

# Management Discussion and Analysis

## 管理層討論和分析

Readers and investors are advised to pay attention when reading the Management Discussion and Analysis and the consolidated financial results as the prior period consolidated figures have been restated.

### CONSOLIDATED FINANCIAL RESULTS

During the Period, CTIH's operating units produced strong and steady operating and financial gains, despite very challenging conditions in the global capital markets. Investments in equity securities have in particular been very difficult, as almost all equity indices from around the world have had negative performance returns thus far this year. With economic, financial and investment volatility at high levels since the 2008 financial crisis, the Company has achieved its objective of maintaining stability and focused growth for the long term.

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

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

務請讀者及投資者於閱覽管理層討論和分析及綜合財務表現時注意過往財務期綜合數字已作相應重列。

### 綜合財務表現

於本財務期，中國太平控股各營運單位在環球資本市場充滿挑戰的情況下，仍取得強勁及穩健的營運及財務收益。股本證券投資尤其困難，今年以來幾乎全球所有的股票指數均下跌。自二零零八年金融風暴以後，經濟、金融及投資處於高度波動性的環境，本公司仍達致維持穩定及專注於長期增長的目標。

本集團期內重點表現如下：

*截至六月三十日止六個月，百萬港元*

		2010 二零一零年	2009 二零零九年 (Restated) (重列)	Change 變化
Gross premiums written, policy fees and premium deposits	毛承保保費、保單費收入及保費存款	27,791.33	17,636.00	57.6%
Less: Premium deposits of universal life products	減：萬能壽險產品之保費存款	140.43	2,876.75	(95.1%)
Premium deposits of unit-linked products	投資連結產品之保費存款	51.90	108.55	(52.2%)
Premium deposits of other products	其他產品之保費存款	325.84	263.65	23.6%
Gross premiums written and policy fees recognized in consolidated income statement	確認於綜合損益表之毛承保保費及保單費收入	27,273.16	14,387.05	89.6%
Net investment income	投資收入淨額	2,065.81	1,503.27	37.4%
Net realized investment gains	已實現投資收益淨額	546.02	640.06	(14.7%)
Net unrealized investment gains/(losses)	未實現投資收益／(虧損)淨額	15.30	(13.33)	—
Net impairment loss on securities	證券減值虧損淨額	(148.12)	(15.00)	8.9 times 倍
Net exchange (loss)/gain	匯兌(虧損)／收益	(112.48)	25.78	—
Profit before taxation	除稅前溢利	974.36	1,105.44	(11.9%)
Profit after taxation	除稅後溢利	948.26	839.76	12.9%
Net profit attributable to the owners	股東應佔溢利淨額	603.00	549.63	9.7%
Basic earnings per share (HK cent)	每股基本盈利(港仙)	35.5	35.3	0.2 cent 仙

# Management Discussion and Analysis

## 管理層討論和分析

### CONSOLIDATED FINANCIAL RESULTS (Continued)

### 綜合財務表現 (續)

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

按各業務分類之股東應佔溢利／(虧損)淨額概述如下：

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

截至六月三十日止六個月，百萬港元

		2010 二零一零年	2009 二零零九年 (Restated) (重列)	Change 變化
<b>Reinsurance</b>	再保險	<b>173.58</b>	273.81	(36.6%)
<b>Life insurance</b>	人壽保險	<b>356.68</b>	337.87	5.6%
<b>Property and casualty insurance</b>	財產保險	<b>191.86</b>	19.30	8.9 times 倍
PRC operations carried out by:	中國業務：			
— TPI	— 由太平財險經營	<b>65.22</b>	(0.98)	—
— MAC	— 由民安中國經營	<b>(42.27)</b>	(42.47)	(0.5%)
Hong Kong operations carried out by:	香港業務：			
— CTPI (HK) <sup>1</sup>	— 由中國太平香港經營 <sup>1</sup>	<b>168.91</b>	62.75	1.7 times 倍
<b>Other businesses</b>	其他業務	<b>(119.12)</b>	(81.35)	46.4%
— Pension company operated by TPP	— 由太平養老營運之養老保險公司	<b>(58.22)</b>	(43.74)	33.1%
— Assets management companies operated by TPAM and TPA (HK)	— 由太平資產及太平資產(香港)營運之資產管理公司	<b>(17.30)</b>	(20.27)	(14.7%)
— Holding company and other businesses	— 控股公司及其他業務	<b>(43.60)</b>	(17.34)	1.5 times 倍
Net profit attributable to the owners	股東應佔溢利淨額	<b>603.00</b>	549.63	9.7%

# Management Discussion and Analysis

## 管理層討論和分析

### CONSOLIDATED FINANCIAL RESULTS (Continued)

### 綜合財務表現 (續)

The reconciliation of the previously reported and restated net profit attributable to the owners for the six months ended 30 June 2009 by each business line is as follows:

截至二零零九年六月三十日止六個月如前呈報及重列按各業務分類的股東應佔溢利淨額對賬如下：

HK\$ million

百萬港元

		Net profit/ (loss) attributable to the owners as previously reported 股東應佔 溢利／(虧損) 淨額，如前呈報	Adjustments 調整	Effect of application of merger accounting for acquisition of MAH <sup>2</sup> 應用合併 會計法處理 收購民安控股 之影響 <sup>2</sup>	Effect of changes in accounting policies <sup>3</sup> 會計政策 變更之 影響 <sup>3</sup>	Net profit/ (loss) attributable to the owners as restated 股東應佔 溢利／(虧損) 淨額，重列
Reinsurance	再保險	273.81	—	—	273.81	
Life insurance	人壽保險	364.97	—	(27.1)	337.87	
Property and casualty insurance	財產保險	(38.15)	29.94	27.51	19.30	
PRC operations carried out by:	中國業務：					
— TPI	— 由太平 財險經營	(38.15)	—	37.17	(0.98)	
— MAC	— 由民安 中國經營	—	(36.16)	(6.31)	(42.47)	
Hong Kong operations carried out by:	香港業務：					
— CTPI (HK) <sup>1</sup>	— 由中國太平 香港經營 <sup>1</sup>	—	66.10	(3.35)	62.75	
Other businesses	其他業務	(79.76)	(1.59)	—	(81.35)	
<b>Total</b>	<b>總額</b>	<b>520.87</b>	<b>28.35</b>	<b>0.41</b>	<b>549.63</b>	

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

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

<sup>2</sup> The Group has applied Accounting Guideline No. 5 on "Merger Accounting for Common Control Combinations" in respect of the acquisition of MAH (holding 100% equity interest of CTPI (HK) and MAC) for the year ended 31 December 2009. Accordingly, the consolidated figures of Last Period have been restated as if MAH had been consolidated with the Group. For the period before 4 November 2009, MAH was 51.34%-owned by CTIH, and therefore the results of MAH have been 51.34% consolidated with the Group for the Last Period.

<sup>2</sup> 本集團對於二零零九年十二月三十一日止年度購入民安控股(持有100%中國太平香港及民安中國權益)，已應用會計指引第5號「共同控制合併之合併會計處理」。因此，去年同期之合併數字已作重列，猶如民安控股於去年同期已合併於本集團內。於二零零九年十一月四日之前之期間，中國太平控股擁有民安控股51.34%，因此民安控股去年同期業績之51.34%已併入本集團內。

<sup>3</sup> The Group has changed the accounting policies for the year ended 31 December 2009 in respect of the measurement of insurance contract liabilities for the life insurance segment and property and casualty insurance segment and the recognition of premium income of mixed insurance contracts containing insurance and other risks. Accordingly, the consolidated figures of Last Period have been restated.

<sup>3</sup> 本集團於二零零九年十二月三十一日止年度已對人壽保險業務及財產保險業務之保險合約負債計量方法及混合保險合約(包含保險及其他風險)保費確認的會計政策作出變更。因此，去年同期之綜合比較數據亦已相應重列。

# Management Discussion and Analysis

## 管理層討論和分析

### CONSOLIDATED FINANCIAL RESULTS (Continued)

### 綜合財務表現 (續)

The following analysis shows the movement of the net assets value attributable to the owners of the Company (“NAV”) from 1 January 2010 to 30 June 2010.

以下為由二零一零年一月一日至二零一零年六月三十日本公司股東應佔資產淨值變化分析。

HK\$ million

百萬港元

NAV as at 1 January 2010	於二零一零年一月一日之資產淨值	10,296.71
Profit recognized in income statement	確認於損益表之溢利	603.00
Net changes in AFS investment reserve	可供出售投資儲備變化淨額	(779.38)
Revaluation gain arising from reclassification of own-use properties into investment properties	因自用物業重新分類為投資物業而產生之重估收益	23.09
Exchange gain arising from translation of financial statements of subsidiaries outside Hong Kong	因換算香港以外地區附屬公司財務報表的匯兌收益	48.99
Other movements <sup>4</sup>	其他變動 <sup>4</sup>	14.85
NAV as at 30 June 2010	於二零一零年六月三十日之資產淨值	10,207.26

<sup>4</sup> Other movements mainly include the amortization of the costs of Shares acquired under the Share Award Scheme and the net proceeds received for Shares issued under the Share Option Scheme.

<sup>4</sup> 其他變動主要包括根據股份獎勵計劃而購入之股份的成本攤銷及根據認股權計劃發行新股所收取之款項淨額。

# Management Discussion and Analysis

## 管理層討論和分析

### CONSOLIDATED INVESTMENT PERFORMANCE

### 綜合投資表現

#### Consolidated investment assets

#### 綜合投資資產

The total investments of the Group are summarized as follows: 本集團的投資總值概述如下：

		At 30 June 2010		At 31 December 2009	
		HK\$ million	% of Total	HK\$ million	% of Total
		百萬元	佔總額百分比	百萬元	佔總額百分比
Debt securities	債務證券	73,648.40	65.3%	59,940.21	62.6%
Equity securities	股本證券	7,486.63	6.6%	8,433.55	8.8%
Investment funds	投資基金	2,815.00	2.5%	5,716.14	6.0%
Cash and bank deposits	現金及銀行存款	27,564.09	24.5%	20,474.76	21.4%
Investment properties	投資物業	1,273.28	1.1%	1,193.23	1.2%
<b>Total investments</b>	<b>投資總額</b>	<b>112,787.40</b>	<b>100.0%</b>	<b>95,757.89</b>	<b>100.0%</b>

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

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

#### At 30 June 2010, HK\$ million

#### 於二零一零年六月三十日，百萬元

		HTM	AFS	HFT	LR	Total
		持有至到期日	可供出售	持有作交易用途	貸款及應收款項	
Debt securities	債務證券	50,533.14	19,444.54	249.08	3,421.64	73,648.40
Equity securities	股本證券	—	7,364.65	121.98	—	7,486.63
Investment funds	投資基金	—	2,779.74	35.26	—	2,815.00
		<b>50,533.14</b>	<b>29,588.93</b>	<b>406.32</b>	<b>3,421.64</b>	<b>83,950.03</b>

#### At 31 December 2009, HK\$ million

#### 於二零零九年十二月三十一日，百萬元

		HTM	AFS	HFT	LR	Total
		持有至到期日	可供出售	持有作交易用途	貸款及應收款項	
Debt securities	債務證券	39,333.10	18,111.62	286.48	2,209.01	59,940.21
Equity securities	股本證券	—	8,320.25	113.30	—	8,433.55
Investment funds	投資基金	—	5,669.99	46.15	—	5,716.14
		<b>39,333.10</b>	<b>32,101.86</b>	<b>445.93</b>	<b>2,209.01</b>	<b>74,089.90</b>

# Management Discussion and Analysis

## 管理層討論和分析

### CONSOLIDATED INVESTMENT PERFORMANCE

(Continued)

### 綜合投資表現 (續)

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

於報告期末各業務分類佔本集團投資總額賬面值之百分比如下：

		At 30 June 2010 於二零一零年 六月三十日	At 31 December 2009 於二零零九年 十二月三十一日
Reinsurance	再保險	4.6%	5.2%
Life insurance	人壽保險	84.5%	83.1%
Property and casualty insurance	財產保險	9.6%	10.5%
Other businesses	其他業務	1.3%	1.2%
		<b>100.0%</b>	100.0%

### Consolidated investment income

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

### 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：

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

截至六月三十日止六個月，百萬港元

		2010 二零一零年	2009 二零零九年 (Restated) (重列)	Change 變化
Net investment income	投資收入淨額	2,065.81	1,503.27	37.4%
Net realized investment gains	已實現投資收益淨額	546.02	640.06	(14.7%)
Net unrealized investment gains/(losses)	未實現投資 收益/(虧損)淨額	15.30	(13.33)	—
Net impairment loss on securities	證券減值虧損淨額	(148.12)	(15.00)	8.9 times 倍
Total investment income	投資收入總額	<b>2,479.01</b>	2,115.00	17.2%

# Management Discussion and Analysis

## 管理層討論和分析

### CONSOLIDATED INVESTMENT PERFORMANCE

(Continued)

#### Consolidated investment income (Continued)

The total investment income of the Group recognized in the consolidated income statement increased by 17.2% to HK\$2,479.01 million in the Period from HK\$2,115.00 million (*restated*) in the Last Period. Although equities traded in the PRC and Hong Kong did not perform well during the Period, a significant increase in interest income from a larger investment portfolio was behind the higher levels of net investment income.

According to the Group's impairment policy, investments in debt and equity securities other than those held for trading are reviewed periodically to determine whether there is objective evidence of impairment. Objective evidence of impairment may include specific information about the issuer, but may also include information about material changes that have taken place in areas such as technology, markets, economic or legal, which taken together or taken alone may provide evidence that the cost of those debt and equity securities may not be recovered. Under such criterion, significant or prolonged declines in the fair value of an asset below its cost are also objective evidence of impairment. In 2010, the net impairment loss on debt and equity securities recognized in the consolidated income statement was HK\$148.12 million (2009 (*restated*): HK\$15.00 million).

### 綜合投資表現 (續)

#### 綜合投資收入 (續)

本集團確認於綜合損益表內的投資收入總額由去年同期的21.1500億港元 (*重列*) 上升17.2%至本財務期的24.7901億港元。儘管本財務期內於中國及香港買賣的股票表現並不理想，但投資組合增大令利息收入顯著上升，使投資收入淨額上升。

按本集團減值政策，將會定期檢討債務及股本證券投資 (持有作交易用途除外)，以釐訂有否客觀證據顯示減值的需要。減值的客觀證據可包括有關發行人的具體個別資料，但亦包括例如有關科技、市場、經濟或法律方面已發生重大變化的資料，而這些資料可提供證據顯示債務及股本證券的成本可能無法收回。在此前提下，資產的公允價值如大幅或長期下跌至低於其成本，亦被視為減值的客觀證據。於二零一零年，綜合損益表內確認的債務及股本證券減值虧損淨額為1.4812億港元 (二零零九年 (*重列*): 1,500萬港元)。

# Management Discussion and Analysis

## 管理層討論和分析

### CONSOLIDATED INVESTMENT PERFORMANCE

(Continued)

### 綜合投資表現 (續)

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

本集團稅前投資收入／(虧損)之詳細分析如下：

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

截至二零一零年六月三十日止六個月，百萬港元

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



# Management Discussion and Analysis

## 管理層討論和分析

### CONSOLIDATED INVESTMENT PERFORMANCE

### 綜合投資表現 (續)

(Continued)

For the six months ended 30 June 2009, HK\$ million (Restated)

截至二零零九年六月三十日止六個月，百萬港元(重列)

		Recognized in the consolidated income statement 於綜合損益表內確認					Unrealized gains/ (losses) recognized in the fair value reserve 於公允價值儲備內確認之未實現		Grand total	
		Net investment income 投資收入淨額			Net realized gains/ (losses) 已實現收益/ (虧損)淨額	Net unrealized gains/ (losses) 未實現收益/ (虧損)淨額	Net impairment loss 確認減值虧損淨額	Sub total 小計	之未實現收益/ (虧損)	總額
		Interest income/ (expense) 利息收入/ (支出)	Dividend income 股息收入	Rental income 租金收入						
<b>Debt securities</b>	<b>債務證券</b>									
HTM	持有至到期日	530.13	—	—	—	—	(15.00)	515.13	—	515.13
AFS	可供出售	559.75	—	—	118.25	—	—	678.00	(391.14)	286.86
HFT	持有作交易用途	13.25	—	—	21.15	(2.76)	—	31.64	—	31.64
LR	貸款及應收款項	66.29	—	—	—	—	—	66.29	—	66.29
<b>Equity securities</b>	<b>股本證券</b>									
AFS	可供出售	—	46.54	—	228.48	—	—	275.02	696.33	971.35
HFT	持有作交易用途	—	1.77	—	51.44	(9.56)	—	43.65	—	43.65
<b>Investment funds</b>	<b>投資基金</b>									
AFS	可供出售	—	45.61	—	176.10	—	—	221.71	815.99	1,037.70
HFT	持有作交易用途	—	2.11	—	44.64	(14.26)	—	32.49	—	32.49
<b>Cash and bank deposits</b>	<b>現金及銀行存款</b>	277.29	—	—	—	—	—	277.29	—	277.29
<b>Investment properties</b>	<b>投資物業</b>	—	—	23.48	—	13.25	—	36.73	—	36.73
<b>Securities sold under repurchase agreements</b>	<b>賣出回購證券</b>	(62.97)	—	—	—	—	—	(62.97)	—	(62.97)
<b>Others</b>	<b>其他</b>	0.02	—	—	—	—	—	0.02	—	0.02
		1,383.76	96.03	23.48	640.06	(13.33)	(15.00)	2,115.00	1,121.18	3,236.18

# Management Discussion and Analysis

## 管理層討論和分析

### REINSURANCE BUSINESS

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

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

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

### 再保險業務

本集團之再保險業務由本集團全資擁有之香港註冊公司太平再保險有限公司(「太平再保險」)營運。太平再保險主要從事承保全球各類再保險業務，主要包括亞太地區的短尾巴，財產再保險業務。太平再保險選擇不從事亞洲以外如來自美國及歐洲的長尾巴責任險業務。太平再保險之主要市場為中國大陸、香港及澳門、日本、亞洲其他地區、歐洲及世界其他地方。

再保險業務之主要財務數據及主要表現指標概述如下：

*截至六月三十日止六個月，百萬港元*

		2010 二零一零年	2009 二零零九年	Change 變化
Gross premiums written	毛承保保費	<b>1,566.39</b>	1,060.45	47.7%
Net premiums written	淨承保保費	<b>1,375.09</b>	920.01	49.5%
Net earned premiums	已賺取保費淨額	<b>912.85</b>	751.65	21.4%
Net claims incurred	賠款淨額	<b>(497.77)</b>	(404.02)	23.2%
Net commission expenses	佣金支出淨額	<b>(319.22)</b>	(184.43)	73.1%
Underwriting profit	承保溢利	<b>77.82</b>	146.89	(47.0%)
Total investment income	投資收入總額	<b>148.19</b>	133.64	10.9%
Net exchange (loss)/gain	匯兌(虧損)/收益淨額	<b>(28.83)</b>	26.57	—
Profit before taxation	除稅前溢利	<b>185.68</b>	292.60	(36.5%)
Profit attributable to the owners	股東應佔溢利	<b>173.58</b>	273.81	(36.6%)
Technical reserves ratio	技術性儲備比率	<b>373.2%</b>	382.6%	(9.4 pts 點)
Retained ratio	自留比率	<b>87.8%</b>	86.8%	1.0 pt 點
Earned premiums ratio	已賺取保費率	<b>58.3%</b>	70.9%	(12.6 pts 點)
Loss ratio <sup>1</sup>	賠付率 <sup>1</sup>	<b>54.5%</b>	53.8%	0.7 pt 點
Expense ratio <sup>1</sup>	費用率 <sup>1</sup>	<b>36.9%</b>	26.7%	10.2 pts 點
Combined ratio <sup>2</sup>	綜合成本率 <sup>2</sup>	<b>91.4</b>	80.5	10.9 pts 點

<sup>1</sup> Both the loss ratio and expense ratio are based on net earned premiums.

<sup>1</sup> 賠付率及費用率均按已賺取保費淨額為基準計算。

<sup>2</sup> The combined ratio is the sum of the loss ratio and the expense ratio.

<sup>2</sup> 綜合成本率為賠付率與費用率的總和。

# Management Discussion and Analysis

## 管理層討論和分析

### REINSURANCE BUSINESS (Continued)

#### Profit Attributable to the Owners

The reinsurance business contributed net profit to the owners of HK\$173.58 million during the Period (2009: HK\$273.81 million), representing a decrease of 36.6% compared to Last Period.

#### Gross Premiums Written

TPRe's gross premiums written for the Period was HK\$1,566.39 million, representing an increase of 47.7% from HK\$1,060.45 million in the Last Period. The significant premium growth was partly due to higher levels of business being written in Mainland China, where new business opportunities were, and continue to be, abundant.

After a benign year in 2009 in which no major catastrophes occurred, the renewal terms and conditions for business written by TPRe during the major renewals in January and April 2010 showed slight downward adjustments. Nevertheless, TPRe has been able to maintain its pricing discipline and successfully renewed most of its in-force business portfolio with only minor adjustments in terms and conditions. In Mainland China, due to the successful and opportune opening of the Beijing Branch in December 2008, and the hiring of reputable and experienced professionals from the local market, TPRe has been very successful in its business expansion in the country.

### 再保險業務 (續)

#### 股東應佔溢利

於本財務期內，再保險業務對股東淨溢利的貢獻為1.7358億港元(二零零九年：2.7381億港元)，較去年同期下跌36.6%。

#### 毛承保保費

太平再保險之毛承保保費由去年同期10.6045億港元上升47.7%至15.6639億港元。保費大幅增長部份是由於中國大陸的承保業務增加。這裏持續充滿新商機。

二零零九年全年沒有發生嚴重巨災，於二零一零年一月及四月的續保期，太平再保險承保業務的續保條件及條款輕微下調。然而，太平再保險能在條件及條款只有輕微調整下，維持其定價原則及續保大部份業務。於中國大陸，由於北京分公司成功及適時於二零零八年十二月開業，並僱用當地市場知名及經驗豐富的專業人員，令太平再保險於國內的業務發展非常成功。

# Management Discussion and Analysis

## 管理層討論和分析

### REINSURANCE BUSINESS (Continued)

### 再保險業務 (續)

#### Gross Premiums Written (Continued)

#### 毛承保保費 (續)

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

太平再保險按地區分佈劃分之毛承保保費簡報如下：

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

截至六月三十日止六個月，百萬港元

		2010 二零一零年	% of Total 佔總額百分比	2009 二零零九年	% of Total 佔總額百分比
Hong Kong & Macau	香港及澳門	218.85	14.0%	188.28	17.7%
Mainland China ( & Taiwan)	中國大陸 (及台灣)	578.73	36.9%	275.35	26.0%
Japan	日本	83.80	5.4%	79.31	7.5%
Rest of Asia	亞洲其他地區	336.81	21.5%	275.67	26.0%
Europe	歐洲	209.64	13.4%	167.80	15.8%
Others	其他	138.56	8.8%	74.04	7.0%
		<b>1,566.39</b>	<b>100.0%</b>	1,060.45	100.0%

#### Net Claims Incurred

#### 淨賠款總額

In contrast to the Last Period, there were several catastrophic loss events during the Period, such as the 8.8-Richter scale earthquake in Chile in February 2010 and the deepwater oil rig explosion in the Gulf of Mexico in April 2010, both of which significantly impacted the insurance and reinsurance markets. TPRe experienced an approximate HK\$102.11 million loss from the Chilean earthquake and an approximate HK\$24.16 million loss from the deepwater oil rig explosion. As a result, the loss ratio of the reinsurance operations increased to 54.5% from 53.8% in the Last Period. The combined ratio during the Period was 91.4 (2009: 80.5).

相對於去年同期，本財務期內發生數宗巨災事件，如二零一零年二月智利發生的黎克特制8.8級地震及二零一零年四月墨西哥灣發生的深水鑽油台爆炸，均對保險及再保險市場帶來重大影響。太平再保險估計來自智利地震的索賠約1.0211億港元及來自深水鑽油台爆炸的索賠約2,416萬港元。因此，再保險業務的賠付率由去年同期的53.8%上升至54.5%。於本財務期之綜合成本率為91.4(二零零九年：80.5)。

# Management Discussion and Analysis

## 管理層討論和分析

### REINSURANCE BUSINESS (Continued)

### 再保險業務 (續)

#### Investment Performance

#### 投資表現

The composition of investments held by TPre was as follows: 太平再保險持有之投資組合情況如下：

		At 30 June 2010		At 31 December 2009	
		於二零一零年六月三十日		於二零零九年十二月三十一日	
		HK\$ million	% of Total	HK\$ million	% of Total
		百萬港元	佔總額百分比	百萬港元	佔總額百分比
Debt securities	債務證券	3,130.66	60.7%	2,852.02	57.6%
Equity securities	股本證券	384.21	7.4%	302.41	6.1%
Investment funds	投資基金	47.88	0.9%	77.16	1.6%
Cash and bank deposits	現金及銀行存款	1,495.44	29.0%	1,620.59	32.7%
Investment properties	投資物業	104.77	2.0%	98.13	2.0%
Total invested assets	投資總額	5,162.96	100.0%	4,950.31	100.0%

During the Period, with general investment markets performance and sentiment declining in Hong Kong, TPre continued to be very cautious in its asset allocation for its investment portfolio. Equity investments were maintained at a relatively low percentage of the asset allocation, while debt securities and cash and bank deposits constituted a combined total of approximately 89.7% of the total invested assets as at 30 June 2010 (31 December 2009: 90.3%).

於本財務期內，香港的投資市場表現及氣氛大體上減弱，太平再保險對於其投資組合的資產配置仍然十分審慎。股本投資維持在資產配置的一個較低百分比，而債務證券、現金及銀行存款於二零一零年六月三十日合共佔投資資產總額約89.7% (二零零九年十二月三十一日：90.3%)。

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

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

#### At 30 June 2010, HK\$ million

#### 於二零一零年六月三十日，百萬港元

		HTM	AFS	HFT	LR	Total
		持有至到期日	可供出售	持有作交易用途	貸款及應收款項	總額
Debt securities	債務證券	2,162.63	813.53	154.50	—	3,130.66
Equity securities	股本證券	—	384.21	—	—	384.21
Investment funds	投資基金	—	14.82	33.06	—	47.88
		2,162.63	1,212.56	187.56	—	3,562.75

# Management Discussion and Analysis

## 管理層討論和分析

### REINSURANCE BUSINESS (Continued)

### 再保險業務 (續)

At 31 December 2009, HK\$ million

於二零零九年十二月三十一日，百萬港元

		HTM 持有至到期日	AFS 可供出售	HFT 持有作 交易用途	LR 貸款及 應收款項	Total 總額
Debt securities	債務證券	2,000.86	706.56	144.60	—	2,852.02
Equity securities	股本證券	—	302.41	—	—	302.41
Investment funds	投資基金	—	43.76	33.40	—	77.16
		2,000.86	1,052.73	178.00	—	3,231.59

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

HK\$ million

百萬港元

		At 30 June 2010 於二零一零年 六月三十日	At 31 December 2009 於二零零九年 十二月三十一日
Central governments and central banks	中央政府 及中央銀行	268.97	234.93
Public sector entities	公共機構	35.29	50.76
Banks and other financial institutions	銀行及其他 金融機構	1,586.20	1,377.77
Corporate entities	企業實體	1,240.20	1,188.56
		3,130.66	2,852.02

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

HK\$ million

百萬港元

		At 30 June 2010 於二零一零年 六月三十日	At 31 December 2009 於二零零九年 十二月三十一日
USD	美元	2,565.70	2,369.27
EUR	歐羅	199.34	187.71
HKD	港元	87.66	86.98
GBP	英鎊	168.47	144.12
Others	其他	109.49	63.94
		3,130.66	2,852.02

# Management Discussion and Analysis

## 管理層討論和分析

### REINSURANCE BUSINESS (Continued)

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

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

### 再保險業務 (續)

太平再保險確認在綜合損益表內之稅前投資收入總額及稅前投資收益率概述如下：

截至六月三十日止六個月，百萬港元

		2010 二零一零年	2009 二零零九年	Change 變化
Net investment income	投資收入淨額	104.68	82.24	27.3%
Net realized investment gains	已實現投資收益淨額	23.45	57.61	(59.3%)
Net unrealized investment gains	未實現投資收益淨額	19.23	8.79	1.2 times 倍
Net impairment loss on reversed/(recognized) securities	回撥/(確認) 證券 減值虧損淨額	0.83	(15.00)	—
Total investment income	投資收入總額	148.19	133.64	10.9%
Total investment yield (year-to-date)	總投資收益率 (本期)	2.9%	3.0%	(0.1 pt 點)

TPRe's total investment income was a gain of HK\$148.19 million for the Period, representing a solid increase from HK\$133.64 million in the Last Period. As equities traded in Hong Kong did not perform well during the Period, TPRe increased its holdings of investment grade, short-duration debt securities. The higher levels of debt securities have increased TPRe's net investment income. The above-described investment income and investment yield figures do not include a net exchange loss of HK\$28.83 million (2009: gain of HK\$26.57 million).

本財務期，太平再保險錄得投資收入總額溢利1.4819億港元，較去年同期1.3364億港元穩健上升。由於本財務期內於香港買賣的股票表現並不理想，太平再保險增加持有具投資評級的短期債務證券。持有更多的債務證券令太平再保險投資收入淨額增加。上述投資收入及投資收益率並不包括2,883萬港元匯兌虧損淨額(二零零九年：收益2,657萬港元)。

# Management Discussion and Analysis

## 管理層討論和分析

### REINSURANCE BUSINESS (Continued)

### 再保險業務 (續)

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

太平再保險的稅前投資收入／(虧損)之詳細分析如下：

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

截至二零一零年六月三十日止六個月，百萬港元

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



# Management Discussion and Analysis

## 管理層討論和分析

### REINSURANCE BUSINESS (Continued)

### 再保險業務 (續)

For the six months ended 30 June 2009, HK\$ million

截至二零零九年六月三十日止六個月，百萬港元

		Recognized in the consolidated income statement 於綜合損益表內確認						Unrealized gains recognized in the fair value reserve 於公允價值 儲備內確認 之未實現 收益		Grand total 總額
		Net investment income 投資收入淨額			Net realized gains/ (losses) 已實現 收益/ (虧損)淨額	Net unrealized gains 未實現 收益淨額	Net impairment loss 減值虧損 回撥淨額	Sub total 小計		
		Interest income 利息收入	Dividend income 股息收入	Rental income 租金收入						
<b>Debt securities</b>	<b>債務證券</b>									
HTM	持有至到期日	41.33	—	—	—	—	(15.00)	26.33	—	26.33
AFS	可供出售	17.12	—	—	—	—	—	17.12	31.65	48.77
HFT	持有作交易用途	7.33	—	—	7.86	0.62	—	15.81	—	15.81
<b>Equity securities</b>	<b>股本證券</b>									
AFS	可供出售	—	4.28	—	50.78	—	—	55.06	44.02	99.08
HFT	持有作交易用途	—	1.56	—	(1.03)	—	—	0.53	—	0.53
<b>Investment funds</b>	<b>投資基金</b>									
AFS	可供出售	—	0.37	—	—	—	—	0.37	2.88	3.25
HFT	持有作交易用途	—	1.36	—	—	1.74	—	3.10	—	3.10
<b>Cash and bank deposits</b>	<b>現金及銀行存款</b>	7.71	—	—	—	—	—	7.71	—	7.71
<b>Investment properties</b>	<b>投資物業</b>	—	—	1.18	—	6.43	—	7.61	—	7.61
		73.49	7.57	1.18	57.61	8.79	(15.00)	133.64	78.55	212.19

# Management Discussion and Analysis

## 管理層討論和分析

### LIFE INSURANCE BUSINESS

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

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

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

### 人壽保險業務

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

人壽保險業務之主要財務數據概述如下：

截至六月三十日止六個月，百萬港元

		2010 二零一零年	2009 二零零九年 (Restated) (重列)	Change 變化
Gross premiums written and premium deposits	毛承保保費及保費存款	21,750.83	12,700.75	71.3%
Less: Premium deposits of universal life product	減：萬能壽險產品之保費存款	140.43	2,876.75	(95.1%)
Premium deposits of unit-linked products	投資連結產品之保費存款	51.90	108.55	(52.2%)
Premium deposits of other products	其他產品之保費存款	325.84	263.65	23.6%
Gross premiums written recognized in income statement	確認於損益表之毛承保保費	21,232.66	9,451.80	1.2 times 倍 (74.7%)
Policy fees	保單費收入	57.39	227.06	
Net premiums written and policy fees	淨承保保費及保單費收入	21,181.52	9,607.10	1.2 times 倍
Net earned premiums and policy fees	已賺取保費及保單費收入淨額	21,110.59	9,551.78	1.2 times 倍
Total investment income	投資收入總額	1,970.46	1,692.86	16.4%
Net exchange loss	匯兌虧損淨額	(78.81)	(0.52)	150.6 times 倍
Net policyholders' benefits	保單持有人利益淨額	(2,368.78)	(1,478.60)	60.2%
Net commission expenses	佣金支出淨額	(1,836.86)	(1,428.86)	28.6%
Change in life insurance contract liabilities, net of reinsurance	壽險合約負債變化，減再保險	(15,777.08)	(5,644.61)	1.8 times 倍
Administrative and other expenses	行政及其他費用	(2,216.83)	(1,679.85)	32.0%
Finance costs	財務費用	(96.00)	(91.94)	4.4%
Profit before taxation	除稅前溢利	725.48	934.36	(22.4%)
Profit after taxation	除稅後溢利	712.66	675.07	5.6%
Profit attributable to the owners	股東應佔溢利	356.68	337.87	5.6%

# Management Discussion and Analysis

## 管理層討論和分析

### LIFE INSURANCE BUSINESS (Continued)

### 人壽保險業務 (續)

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

人壽保險業務之主要經營數據概述如下：

		At 30 June 2010 於二零一零年 六月三十日	At 31 December 2009 於二零零九年 十二月三十一日	Change 變化
Market share <sup>1</sup>	市場份額 <sup>1</sup>	3.2%	2.8%	0.4 pt 點
Number of provincial branches	省級分公司數目	33	33	—
Number of sub-branches and marketing centers	支公司及市場推廣中心數目	646	611	35
Number of in-force policies	有效之保單數目	6,363,888	5,183,756	1,180,132
Number of individual agents	個人銷售代理數目	57,435	60,781	(3,346)
Persistence ratio	第13個月之			
— 13th month <sup>2</sup>	保費繼續率 <sup>2</sup>			
— Individual	— 個人	88.4%	85.0%	3.4 pts 點
— Bancassurance	— 銀行保險	93.9%	92.0%	1.9 pts 點
Compound persistence ratio	第25個月之			
— 25th month <sup>2</sup>	保費複合繼續率 <sup>2</sup>			
— Individual	— 個人	79.5%	76.4%	3.1 pts 點
— Bancassurance	— 銀行保險	88.7%	87.9%	0.8 pt 點
Regulatory solvency margin ratio	監管性償付能力充足比率	176%	222%	(46 pts 點)

<sup>1</sup> Based on premiums published by the CIRC.

<sup>1</sup> 據中國保監會刊登之保費計算。

<sup>2</sup> Based on the amount of premiums.

<sup>2</sup> 按保費金額。

### Profit Attributable to the Owners

### 股東應佔溢利

The life insurance business contributed net profit to the owners of HK\$356.68 million during the Period (2009 (restated): HK\$337.87 million), representing an increase of 5.6% compared to Last Period.

於本財務期內，股東來自人壽保險業務之溢利淨額為3.5668億港元(二零零九年(重列)：3.3787億港元)，較去年同期上升5.6%。

# Management Discussion and Analysis

## 管理層討論和分析

### LIFE INSURANCE BUSINESS (Continued)

#### Gross Premiums Written and Premium Deposits

TPL's gross premiums written recognized in the consolidated income statement increased by 124.6% to HK\$21,232.66 million from HK\$9,451.80 million (*restated*) in the Last Period. Unit-linked, universal life and other products sales fell substantially, with premium deposits decreasing by 84.1% to HK\$518.17 million from HK\$3,248.95 million in the Last Period. This lower level of sales was in line with TPL's business plan, as the life insurance operations have strived to focus more on traditional life insurance products with regular premium features. Regular premium product sales experienced a substantial increase during the Period, and met the strategic focus and emphasis of TPL's directors and senior management to sell more products with higher profit margins and new actuarial business values.

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

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

		Gross premiums written recognized in the consolidated income statement 確認為在綜合損益表內之毛承保保費	Premium deposits of universal life products 萬能壽險產品之保費存款	Premium deposits of unit-linked products 投資連結產品之保費存款	Premium deposits of other products 其他產品之保費存款	Total 總額	% of Total 佔總額百分比
Individual	個人	5,429.48	—	25.07	53.35	5,507.90	25.3%
Bancassurance	銀行保險	15,295.78	140.43	26.83	0.68	15,463.72	71.1%
Group	團體	507.40	—	—	271.81	779.21	3.6%
		21,232.66	140.43	51.90	325.84	21,750.83	100.0%

### 人壽保險業務 (續)

#### 毛承保保費及保費存款

太平人壽確認在綜合損益表內的毛承保保費由去年同期之94.5180億港元 (*重列*) 上升124.6%至212.3266億港元。投資連結、萬能壽險及其他產品銷售顯著下跌，保費存款由去年同期之32.4895億港元下降84.1%至5.1817億港元。由於人壽保險業務着重具期繳特色的傳統人壽保險產品，因此，萬能及投連銷售水平較低，符合太平人壽的業務計劃。期繳保費產品銷售期內大幅上升，與太平人壽董事及高級管理層着重銷售更高利潤率及具業務價值產品的策略相符。

太平人壽按業務劃分之毛承保保費及保費存款如下：

截至二零一零年六月三十日止六個月，百萬港元

# Management Discussion and Analysis

## 管理層討論和分析

### LIFE INSURANCE BUSINESS (Continued)

### 人壽保險業務 (續)

For the six months ended 30 June 2009, HK\$ million

截至二零零九年六月三十日止六個月，百萬港元

		Gross premiums written recognized in the consolidated income statement	Premium deposits of universal life products	Premium deposits of unit-linked products	Premium deposits of other products	Total	% of Total
		確認為綜合損益表內之毛承保保費	萬能壽險產品之保費存款	投資連結產品之保費存款	其他產品之保費存款	總額	佔總額百分比
Individual	個人	3,362.01	—	30.56	46.12	3,438.69	27.1%
Bancassurance	銀行保險	5,728.44	2,876.75	77.99	0.39	8,683.57	68.4%
Group	團體	361.35	—	—	217.14	578.49	4.5%
		9,451.80	2,876.75	108.55	263.65	12,700.75	100.0%

During the Period, the sale of unit linked products fell significantly to HK\$51.90 million from HK\$108.55 million in the Last Period, representing a decrease of 52.2%. The sale of universal life products fell to HK\$140.43 million from HK\$2,876.75 million in the Last Period, representing a decrease of 95.1%. This decline in premium, however, was more than made up for by the strong increase in demand for traditional products, which sharply increased to HK\$21,232.66 million from HK\$9,451.80 million in the Last Period, representing an increase of 124.6%.

於本財務期內，投資連結產品的銷售大幅下降至5,190萬港元，相比去年同期1.0855億港元，減幅52.2%。萬能壽險產品的銷售由去年同期28.7675億港元下降至1.4043億港元，減幅95.1%。不過，此保費減少的幅度被傳統產品需求的強勁增長所抵銷。傳統產品的保費由去年同期94.5180億港元急升124.6%至212.3266億港元。

The strength of the traditional product sales was apparent in both the individual agency force and the bank distribution channel. Traditional premiums distributed through the individual agency force increased to HK\$5,429.48 million from HK\$3,362.01 million in the Last Period, representing a significant increase of 61.5%. Continued improvements in productivity among existing agents, as well as further expansion through new recruits, which brought the total agency force to 57,435 as of 30 June 2010 (30 June 2009: 55,657), were behind the increase in sales. In the bancassurance channel, traditional product sales increased to HK\$15,295.78 million from HK\$5,728.44 million in the Last Period, representing a substantial increase of 167.0%.

傳統產品的銷售在個人代理及銀行分銷渠道均明顯上升。透過個人代理隊伍的傳統保費由去年同期33.6201億港元上升至54.2948億港元，顯著增長61.5%。銷售上升乃由於原有代理產能持續提升，及透過新聘人員而進一步擴張。於二零一零年六月三十日個人代理隊伍增至57,435人(二零零九年六月三十日：55,657人)。銀行保險渠道方面，傳統產品銷售由去年同期57.2844億港元上升至152.9578億港元，大幅增長167.0%。

# Management Discussion and Analysis

## 管理層討論和分析

### LIFE INSURANCE BUSINESS (Continued)

During the Period, more importantly, TPL continued to increase within its traditional product sales the number of its products with regular premium features. The detailed breakdown of TPL's single premium products and regular premium products by line of business is summarized as follows:

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

#### Individual

		2010 二零一零年	% of Total 佔總額百分比	2009 二零零九年	% of Total 佔總額百分比
Single Premium	躉繳保費	58.91	1.1%	60.58	1.8%
Regular Premium	期繳保費				
— First Year	— 首年	2,296.69	42.3%	1,434.18	42.7%
— Renewal Year	— 續年	3,073.88	56.6%	1,867.25	55.5%
		5,429.48	100.0%	3,362.01	100.0%

### 人壽保險業務 (續)

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

截至六月三十日止六個月，百萬港元

#### 個人

#### Bancassurance

		2010 二零一零年	% of Total 佔總額百分比	2009 二零零九年	% of Total 佔總額百分比
Single Premium	躉繳保費	10,297.85	67.3%	2,608.26	45.5%
Regular Premium	期繳保費				
— First Year	— 首年	2,029.58	13.3%	1,906.52	33.3%
— Renewal Year	— 續年	2,968.35	19.4%	1,213.66	21.2%
		15,295.78	100.0%	5,728.44	100.0%

#### 銀行保險

#### Group

		2010 二零一零年	% of Total 佔總額百分比	2009 二零零九年	% of Total 佔總額百分比
Employee Benefit ("EB")	僱員福利	506.05	99.7%	357.93	99.1%
Annuity	年金	1.35	0.3%	3.42	0.9%
		507.40	100.0%	361.35	100.0%

#### 團體

# Management Discussion and Analysis

## 管理層討論和分析

### LIFE INSURANCE BUSINESS (Continued)

Although single premium products also increased sharply in the bancassurance channel (thereby lowering the proportion of regular premium products in the overall sales for the Period), the total premium levels of products with regular premium features in the bancassurance channel increased substantially. TPL's strategy over the past few years has been to gradually increase, within its sales of traditional products, the sales of those products with regular premium features. This prioritization has been strongly reemphasized by the directors and senior management and is now the top performance benchmark for the life insurance operations for the next three to five years. The sale of single premium products in the bank distribution channel, however, will not be completely ignored or foregone, as the demand for single premium products among policyholders in the PRC continues to be substantial. Sales of single premium products are necessary for TPL to maintain its position and presence in the bancassurance market in front of the policyholders, from which more regular premium products can be readily sold now and in the future.

In addition to the continuously increasing higher quality, regular premium products and the improvements in productivity of the individual sales force, the overall improvement in the quality of the operations can also be reflected by the steady improvements of the persistency ratio, which were 88.4% and 93.9% at 13th months and 79.5% and 88.7% at 25th months for the individual agency and bancassurance channels, respectively. The better persistency figures were in part due to TPL's recent initiatives in improving and professionalizing its customer service and back office processing functions.

The higher level of sales of regular premium products and their higher profitability are reflected in the significantly higher embedded value and new business value figures of TPL for the first half of 2010. It is encouraging to note that the embedded value of TPL (expressed in terms of HKD) has increased 30.8% to HK\$14,187 million from HK\$10,849 million at the end of Last Period. Likewise, the new business value after cost of capital for the Period increased to HK\$1,055 million from HK\$798 million at the end of Last Period, representing a strong growth of 32.2%. These latest actuarial figures of TPL are disclosed below in the section titled "Embedded Value of TPL".

### 人壽保險業務 (續)

儘管銀行保險渠道的躉繳保費急升(因而令期繳保費產品佔期內整體銷售比例降低)，銀行保險渠道具期繳特色產品的保費總額大幅提高。過去幾年，太平人壽的策略是在其傳統產品銷售中逐步提高期繳保費產品比重。董事及高級管理層重申，期繳保費產品是人壽保險業務未來三至五年最為重要的表現指標。然而，由於中國保單持有人對躉繳保費產品的需求持續殷切，銀行保險渠道的躉繳保費產品並沒有被忽略及遺忘。銷售躉繳保費產品對太平人壽維持在銀行保險市場的地位及維持其知名度而言乃屬必須，令其今後可銷售更多的期繳保費產品。

除高價值期繳保費產品持續增長及個人銷售隊伍產能提升以外，保費繼續率穩健上升(個人代理及銀行保險渠道第13個月分別為88.4%及93.9%，而第25個月則分別為79.5%及88.7%)亦反映整體業務質量提升。更佳的保費繼續率，乃部份由於太平人壽近期推行客戶服務及後援運營職能改善及專業化的措施所致。

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二零一零年上半年之內涵價值及新業務價值顯著提高。令人注目的是太平人壽的內涵價值(以港幣折算)由去年同期末之108.49億港元增加30.8%至141.87億港元。同樣地，本財務期之新業務扣除資本成本後之價值為10.55億港元，較去年同期末之7.98億港元，顯著增長32.2%。這些太平人壽的最新精算數據於「太平人壽之內涵價值」一文內披露。



# Management Discussion and Analysis

## 管理層討論和分析

### LIFE INSURANCE BUSINESS (Continued)

### 人壽保險業務 (續)

#### Investment Performance

#### 投資表現

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

		At 30 June 2010		At 31 December 2009	
		於二零一零年六月三十日		於二零零九年十二月三十一日	
		HK\$ million	% of Total	HK\$ million	% of Total
		百萬港元	佔總額百分比	百萬港元	佔總額百分比
Debt securities	債務證券	65,391.33	68.6%	52,282.77	65.7%
Equity securities	股本證券	6,608.08	6.9%	7,614.25	9.6%
Investment funds	投資基金	2,409.01	2.5%	5,162.44	6.5%
Cash and bank deposits	現金及銀行存款	20,927.31	22.0%	14,473.74	18.2%
Total investments	投資總額	95,335.73	100.0%	79,533.20	100.0%

During the Period, with general investment markets performance and sentiment declining in the PRC, TPL continued to be very cautious in its asset allocation for its investment portfolio. Equity investments were maintained at a relatively low percentage of the asset allocation, while debt securities and cash and bank deposits constituted a combined total of approximately 90.6% of the total invested assets as at 30 June 2010 (31 December 2009: 83.9%).

於本財務期內，中國投資市場的表現及氣氛大體上減弱，太平人壽對於其投資組合的資產配置仍然十分審慎。股本投資維持在資產配置的一個較低百分比，而債務證券、現金及銀行存款於二零一零年六月三十日合共佔投資資產總額約90.6%（二零零九年十二月三十一日：83.9%）。

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

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

#### At 30 June 2010, HK\$ million

#### 於二零一零年六月三十日，百萬港元

		HTM	AFS	HFT	LR	Total
		持有至到期日	可供出售	持有作交易用途	貸款及應收款項	總額
Debt securities	債務證券	47,454.65	14,750.02	—	3,186.66	65,391.33
Equity securities	股本證券	—	6,512.05	96.03	—	6,608.08
Investment funds	投資基金	—	2,409.01	—	—	2,409.01
		47,454.65	23,671.08	96.03	3,186.66	74,408.42



# Management Discussion and Analysis

## 管理層討論和分析

### LIFE INSURANCE BUSINESS (Continued)

### 人壽保險業務 (續)

At 31 December 2009, HK\$ million

於二零零九年十二月三十一日，百萬港元

		HTM 持有至到期日	AFS 可供出售	HFT 持有作 交易用途	LR 貸款及 應收款項	Total 總額
Debt securities	債務證券	35,961.15	14,254.57	—	2,067.05	52,282.77
Equity securities	股本證券	—	7,522.91	91.34	—	7,614.25
Investment funds	投資基金	—	5,162.44	—	—	5,162.44
		35,961.15	26,939.92	91.34	2,067.05	65,059.46

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

HK\$ million

百萬港元

		At 30 June 2010 於二零一零年 六月三十日	At 31 December 2009 於二零零九年 十二月三十一日
Central governments and central banks	中央政府 及中央銀行	19,861.90	18,706.59
Banks and other financial institutions	銀行及其他 金融機構	22,690.60	10,816.69
Corporate entities	企業實體	22,838.83	22,759.49
		65,391.33	52,282.77

# Management Discussion and Analysis

## 管理層討論和分析

### LIFE INSURANCE BUSINESS (Continued)

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

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

### 人壽保險業務 (續)

太平人壽確認在綜合損益表內之稅前投資收入總額及稅前投資收益率概述如下：

截至六月三十日止六個月，百萬港元

		2010 二零一零年	2009 二零零九年	Change 變化
Net investment income	投資收入淨額	<b>1,725.33</b>	1,227.24	40.6%
Net realized investment gains	已實現投資收益淨額	<b>389.35</b>	500.53	(22.2%)
Net unrealized investment gains/(losses)	未實現投資收益／(虧損)淨額	<b>3.82</b>	(34.91)	—
Net impairment loss on AFS equities	可供出售股本投資減值虧損淨額	<b>(148.04)</b>	—	—
Total investment income	投資收入總額	<b>1,970.46</b>	1,692.86	16.4%
Total investment yield (year-to-date)	總投資收益率(本期)	<b>2.4%</b>	2.8%	(0.4 pt 點)

TPL's total investment income was a gain of HK\$1,970.46 million during the Period, representing a solid increase from the gain of HK\$1,692.86 million in the Last Period. Although equities traded in the PRC did not perform well during the Period, the large increase in invested assets from premium inflows and an increase in dividend income were behind the solid increase in net investment income. The total investment yield was satisfactory at 2.4% for the Period despite an impairment of HK\$148.04 million being booked for AFS equities. The above-mentioned investment income and investment yield figures do not include a net exchange loss of HK\$78.81 million (2009: HK\$0.52 million).

於本財務期，太平人壽錄得投資收入總額收益19.7046億港元，較去年同期收益溢利16.9286億港元穩健增加。雖然本財務期在中國買賣的股票表現不理想，保費流入令投資資產大幅上升及股息收入上升令投資收入淨額穩健上升。儘管可供出售股本投資減值1.4804億港元，本財務期之總投資收益率仍為2.4%，令人滿意。上述投資收入及投資收益率並不包括7,881萬港元匯兌虧損淨額(二零零九年：52萬港元)。

# Management Discussion and Analysis

## 管理層討論和分析

### LIFE INSURANCE BUSINESS (Continued)

### 人壽保險業務 (續)

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

太平人壽稅前投資收入／(虧損)之詳細分析如下：

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

截至二零一零年六月三十日止六個月，百萬港元

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

# Management Discussion and Analysis

## 管理層討論和分析

### LIFE INSURANCE BUSINESS (Continued)

### 人壽保險業務 (續)

For the six months ended 30 June 2009, HK\$ million (Restated)

截至二零零九年六月三十日止六個月，百萬港元(重列)

		Recognized in the consolidated income statement 於綜合損益表內確認					Unrealized gains/ (losses) recognized in the fair value reserve 於公允價值儲備內確認之未實現收益/(虧損)		Grand total 總額
		Net investment income 投資收入淨額	Net realized gains/ (losses) 已實現收益/(虧損)	Net unrealized gains/ (losses) 未實現收益/(虧損)	Net impairment loss 確認減值虧損淨額	Sub total 小計			
Interest income/ (expense) 利息收入/(支出)	Dividend income 股息收入								
<b>Debt securities</b>	<b>債務證券</b>								
HTM	持有至到期日	454.97	—	—	—	454.97	—	454.97	
AFS	可供出售	462.11	—	97.37	—	559.48	(491.62)	67.86	
HFT	持有作交易用途	0.15	—	5.67	1.10	6.92	—	6.92	
LR	貸款及應收款項	62.12	—	—	—	62.12	—	62.12	
<b>Equity securities</b>	<b>股本證券</b>								
AFS	可供出售	—	35.63	151.36	—	186.99	599.17	786.16	
HFT	持有作交易用途	—	—	44.93	(16.43)	28.50	—	28.50	
<b>Investment funds</b>	<b>投資基金</b>								
AFS	可供出售	—	31.61	157.06	—	188.67	696.52	885.19	
HFT	持有作交易用途	—	0.20	44.14	(19.58)	24.76	—	24.76	
<b>Cash and bank deposits</b>	<b>現金及銀行存款</b>	241.19	—	—	—	241.19	—	241.19	
<b>Securities sold under repurchase agreements</b>	<b>賣出回購證券</b>	(60.74)	—	—	—	(60.74)	—	(60.74)	
		1,159.80	67.44	500.53	(34.91)	1,692.86	804.07	2,496.93	

# Management Discussion and Analysis

## 管理層討論和分析

### LIFE INSURANCE BUSINESS (Continued)

### 人壽保險業務 (續)

#### Net Policyholders' Benefits

#### 保單持有人利益淨額

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

太平人壽之保單持有人利益淨額概述如下：

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

截至六月三十日止六個月，百萬港元

		2010 二零一零年	2009 二零零九年 (Restated) (重列)	Change 變化
Net claims	賠償淨額	238.64	179.64	32.8%
Surrenders	退保額	586.36	486.55	20.5%
Annuity, dividends and maturity payments	年金、分紅及到期付款	922.82	203.09	3.5 times 倍
Interest allocated to investment contract	分配至投資合約之利益	620.96	609.32	1.9%
		<b>2,368.78</b>	<b>1,478.60</b>	<b>60.2%</b>

#### Administrative and Other Expenses

#### 行政及其他費用

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

太平人壽之行政及其他費用概述如下：

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

截至六月三十日止六個月，百萬港元

		2010 二零一零年	2009 二零零九年	Change 變化
Staff costs	員工成本	1,220.89	901.92	35.4%
Rental expenses	租賃開支	113.03	94.86	19.2%
Others	其他	882.91	683.07	29.3%
		<b>2,216.83</b>	<b>1,679.85</b>	<b>32.0%</b>

# Management Discussion and Analysis

## 管理層討論和分析

### PROPERTY AND CASUALTY INSURANCE BUSINESS 財產保險業務

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

The Group has applied Accounting Guideline No. 5 on "Merger Accounting for Common Control Combinations" in respect of the acquisition of MAH (holding 100% equity interest of CTPI (HK) and MAC) for the year ended 31 December 2009. Accordingly, the consolidated figures of Last Period have been restated as if MAH had been consolidated with the Group. For the period before 4 November 2009, MAH was 51.34%-owned by CTIH, and therefore the results of MAH have been 51.34% consolidated with the Group for the Last Period.

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

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

本集團對於二零零九年十二月三十一日止年度購入民安控股(持有100%中國太平香港及民安中國權益)，已應用會計指引第5號「共同控制合併之合併會計處理」。因此，去年同期之合併數字已作重列，猶如民安控股於去年同期已合併於本集團內。於二零零九年十一月四日前之期間，中國太平控股擁有民安控股51.34%，因此民安控股去年同期業績之51.34%已併入本集團內。

務請讀者及投資者於閱覽管理層討論及分析及綜合財務報表時注意此等細節。

# Management Discussion and Analysis

## 管理層討論和分析

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

### 財產保險業務 — 由太平財險營運之中國業務

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

由太平財險經營之財產保險業務之主要財務數據概述如下：

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

截至六月三十日止六個月，百萬港元

		2010 二零一零年	2009 二零零九年 (Restated) (重列)	Change 變化
Gross premiums written	毛承保保費	3,040.52	2,479.77	22.6%
Net premiums written	淨承保保費	2,618.12	2,123.43	23.3%
Net earned premiums	已賺取保費淨額	2,363.03	2,070.94	14.1%
Net claims incurred	賠款淨額	(1,275.99)	(1,256.93)	1.5%
Net commission expenses	佣金支出淨額	(64.39)	(129.41)	(50.2%)
Total investment income	投資收入總額	161.79	84.88	90.6%
Net exchange loss	匯兌虧損淨額	(5.05)	(0.67)	6.5 times 倍
Administrative and other expenses	行政及其他費用	(1,023.05)	(746.91)	37.0%
Finance costs	財務費用	(28.13)	(24.98)	12.6%
Underwriting profit/(loss)	承保溢利／(虧損)	2.98	(67.83)	—
Profit/(loss) before taxation	除稅前溢利／(虧損)	130.36	(18.22)	—
Profit/(loss) after taxation	除稅後溢利／(虧損)	130.32	(1.94)	—
Profit/(loss) attributable to the owners	股東應佔溢利／(虧損)	65.22	(0.98)	—
Technical reserves ratio	技術性儲備比率	160.1%	147.8%	12.3 pts 點
Retained ratio	自留比率	86.1%	85.6%	0.5 pt 點
Earned premiums ratio	已賺取保費率	77.7%	83.5%	(5.8 pts 點)
Loss ratio <sup>1</sup>	賠付率 <sup>1</sup>	54.0%	60.7%	(6.7 pts 點)
Expense ratio <sup>1</sup>	費用率 <sup>1</sup>	45.9%	42.6%	3.3 pts 點
Combined ratio <sup>2</sup>	綜合成本率 <sup>2</sup>	99.9	103.3	(3.4 pts 點)

<sup>1</sup> Both the loss ratio and expense ratio are based on net earned premiums.

<sup>1</sup> 賠付率及費用率均按已賺取保費淨額為基準計算。

<sup>2</sup> The combined ratio is the sum of the loss ratio and the expense ratio.

<sup>2</sup> 綜合成本率為賠付率與費用率的總和。

# Management Discussion and Analysis

## 管理層討論和分析

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

### 財產保險業務 — 由太平財險營運之中國業務 (續)

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

由太平財險經營之財產保險業務之主要經營數據概述如下：

		At 30 June 2010 於二零一零年 六月三十日	At 31 December 2009 於二零零九年 十二月三十一日	Change 變化
Market share <sup>1</sup>	市場份額 <sup>1</sup>	<b>1.3%</b>	1.5%	(0.2 pt 點)
Number of provincial branches	省級分公司數目	<b>27</b>	27	—
Number of sub-branches and marketing centers	支公司及市場推廣中心數目	<b>493</b>	378	115
Number of direct sales representatives	直接銷售代表數目	<b>3,472</b>	2,487	985
Total investment yield (year-to-date) <sup>2</sup>	總投資收益率 (本期) <sup>2</sup>	<b>3.0%</b>	4.6%	(1.6 pts 點)
Regulatory solvency margin ratio	監管性償付能力充足比率	<b>156%</b>	192%	(36 pts 點)

<sup>1</sup> Based on premiums published by the CIRC.

<sup>1</sup> 據中國保監會刊發之保費計算。

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

<sup>2</sup> 不包括外匯資本資產產生之匯兌收益/(虧損)。

### Profit/(loss) Attributable to the Owners

### 股東應佔溢利/(虧損)

The property and casualty insurance business operated by TPI contributed net profit to the owners of HK\$65.22 million during the Period (2009 (restated): loss of HK\$0.98 million).

於本財務期內，由太平財險經營之財產保險業務對股東淨溢利的貢獻為6,522萬港元(二零零九年(重列)：虧損98萬港元)。



# Management Discussion and Analysis

## 管理層討論和分析

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

### 財產保險業務 — 由太平財險營運之中國業務 (續)

#### Gross Premiums Written

#### 毛承保保費

Despite the tightening controls on underwriting selections and acquisition costs, TPI's gross premiums written increased by 22.6% to HK\$3,040.52 million from HK\$2,479.77 million in the Last Period. The detailed breakdown of TPI's gross premiums written was as follows:

儘管收緊承保控制及展業開支，太平財險之毛承保保費仍由去同期之24.7977億港元上升22.6%至30.4052億港元。太平財險毛承保保費詳細分析如下：

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

截至六月三十日止六個月，百萬港元

Business Line 業務種類	2010 二零一零年	% of Total 佔總額百分比	2009 二零零九年	% of Total 佔總額百分比
Motor 車險	2,446.91	80.5%	1,985.32	80.1%
Marine 水險	84.83	2.8%	86.01	3.5%
Non-marine 非水險	508.78	16.7%	408.44	16.4%
	<b>3,040.52</b>	<b>100.0%</b>	2,479.77	100.0%

#### Combined Ratio

#### 綜合成本率

TPI's combined ratio of 99.9 during the Period was lower than the 103.3 (*restated*) in the Last Period, and was the result of TPI's focus on improving underwriting selections and claims controls. TPI's loss ratios, expense ratios and combined ratios were as follows:

於本財務期內，太平財險之綜合成本率為99.9，低於去年同期之103.3 (*重列*)，為太平財險專注於改善承保及賠付控制的成果。太平財險之賠付率、費用率及綜合成本率情況如下：

For the six months ended 30 June

截至六月三十日止六個月

	2010 二零一零年	2009 二零零九年 (Restated) (重列)
Loss ratio 賠付率	54.0%	60.7%
Expense ratio 費用率	45.9%	42.6%
Combined ratio 綜合成本率	<b>99.9</b>	103.3

# Management Discussion and Analysis

## 管理層討論和分析

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

財產保險業務 — 由太平財險營運之中國業務 (續)

#### Investment Performance

#### 投資表現

The composition of investments held by TPI was as follows:

太平財險所持之投資組合如下：

		At 30 June 2010		At 31 December 2009	
		於二零一零年六月三十日		於二零零九年十二月三十一日	
		HK\$ million	% of Total	HK\$ million	% of Total
		百萬港元	佔總額百分比	百萬港元	佔總額百分比
Debt securities	債務證券	2,643.52	43.8%	2,450.87	47.5%
Equity securities	股本證券	97.32	1.6%	156.65	3.0%
Investment funds	投資基金	255.76	4.2%	336.55	6.5%
Cash and bank deposits	現金及銀行存款	3,045.02	50.4%	2,218.03	43.0%
Total invested assets	投資總額	6,041.62	100.0%	5,162.10	100.0%

During the Period, with general investment markets performance and sentiment declining in the PRC, TPI continued to be very cautious in its asset allocation for its investment portfolio. Equity investments were reduced to a low percentage of the asset allocation, while debt securities and cash and bank deposits constituted a combined total of approximately 94.2% of the total invested assets as at 30 June 2010 (31 December 2009: 90.5%).

於本財務期內，中國投資市場的表現及氣氛大體上減弱，太平財險對於其投資組合的資產配置仍然十分審慎。股本投資在資產配置降低至一個較低百分比，而債務證券、現金及銀行存款於二零一零年六月三十日合共佔投資資產總額約94.2% (二零零九年十二月三十一日：90.5%)。

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

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

#### At 30 June 2010, HK\$ million

於二零一零年六月三十日，百萬港元

		HTM	AFS	HFT	LR	Total
		持有至到期日	可供出售	持有作交易用途	貸款及應收款項	總額
Debt securities	債務證券	889.69	1,593.35	—	160.48	2,643.52
Equity securities	股本證券	—	97.32	—	—	97.32
Investment funds	投資基金	—	255.76	—	—	255.76
		889.69	1,946.43	—	160.48	2,996.60

# Management Discussion and Analysis

## 管理層討論和分析

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

財產保險業務 — 由太平財險營運之中國業務 (續)

At 31 December 2009, HK\$ million

於二零零九年十二月三十一日 · 百萬港元

		HTM 持有至到期日	AFS 可供出售	HFT 持有作 交易用途	LR 貸款及 應收款項	Total 總額
Debt securities	債務證券	880.68	1,467.97	—	102.22	2,450.87
Equity securities	股本證券	—	156.65	—	—	156.65
Investment funds	投資基金	—	336.55	—	—	336.55
		880.68	1,961.17	—	102.22	2,944.07

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

HK\$ million

百萬港元

		At 30 June 2010 於二零一零年 六月三十日	At 31 December 2009 於二零零九年 十二月三十一日
Central governments and central banks	中央政府及 中央銀行	1,117.85	1,118.98
Banks and other financial institutions	銀行及其他 金融機構	678.44	575.14
Corporate entities	企業實體	847.23	756.75
		2,643.52	2,450.87

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

太平財險確認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：

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

截至六月三十日止六個月 · 百萬港元

		2010 二零一零年	2009 二零零九年	Change 變化
Net investment income	投資收入淨額	139.26	64.74	1.2 times 倍
Net realized investment gains	已實現投資收益淨額	22.53	20.14	11.9%
Net impairment loss on securities	證券減值虧損淨額	—	—	—
Total investment income	投資收入總額	161.79	84.88	90.6%
Total investment yield (year-to-date)	總投資收益率 (本期)	3.0%	2.1%	0.9 pt 點

# Management Discussion and Analysis

## 管理層討論和分析

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

### 財產保險業務 — 由太平財險營運之中國業務 (續)

TPI's total investment income was HK\$161.79 million during the Period, representing a large increase from HK\$84.88 million in the Last Period. The above-mentioned investment income and investment yield figures do not include a net exchange loss of HK\$5.05 million (2009: HK\$0.67 million).

於本財務期內，太平財險錄得投資收入總額1.6179億港元，較去年同期8,488萬港元大幅增加。上述投資收入及投資收益率並不包括505萬港元匯兌虧損淨額(二零零九年：67萬港元)。

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

太平財險稅前投資收入／(虧損)之詳細分析如下：

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

截至二零一零年六月三十日止六個月，百萬港元

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

# Management Discussion and Analysis

## 管理層討論和分析

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

### 財產保險業務 — 由太平財險營運之中國 業務 (續)

For the six months ended 30 June 2009, HK\$ million

截至二零零九年六月三十日止六個月，百萬港元

	Recognized in the consolidated income statement 於綜合損益表內確認					Unrealized gains/ (losses) recognized in the fair value reserve 於公允價值 儲備內確認 之未實現 收益/(虧損)	Sub total 小計	Grand total 總額
	Net Investment income 投資收入淨額		Net unrealized gains/ (losses) 未實現 收益/ (虧損)淨額					
	Interest income/ (expense) 利息收入/ (支出)	Dividend income 股息收入	Net realized gains 已實現 收益淨額	Net gains/ (losses) 未實現 收益/ (虧損)淨額	Net impairment loss 確認減值 虧損淨額			
<b>Debt securities</b>	<b>債務證券</b>							
HTM	持有至到期日	11.76	—	—	—	11.76	—	11.76
AFS	可供出售	32.35	—	2.88	—	35.23	(33.35)	1.88
LR	貸款及應收款項	3.13	—	—	—	3.13	—	3.13
<b>Equity securities</b>	<b>股本證券</b>							
AFS	可供出售	—	0.53	7.39	—	7.92	8.56	16.48
<b>Investment funds</b>	<b>投資基金</b>							
AFS	可供出售	—	7.29	9.87	—	17.16	100.52	117.68
HFT	持有作交易用途	—	0.24	—	—	0.24	—	0.24
<b>Cash and bank deposits</b>	<b>現金及銀行存款</b>							
		11.36	—	—	—	11.36	—	11.36
<b>Securities sold under repurchase agreements</b>	<b>賣出回購證券</b>							
		(1.92)	—	—	—	(1.92)	—	(1.92)
		56.68	8.06	20.14	—	84.88	75.73	160.61

# Management Discussion and Analysis

## 管理層討論和分析

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

財產保險業務 — 由太平財險營運之中國業務 (續)

#### Administrative and Other Expenses

行政及其他費用

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

太平財險之行政及其他費用概述如下：

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

*截至六月三十日止六個月，百萬港元*

		2010 二零一零年	2009 二零零九年	Change 變化
Staff costs	員工成本	604.59	407.15	48.5%
Rental expenses	租賃開支	28.83	32.76	(12.0%)
Business tax and additional charges	營業稅金及附加費用	169.73	138.72	22.4%
Others	其他	219.90	168.28	30.7%
		<b>1,023.05</b>	746.91	37.0%

# Management Discussion and Analysis

## 管理層討論和分析

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

### 財產保險業務 — 由民安中國營運之中國業務

On 14 March 2010, CTIH entered into a framework agreement for a possible disposed of 100% equity interest of MAC. The long stop date of this framework agreement is on or before 14 December 2010.

於二零一零年三月十四日，中國太平控股就可能出售民安中國的全部權益訂立框架協議。框架協議的最後完成日期為二零一零年十二月十四日或之前。

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

由民安中國經營之財產保險業務之主要財務數據概述如下：

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

截至六月三十日止六個月，百萬港元

		2010 二零一零年	2009 二零零九年	Change 變化
Gross premiums written	毛承保保費	904.69	727.69	24.3%
Net premiums written	淨承保保費	739.36	618.95	19.5%
Net earned premiums	已賺取保費淨額	642.68	545.05	17.9%
Net claims incurred	賠款淨額	(344.86)	(314.81)	9.5%
Net commission expenses	佣金支出淨額	(27.95)	(89.94)	(68.9%)
Total investment income	投資收入總額	24.21	39.47	(38.7%)
Net exchange loss	匯兌虧損淨額	(2.53)	(0.67)	2.8 times 倍
Administrative and other expenses	行政及其他費用	(337.81)	(263.44)	28.2%
Underwriting loss	承保虧損	(64.02)	(121.50)	(47.3%)
Loss before taxation	除稅前虧損	(42.22)	(82.70)	(48.9%)
Loss after taxation	除稅後虧損	(42.27)	(82.73)	(48.9%)
Loss attributable to the owners	股東應佔虧損	(42.27)	(42.47)	(0.5%)
Technical reserves ratio	技術性儲備比率	153.2%	149.2%	4.0 pts 點
Retained ratio	自留比率	81.7%	85.1%	(3.4 pts 點)
Earned premiums ratio	已賺取保費率	71.0%	74.9%	(3.9 pts 點)
Loss ratio <sup>1</sup>	賠付率 <sup>1</sup>	53.7%	57.8%	(4.1 pts 點)
Expense ratio <sup>1</sup>	費用率 <sup>1</sup>	56.3%	64.5%	(8.2 pts 點)
Combined ratio <sup>2</sup>	綜合成本率 <sup>2</sup>	110.0	122.3	(12.3 pts 點)

<sup>1</sup> Both the loss ratio and expense ratio are based on net earned premiums.

<sup>1</sup> 賠付率及費用率均按已賺取保費淨額為基準計算。

<sup>2</sup> The combined ratio is the sum of the loss ratio and the expense ratio.

<sup>2</sup> 綜合成本率為賠付率與費用率的總和。

# Management Discussion and Analysis

## 管理層討論和分析

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

(Continued)

### 財產保險業務 — 由民安中國營運之中國業務 (續)

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

由民安中國經營之財產保險業務之主要經營數據概述如下：

		At 30 June 2010 於二零一零年 六月三十日	At 31 December 2009 於二零零九年 十二月三十一日	Change 變化
Market share <sup>1</sup>	市場份額 <sup>1</sup>	0.4%	0.4%	—
Number of provincial branches	省級分公司數目	19	19	—
Number of sub-branches and marketing centers	支公司及市場推廣中心數目	89	91	(2)
Total investment yield (year-to-date) <sup>2</sup>	總投資收益率(本期) <sup>2</sup>	1.5%	4.7%	(3.2 pts 點)
Regulatory solvency margin ratio	監管性償付能力充足比率	210%	272%	(62 pts 點)

<sup>1</sup> Based on premiums published by the CIRC.

<sup>1</sup> 據中國保監會刊發之保費計算。

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

<sup>2</sup> 不包括外匯資本資產產生之匯兌收益/(虧損)。

#### Loss Attributable to the Owners

The property and casualty insurance business operated by MAC incurred a net loss to the owners of HK\$42.27 million during the Period (2009: HK\$42.47 million). The total losses incurred by MAC actually have improved compared to the Last Period because the losses attributable to CTIH during the Last Period reflect a lower allocation percentage.

#### 股東應佔虧損

於本財務期內，由民安中國經營之財產保險業務使股東遭受淨虧損4,227萬港元(二零零九年：4,247萬港元)。由於中國太平控股去年同期應佔民安中國虧損的分配百分比比較低，所以民安中國的虧損總額較去年同期實質上已得到改善。



# Management Discussion and Analysis

## 管理層討論和分析

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

(Continued)

### 財產保險業務 — 由民安中國營運之中國業務 (續)

#### Gross Premiums Written

MAC's gross premiums written increased by 24.3% to HK\$904.69 million from HK\$727.69 million in the Last Period. The detailed breakdown of MAC's gross premiums written was as follows:

#### 毛承保保費

民安中國之毛承保保費由去年同期之7.2769億港元上升24.3%至9.0469億港元。民安中國毛承保保費詳細分析如下：

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

截至六月三十日止六個月，百萬港元

Business Line 業務種類		2010 二零一零年	% of Total 佔總額百分比	2009 二零零九年	% of Total 佔總額百分比
Motor 車險		652.59	72.1%	528.63	72.6%
Marine 水險		36.50	4.0%	32.09	4.4%
Non-marine 非水險		215.60	23.9%	166.97	23.0%
		904.69	100.0%	727.69	100.0%

#### Net Claims Incurred

MAC's net claims incurred increased by 9.5% to HK\$344.86 million from HK\$314.81 million in the Last Period.

#### 淨賠款總額

民安中國之淨賠款總額由去年同期之3.1481億港元上升9.5%至3.4486億港元。

#### Combined Ratio

During the Period, MAC's loss ratio improved to 53.7% from 57.8% in the Last Period, while its expense ratio improved to 56.3% from 64.5% in the Last Period. MAC's underwriting has been more selective over recent months, and gradual and incremental improvements in the pricing environment of the PRC property and casualty insurance sector also contributed to the improving underwriting performance. The decrease in expense ratio was due to MAC's stringent focus on cost controls. As a result, MAC's combined ratio was 110.0 during the Period, which was lower than the 122.3 in the Last Period. MAC's loss ratios, expense ratios and combined ratios were as follows:

#### 綜合成本率

民安中國賠付率由去年同期的57.8%改善至53.7%，同時，其費用率亦由去年同期的64.5%改善至56.3%。過去數月，民安中國嚴格承保業務，以及中國財產保險業定價環境有序地改善，均令承保表現得到改善。費用率下降，是由於民安中國嚴緊的成本控制。因此，於本財務期內民安中國之綜合成本率為110.0，低於去年同期之122.3。民安中國之賠付率、費用率及綜合成本率情況如下：

# Management Discussion and Analysis

## 管理層討論和分析

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

(Continued)

財產保險業務 — 由民安中國營運之中國業務 (續)

Combined Ratio (Continued)

綜合成本率 (續)

For the six months ended 30 June

截至六月三十日止六個月

		2010 二零一零年	2009 二零零九年
Loss ratio	賠付率	53.7%	57.8%
Expense ratio	費用率	56.3%	64.5%
Combined ratio	綜合成本率	110.0	122.3

### Investment Performance

投資表現

The composition of investments held by MAC was as follows: 民安中國所持之投資組合如下：

		At 30 June 2010 於二零一零年六月三十日		At 31 December 2009 於二零零九年十二月三十一日	
		HK\$ million 百萬港元	% of Total 佔總額百分比	HK\$ million 百萬港元	% of Total 佔總額百分比
Debt securities	債務證券	633.50	43.8%	500.38	28.4%
Equity securities	股本證券	63.87	4.4%	121.38	6.9%
Investment funds	投資基金	35.14	2.4%	63.46	3.6%
Cash and bank deposits	現金及銀行存款	713.25	49.4%	1,075.70	61.1%
Total invested assets	投資總額	1,445.76	100.0%	1,760.92	100.0%

During the Period, with general investment markets performance and sentiment declining in the PRC, MAC continued to be very cautious in its asset allocation for its investment portfolio. Equity investments were maintained at a relatively low percentage of the asset allocation, while debt securities and cash and bank deposits constituted a combined total of approximately 93.2% of the total invested assets as at 30 June 2010 (31 December 2009: 89.5%).

於本財務期內，中國的投資市場及氣氛大體上轉差，民安中國對於其投資組合的資產配置仍然十分審慎。股本投資維持在資產配置的一個較低百分比，而債務證券、現金及銀行存款於二零一零年六月三十日合共佔投資資產總額約93.2% (二零零九年十二月三十一日：89.5%)。

# Management Discussion and Analysis

## 管理層討論和分析

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

(Continued)

### 財產保險業務 — 由民安中國營運之中國業務 (續)

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

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

At 30 June 2010, HK\$ million

於二零一零年六月三十日，百萬港元

	HTM 持有至到期日	AFS 可供出售	HFT 持有作 交易用途	LR 貸款及 應收款項	Total 總額
Debt securities 債務證券	—	564.72	—	68.78	633.50
Equity securities 股本證券	—	63.87	—	—	63.87
Investment funds 投資基金	—	35.14	—	—	35.14
	—	663.73	—	68.78	732.51

At 31 December 2009, HK\$ million

於二零零九年十二月三十一日，百萬港元

	HTM 持有至到期日	AFS 可供出售	HFT 持有作 交易用途	LR 貸款及 應收款項	Total 總額
Debt securities 債務證券	—	466.31	—	34.07	500.38
Equity securities 股本證券	—	121.38	—	—	121.38
Investment funds 投資基金	—	63.46	—	—	63.46
	—	651.15	—	34.07	685.22

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

HK\$ million

百萬港元

	At 30 June 2010 於二零一零年 六月三十日	At 31 December 2009 於二零零九年 十二月三十一日
Central governments and central banks 中央政府及中央銀行	58.17	431.22
Banks and other financial institutions 銀行及其他金融機構	434.70	22.84
Corporate entities 企業實體	140.63	46.32
	633.50	500.38

## Management Discussion and Analysis 管理層討論和分析

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

(Continued)

財產保險業務 — 由民安中國營運之中國業務 (續)

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

民安中國確認在綜合損益表內之稅前投資收入總額及稅前投資收益率概述如下：

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

截至六月三十日止六個月，百萬港元

		2010 二零一零年	2009 二零零九年	Change 變化
Net investment income	投資收入淨額	13.65	21.87	(37.6%)
Net realized investment gains	已實現投資收益淨額	11.47	17.60	(34.8%)
Net impairment loss recognized on AFS equities	確認可供出售股本投資減值虧損淨額	(0.91)	—	—
Total investment income	投資收入總額	24.21	39.47	(38.7%)
Total investment yield (year-to-date)	總投資收益率(本期)	1.5%	2.7%	(1.2 pts 點)

MAC's total investment income was HK\$24.21 million for the Period, representing a decrease from HK\$39.47 million in the Last Period. The above-mentioned investment income and investment yield figures do not include a net exchange loss of HK\$2.53 million (2009: HK\$0.67 million).

於本財務期，民安中國錄得投資收入總額2,421萬港元，較去年同期溢利3,947萬港元減少。上述投資收入及投資收益率並不包括253萬港元匯兌虧損淨額(二零零九年：67萬港元)。

# Management Discussion and Analysis

## 管理層討論和分析

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

### 財產保險業務 — 由民安中國營運之中國業務 (續)

(Continued)

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

民安中國稅前投資收入／(虧損)之詳細分析如下：

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

截至二零一零年六月三十日止六個月，百萬港元

		Recognized in the consolidated income statement 於綜合損益表內確認					Unrealized losses recognized in the fair value reserve 於公允價值 儲備內確認 之未實現 虧損		Grand total 總額
Net investment income 投資收入淨額		Net impairment loss recognized Sub total 小計							
Interest income/ (expense) 利息收入/ (支出)		Dividend income 股息收入	Net realized gains 已實現 收益淨額	Net unrealized gains 未實現 收益淨額	Net impairment loss recognized 確認減值 虧損淨額				
Debt securities	債務證券								
AFS	可供出售	5.17	—	0.63	—	—	5.80	(0.56)	5.24
LR	貸款及應收款項	1.82	—	—	—	—	1.82	—	1.82
Equity securities	股本證券								
AFS	可供出售	—	0.15	0.01	—	(0.91)	(0.75)	(18.27)	(19.02)
Investment funds	投資基金								
AFS	可供出售	—	0.36	10.83	—	—	11.19	(17.17)	(5.98)
HFT	持有作交易用途	—	0.13	—	—	—	0.13	—	0.13
Cash and bank deposits	現金及銀行存款	5.89	—	—	—	—	5.89	—	5.89
Securities sold under repurchase agreements	賣出回購證券	(0.05)	—	—	—	—	(0.05)	—	(0.05)
Other	其他	0.18	—	—	—	—	0.18	—	0.18
		13.01	0.64	11.47	—	(0.91)	24.21	(36.00)	(11.79)

# Management Discussion and Analysis

## 管理層討論和分析

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

(Continued)

### 財產保險業務 — 由民安中國營運之中國 業務 (續)

For the six months ended 30 June 2009, HK\$ million

截至二零零九年六月三十日止六個月，百萬港元

	Recognized in the consolidated income statement 於綜合損益表內確認					Net impairment loss recognized 確認減值 虧損淨額	Sub total 小計	Unrealized gains/ (losses) recognized in the fair value reserve 於公允價值 儲備內確認 之未實現 收益/(虧損)	Grand total 總額
	Net investment income 投資收入淨額	Dividend income 股息收入	Net realized gains/ (losses) 已實現 收益/ (虧損)淨額	Net unrealized gains 未實現 收益淨額	Net impairment loss recognized 確認減值 虧損淨額				
<b>Debt securities</b>	<b>債務證券</b>								
AFS	可供出售	7.25	—	0.01	—	—	7.26	(16.16)	(8.90)
LR	貸款及應收款項	1.04	—	—	—	—	1.04	—	1.04
<b>Equity securities</b>	<b>股本證券</b>								
AFS	可供出售	—	0.30	8.43	—	—	8.73	6.96	15.69
<b>Investment funds</b>	<b>投資基金</b>								
AFS	可供出售	—	5.39	9.16	—	—	14.55	15.62	30.17
HFT	持有作交易用途	—	0.23	—	—	—	0.23	—	0.23
<b>Cash and bank deposits</b>	<b>現金及銀行存款</b>								
		7.97	—	—	—	—	7.97	—	7.97
<b>Securities sold under repurchase agreements</b>	<b>賣出回購證券</b>								
		(0.31)	—	—	—	—	(0.31)	—	(0.31)
		15.95	5.92	17.60	—	—	39.47	6.42	45.89

### Administrative and Other Expenses

### 行政及其他費用

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

民安中國之行政及其他費用概述如下：

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

截至六月三十日止六個月，百萬港元

		2010 二零一零年	2009 二零零九年	Change 變化
Staff costs	員工成本	196.39	146.90	33.7%
Rental expenses	租賃開支	17.33	18.63	(7.0%)
Business tax and additional charges	營業稅金及附加費用	46.87	36.81	27.3%
Others	其他	77.22	61.10	26.4%
		337.81	263.44	28.2%

# Management Discussion and Analysis

## 管理層討論和分析

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

### 財產保險業務 — 由中國太平香港營運之 香港業務

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

在香港經營之財產保險業務之主要財務數據概述如下：

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

截至六月三十日止六個月，百萬港元

		2010 二零一零年	2009 二零零九年	Change 變化
Gross premiums written	毛承保保費	471.51	440.28	7.1%
Net premiums written	淨承保保費	295.95	272.01	8.8%
Net earned premiums	已賺取保費淨額	266.02	269.15	(1.2%)
Net claims incurred	賠款淨額	(139.22)	(147.29)	(5.5%)
Net commission expenses	佣金支出淨額	(52.52)	(54.34)	(3.3%)
Total investment income	投資收入總額	158.37	123.27	28.5%
Net exchange gain	匯兌收益淨額	8.52	0.56	14.2 times 倍
Administrative and other expenses	行政及其他費用	(73.11)	(72.57)	0.7%
Underwriting profit/(loss)	承保溢利／(虧損)	4.50	(3.34)	—
Profit before taxation	除稅前溢利	168.92	122.50	37.9%
Profit after taxation	除稅後溢利	168.91	122.22	38.2%
Profit attributable to the owners	股東應佔溢利	168.91	62.75	1.7 times 倍
Technical reserves ratio	技術性儲備比率	492.5%	497.9%	(5.4 pts 點)
Retained ratio	自留比率	62.8%	61.8%	1.0 pt 點
Earned premiums ratio	已賺取保費率	56.4%	61.1%	(4.7 pts 點)
Loss ratio <sup>1</sup>	賠付率 <sup>1</sup>	52.3%	54.7%	(2.4 pts 點)
Expense ratio <sup>1</sup>	費用率 <sup>1</sup>	46.0%	46.5%	(0.5 pt 點)
Combined ratio <sup>2</sup>	綜合成本率 <sup>2</sup>	98.3	101.2	(2.9 pts 點)

<sup>1</sup> Both the loss ratio and expense ratio are based on net earned premiums.

<sup>1</sup> 賠付率及費用率均按已賺取保費淨額為基準計算。

<sup>2</sup> The combined ratio is the sum of the loss ratio and the expense ratio.

<sup>2</sup> 綜合成本率為賠付率與費用率的總和。

#### Profit Attributable to the Owners

#### 股東應佔溢利

The Hong Kong operations recorded a net profit to the owners of HK\$168.91 million during the Period (2009: HK\$62.75 million). The net profits during the Period have been 100% allocated to CTIH, while the net profit attributable to CTIH during the Last Period reflect a lower allocation percentage.

於本財務期內，香港經營之財產保險業務使股東錄得淨溢利1.6891億港元（二零零九年：6,275萬港元）。本財務期的淨溢利全數分配至中國太平控股，而去年同期中國太平控股應佔的淨溢利分配百分比則較低。

# Management Discussion and Analysis

## 管理層討論和分析

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

財產保險業務 — 由中國太平香港營運之香港業務 (續)

#### Gross Premiums Written

#### 毛承保保費

Gross premiums written increased by 7.1% to HK\$471.51 million from HK\$440.28 million in the Last Period. During the Period, recovering economic growth and activity in Hong Kong helped to bolster the property and casualty insurance sector. The detailed breakdown of gross premiums written was as follows:

毛承保保費由去年同期之4.4028億港元上升7.1%至4.7151億港元。於本財務期，香港經濟回復增長令財產保險業得到支持。毛承保保費詳細分析如下：

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

截至六月三十日止六個月，百萬港元

Business Line 業務種類	2010 二零一零年	% of Total 佔總額百分比	2009 二零零九年	% of Total 佔總額百分比
Motor 車險	93.28	19.8%	95.39	21.7%
Marine 水險	95.90	20.3%	82.79	18.8%
Non-marine 非水險	282.33	59.9%	262.10	59.5%
	471.51	100.0%	440.28	100.0%

#### Combined Ratio

#### 綜合成本率

The expense ratio, calculated based on net earned premiums was 46.0% similar to 46.5% in the Last Period. The loss ratio decreased to 52.3% from 54.7% in the Last Period. As a result, the combined ratio improved to 98.3 from 101.2 in the Last Period. The loss ratios, expense ratios and combined ratios were as follows:

按已賺取保費淨額為基準計算之費用率為46.0%，與去年同期的46.5%相約。賠付率由去年同期的54.7%下降至52.3%。因此，綜合成本率由去年同期的101.2改善至98.3。賠付率、費用率及綜合成本率情況如下：

For the six months ended 30 June

截至六月三十日止六個月

	2010 二零一零年	2009 二零零九年
Loss ratio 賠付率	52.3%	54.7%
Expense ratio 費用率	46.0%	46.5%
Combined ratio 綜合成本率	98.3	101.2



# Management Discussion and Analysis

## 管理層討論和分析

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

財產保險業務 — 由中國太平香港營運之  
香港業務 (續)

#### Investment Performance

#### 投資表現

The composition of investments was as follows:

投資組合情況如下：

		At 30 June 2010		At 31 December 2009	
		於二零一零年六月三十日		於二零零九年十二月三十一日	
		HK\$ million	% of Total	HK\$ million	% of Total
		百萬港元	佔總額百分比	百萬港元	佔總額百分比
Debt securities	債務證券	1,374.17	41.8%	1,393.08	44.5%
Equity securities	股本證券	257.84	7.8%	164.79	5.3%
Investment funds	投資基金	65.01	2.0%	63.78	2.0%
Cash and bank deposits	現金及銀行存款	423.29	12.9%	417.21	13.3%
Investment properties	投資物業	1,168.51	35.5%	1,095.10	34.9%
Total invested assets	投資總額	3,288.82	100.0%	3,133.96	100.0%

During the Period, with general investment markets performance and sentiment declining in Hong Kong, CTPI (HK) continued to be very cautious in its asset allocation for its investment portfolio. Equity investments were maintained at a relatively low percentage of the asset allocation, while debt securities and cash and bank deposits constituted a combined total of approximately 54.7% of the total invested assets as at 30 June 2010 (31 December 2009: 57.8%).

於本財務期內，香港投資市場的表現及氣氛大體上轉弱，中國太平香港對於其投資組合的資產配置仍然十分審慎。股本投資維持在資產配置的一個較低百分比，而債務證券、現金及銀行存款於二零一零年六月三十日合共佔投資資產總額約54.7% (二零零九年十二月三十一日：57.8%)。

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

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

#### At 30 June 2010, HK\$ million

#### 於二零一零年六月三十日，百萬港元

		HTM	AFS	HFT	LR	Total
		持有至到期日	可供出售	持有作 交易用途	貸款及 應收款項	總額
Debt securities	債務證券	—	1,374.17	—	—	1,374.17
Equity securities	股本證券	—	257.84	—	—	257.84
Investment funds	投資基金	—	65.01	—	—	65.01
		—	1,697.02	—	—	1,697.02

## Management Discussion and Analysis 管理層討論和分析

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

財產保險業務 — 由中國太平香港營運之  
香港業務 (續)

At 31 December 2009, HK\$ million

於二零零九年十二月三十一日，百萬港元

		HTM 持有至到期日	AFS 可供出售	HFT 持有作 交易用途	LR 貸款及 應收款項	Total 總額
Debt securities	債務證券	476.87	916.21	—	—	1,393.08
Equity securities	股本證券	—	164.79	—	—	164.79
Investment funds	投資基金	—	63.78	—	—	63.78
		476.87	1,144.78	—	—	1,621.65

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

HK\$ million

百萬港元

		At 30 June 2010 於二零一零年 六月三十日	At 31 December 2009 於二零零九年 十二月三十一日
Central governments and central banks	中央政府及 中央銀行	25.96	16.61
Banks and other financial institutions	銀行及其他 金融機構	824.29	886.82
Corporate entities	企業實體	523.92	451.24
Others	其他	—	38.41
		1,374.17	1,393.08

## Management Discussion and Analysis 管理層討論和分析

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

### 財產保險業務 — 由中國太平香港營運之 香港業務 (續)

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

確認在綜合損益表內之稅前投資收入總額及稅前投資收益率概述如下：

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

截至六月三十日止六個月，百萬港元

		2010 二零一零年	2009 二零零九年	Change 變化
Net investment income	投資收入淨額	64.92	80.43	(19.3%)
Net realized investment gains	已實現投資收益淨額	93.45	32.34	1.9 times 倍
Net unrealized investment gains	未實現投資收益淨額	—	10.50	—
Net impairment loss on securities	證券減值虧損淨額	—	—	—
Total investment income	投資收入總額	158.37	123.27	28.5%
Total investment yield (year-to-date)	總投資收益率 (本期)	5.0%	3.4 %	1.6 pts 點

Total investment income was HK\$158.37 million for the Period, representing a solid increase from HK\$123.27 million in the Last Period. Careful and selective sales of fixed income securities over recent months to secure capital gains were behind the significant increase in net realized investment gains. Despite many uncertainties and challenges in the global investment markets, the total investment yield for the Period was a very satisfactory 5.0%. The above-mentioned investment income and investment yield figures do not include a net exchange gain of HK\$8.52 million (2009: HK\$0.56 million).

本財務期內錄得投資收入總額1.5837億港元，較去年同期1.2327億港元穩健上升。經嚴選出售了一部份定息證券鎖定資本收益，令已實現投資收益淨額顯著上升。儘管全球投資市場不明朗及充滿挑戰性，本財務期總投資收益率達5.0%，令人非常滿意。上述投資收入及投資收益率並不包括852萬港元匯兌收益淨額(二零零九年：56萬港元)。

# Management Discussion and Analysis

## 管理層討論和分析

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

財產保險業務 — 由中國太平香港營運之  
香港業務 (續)

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

中國太平香港稅前投資收入／(虧損)之詳細分析如下：

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

截至二零一零年六月三十日止六個月，百萬港元

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

# Management Discussion and Analysis

## 管理層討論和分析

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

財產保險業務 — 由中國太平香港營運之  
香港業務 (續)

For the six months ended 30 June 2009, HK\$ million

截至二零零九年六月三十日止六個月，百萬港元

		Recognized in the consolidated income statement 於綜合損益表內確認						Unrealized gains recognized in the fair value reserve 於公允價值 儲備內確認 之未實現 收益	Grand total 總額	
		Net investment income 投資收入淨額			Net realized gains 已實現 收益淨額	Net unrealized gains 未實現 收益淨額	Net impairment loss 減值 虧損淨額	Sub total 小計		
		Interest income 利息收入	Dividend income 股息收入	Rental income 租金收入						
<b>Debt securities</b>	<b>債務證券</b>									
HTM	持有至到期日	21.65	—	—	—	—	—	21.65	—	21.65
AFS	可供出售	25.81	—	—	7.18	—	—	32.99	52.94	85.93
HFT	持有作交易用途	3.99	—	—	6.20	0.53	—	10.72	—	10.72
<b>Equity securities</b>	<b>股本證券</b>									
AFS	可供出售	—	2.66	—	14.79	—	—	17.45	11.38	28.83
HFT	持有作交易用途	—	—	—	4.17	3.14	—	7.31	—	7.31
<b>Investment funds</b>	<b>投資基金</b>									
AFS	可供出售	—	0.95	—	—	—	—	0.95	0.45	1.40
<b>Cash and bank deposits</b>	<b>現金及銀行存款</b>	3.07	—	—	—	—	—	3.07	—	3.07
<b>Investment properties</b>	<b>投資物業</b>	—	—	22.30	—	6.83	—	29.13	—	29.13
		54.52	3.61	22.30	32.34	10.50	—	123.27	64.77	188.04

### Administrative and Other Expenses

### 行政及其他費用

The administrative and other expenses are summarized as follows:

行政及其他費用概述如下：

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

截至六月三十日止六個月，百萬港元

		2010 二零一零年	2009 二零零九年	Change 變化
Staff costs	員工成本	54.56	57.46	(5.0%)
Rental expenses	租賃開支	0.14	0.12	16.7%
Others	其他	18.41	14.99	22.8%
		73.11	72.57	0.7%

# Management Discussion and Analysis

## 管理層討論和分析

### OUTLOOK

CTIH expects its core operating units to continue the positive momentum established in the first half of 2010. Although investment markets are likely to remain challenging and volatile, the Company will continue its conservative and prudent asset allocation for its investment portfolio to ensure steady investment income and cash inflows. Overall, CTIH believes that satisfactory consolidated results will be achieved for the full year of 2010.

#### Reinsurance Business — TPRe

As the reinsurance business in Mainland China now and in the future continues to grow rapidly, TPRe anticipates that its gross premiums written for the full year of 2010 will be higher than Last Year. TPRe will continue to balance its overall portfolio by writing across different lines of insurance and across different clients and geographies. TPRe's objective is to achieve balance and even distribution in its in-force portfolio, as well as optimal mix and risk profiles.

With most of its business in short-tail property damage, the upcoming typhoon/hurricane and rainstorm season during the second half of the year may have a significant impact on the underwriting results of TPRe for the full year. Adequate retrocession protections are already in place to ensure that no single natural catastrophe will have an undue impact to TPRe's business results. Barring major catastrophic claims and an upheaval of the global financial markets in the second half year, it is anticipated that TPRe will have a satisfactory result for the full year of 2010.

#### Life Insurance Business — TPL

With the current strong GDP growth momentum of the PRC economy and the continuing positive fundamentals of the life insurance industry during the Period, the directors and senior management of TPL are optimistic for the prospects of the PRC life insurance industry for the remainder of 2010. In the ensuing months, TPL will continue to focus on its strategic objective of selling more traditional products with regular premium features. This strategic prioritization is not just for 2010, but will continue for at least several more years, if not longer into the foreseeable future.

### 展望

中國太平控股預期核心營運單位將繼續二零一零年上半年的良好勢頭。雖然投資市場可能持續充滿挑戰性及波動性，本公司將繼續保持其投資組合穩健審慎的資產配置，以確保投資收入及現金流入穩定。整體而言，中國太平控股相信將可達致令人滿意的二零一零年全年業績。

#### 再保險業務 — 太平再保險

由於中國大陸再保險業務繼續迅速增長，故太平再保險預期二零一零年全年的毛承保保費會較去年度高。太平再保險將繼續透過承保不同險種、客戶及地區以平衡其整體承保組合。太平再保險的目標為達致一個均衡業務分佈，以及與風險最佳匹配之有效組合。

因為業務集中在短尾巴財產損毀保險，於下半年的颱風暴雨季節可能會對太平再保險全年承保業績構成重大影響。太平再保險已安排充足轉分保險保障，以確保單一的自然災害不會對業績造成過度的影響。除下半年出現重大巨災索償及全球金融市場出現劇變以外，預期太平再保險於二零一零年會有令人滿意之全年業績。

#### 人壽保險業務 — 太平人壽

於本財務期，鑑於國內生產總值強勁增長的勢頭及人壽保險業的基調持續向好，太平人壽董事及高級管理層對中國人壽保險業在二零一零年下半年的前景感到樂觀。在未來數月，太平人壽將繼續集中銷售更多具期繳特色的傳統人壽保險產品。此策略不只針對二零一零年，並會繼續至少數年，甚至會在可見將來一貫推行。

# Management Discussion and Analysis

## 管理層討論和分析

### OUTLOOK (Continued)

#### Life Insurance Business – TPL (Continued)

In order to further expand into the sizable insurance markets of Mainland China, TPL will continue to build scale and further spread its network throughout the country, with more than 150 new sub-branches and marketing centers being planned to be opened during the second half of 2010. TPL will also continue to develop its individual agency force, and intends to continue increasing the number of its new recruits without compromising the high quality of its people.

#### Property and Casualty Insurance Business

##### TPI

TPI's growth prospects in the PRC property and casualty insurance industry remain very attractive. Economic growth in the country continues to be strong, and the demand for property and casualty insurance protection continues to rise along with the higher levels of economic activity. The operating environment of the property and casualty insurance industry in Mainland China also continues to improve. The directors and senior management of TPI are optimistic that the good operating performance achieved in the first half of the year can be sustained throughout the full year of 2010.

In the remaining months of 2010, TPI intends to continue focusing on controlling costs and expenses, and on the implementation of a more professional and efficient underwriting approach and system. An enhanced version of a new information and technology system will also be launched, which when completed will facilitate even better centralized decision-making and supervision of the nationwide operations.

##### MAC

An announcement was made on 15 March 2010 on the possible disposal by CTIH of its 100% equity interest in MAC. Legal formalities are being processed awaiting approval from authorities.

### 展望 (續)

#### 人壽保險業務 — 太平人壽 (續)

為進一步打入中國大陸龐大的保險市場，太平人壽將繼續擴大規模及進一步拓展其全國網絡，並計劃在二零一零年下半年開設超過150家新支公司及市場推廣中心。太平人壽亦會繼續發展其個人代理隊伍，並在增聘人員的同時，保持其員工的優良素質。

#### 財產保險業務

##### 太平財險

太平財險在中國財產保險業的增長前景仍然極具吸引力。國內經濟增長持續強勁，隨著國內經濟活動水平提高，對財產保險的需求亦持續上升。中國大陸財產保險業的經營環境仍會持續改善。太平財險董事及高級管理層對上半年良好的營運表現能延續至二零一零年全年感到樂觀。

在二零一零年下半年，太平財險將繼續專注於成本及費用控制，以及實行更專業及有效的承保作業系統。更先進的資訊科技系統亦將被設置，完成後全國業務將可實現更佳的集中決策及管控。

##### 民安中國

於二零一零年三月十五日，中國太平控股刊發可能出售其持有民安中國100%股權權益之公告。現正處於法律程序，有待當局批准。



# Management Discussion and Analysis

## 管理層討論和分析

### OUTLOOK (Continued)

#### CTPI (HK)

CTPI (HK) will continue to focus on maintaining its position as one of the top insurers in Hong Kong. CTPI (HK)'s current initiatives at cost cutting and increasing productivity will also continue for the remainder of 2010. With the economy stabilizing in Hong Kong, the directors and senior management of CTPI (HK) are confident that it will be able to achieve its goals and deliver acceptable returns to its shareholders for the full year.

#### Investments

Following a strong rebound in 2009, the global investment markets have for the most part turned lower during the Period, reflecting the continued uncertainty and unpredictability of the current global financial markets and economies. In such a volatile environment, the investment policies and investment portfolios in both Hong Kong and the PRC will continue to be managed in a conservative and prudent fashion, with a special emphasis placed upon risk management and conservative asset allocation.

### LIQUIDITY AND FINANCIAL RESOURCES

The Group's cash and bank deposits as at 30 June 2010 amounted to HK\$27,564.09 million (31 December 2009: HK\$20,474.76 million). There was no bank borrowing during the Period except for certain temporary bank overdrafts for insignificant amounts. The interest-bearing notes as at 30 June 2010 amounted to HK\$5,771.33 million (31 December 2009: HK\$5,725.11 million). The gearing ratio, which represents interest-bearing notes issued divided by the total assets of the Group, was 4.4% as at 30 June 2010 (31 December 2009: 5.1%).

### CAPITAL STRUCTURE

During the Period, CTIH issued 250,000 new shares (31 December 2009: 280,343,500 shares). All the shares were issued for cash under the Company's employee share option scheme, while in 2009, all of the new shares were issued for consideration other than cash for the purpose of acquiring equity interests in MAH. Net proceeds received for the shares issued for cash in aggregate amounted to HK\$0.26 million (2009: nil).

### 展望 (續)

#### 中國太平香港

中國太平香港將繼續專注維持其香港首選保險商之一的地位。中國太平香港現行節省成本及提升產能的措施將會於二零一零年下半年持續。香港經濟漸趨穩定，中國太平香港董事及高級管理層對於達成目標及全年為股東帶來令人滿意的回報充滿信心。

#### 投資

全球投資市場在經過二零零九年的強勁反彈後，大部份已於本財務期放緩，反映全球金融市場及經濟仍有不明朗因素及不可預知的情況。在此等波動的環境下，香港及中國的投資政策及投資組合將繼續保持穩健審慎的態度管理，並更加重視風險管理及採取穩健的資產配置措施。

### 流動資金及財務資源

於二零一零年六月三十日，本集團的現金及銀行存款為275.6409億港元(二零零九年十二月三十一日：204.7476億港元)。除若干小額臨時銀行透支外，本財務期內並無任何銀行借貸。二零一零年六月三十日須付息票據總額為57.7133億港元(二零零九年十二月三十一日：57.2511億港元)。二零一零年六月三十日已發行須付息票據除以本集團總資產所得出的槓桿比率為4.4% (二零零九年十二月三十一日：5.1%)。

### 資本結構

於本財務期內，中國太平控股發行250,000股新股(二零零九年十二月三十一日：280,343,500股)。全部發行之新股均根據本公司僱員認股權計劃以現金為代價發行，而二零零九年，全部發行之新股均以非現金代價發行，用以購入民安控股股權。發行新股換取現金的總代價淨額為26萬港元(二零零九年：無)。



# Management Discussion and Analysis

## 管理層討論和分析

### STAFF AND STAFF REMUNERATION

As at 30 June 2010, the Group had a total of 34,458 employees (2009 *(restated)*: 29,714 employees), an increase of 4,744 employees. Total remuneration for the Period amounted to HK\$2,266.68 million (2009 *(restated)*: HK\$1,665.06 million), an increase of 36.1%. Bonuses are linked to both the performance of the Group and the performance of the individual.

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

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

### 員工及員工酬金

於二零一零年六月三十日，本集團的僱員總人數達34,458人(二零零九年(重列)：29,714人)，增加4,744人。本財務期總酬金為22.6668億港元(二零零九年(重列)：16.6506億港元)，增加36.1%。花紅與本集團的業績及員工的個人表現掛鉤。

### 購買、出售或贖回本公司的上市證券

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