividends	120.51	71.04	69.6%
	4,288.57	4,066.93	5.5%

Net Commission Expenses

The net commission expenses of TPL were as follows:

For the year ended 31 December, HK\$ million

	2008	2007	Change
Net commission expenses	2,026.97	1,645.50	23.2%
Ratio of net commission expenses to gross premiums written	9.6%	10.1%	(0.5 pt)

Administrative and Other Expenses

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

For the year ended 31 December, HK\$ million

	2008	2007	Change
Staff costs	1,214.43	866.82	40.1%
Rental expenses	153.96	95.73	60.8%
Others	1,303.22	938.92	38.8%
	2,671.61	1,901.47	40.5%

Financial Strength and Solvency Margin

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

At 31 December, RMB million

	2008	2007
Actual Solvency Margin	4,740	3,501
Minimum Statutory Solvency Margin	2,175	1,625
Solvency Margin Ratio	218%	215%

管理層回顧和分析

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

	二零零八年	二零零七年	變化
賠償淨額	592.49	459.94	28.8%
退保額	3,472.70	3,452.95	0.6%
年金及到期付款	102.87	83.00	23.9%
保單分紅	120.51	71.04	69.6%
	4,288.57	4,066.93	5.5%

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

	二零零八年	二零零七年	變化
佣金支出淨額	2,026.97	1,645.50	23.2%
佣金支出淨額佔毛承保保費	9.6%	10.1%	(0.5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

	二零零八年	二零零七年	變化
員工成本	1,214.43	866.82	40.1%
租賃開支	153.96	95.73	60.8%
其他	1,303.22	938.92	38.8%
	2,671.61	1,901.47	40.5%

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

	二零零八年	二零零七年
實際償付能力	4,740	3,501
最低法定償付能力	2,175	1,625
償付能力充足率	218%	215%

MANAGEMENT REVIEW AND ANALYSIS

PROPERTY AND CASUALTY INSURANCE BUSINESS

The Group's property and casualty insurance segment is operated by TPI, which is a PRC-incorporated company and is 50.05%-owned by the Group. (Previously, before 15 July 2008, TPI was an associate of CIH and was consolidated under the equity accounting method). It is principally engaged in the underwriting of motor, marine and non-marine insurance policies in Mainland China.

On 15 July 2008, the Company contributed additional capital of RMB265,460,000 into TPI. With this capital contribution, CIH's stake in TPI increased from 40.025% to 50.05%, allowing the Company to become the controlling shareholder of TPI. The financial results of TPI for the period from the date of 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. Readers and investors are advised to pay attention to these details when reading the consolidated financial statements.

For the year ended 31 December, HK\$ million

	2008	2007	Change
Gross premiums written	4,778.54	3,500.44	36.5%
Net premiums written	3,979.05	2,983.12	33.4%
Net earned premiums	3,660.00	2,361.69	55.0%
Net claims incurred	(2,276.66)	(1,381.79)	64.8%
Net commission expenses	(303.45)	(178.33)	70.2%
Total investment income	34.04	333.88	(89.8%)
Net exchange loss	(10.78)	(16.22)	(33.5%)
Administrative and other expenses	(1,663.43)	(1,201.65)	38.4%
Finance costs	(5.03)	—	—
Underwriting loss	(593.14)	(400.08)	48.3%
Loss before taxation	(574.89)	(92.19)	6.2 times
Loss after taxation	(622.99)	(145.68)	4.3 times
Loss attributable to the equity holders	(280.50)	(58.31)	4.8 times
— in form of associate	(113.25)	(58.31)	—
— in form of subsidiary	(167.25)	—	—
Technical reserves ratio	114.0%	100.9%	13.1 pts
Retained ratio	83.3%	85.2%	(1.9 pts)
Earned premiums ratio	76.6%	67.5%	9.1 pts
Loss ratio ¹	62.2%	58.5%	3.7 pts
Expense ratio ²	49.7%	46.2%	3.5 pts
Combined ratio ³	111.9	104.7	7.2 pts

¹ The loss ratio is based on net earned premiums.

² The expense ratio is based on net premiums written. The management believes that calculating the expense ratio based on net premiums written is a fairer indicator and better reflects the underwriting performance of TPI. If the net earned premiums basis is applied, then the expense ratio would be 54.0% for the Year (2007: 58.4%).

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 116.2 for the Year (2007: 116.9).

管理層回顧和分析

財產保險業務

本集團之財產保險業務由本集團擁有50.05%權益之中國註冊公司太平保險營運(過往於二零零八年七月十五日前，太平保險為中保國際的聯營公司，並以權益會計法綜合入賬)。其主要從事承保中國大陸之車險、水險及非水險業務。

於二零零八年七月十五日，本公司向太平保險注入額外資本人民幣2.6546億元。於是次注資後，中保國際於太平保險所持的股權由40.025%增加至50.05%，令本公司成為太平保險的控股股東。太平保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保險重要財務數據及比率。務請讀者及投資者於閱覽綜合財務報表時注意此等細節。

截至十二月三十一日止年度，百萬港元

	二零零八年	二零零七年	變化
毛承保保費	4,778.54	3,500.44	36.5%
淨承保保費	3,979.05	2,983.12	33.4%
已賺取保費淨額	3,660.00	2,361.69	55.0%
賠款淨額	(2,276.66)	(1,381.79)	64.8%
佣金支出淨額	(303.45)	(178.33)	70.2%
投資收入總額	34.04	333.88	(89.8%)
匯兌虧損淨額	(10.78)	(16.22)	(33.5%)
行政及其他費用	(1,663.43)	(1,201.65)	38.4%
財務費用	(5.03)	—	—
承保虧損	(593.14)	(400.08)	48.3%
除稅前虧損	(574.89)	(92.19)	6.2倍
除稅後虧損	(622.99)	(145.68)	4.3倍
股東應佔虧損	(280.50)	(58.31)	4.8倍
— 以聯營公司形式	(113.25)	(58.31)	—
— 以附屬公司形式	(167.25)	—	—
技術性儲備比率	114.0%	100.9%	13.1點
自留比率	83.3%	85.2%	(1.9點)
已賺取保費率	76.6%	67.5%	9.1點
賠付率 ¹	62.2%	58.5%	3.7點
費用率 ²	49.7%	46.2%	3.5點
綜合成本率 ³	111.9	104.7	7.2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。管理層相信，按淨承保保費為基準計算費用率為更公平的指標，並可更好地反映太平保險的承保表現。倘使用已賺取保費淨額基準，則本年度之費用率將為54.0% (二零零七年：58.4%)。

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116.2 (二零零七年：116.9)。

MANAGEMENT REVIEW AND ANALYSIS

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

	2008	2007	Change
Market share ¹	1.7%	1.6%	0.1 pt
Number of provincial branches	27	22	5
Number of sub-branches and marketing centres	455	280	175
Number of in-force policies	4,417,198	3,539,279	877,919
Number of individual agents	1,338	545	793
Number of direct sales representatives	3,661	2,459	1,202
Total investment yield ²	1.1%	16.8%	(15.7 pts)

¹ Based on gross premiums written in accordance with PRC GAAP and published by the CIRC.

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

Loss Attributable to the Equity Holders

The property and casualty insurance business incurred a net loss to the equity holders of HK\$280.50 million during the Year (2007: HK\$58.31 million). The increase in losses was mainly due to the significant increase in premiums, which resulted in higher acquisition costs accounted for in the Year, the current lack of scale of operations, higher claims expenses from natural disasters, and a significant decline in investment returns, primarily because of equity investment losses from shares traded in the PRC, during the Year.

Gross Premiums Written

TPI's gross premiums written increased by 36.5% to HK\$4,778.54 million from HK\$3,500.44 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	2008	% of Total	2007	% of Total
Motor	3,761.13	78.7%	2,754.99	78.7%
Marine	199.80	4.2%	160.37	4.6%
Non-marine	817.61	17.1%	585.08	16.7%
	4,778.54	100.0%	3,500.44	100.0%

管理層回顧和分析

財產保險業務之主要經營數據概述如下：

	二零零八年	二零零七年	變化
市場份額 ¹	1.7%	1.6%	0.1點
省級分公司數目	27	22	5
支公司及市場推廣中心數目	455	280	175
有效之保單數目	4,417,198	3,539,279	877,919
個人銷售代理數目	1,338	545	793
直接銷售代表數目	3,661	2,459	1,202
總投資收益率 ²	1.1%	16.8%	(15.7點)

¹ 據中國公認會計準則按毛承保保費計算並由中國保監會刊發。

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，財產保險業務使股東遭受淨虧損2.8050億港元(二零零七年：5,831萬港元)。虧損增加的主因是年度內保費大幅增加，令本年度計入之展業成本提高及目前仍缺乏經營規模、天災賠付增加，以及主要由於中國買賣的股票投資蒙受虧損大幅減少投資回報。

毛承保保費

太平保險之毛承保保費由去年之35.0044億港元上升36.5%至47.7854億港元。太平保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	二零零八年	佔總額百分比	二零零七年	佔總額百分比
車險	3,761.13	78.7%	2,754.99	78.7%
水險	199.80	4.2%	160.37	4.6%
非水險	817.61	17.1%	585.08	16.7%
	4,778.54	100.0%	3,500.44	100.0%

MANAGEMENT REVIEW AND ANALYSIS

Net Claims Incurred

TPI's net claims incurred increased by 64.8% to HK\$2,276.66 million from HK\$1,381.79 million in the Last Year. During the Year, the net retained losses arising from the snowstorm in the southern provinces of Mainland China during January and February and the earthquake in Sichuan Province of Mainland China on 12 May were HK\$68.60 million and HK\$26.34 million, respectively, adding approximately 2.6 points to the incurred loss and combined ratios. TPI's loss ratio increased slightly by approximately 1.1 percentage points in the Last Year if the snowstorm and earthquake claims are excluded.

Combined Ratio

TPI's expense ratio, calculated based on net premiums written, increased to 49.7% from 46.2% in the Last Year. The increase in expense ratio was due to TPI's continued lack of economies of scale which has resulted in relatively high operational expenses, as well as the increasing pressures on acquisition costs due to the continued severe and irrational competition in the PRC property and casualty insurance market. TPI's combined ratio of 111.9 during the Year is higher than the 104.7 in the Last Year and is not optimal. TPI's loss ratios, expense ratios and combined ratios over the past few years were as follows:

For the year ended 31 December

	2008	2007	2006
Loss ratio	62.2%	58.5%	56.6%
Expense ratio	49.7%	46.2%	44.6%
Combined ratio	111.9	104.7	101.2

Investment Performance

The composition of investments held by TPI was as follows:

At 31 December, HK\$ million

	2008	% of Total	2007	% of Total
Debt securities	2,105.07	51.6%	158.05	5.5%
Direct equity securities	10.29	0.3%	193.76	6.8%
Equity investment funds	351.17	8.6%	491.82	17.2%
Cash and bank deposits	1,612.70	39.5%	2,020.46	70.5%
Total invested assets	4,079.23	100.0%	2,864.09	100.0%

During the Year, because of the extraordinarily challenging investment market conditions in the PRC, TPI was very cautious in its asset allocation for its investment portfolio. Equity investments were significantly reduced, while debt securities and cash and bank deposits were increased to a combined total of approximately 91.1% of total invested assets as at 31 December 2008 (2007: 76.0%).

管理層回顧和分析

淨賠款總額

太平保險之淨賠款總額由去年之13.8179億港元上升64.8%至22.7666億港元。於本年度內，來自一、二月份中國大陸華南省份雪災及五月十二日中國大陸四川省地震之自留賠付淨額分別為6,860萬港元及2,634萬港元，令賠付及綜合成本率增加約2.6點。如不包含雪災及地震索賠，太平保險之賠付率則較去年輕微增加約1.1%。

綜合成本率

太平保險按淨承保保費為基準計算之費用率由去年的46.2%上升至49.7%。費用率上升，原因是太平保險的規模不足令營運費用相對較高，及中國財產保險市場持續的嚴峻和非理性競爭對展業成本構成壓力。本年度內，太平保險之綜合成本率為111.9，高於去年之104.7，表現未如人意。過去幾年，太平保險之賠付率、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

	二零零八年	二零零七年	二零零六年
賠付率	62.2%	58.5%	56.6%
費用率	49.7%	46.2%	44.6%
綜合成本率	111.9	104.7	101.2

投資表現

太平保險所持之投資組合如下：

於十二月三十一日，百萬港元

	二零零八年	佔總額百分比	二零零七年	佔總額百分比
債務證券	2,105.07	51.6%	158.05	5.5%
直接股本證券	10.29	0.3%	193.76	6.8%
股本投資基金	351.17	8.6%	491.82	17.2%
現金及銀行存款	1,612.70	39.5%	2,020.46	70.5%
投資總額	4,079.23	100.0%	2,864.09	100.0%

於本年度內，由於全球投資市場陷入困境，太平保險對於其投資組合的資產分配十分審慎。除大幅減少股票投資外，亦增加債務證券及現金及銀行存款。於二零零八年十二月三十一日，債務證券、現金及銀行存款合共佔投資資產總額約91.1%（二零零七年：76.0%）。

MANAGEMENT REVIEW AND ANALYSIS

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

At 31 December 2008, HK\$ million

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

At 31 December 2007, HK\$ million

	HTM	AFS	DTPL	LR	Total
Debt securities	—	158.05	—	—	158.05
Direct equity securities	—	193.76	—	—	193.76
Equity investment funds	—	426.08	65.74	—	491.82
	—	777.89	65.74	—	843.63

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

At 31 December, HK\$ million

	2008	2007
Central governments and central banks	1,128.55	—
Banks and other financial institutions	616.48	116.82
Corporate entities	360.04	41.23
	2,105.07	158.05

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

	2008	2007	Change
Net investment income	235.30	113.63	2.1 times
Net realized investment (losses)/gains	(156.29)	245.53	—
Net unrealized investment losses	—	(25.28)	—
Impairment on AFS equities	(44.97)	—	—
Total investment income	34.04	333.88	(89.8%)
Total investment yield	1.1%	16.8%	(15.7pts)

管理層回顧和分析

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

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	指定為通過 損益以反映 公允價值	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
股本投資基金	—	351.17	—	—	351.17
	426.48	1,937.99	—	102.06	2,466.53

於二零零七年十二月三十一日，百萬港元

	持有至到期日	可供出售	指定為通過 損益以反映 公允價值	貸款及 應收款項	總額
債務證券	—	158.05	—	—	158.05
直接股本證券	—	193.76	—	—	193.76
股本投資基金	—	426.08	65.74	—	491.82
	—	777.89	65.74	—	843.63

債務證券按類別分類如下：

於十二月三十一日，百萬港元

	二零零八年	二零零七年
中央政府及中央銀行	1,128.55	—
銀行及其他金融機構	616.48	116.82
企業實體	360.04	41.23
	2,105.07	158.05

太平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

	二零零八年	二零零七年	變化
投資收入淨額	235.30	113.63	2.1倍
已實現投資(虧損)/收益淨額	(156.29)	245.53	—
未實現投資虧損淨額	—	(25.28)	—
可供出售股本投資減值	(44.97)	—	—
投資收入總額	34.04	333.88	(89.8%)
總投資收益率	1.1%	16.8%	(15.7點)

MANAGEMENT REVIEW AND ANALYSIS

TPI's total investment income was HK\$34.04 million for the Year, a large decline from the profit of HK\$333.88 million in the Last Year. Sharp declines in equities traded in the PRC was the primary factor behind TPI's large investment losses, both realized and unrealized, as well as the impairment on AFS equities. Although the recurrent income from bank deposits and fixed income securities increased substantially, it could not offset the significant losses in equities, which resulted in the much lower total investment yield for 2008. The above-mentioned investment income and investment yield figures do not include a net exchange loss of HK\$10.78 million (2007: HK\$16.22 million).

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

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 (losses)/gains	Impairment			
Debt securities								
HTM	5.30	—	—	—	—	5.30	—	5.30
AFS	43.74	—	0.63	—	—	44.37	26.56	70.93
DTPL	—	—	—	—	—	—	—	—
LR	1.61	—	—	—	—	1.61	—	1.61
Direct equity securities								
AFS	—	0.70	10.89	—	—	11.59	(61.52)	(49.93)
Equity investment funds								
AFS	—	134.97	(168.18)	—	(44.97)	(78.18)	(129.59)	(207.77)
DTPL	—	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)

For the year ended 31 December 2007, HK\$ million

	Recognized in the consolidated income statement					Sub total	Unrealized (losses)/gains recognized in the fair value reserve	Grand total
	Interest income/(expense)	Dividend income	Realized (losses)/gains	Unrealized losses	Impairment			
Debt securities								
AFS	13.25	—	(18.42)	—	—	(5.17)	(19.64)	(24.81)
Direct equity securities								
AFS	—	0.09	64.37	—	—	64.46	96.92	161.38
DTPL	—	0.10	45.46	—	—	45.56	—	45.56
Equity investment funds								
AFS	—	42.88	35.34	—	—	78.22	58.04	136.26
DTPL	—	31.57	118.78	(25.28)	—	125.07	—	125.07
Cash and bank deposits	27.06	—	—	—	—	27.06	—	27.06
Securities sold under repurchase agreements	(1.32)	—	—	—	—	(1.32)	—	(1.32)
	38.99	74.64	245.53	(25.28)	—	333.88	135.32	469.20

管理層回顧和分析

本年內，太平保險錄得投資收入總額3,404萬港元，較去年溢利3.3388億港元大幅減少。中國買賣的股票價格急瀉是太平保險錄得龐大投資虧損(已實現及未實現)及可供出售股本投資減值的主因。儘管來自銀行存款及固定收入證券的經常收入顯著增加，但仍未能抵銷股票的巨大虧損，導致二零零八年的總投資收益率下降。上述投資收入及投資收益率並不包括1,078萬港元匯兌虧損淨額(二零零七年：1,622萬港元)。

太平保險稅前投資(虧損)／收入之詳細分析如下：

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	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		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
指定為通過損益以反映公允價值	—	—	—	—	—	—	—	—
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)
股本投資基金								
可供出售	—	134.97	(168.18)	—	(44.97)	(78.18)	(129.59)	(207.77)
指定為通過損益以反映公允價值	—	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)

截至二零零七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 (虧損)／ 收益	未實現虧損	減值		儲備內確認 之未實現 (虧損)／ 收益	
債務證券								
可供出售	13.25	—	(18.42)	—	—	(5.17)	(19.64)	(24.81)
直接股本證券								
可供出售	—	0.09	64.37	—	—	64.46	96.92	161.38
指定為通過損益以反映公允價值	—	0.10	45.46	—	—	45.56	—	45.56
股本投資基金								
可供出售	—	42.88	35.34	—	—	78.22	58.04	136.26
指定為通過損益以反映公允價值	—	31.57	118.78	(25.28)	—	125.07	—	125.07
現金及銀行存款	27.06	—	—	—	—	27.06	—	27.06
賣出回購證券	(1.32)	—	—	—	—	(1.32)	—	(1.32)
	38.99	74.64	245.53	(25.28)	—	333.88	135.32	469.20

MANAGEMENT REVIEW AND ANALYSIS

Net Commission Expenses

The net commission expenses of TPI were as follows:

For the year ended 31 December, HK\$ million

	2008	2007	Change
Net commission expenses	303.45	178.33	70.2%
Ratio of net commission expenses to gross premiums written	6.4%	5.1%	1.3 pts

Administrative and Other Expenses

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

For the year ended 31 December, HK\$ million

	2008	2007	Change
Staff costs	658.03	265.68	2.5 times
Rental expenses	62.13	45.69	36.0%
Business tax and additional charges	265.55	205.45	29.3%
Others	677.72	684.83	(1.0%)
	1,663.43	1,201.65	38.4%

Financial Strength and Solvency Margin

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

At 31 December, RMB million

	2008	2007
Actual Solvency Margin	919	564
Minimum Statutory Solvency Margin	532	435
Solvency Margin Ratio	173%	130%

管理層回顧和分析

佣金支出淨額

太平保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

	二零零八年	二零零七年	變化
佣金支出淨額	303.45	178.33	70.2%
佣金支出淨額佔毛承保保費	6.4%	5.1%	1.3點

行政及其他費用

太平保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

	二零零八年	二零零七年	變化
員工成本	658.03	265.68	2.5倍
租賃開支	62.13	45.69	36.0%
營業稅金及附加費用	265.55	205.45	29.3%
其他	677.72	684.83	(1.0%)
	1,663.43	1,201.65	38.4%

財務實力及償付能力

太平保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

	二零零八年	二零零七年
實際償付能力	919	564
最低法定償付能力	532	435
償付能力充足率	173%	130%

MANAGEMENT REVIEW AND ANALYSIS

OUTLOOK

Reinsurance Business – CIRE

The turmoil in the financial markets since the end of 2007 and continuing throughout 2008 to today has negatively impacted the financial strength of almost all financial institutions worldwide, including reinsurers. As a result, reinsurance capacity has decreased at a time when clients are becoming more cautious in choosing their reinsurance counterparties. Such an environment gives an advantage to more established reinsurers, such as CIRE, over the many start-up reinsurers which have begun operations in recent years. Clients are also now looking to spread their reinsurance placements over several reinsurers in order to reduce their concentration risks and dependence on specific reinsurers, having seen the rapid demise of previously well-established and prestigious international financial institutions. Such diversification needs among clients is also an advantage for CIRE, especially in markets in which it is not a large player.

Although CIRE has been affected by the financial turbulence (primarily equity investment losses), the reinsurance operations have emerged from the difficult times of 2008 in relatively healthy condition. CIRE produced an operating profit in 2008, continues to have a sound and liquid asset base, and has retained a deeply loyal and experienced management and professional team, all of whom have seen and gone through the peaks and troughs of various reinsurance market cycles. CIRE is thus well-positioned to take advantage of the opportunities that are now arising amidst the ongoing financial crisis.

For the January 2009 renewals of reinsurance contracts in many Asian countries, which traditionally account for more than half of the gross premiums written of CIRE, the pricing of the various markets have hardened by varying degrees, with property reinsurance contracts in Mainland China having the steepest corrections in terms and conditions, in favor of the reinsurers. In addition, thus far in 2009, the world has seen very unusual and extreme weather patterns in many countries, which have further reaffirmed concerns over global weather changes. Such ongoing and substantial changes in global weather will undoubtedly generate higher demand and higher pricing for catastrophe-related reinsurance.

In pursuing such opportunities, CIRE will continue focusing on its risk management policies and seek to further enhance its catastrophe and financial modeling capabilities. CIRE will also maintain its long established conservative underwriting policy in controlling its risks and exposures. Within its core markets in Asia, CIRE is optimistic about business growth and development prospects in the short-to medium-term. With the opening of the Beijing branch, CIRE's prospects and capabilities for serving the vast potential of the reinsurance market of Mainland China have improved substantially. With the economy likely to continue growing at relatively fast rates over the long term and with insurance still very much under-penetrated in the country, CIRE believes that Mainland China will be a key driver of its growth in the years to come.

The difficult year of 2008 has further concentrated the minds of CIRE's senior management and professionals on the importance of basic principles and the necessity for strict discipline in carefully and constantly evaluating reinsurance risks, insisting on risks commensurate with terms and conditions, and striving to provide the most efficient and world-class customer services to its clients. Given the continued uncertainty and volatility of global capital markets, the investment policies and investment portfolio will continue to be managed in a conservative and prudent fashion, with a special emphasis placed upon risk management and conservative asset allocation. With such old fashioned, but durable, values and principles, CIRE is highly confident of being able to continue delivering its promises to its clients and shareholders, and remains an admired Chinese reinsurer in the global markets.

展望

再保險業務 — 中再國際

金融市場風暴自二零零七年底掀起，席捲二零零八年至今，已令世界各地近乎所有金融機構(包括再保險公司)的財政實力遭受到嚴重影響。因此，客戶挑選再保險交易對手越趨審慎，再保險承保能力收縮。這環境為中再國際等歷史較悠久的分保公司締造較許多近年才開業的分保公司的優勢。見證多家以往聲譽顯赫且歷史悠久的國際金融機構突然倒閉，客戶現在亦傾向將其保額分散於多家分保公司，以降低集中的風險及對個別分保公司的倚賴程度。客戶分散投保的需求，亦為中再國際造成優勢，尤其在一些中再國際份額不大的市場。

縱使中再國際因金融市場動盪而受到影響(主要蒙受股本投資虧損)，但再保險業務自二零零八年的逆境中卻穩健發展。中再國際於二零零八年錄得經營溢利，資產素質良好，流動性高，並擁有一支忠心耿耿及資深的管理層及專業團隊，他們曾多次見證及經歷過再保險市場的高潮跌宕。因此，中再國際大有條件把握當前的金融風暴中所締造的機遇。

亞洲國家一向佔中再國際逾半毛承保保費。二零零九年一月份，當中不少國家的再保險合約續保，多個市場的定價有不同程度的上升，而中國大陸的財產再保險合約的條款與條件大幅修改，均有利分保公司。此外，二零零九年至今，世界各地出現非常罕見的極端氣候狀況，進一步重新肯定全球氣候變化的問題。全球氣候持續出現劇變，無疑會提高與天災相關的再保險需求與定價。

為了把握該等機遇，中再國際將繼續致力實施其風險管理政策，以及務求進一步提升其承保巨災風險及財務數據分析的能力。中再國際亦會維持其行之有效的穩健承保政策，藉以控制其風險。中再國際對亞洲區核心市場的中短期業務增長及發展前景抱樂觀態度。自開設北京分公司後，中再國際在潛力龐大的中國大陸再保險市場的發展前景及承保能力已顯著增強。由於中國經濟很可能保持較快速的長期增長，而且保險業務在國內的滲透率仍偏低，故中再國際相信，中國大陸將成為其未來幾年的主要增長動力。

二零零八年的逆境已令中再國際的高級管理層及專業人員深諳堅守基本原則及定期謹慎評估再保險風險的必要性、維持風險與條款及條件相稱，以及向客戶提供最高效及國際級客戶服務的重要性。鑒於環球資本市場走勢持續不明朗及波動，我們將繼續以審慎穩健的態度制定投資政策及管理投資組合，更特別重視風險管理及採取穩健的資產配置措施。秉承著傳統而恆久的價值觀及原則，中再國際相當有信心能夠持續為其客戶及股東兌現承諾，並保持其於環球市場備受尊崇的中資再保險公司的地位。

MANAGEMENT REVIEW AND ANALYSIS

Life Insurance Business – TPL

The senior management and professionals of TPL are cautiously optimistic for the prospects of the PRC life insurance industry in 2009. Although the current global economic slowdown has also impacted the PRC, it is expected that China's economy will be resilient and still manage to produce relatively attractive economic expansion during the coming year. With life insurance penetration still at very low levels, the prospects for the PRC life insurance market remain very bright over the long term.

In 2009, TPL has launched a major initiative to further reinforce and strengthen its prioritization of regular premium sales. TPL intends to grow its regular premium sales at both its individual agency and bancassurance distribution channels at rates which are much higher than industry averages. Sales and management professionals at all levels of management will be evaluated and assessed based on regular premium sales production, which will be heavily weighted in the overall evaluation. Overall, TPL is highly confident that its strategic prioritization of regular premium sales in the years to come is the best next step for the life insurance operations, and is the most optimal and prudent strategy to take under any macroeconomic condition or scenario in the PRC now and in the future.

TPL will also continue to focus heavily on maintaining effective cost controls throughout its organization. While building scale and further expanding its network infrastructure throughout China will be pursued (25 new sub-branches and 100 marketing centres are planned to be opened in 2009), effective expense management will continue to be focused upon. Given the continued uncertainty and volatility of global capital markets, the investment policies and investment portfolio will continue to be managed in a conservative and prudent fashion, with a special emphasis placed upon risk management and conservative asset allocation.

Property and Casualty Insurance Business – TPI

In the near term, the fundamentals and competitive conditions of the PRC property and casualty insurance industry remain challenging. Following a disappointing year of operational performance, the senior management and professionals of TPI have placed the utmost priority on loss and expense controls. Although TPI will likely again produce operational losses in 2009, its rigid and strict focus on reigning in losses and expenses, in combination with a carefully planned and coordinated expansion of premium growth, should allow TPI to eventually achieve the economies of scale necessary for sustainable profitability. TPI hopes to be able to consistently achieve combined ratios of below 100 sometime within the next 3 to 5 years.

In 2009, TPI will launch a new initiative for centralized underwriting for all of its retail, motor insurance business and will also introduce a more sophisticated and refined control system on fixed and variable costs. Previously, underwriting for motor insurance was conducted at the branch level. Now, such underwriting must take place at TPI's central headquarters in Shenzhen, with policy issuance conducted at the branch level. Although such a structure and change of cost controls may result in lower premiums being written in the short term, TPI firmly believes that the benefits from centralized underwriting are significant, particularly in further professionalising TPI's underwriting capabilities and best allowing the property and casualty insurance business to achieve higher risk quality, more efficient loss control, and better branch utilization.

LIQUIDITY AND FINANCIAL RESOURCES

The Group's cash and bank deposits as at 31 December 2008 amounted to HK\$15,620.70 million (2007: HK\$10,520.27 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 2008 amounted to HK\$5,376.03 million (2007: HK\$2,960.38 million). The gearing ratio, which represents interest-bearing notes issued divided by the total assets of the Group, was 6.7% as at 31 December 2008 (2007: 5.3%).

CAPITAL STRUCTURE

During the Year, the Company issued 6,449,000 new shares (2007: 9,021,000 shares) for cash under the Company's employee share option scheme. Net proceeds received for the shares issued for cash in aggregate amounted to HK\$15.41 million (2007: HK\$22.35 million).

管理層回顧和分析

人壽保險業務 - 太平人壽

太平人壽的高級管理層及專業人員對中國人壽保險業於二零零九年的前景持審慎樂觀態度。雖然全球經濟倒退現狀已對中國造成影響，但預期來年中國經濟將會持續發展，仍能締造較具吸引力之經濟擴張局面。鑒於人壽保險滲透率依然偏低，故長遠來說，中國人壽保險市場的前景仍然一片光明。

二零零九年，太平人壽推行重點措施，進一步加強及鞏固期繳保費的銷售。太平人壽希望其個人代理渠道及銀行保險渠道的期繳保費銷售能夠取得遠高於行業平均水平的增長。對各級管理層的專業銷售及管理人員將會以期繳保費銷售產品為其表現評價，而期繳保費銷售產品將佔整個評估相當高的比重。整體上，太平人壽很有信心，在未來數年將策略重點投放在期繳保費產品銷售，是目前及日後中國任何宏觀經濟狀況或情況下採取的最適當及審慎的策略。

太平人壽亦將繼續專注整個機構的成本控制。在全中國擴展規模及加強發展其銷售網絡（計劃於二零零九年開設25家新的支公司及100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。鑒於環球資本市場走勢持續不明朗及波動，我們將繼續以穩健審慎的態度制定投資政策及管理投資組合，更特別重視風險管理及採取穩健的資產配置措施。

財產保險業務 - 太平保險

中國財產保險業短期內的基本面及競爭環境仍充滿挑戰。回顧去年經營業績強差人意，太平保險的高級管理層及專業人員已經把控制賠付及費用列為優先處理事項。雖然太平保險於二零零九年將可能再度錄得經營虧損，但憑藉嚴格及嚴緊的賠付及費用控制措施，配合謹慎籌劃和周密安排的保費增長策略，應可令太平保險達至具備可持續盈利能力所必需的規模經濟。太平保險期望於未來三至五年達至綜合成本率可持續低於100的必要規模。

於二零零九年，太平保險將就其所有零售及汽車保險業務推行全新的中央承保制度及引進更精密及精確的固定及可變成本控制系統。汽車保險以往由分公司負責承保，現在則須在太平保險的深圳總部監控承保，由分公司負責發出保單。雖然此架構及成本控制變化或會導致承保保費於短期內減少，但太平保險深信，中央承保制度效益顯著，尤其能將太平保險的承保能力進一步專業化，為財產保險業務達致提高業務風險質量，更高效率的賠付管理及提高分公司的效率。

流動資金及財務資源

於二零零八年十二月三十一日，本集團的現金及銀行存款為156.2070億港元（二零零七年：105.2027億港元）。除若干小額臨時銀行透支外，本年度內並無任何銀行借貸。二零零八年十二月三十一日須付息票據總額為53.7603億港元（二零零七年：29.6038億港元）。二零零八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6.7%（二零零七年：5.3%）。

資本結構

本年度根據本公司僱員認股權計劃，本公司以現金為代價發行6,449,000股新股（二零零七年：9,021,000股）。發行新股換取現金的總代價淨額為1,541萬港元（二零零七年：2,235萬港元）。

MANAGEMENT REVIEW AND ANALYSIS

STAFF AND STAFF REMUNERATION

As at 31 December 2008, the Group had a total of 24,048 employees (2007: 9,925 employees), an increase of 14,123 employees. Total remuneration for the Year amounted to HK\$1,799.14 million (2007: HK\$1,130.63 million), an increase of 59.1%. Bonuses are linked to both the performance of the Group and the performance of the individual.

MAJOR EVENT DURING THE YEAR

On 20 March 2008, TPL entered into a Joint Bidding Agreement with TPI, CIHC and The Ming An Insurance Company (China) Limited (“Ming An China”) in relation to the purchase of a piece of land in Shenzhen and development of a commercial office building. The amount to be invested by TPL was agreed to be RMB289,000,000.

On 30 June 2008, CIIH entered into the conditional capital contribution agreement with CIHC, ICBC (Asia) and TPI pursuant to which CIHC and the Company agreed to contribute, in cash, in aggregate an amount of RMB270,000,000 as additional registered capital into TPI. Of the aggregate amount, RMB4,540,000 was to be contributed by CIHC and RMB265,460,000 was to be contributed by CIIH. ICBC (Asia) decided to not participate in the capital contribution. TPI is an associated company of the Company, in which CIIH holds a 40.025% equity interest prior to the capital contribution. Upon completion, each of CIHC, the Company and ICBC (Asia) was directly interested in 42.020%, 50.050% and 7.930%, respectively, of the equity interests in TPI. On 30 June 2008, CIHC, CIIH and ICBC (Asia) also entered into the conditional option deed pursuant to which CIHC agreed to grant the right to ICBC (Asia) at nil consideration to, conditional upon completion, acquire from CIHC the equity interest of approximately 1.647% in TPI as enlarged by the capital contribution for a consideration of RMB25,858,900 within six months from the date of the option deed, or such later date as the parties may extend pursuant to the terms of the option deed. The option will be exercisable at the option of ICBC (Asia), and if exercised by ICBC (Asia), will have to be exercised in full. The Company has waived its right to purchase the option interest if the option is exercised by ICBC (Asia). The capital contribution agreement and the option deed were approved by the Independent Shareholders of CIIH at an extraordinary general meeting of the Company held on 15 July 2008.

On 5 November 2008, TPI and TPL entered into a supplemental agreement in relation to the purchase of land and the development of the property in Shenzhen with CIHC and Ming An China to amend the total investment amount from the parties as set out in the joint bidding agreement dated 20 March 2008. According to the joint bidding agreement, the percentages of the total investment amount for the transaction required from each of TPI, CIHC, TPL and Ming An China were 15%, 55%, 15% and 15%, respectively. Under the supplemental agreement, the percentages of the total investment amount for the transaction required from each of TPI, CIHC, TPL and Ming An China was amended to be 15%, 5%, 65% and 15%, respectively. TPI and TPL are expected to invest a total of approximately RMB289,000,000 and RMB1,251,000,000, respectively, for the transaction under the supplemental agreement. The purchase of the land was completed in April 2008 and the construction of the property is expected to commence in early 2009 and will last for a period of three years with a tentative completion date set to be in the second half of 2011. The joint bidding agreement and supplemental agreement were approved by the independent shareholders of CIIH at an extraordinary general meeting of the Company held on 9 December 2008.

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 2006. The directors consider that the Group has a strong legal base to support its tax position. As such, no provision for a potential tax exposure of approximately HK\$31,600,000 (2007: HK\$31,600,000) was made at 31 December 2008.

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 2008.

管理層回顧和分析

員工及員工酬金

於二零零八年十二月三十一日，本集團的僱員總人數達24,048人(二零零七年：9,925人)，增加14,123人。本年度總酬金為17.9914億港元(二零零七年：11.3063億港元)，增加59.1%。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

於二零零八年三月二十日，太平人壽與太平保險、中保控股及民安保險(中國)有限公司就購買一幅位於深圳之土地及興建商業樓宇而訂立聯合競投協議。太平人壽將合共投資人民幣289,000,000元。

於二零零八年六月三十日，本公司與中保控股、工銀(亞洲)及太平保險已訂立有條件增資協議，據此，中保控股及本公司將向太平保險增資現金合共人民幣270,000,000元，作為額外註冊資本。在該筆總額中，中保控股將增資人民幣4,540,000元，本公司則將增資人民幣265,460,000元。工銀(亞洲)已決定不參與增資。太平保險為本公司聯繫公司，本公司於增資前持有其40.025%股權。於完成時，中保控股、本公司及工銀(亞洲)各自將分別直接擁有太平保險之42.020%、50.050%及7.930%股權之權益。二零零八年六月三十日，中保控股、本公司與工銀(亞洲)亦已訂立有條件期權契據，據此，中保控股同意按無償代價授權予工銀(亞洲)，藉以待完成後，於期權契據日期起計六個月內或各訂約方根據期權契據條款可能延後之較後日期，向中保控股收購太平保險經增資擴大後約1.647%之股權，代價為人民幣25,858,900元。期權將可由工銀(亞洲)選擇行使，而一經工銀(亞洲)行使，則須全數行使。本公司已放棄其於工銀(亞洲)行使期權時購買期權權益之權利。增資協議及期權契據已於二零零八年七月十五日舉行之股東特別大會上，獲得獨立股東批准。

於二零零八年十一月五日，太平保險及太平人壽與中保控股及民安保險(中國)有限公司(「民安中國」)訂定有關於深圳購買土地及興建物業聯合競投協議之補充協議，籍以修改於二零零八年三月二十日訂定的聯合競投協議各訂約方之投資金額。根據聯合競投協議，太平保險、中保控股、太平人壽及民安中國訂約各方各自須就交易事項支付之投資總額百分比分別為15%，55%，15%及15%。根據補充協議，修改後的太平保險、中保控股、太平人壽及民安中國訂約各方各自須就交易事項支付之投資總額百分比分別為15%，5%，65%及15%。根據補充協議，太平保險及太平人壽預期將就交易事項分別投資人民幣289,000,000元及人民幣1,251,000,000元。於二零零八年四月完成了土地購買，而該物業預期在二零零九年初開始施工，須時三年並預期於二零一一年下半年完成。聯合競投協議及補充協議已於二零零八年十二月九日舉行之股東特別大會上，獲得獨立股東批准。

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二零零六年評稅年度內的應課稅務責任。董事認為本集團稅務觀點擁有堅實的法律基礎支持，因此，於二零零八年十二月三十一日本集團毋需就約31,600,000港元(二零零七年：31,600,000港元)的潛在稅務責任計提準備。

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，於二零零八年十二月三十一日，本集團概無任何未決訴訟或或然負債。