

# 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*

	2007	2006	Change
Gross premiums written and policy fees	<b>17,934.00</b>	12,373.45	44.9%
Net investment income	<b>1,888.40</b>	1,189.71	58.7%
Net realised investment gains	<b>4,277.79</b>	559.51	7.6 times
Net unrealised investment gains	<b>505.58</b>	634.87	(20.4%)
Net exchange (loss)/gain	<b>(31.12)</b>	22.84	–
Profit before taxation	<b>3,010.91</b>	984.60	3.1 times
Profit after taxation	<b>2,457.20</b>	658.34	3.7 times
Net profit attributable to the equity holders	<b>1,549.07</b>	510.77	3.0 times
Basic earnings per share (HK cent)	<b>110.2</b>	38.1	72.1 cents
Final dividend proposed at HK10 cents per share	<b>141.53</b>	–	–

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

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

	2007	2006	Change
Reinsurance	<b>579.69</b>	395.66	46.5%
Life insurance	<b>1,018.06</b>	156.60	6.5 times
Property and casualty insurance <sup>1</sup>	<b>(58.31)</b>	3.37	–
Corporate and other businesses	<b>9.63</b>	(44.86)	–
Net profit attributable to the equity holders	<b>1,549.07</b>	510.77	3.0 times

<sup>1</sup> The property and casualty insurance business is operated by TPI, which is an associate of the Group under the Hong Kong Financial Reporting Standards and is not consolidated into the Group on a line-by-line basis. Therefore, the property and casualty insurance business does not constitute a separate segment of the Group as defined in Note 3 of the consolidated financial statements. Instead, the share of results of TPI for the financial year is recognised and reported as "Share of (losses)/profits of associates" in the consolidated income statement. The equity interest of TPI held by the Group at the balance sheet date is recognised and reported as "Interest in associates" in the consolidated balance sheet. They are grouped under the "Corporate and other businesses" segment in Note 3 of the consolidated financial statements. Readers and investors are advised to pay attention to these details when reading Note 3 of the consolidated financial statements.

## 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

	二零零七年	二零零六年	變化
毛承保保費及保單費收入	<b>17,934.00</b>	12,373.45	44.9%
投資收入淨額	<b>1,888.40</b>	1,189.71	58.7%
已實現投資收益淨額	<b>4,277.79</b>	559.51	7.6倍
未實現投資收益淨額	<b>505.58</b>	634.87	(20.4%)
匯兌(虧損)/收益淨額	<b>(31.12)</b>	22.84	—
除稅前溢利	<b>3,010.91</b>	984.60	3.1倍
除稅後溢利	<b>2,457.20</b>	658.34	3.7倍
股東應佔溢利淨額	<b>1,549.07</b>	510.77	3.0倍
每股基本盈利(港仙)	<b>110.2</b>	38.1	72.1仙
建議末期息每股10港仙	<b>141.53</b>	—	—

按各業務分類之股東應佔溢利/(虧損)淨額概述如下：

截至十二月三十一日止年度，百萬港元

	二零零七年	二零零六年	變化
再保險	<b>579.69</b>	395.66	46.5%
人壽保險	<b>1,018.06</b>	156.60	6.5倍
財產保險 <sup>1</sup>	<b>(58.31)</b>	3.37	—
企業及其他業務	<b>9.63</b>	(44.86)	—
股東應佔溢利淨額	<b>1,549.07</b>	510.77	3.0倍

<sup>1</sup> 本集團之財產保險業務由太平保險營運。根據香港財務報告準則，太平保險屬於聯營公司，故並無以分項總計方法綜合於本集團之財務報表內。因此，誠如綜合財務報表附註3之定義，財產保險業務並不構成本集團之分項分類，而本財政年度分佔太平保險之業績於綜合損益表被確認及列報為「應佔聯營公司(虧損)/溢利」。本集團於結算日持有之太平保險權益，於綜合資產負債表被確認及列報為「於聯營公司之權益」。上述賬項於綜合財務報表附註3被歸類為「企業及其他業務」。閱覽者及投資者閱覽綜合財務報表附註3時，務請加倍留意。

## MANAGEMENT REVIEW AND ANALYSIS

The **gross premiums written and policy fees** for the Year increased significantly to HK\$17,934.00 million from HK\$12,373.45 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 50.1% to HK\$16,245.25 million from HK\$10,823.20 million in the Last Year.

The **net profit attributable to the equity holders** for the Year was HK\$1,549.07 million (2006: HK\$510.77 million). The Group's profitability improved over that of the Last Year primarily because of increases in premium, increases in scale of operations and strong investment results at each of our business segments, in particular the life insurance business at which profits increased significantly.

The **reinsurance business** contributed net profit to the equity holders of HK\$579.69 million (2006: HK\$395.66 million). The significant improvement in profit was mainly due to satisfactory underwriting result and strong investment returns during the Year.

The **life insurance business** contributed net profit to the equity holders of HK\$1,018.06 million (2006: HK\$156.60 million). The substantial increase in profit was mainly due to significant increases in premium, increases in scale of operations and strong investment returns during the Year.

The **property and casualty insurance business** incurred a net loss to the equity holders of HK\$58.31 million (2006: profit of HK\$3.37 million). The slight loss was mainly due to a significant increase in premiums, which resulted in higher acquisition costs accounted for during the Year, and the current lack of scale of our operations.

## CONSOLIDATED INVESTMENT PERFORMANCE

### Consolidated investment assets

The total investments of the Group are summarised as follows:

*At 31 December, HK\$ million*

	2007	% of Total	2006	% of Total
Debt securities	27,490.52	54.1%	19,828.06	53.6%
Direct equity securities	7,000.45	13.8%	3,159.09	8.5%
Equity investment funds	5,614.96	11.0%	2,525.97	6.8%
Composite investment funds	139.95	0.3%	40.21	0.1%
Cash and bank deposits	10,520.27	20.7%	11,359.98	30.7%
Investment properties	78.56	0.1%	106.08	0.3%
Total investments	50,844.71	100.0%	37,019.39	100.0%

## 管理層回顧和分析

於本年度，毛承保保費及保單費收入由去年123.7345億港元大幅增加至179.3400億港元。增加主要是因為每個業務分類，尤其是人壽保險業務的保費收入有強勁的增長，年內人壽保險保費收入由去年108.2320億港元增加50.1%至162.4525億港元。

於本年度，股東應佔溢利淨額為15.4907億港元(二零零六年：5.1077億港元)。本集團盈利能力得到改善的主因是每個業務分類的保費及經營規模均有所增長及投資回報強勁，尤其是人壽保險業務的溢利大幅增長。

再保險業務對股東淨溢利的貢獻為5.7969億港元(二零零六年：3.9566億港元)。溢利大幅改善的主因是本年度內承保表現良好及投資回報強勁。

人壽保險業務對股東淨溢利的貢獻為10.1806億港元(二零零六年：1.5660億港元)。溢利大幅增長的主因是本年度內保費及經營規模大幅增長及投資回報強勁。

財產保險業務使股東遭受淨虧損5,831萬港元(二零零六年：溢利337萬港元)。出現輕微虧損的主因是由於保費大幅增長導致本年度內較高的展業成本及目前尚缺乏經營規模。

### 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

	二零零七年	佔總額百分比	二零零六年	佔總額百分比
債務證券	27,490.52	54.1%	19,828.06	53.6%
直接股本證券	7,000.45	13.8%	3,159.09	8.5%
股本投資基金	5,614.96	11.0%	2,525.97	6.8%
綜合投資基金	139.95	0.3%	40.21	0.1%
現金及銀行存款	10,520.27	20.7%	11,359.98	30.7%
投資物業	78.56	0.1%	106.08	0.3%
投資總額	50,844.71	100.0%	37,019.39	100.0%

## MANAGEMENT REVIEW AND ANALYSIS

The investments in securities are classified as Held-to-Maturity (“HTM”), Available-for-Sale (“AFS”) and Designated at Fair Value through Profit or Loss (“DTPL”). The detailed breakdown of such classifications for the total investment portfolio of the Group was as follows:

### At 31 December 2007, HK\$ million

	HTM	AFS	DTPL	Total
Debt securities	1,019.07	25,947.54	523.91	27,490.52
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
	<b>1,019.07</b>	<b>33,462.80</b>	<b>5,764.01</b>	<b>40,245.88</b>

### At 31 December 2006, HK\$ million

	HTM	AFS	DTPL	Total
Debt securities	843.47	18,574.85	409.74	19,828.06
Direct equity securities	–	2,516.68	642.41	3,159.09
Equity investment funds	–	1,563.50	962.47	2,525.97
Composite investment funds	–	15.83	24.38	40.21
	<b>843.47</b>	<b>22,670.86</b>	<b>2,039.00</b>	<b>25,553.33</b>

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:

	2007	2006
Reinsurance	8.6%	10.4%
Life insurance	87.0%	84.3%
Corporate and other businesses	4.4%	5.3%
	<b>100.0%</b>	<b>100.0%</b>

## 管理層回顧和分析

證券投資被歸類為持有至到期日、可供出售及指定為通過損益以反映公允價值。按此歸類的分佈概述如下：

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	1,019.07	25,947.54	523.91	27,490.52
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
	<b>1,019.07</b>	<b>33,462.80</b>	<b>5,764.01</b>	<b>40,245.88</b>

於二零零六年十二月三十一日，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	843.47	18,574.85	409.74	19,828.06
直接股本證券	—	2,516.68	642.41	3,159.09
股本投資基金	—	1,563.50	962.47	2,525.97
綜合投資基金	—	15.83	24.38	40.21
	<b>843.47</b>	<b>22,670.86</b>	<b>2,039.00</b>	<b>25,553.33</b>

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：

	二零零七年	二零零六年
再保險	8.6%	10.4%
人壽保險	87.0%	84.3%
企業及其他業務	4.4%	5.3%
	<b>100.0%</b>	<b>100.0%</b>

# MANAGEMENT REVIEW AND ANALYSIS

## Consolidated investment income

The total investment income of the Group recognised in the consolidated income statement increased substantially by 179.8% to HK\$6,671.77 million in the Year from HK\$2,384.09 million in the Last Year. The increase was primarily attributable to the continued strong growth in investment assets of the Group's life insurance and reinsurance operations through premium growth, and the continued strong performance of the global equity markets, in particular the equity markets in the PRC and Hong Kong, during the Year.

The details of the Group's investment income on a pre-tax basis are summarised as follows:

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

	Recognised in the consolidated income statement					Sub total	Unrealised (losses)/ gains recognised in the fair value reserve	Grand total
	Interest income/ (expense)	Dividend income	Rental income	Realised gains/ (losses)	Unrealised gains			
<b>Debt securities</b>								
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
<b>Direct equity securities</b>								
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
<b>Equity investment funds</b>								
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
<b>Composite investment funds</b>								
AFS	-	-	-	-	-	-	4.27	4.27
DTPL	-	22.67	-	4.73	23.34	50.74	-	50.74
<b>Cash and bank deposits</b>	393.72	-	-	-	-	393.72	-	393.72
<b>Investment properties</b>	-	-	2.43	(0.18)	5.53	7.78	-	7.78
<b>Securities sold under repurchase agreements</b>	(285.33)	-	-	-	-	(285.33)	-	(285.33)
<b>Others</b>	19.18	-	-	1.25	-	20.43	-	20.43
	<b>1,192.65</b>	<b>693.32</b>	<b>2.43</b>	<b>4,277.79</b>	<b>505.58</b>	<b>6,671.77</b>	<b>(596.16)</b>	<b>6,075.61</b>

## 管理層回顧和分析

### 綜合投資收入

本集團確認於綜合損益表內的投資收入總額由去年之23.8409億港元大幅上升179.8%至本年度之66.7177億港元。升幅主要由於本集團人壽保險及再保險業務之保費增長使其投資資產持續強勁增長，以及本年度內全球股票市場，尤其是中國及香港股票市場持續表現強勁。

本集團稅前投資收入之詳細分析如下：

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	未實現 (虧損) ／收益 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	已實現收益／ (虧損)	未實現收益			
<b>債務證券</b>								
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
<b>直接股本證券</b>								
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
<b>股本投資基金</b>								
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
<b>綜合投資基金</b>								
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
<b>現金及銀行存款</b>	393.72	—	—	—	—	393.72	—	393.72
<b>投資物業</b>	—	—	2.43	(0.18)	5.53	7.78	—	7.78
<b>賣出回購證券</b>	(285.33)	—	—	—	—	(285.33)	—	(285.33)
<b>其他</b>	19.18	—	—	1.25	—	20.43	—	20.43
	<b>1,192.65</b>	<b>693.32</b>	<b>2.43</b>	<b>4,277.79</b>	<b>505.58</b>	<b>6,671.77</b>	<b>(596.16)</b>	<b>6,075.61</b>



# MANAGEMENT REVIEW AND ANALYSIS

For the year ended 31 December 2006, HK\$ million

	Recognised in the consolidated income statement					Sub total	Unrealised (losses)/ gains recognised in the fair value reserve	Grand total
	Interest income/ (expense)	Dividend income	Rental income	Realised gains	Unrealised gains/ (losses)			
<b>Debt securities</b>								
HTM	64.80	-	-	-	-	64.80	-	64.80
AFS	706.35	-	-	1.23	-	707.58	(322.39)	385.19
DTPL	32.69	-	-	6.16	(6.31)	32.54	-	32.54
<b>Direct equity securities</b>								
AFS	-	7.26	-	146.17	-	153.43	1,043.76	1,197.19
DTPL	-	16.48	-	194.83	204.67	415.98	-	415.98
<b>Equity investment funds</b>								
AFS	-	148.69	-	-	-	148.69	431.70	580.39
DTPL	-	41.44	-	209.66	433.77	684.87	-	684.87
<b>Composite investment funds</b>								
DTPL	-	1.56	-	-	0.39	1.95	-	1.95
<b>Cash and bank deposits</b>	225.00	-	-	-	-	225.00	-	225.00
<b>Investment properties</b>	-	-	2.09	1.46	3.59	7.14	-	7.14
<b>Securities sold under repurchase agreements</b>	(59.30)	-	-	-	-	(59.30)	-	(59.30)
<b>Others</b>	2.65	-	-	-	(1.24)	1.41	-	1.41
	972.19	215.43	2.09	559.51	634.87	2,384.09	1,153.07	3,537.16

The percentages of the Group's total investment income on a pre-tax basis recognised in the consolidated income statement generated by each business segment for the Year were as follows:

	2007	2006
Reinsurance	7.9%	12.6%
Life insurance	87.0%	82.7%
Corporate and other businesses	5.1%	4.7%
	100.0%	100.0%

## 管理層回顧和分析

截至二零零六年十二月三十一日止年度，百萬港元

	於綜合損益表內確認						未實現 (虧損) ／收益 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	已實現收益	未實現收益／ (虧損)	小計		
<b>債務證券</b>								
持有至到期日	64.80	—	—	—	—	64.80	—	64.80
可供出售	706.35	—	—	1.23	—	707.58	(322.39)	385.19
指定為通過損益以反映公允價值	32.69	—	—	6.16	(6.31)	32.54	—	32.54
<b>直接股本證券</b>								
可供出售	—	7.26	—	146.17	—	153.43	1,043.76	1,197.19
指定為通過損益以反映公允價值	—	16.48	—	194.83	204.67	415.98	—	415.98
<b>股本投資基金</b>								
可供出售	—	148.69	—	—	—	148.69	431.70	580.39
指定為通過損益以反映公允價值	—	41.44	—	209.66	433.77	684.87	—	684.87
<b>綜合投資基金</b>								
指定為通過損益以反映公允價值	—	1.56	—	—	0.39	1.95	—	1.95
現金及銀行存款	225.00	—	—	—	—	225.00	—	225.00
投資物業	—	—	2.09	1.46	3.59	7.14	—	7.14
賣出回購證券	(59.30)	—	—	—	—	(59.30)	—	(59.30)
其他	2.65	—	—	—	(1.24)	1.41	—	1.41
	972.19	215.43	2.09	559.51	634.87	2,384.09	1,153.07	3,537.16

本年度各業務分類佔本集團在綜合損益表內確認之稅前投資收入總額之百分比如下：

	二零零七年	二零零六年
再保險	7.9%	12.6%
人壽保險	87.0%	82.7%
企業及其他業務	5.1%	4.7%
	100.0%	100.0%

# 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 global reinsurance business except for casualty reinsurance business outside of Asia. CIRe's key markets are Hong Kong and Macau, 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 summarised below:

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

	2007	2006	Change
Gross premiums written	<b>1,681.21</b>	1,541.57	9.1%
Net premiums written	<b>1,470.06</b>	1,377.00	6.8%
Net earned premiums	<b>1,441.95</b>	1,240.09	16.3%
Net claims incurred	<b>(995.22)</b>	(820.87)	21.2%
Net commission expenses	<b>(351.66)</b>	(326.21)	7.8%
Underwriting profit	<b>58.41</b>	61.51	(5.0%)
Total investment income	<b>530.13</b>	303.43	74.7%
Net exchange gain	<b>61.19</b>	66.97	(8.6%)
Profit before taxation	<b>616.93</b>	411.56	49.9%
Profit attributable to the equity holders	<b>579.69</b>	395.66	46.5%
Solvency margin ratio	<b>147.1%</b>	135.7%	11.4 pts
Technical reserves ratio	<b>179.8%</b>	186.1%	(6.3 pts)
Retained ratio	<b>87.4%</b>	89.3%	(1.9 pts)
Earned premiums ratio	<b>85.8%</b>	80.4%	5.4 pts
Loss ratio <sup>1</sup>	<b>69.0%</b>	66.2%	2.8 pts
Expense ratio <sup>2</sup>	<b>26.4%</b>	26.0%	0.4 pt
Combined ratio <sup>3</sup>	<b>95.4</b>	92.2	3.2 pts

<sup>1</sup> The loss ratio is based on net earned premiums.

<sup>2</sup> The expense ratio is based on net premiums written. In prior years, the expense ratio was based on net earned premiums. 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 26.9% for the Year (2006: 28.8%).

<sup>3</sup> 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 95.9 for the Year (2006: 95.0).

## 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，但亞洲以外的責任險業務則除外。中再國際之主要市場為香港及澳門、中國、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

	二零零七年	二零零六年	變化
毛承保保費	<b>1,681.21</b>	1,541.57	9.1%
淨承保保費	<b>1,470.06</b>	1,377.00	6.8%
已賺取保費淨額	<b>1,441.95</b>	1,240.09	16.3%
賠款淨額	<b>(995.22)</b>	(820.87)	21.2%
佣金支出淨額	<b>(351.66)</b>	(326.21)	7.8%
承保溢利	<b>58.41</b>	61.51	(5.0%)
投資收入總額	<b>530.13</b>	303.43	74.7%
匯兌收益淨額	<b>61.19</b>	66.97	(8.6%)
除稅前溢利	<b>616.93</b>	411.56	49.9%
股東應佔溢利	<b>579.69</b>	395.66	46.5%
償付能力充足比率	<b>147.1%</b>	135.7%	11.4點
技術性儲備比率	<b>179.8%</b>	186.1%	(6.3點)
自留比率	<b>87.4%</b>	89.3%	(1.9點)
已賺取保費率	<b>85.8%</b>	80.4%	5.4點
賠付率 <sup>1</sup>	<b>69.0%</b>	66.2%	2.8點
費用率 <sup>2</sup>	<b>26.4%</b>	26.0%	0.4點
綜合成本率 <sup>3</sup>	<b>95.4</b>	92.2	3.2點

<sup>1</sup> 賠付率按已賺取保費淨額為基準計算。

<sup>2</sup> 費用率按淨承保保費為基準計算。於過往年度，費用率按已賺取保費淨額為基準計算。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26.9% (二零零六年：28.8%)。

<sup>3</sup> 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95.9 (二零零六年：95.0)。

# MANAGEMENT REVIEW AND ANALYSIS

## Profit Attributable to the Equity Holders

CIRe contributed net profit to the equity holders of HK\$579.69 million (2006: HK\$395.66 million), which represents the highest levels of earnings in the history of CIRe, and which follows on a previous-record performance in 2006. The strong performance during the Year was mainly due to stable growth in premiums written, higher equity investment income, particularly from Hong Kong equities, positive exchange rate movements, and higher interest rates on cash deposits. During the Year, CIRe's underwriting profit decreased slightly to HK\$58.41 million from HK\$61.51 million in the Last Year. Although no major claims affected the reinsurance portfolio during the Year, the frequency of small- to medium-sized claims has increased slightly.

## Gross Premiums Written

CIRe's gross premiums written increased by 9.1% to HK\$1,681.21 million from HK\$1,541.57 million in the Last Year. During the Year, Mainland China became the single largest market of CIRe. Through its Beijing Representative Office and the Shanghai Office of CIH, CIRe has been able to better serve its existing clients in China as well as increase its marketing to new potential clients in the country. In its traditional core markets of Hong Kong and Macau, CIRe continued to be one of the leading reinsurers and has maintained its clientele and premium income even though competition was keen and pricing levels continued to slide during the Year. In Hong Kong and Macau, the underwriting profitability of the past few years has resulted in keener competition amongst the primary insurers and in the original policy premium rates. In other Asian markets, CIRe was able to keep its market position and grow its premiums in-line with the respective markets.

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

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

	2007	% of Total	2006	% of Total
Hong Kong & Macau	316.65	18.8%	307.42	19.9%
Mainland China (& Taiwan)	399.65	23.8%	354.93	23.0%
Japan	113.97	6.8%	96.92	6.3%
Rest of Asia	455.99	27.1%	417.06	27.1%
Europe	249.97	14.9%	264.01	17.1%
Others	144.98	8.6%	101.23	6.6%
	<b>1,681.21</b>	<b>100.0%</b>	1,541.57	100.0%

The premiums from Asia constituted 76.5% of the total gross premiums written for 2007 (2006: 76.3%). During the Year, CIRe maintained its selective and strict underwriting strategy across all of its geographies. CIRe has grown its top-line gross premiums while simultaneously putting more emphases and efforts on underwriting and risk management. As a result, CIRe was able to further broaden and diversify its portfolio mix by geographies and by product lines. Such enhanced portfolio diversification will reduce the volatility of its reinsurance results.

## 管理層回顧和分析

### 股東應佔溢利

中再國際對股東淨溢利的貢獻為5.7969億港元(二零零六年：3.9566億港元)，此乃中再國際繼二零零六年取得創紀錄表現後再次刷新歷史收益最高水準。本年度表現強勁的主因為穩定的承保保費增長、較高的股本投資收入，尤其是香港股票、有利的匯率變動及較高的現金存款利率。於本年度內，中再國際之承保溢利由去年度之6,151萬港元輕微下滑至5,841萬港元。儘管本年度內並無重大索賠影響再保險業務，但中、小規模索賠案件略有增加。

### 毛承保保費

中再國際之毛承保保費由去年之15.4157億港元上升9.1%至16.8121億港元。於本年度內，中國大陸已成為中再國際的單一最大市場。中再國際通過其北京代表處及中保國際的上海辦事處，為其中國市場的現有客戶提供更好的服務，並提升其對國內市場潛在新客戶的營銷能力。中再國際在其傳統核心市場 — 香港及澳門繼續擔當主要的再保險商，儘管本年度內競爭激烈，定價水平持續下滑，中再國際仍維持其原有客戶及保費收入。在香港及澳門市場，過去幾年之承保盈利能力加劇了直接保險公司間的競爭，及在原保單保費率上的競爭。在其他亞洲市場，中再國際得以保持其市場地位，而保費收入亦可與當地市場同步增長。

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

	二零零七年	佔總額百分比	二零零六年	佔總額百分比
香港及澳門	316.65	18.8%	307.42	19.9%
中國大陸(及台灣)	399.65	23.8%	354.93	23.0%
日本	113.97	6.8%	96.92	6.3%
亞洲其他地區	455.99	27.1%	417.06	27.1%
歐洲	249.97	14.9%	264.01	17.1%
其他	144.98	8.6%	101.23	6.6%
	1,681.21	100.0%	1,541.57	100.0%

亞洲市場之保費佔二零零七年毛承保保費之76.5%(二零零六年：76.3%)。於本年度內，中再國際在其所有業務覆蓋地區保持其精挑細選的嚴格承保策略。中再國際一方面增加其毛保費收入，同時進一步加強承保及風險管理。因而，中再國際能夠按地區及產品進一步拓寬及分散其業務組合。此等多元化之業務組合將減少其承保業績之不穩定性。

# MANAGEMENT REVIEW AND ANALYSIS

## Net Claims Incurred

CIRe's net claims incurred increased by 21.2% to HK\$995.22 million from HK\$820.87 million in the Last Year. The loss ratio increased to 69.0% from 66.2% in the Last Year. During the Year, CIRe increased its reinsurance retrocessions, which resulted in the relatively slower growth of its net premiums written. However, the additional reinsurance protection will help to cushion CIRe's underwriting results from adverse catastrophic events. Despite the absence of major claims during the Year, the frequency of small- to medium-sized claims has increased slightly, which is the reason behind CIRe's lower underwriting profit for the Year.

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

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

	Date of loss	Gross loss incurred	Net retained loss incurred	% retention
Flooding in Indonesia	Feb 2007	41.72	40.82	97.8%
European Windstorm "Kyrill"	Jan 2007	21.89	21.89	100.0%
Explosion – PT Krakatau, Indonesia	May 2007	7.57	4.19	55.4%

With no major catastrophes impacting the insurance and reinsurance markets in which CIRe underwrites business during the Year, and with the normal development of prior years' claims settlements against loss reserve provisions, CIRe's combined ratio during the Year was 95.4 (2006: 92.2), resulting in an underwriting profit for CIRe during the Year.

## Investment Performance

The composition of investments held by CIRe was as follows:

### At 31 December, HK\$ million

	2007	% of Total	2006	% of Total
Debt securities	1,734.13	39.9%	1,383.59	36.0%
Direct equity securities	638.93	14.7%	710.97	18.5%
Composite investment funds	90.84	2.1%	40.21	1.0%
Cash and bank deposits	1,807.81	41.5%	1,603.70	41.7%
Investment properties	78.56	1.8%	106.08	2.8%
Total invested assets	4,350.27	100.0%	3,844.55	100.0%

During the Year, CIRe continued to adopt a prudent and conservative investment philosophy aimed at generating stable cash inflows. Investments in debt securities, cash and bank deposits represented approximately 81.4% of total invested assets as at 31 December 2007 (2006: 77.7%). Almost all of its debt securities had investment grade ratings from international credit rating agencies.

## 管理層回顧和分析

### 淨賠款總額

中再國際之淨賠款總額由去年之8.2087億港元上升21.2%至9.9522億港元。賠付率亦由去年的66.2%上升至69.0%。於本年度內，中再國際增加其轉分保障，以致其淨承保保費增長相對放緩。然而，額外的再保險保障將有助於減輕災難性事件對中再國際承保業績的影響。儘管本年度內並無發生重大索賠，但中、小規模索賠案件仍略有增加，導致中再國際本年度之承保溢利有所下降。

中再國際於年內以毛賠付總額計之三大賠案如下：

截至二零零七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
印尼水災	2007年2月	41.72	40.82	97.8%
歐洲[Kyriil]風暴	2007年1月	21.89	21.89	100.0%
印尼喀拉喀托爆炸	2007年5月	7.57	4.19	55.4%

鑒於本年度內並無巨大災難影響中再國際承保業務的保險及再保險市場，此外，過往年度的賠付數額相對未決賠款儲備沒有異常差異，中再國際本年度之綜合成本率為95.4(二零零六年：92.2)，致使中再國際於本年度內取得承保溢利。

### 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

	二零零七年	佔總額百分比	二零零六年	佔總額百分比
債務證券	1,734.13	39.9%	1,383.59	36.0%
直接股本證券	638.93	14.7%	710.97	18.5%
綜合投資基金	90.84	2.1%	40.21	1.0%
現金及銀行存款	1,807.81	41.5%	1,603.70	41.7%
投資物業	78.56	1.8%	106.08	2.8%
投資總額	4,350.27	100.0%	3,844.55	100.0%

於本年度內，中再國際繼續採取審慎穩健之投資理念，旨在產生穩定之現金收益。於二零零七年十二月三十一日，投資債務證券、現金及銀行存款佔投資資產總額約81.4%(二零零六年：77.7%)。幾乎全部債務證券均達到國際信貸評級機構認可之投資評級。



# MANAGEMENT REVIEW AND ANALYSIS

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

## 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
	<b>1,013.62</b>	<b>1,193.26</b>	<b>257.02</b>	<b>2,463.90</b>

## At 31 December 2006, HK\$ million

	HTM	AFS	DTPL	Total
Debt securities	834.08	414.05	135.46	1,383.59
Direct equity securities	–	623.06	87.91	710.97
Composite investment funds	–	15.83	24.38	40.21
	<b>834.08</b>	<b>1,052.94</b>	<b>247.75</b>	<b>2,134.77</b>

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

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

	2007	2006	Change
Net investment income	<b>184.62</b>	160.61	14.9%
Net realised investment gains	<b>357.38</b>	133.57	2.7 times
Net unrealised investment (losses)/gains	<b>(11.87)</b>	9.25	–
Total investment income	<b>530.13</b>	303.43	74.7%
Total investment yield	<b>13.0%</b>	9.1%	3.9 pts

CIRe's strong investment income for the Year was a significant contributor to the significant increase in profitability of the reinsurance business during the Year. CIRe's net investment income increased by 74.7% primarily due to the strong performance of the equity markets in Hong Kong. The above-mentioned investment income and investment yield figures do not include a net exchange gain of HK\$61.19 million (2006: HK\$66.97 million).

## 管理層回顧和分析

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

於二零零六年十二月三十一日，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	834.08	414.05	135.46	1,383.59
直接股本證券	—	623.06	87.91	710.97
綜合投資基金	—	15.83	24.38	40.21
	834.08	1,052.94	247.75	2,134.77

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

	二零零七年	二零零六年	變化
投資收入淨額	184.62	160.61	14.9%
已實現投資收益淨額	357.38	133.57	2.7倍
未實現投資(虧損)/收益淨額	(11.87)	9.25	—
投資收入總額	530.13	303.43	74.7%
總投資收益率	13.0%	9.1%	3.9點

中再國際本年度強勁的投資收入是本年度內再保險業務之盈利能力顯著增長的主要原因。主要由於香港股市表現強勁，中再國際投資收入淨額上升74.7%。上述投資收入及投資收益率並不包括6,119萬港元匯兌收益淨額(二零零六年：6,697萬港元)。

# MANAGEMENT REVIEW AND ANALYSIS

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

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

	Recognised in the consolidated income statement					Sub total	Unrealised gains/ (losses) recognised in the fair value reserve	Grand total
	Interest income	Dividend income	Rental income	Realised gains/ (losses)	Unrealised gains/ (losses)			
<b>Debt securities</b>								
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)
<b>Direct equity securities</b>								
AFS	-	8.20	-	356.75	-	364.95	(99.92)	265.03
DTPL	-	1.91	-	(0.10)	(1.73)	0.08	-	0.08
<b>Composite investment funds</b>								
AFS	-	-	-	-	-	-	4.27	4.27
DTPL	-	3.18	-	-	(0.61)	2.57	-	2.57
<b>Cash and bank deposits</b>	67.82	-	-	-	-	67.82	-	67.82
<b>Investment properties</b>	-	-	2.43	(0.18)	5.53	7.78	-	7.78
<b>Others</b>	0.38	-	-	1.25	-	1.63	-	1.63
	168.90	13.29	2.43	357.38	(11.87)	530.13	(86.16)	443.97

## 管理層回顧和分析

中再國際的稅前投資收入之詳細分析如下：

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 收益/ (虧損)	未實現 收益/ (虧損)	小計	之未實現 收益/ (虧損)	
<b>債務證券</b>								
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)
<b>直接股本證券</b>								
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
<b>綜合投資基金</b>								
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

# MANAGEMENT REVIEW AND ANALYSIS

For the year ended 31 December 2006, HK\$ million

	Recognised in the consolidated income statement					Sub total	Unrealised gains/ (losses) recognised in the fair value reserve	Grand total
	Interest income	Dividend income	Rental income	Realised gains/ (losses)	Unrealised gains/ (losses)			
<b>Debt securities</b>								
HTM	64.42	-	-	-	-	64.42	-	64.42
AFS	15.09	-	-	-	-	15.09	(0.14)	14.95
DTPL	14.21	-	-	(1.69)	(0.56)	11.96	-	11.96
<b>Direct equity securities</b>								
AFS	-	5.30	-	125.88	-	131.18	162.13	293.31
DTPL	-	2.30	-	7.92	7.06	17.28	-	17.28
<b>Equity investment funds</b>								
AFS	-	-	-	-	-	-	(0.23)	(0.23)
DTPL	-	1.56	-	-	-	1.56	-	1.56
<b>Composite investment funds</b>								
DTPL	-	-	-	-	0.39	0.39	-	0.39
<b>Cash and bank deposits</b>	53.39	-	-	-	-	53.39	-	53.39
<b>Investment properties</b>	-	-	2.09	1.46	3.60	7.15	-	7.15
<b>Others</b>	2.25	-	-	-	(1.24)	1.01	-	1.01
	149.36	9.16	2.09	133.57	9.25	303.43	161.76	465.19

## 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 firm company policy. As such, in addition to its prudent reserving standards, CIRe has been 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

截至二零零六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 收益/ (虧損)	未實現 收益/ (虧損)	小計	之未實現 收益/ (虧損)	
<b>債務證券</b>								
持有至到期日	64.42	—	—	—	—	64.42	—	64.42
可供出售	15.09	—	—	—	—	15.09	(0.14)	14.95
指定為通過損益以反映公允價值	14.21	—	—	(1.69)	(0.56)	11.96	—	11.96
<b>直接股本證券</b>								
可供出售	—	5.30	—	125.88	—	131.18	162.13	293.31
指定為通過損益以反映公允價值	—	2.30	—	7.92	7.06	17.28	—	17.28
<b>股本投資基金</b>								
可供出售	—	—	—	—	—	—	(0.23)	(0.23)
指定為通過損益以反映公允價值	—	1.56	—	—	—	1.56	—	1.56
<b>綜合投資基金</b>								
指定為通過損益以反映公允價值	—	—	—	—	0.39	0.39	—	0.39
現金及銀行存款	53.39	—	—	—	—	53.39	—	53.39
投資物業	—	—	2.09	1.46	3.60	7.15	—	7.15
其他	2.25	—	—	—	(1.24)	1.01	—	1.01
	149.36	9.16	2.09	133.57	9.25	303.43	161.76	465.19

### 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。此政策加上保守的儲備標準，使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釋放其保險債務的高期望。

# 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 summarised below:

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

	2007	2006	Change
Gross premiums written	<b>16,245.25</b>	10,823.20	50.1%
Net premiums written and policy fees	<b>16,186.53</b>	10,773.53	50.2%
Net earned premiums and policy fees	<b>16,206.73</b>	10,693.48	51.6%
Total investment income	<b>5,802.71</b>	1,970.76	2.9 times
Net exchange loss	<b>(86.61)</b>	(42.04)	2.1 times
Policyholders' benefits	<b>(4,066.93)</b>	(1,544.23)	2.6 times
Net commission expenses	<b>(1,645.50)</b>	(868.60)	89.4%
Change in life insurance funds, net of reinsurance	<b>(11,849.47)</b>	(8,229.13)	44.0%
Administrative and other expenses	<b>(1,901.47)</b>	(1,321.05)	43.9%
Finance costs	<b>(68.45)</b>	(65.08)	5.2%
Profit before taxation	<b>2,522.88</b>	612.12	4.1 times
Profit after taxation	<b>2,034.08</b>	313.29	6.5 times
Profit attributable to the equity holders	<b>1,018.06</b>	156.60	6.5 times

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

	2007	2006	Change
Market share <sup>1</sup>	<b>3.2%</b>	2.7%	0.5 pt
Number of provincial branches	<b>29</b>	22	7
Number of sub-branches and marketing centres	<b>317</b>	230	87
Number of in-force policies	<b>5,016,857</b>	3,866,820	1,150,037
Number of individual agents	<b>41,140</b>	23,574	17,566
Persistency ratio – 13th month <sup>2</sup>	<b>83.0%</b>	78.2%	4.8 pts
Persistency ratio – 25th month <sup>2</sup>	<b>92.1%</b>	89.5%	2.6 pts
Total investment yield <sup>3</sup>	<b>16.5%</b>	8.7%	7.8 pts

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

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

<sup>3</sup> Excluding exchange gain/(loss) incurred from foreign currency capital assets.

## 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

	二零零七年	二零零六年	變化
毛承保保費	16,245.25	10,823.20	50.1%
淨承保保費及保單費收入	16,186.53	10,773.53	50.2%
已賺取保費及保單費收入淨額	16,206.73	10,693.48	51.6%
投資收入總額	5,802.71	1,970.76	2.9倍
匯兌虧損淨額	(86.61)	(42.04)	2.1倍
保單持有人利益	(4,066.93)	(1,544.23)	2.6倍
佣金支出淨額	(1,645.50)	(868.60)	89.4%
壽險責任準備金變化，減再保險	(11,849.47)	(8,229.13)	44.0%
行政及其他費用	(1,901.47)	(1,321.05)	43.9%
財務費用	(68.45)	(65.08)	5.2%
除稅前溢利	2,522.88	612.12	4.1倍
除稅後溢利	2,034.08	313.29	6.5倍
股東應佔溢利	1,018.06	156.60	6.5倍

人壽保險業務之主要經營數據概述如下：

	二零零七年	二零零六年	變化
市場份額 <sup>1</sup>	3.2%	2.7%	0.5點
省級分公司數目	29	22	7
支公司及市場推廣中心數目	317	230	87
有效之保單數目	5,016,857	3,866,820	1,150,037
個人銷售代理數目	41,140	23,574	17,566
第13個月之保費繼續率 <sup>2</sup>	83.0%	78.2%	4.8點
第25個月之保費繼續率 <sup>2</sup>	92.1%	89.5%	2.6點
總投資收益率 <sup>3</sup>	16.5%	8.7%	7.8點

<sup>1</sup> 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。

<sup>2</sup> 按保費金額。

<sup>3</sup> 不包括外匯資本資產產生之匯兌收益／(虧損)。



# MANAGEMENT REVIEW AND ANALYSIS

## Profit Attributable to the Equity Holders

The life insurance business contributed net profit to the equity holders of HK\$1,018.06 million (2006: HK\$156.60 million). TPL's strong performance during the Year was mainly attributable to strong premium growth, strict controls on costs and expenses, and improved returns on investment assets.

## Gross Premiums Written

TPL's gross premiums written increased by 50.1% to HK\$16,245.25 million from HK\$10,823.20 million in the Last Year. TPL's gross premiums written, by line of business, were as follows:

### 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%
Group	1,261.04	10.31	1,271.35	7.8%
Bancassurance	8,208.53	1,506.80	9,715.33	59.8%
	11,970.89	4,274.36	16,245.25	100.0%

### For the year ended 31 December 2006, HK\$ million

	Non unit-linked products	Unit-linked products	Total	% of Total
Individual	1,503.56	7.97	1,511.53	14.0%
Group	1,385.36	23.66	1,409.02	13.0%
Bancassurance	7,902.65	–	7,902.65	73.0%
	10,791.57	31.63	10,823.20	100.0%

During the Year, the Chinese Government's efforts to cool inflation and excessive economic growth in the country through interest rate hikes led to increased demand for unit-linked, participating and universal products among insurance clients. With the A-shares in the PRC equity markets also continuing to appreciate substantially during the Year, life insurers in the PRC experienced heightened interest and demand for investment products from their clients. As a result, TPL has been able to further diversify its product mix by selling unit-linked products through its individual agents and bancassurance channels. The sales of unit-linked products increased substantially during the second and third quarters of the Year, along with the continuing rise of the PRC equity markets. Because of the special nature of unit-linked products, their sales have been carefully conducted and monitored by TPL. In fact, in October, during the peak of the PRC equity markets, TPL temporarily suspended the new sales of unit-linked products by individual agents in order to temper the fervor for such products and to protect potential new clients from sudden, downward market adjustments.

## 管理層回顧和分析

### 股東應佔溢利

股東來自人壽保險業務之溢利淨額為10.1806億港元(二零零六年：1.5660億港元)。本年度內太平人壽強勁的表現主要來自強勁的保費增長，嚴謹的成本和費用控制及投資資產回報改善。

### 毛承保保費

太平人壽之毛承保保費由去年之108.2320億港元上升50.1%至162.4525億港元。太平人壽按業務劃分之毛承保保費如下：

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%
團體	1,261.04	10.31	1,271.35	7.8%
銀行保險	8,208.53	1,506.80	9,715.33	59.8%
	11,970.89	4,274.36	16,245.25	100.0%

截至二零零六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	1,503.56	7.97	1,511.53	14.0%
團體	1,385.36	23.66	1,409.02	13.0%
銀行保險	7,902.65	—	7,902.65	73.0%
	10,791.57	31.63	10,823.20	100.0%

於本年度內，中國政府努力通過利率上調來抑制通貨膨脹及過度的經濟增長，導致保險客戶對投資連結、分紅及萬能產品的需求上升。由於本年度內中國A股市場持續大幅上揚，中國的人壽保險公司普遍面對客戶對投資產品的殷切需求。因此，太平人壽通過其個人代理及銀行保險分銷渠道，銷售投資連結產品以進一步拓寬其產品組合。於本年度第二、第三季度，隨著中國股票市場持續上揚，投資連結產品銷售亦大幅增長。鑒於投資連結產品性質特殊，太平人壽審慎地進行銷售及監察。事實上，於十月份，中國股票市場達到頂峰之際，太平人壽暫時停止銷售個人代理渠道之投資連結產品，以緩和此類產品之熾熱度及保護潛在新客戶免於遭受股市突然下跌的市場調整影響。

## MANAGEMENT REVIEW AND ANALYSIS

During the Year, TPL's premiums from non unit-linked products increased by 10.9% to HK\$11,970.89 million from HK\$10,791.57 million in the Last Year. TPL made significant progress in promoting and recruiting for its individual agency force, which increased the number of its individual agents to 41,140 as of 31 December 2007 (2006: 23,574). As a result, premiums distributed through individual agents increased substantially by 66.4% to HK\$2,501.32 million from HK\$1,503.56 million in the Last Year.

During the Year, TPL continued to increase within its non unit-linked products the sales 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 summarised as follows:

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

#### Individual

	2007	% of Total	2006	% of Total
Single Premium	36.35	1.5%	52.95	3.5%
Regular Premium – First Year	1,062.51	42.5%	785.88	52.3%
Regular Premium – Renewal Year	1,402.46	56.0%	664.73	44.2%
	<b>2,501.32</b>	<b>100.0%</b>	1,503.56	100.0%

#### Group

	2007	% of Total	2006	% of Total
Employee Benefit ("EB")	633.47	50.2%	678.94	49.0%
Annuity	627.57	49.8%	706.42	51.0%
	<b>1,261.04</b>	<b>100.0%</b>	1,385.36	100.0%

#### Bancassurance

	2007	% of Total	2006	% of Total
Single Premium	6,763.54	82.4%	7,048.27	89.2%
Regular Premium – First Year	586.95	7.2%	472.56	6.0%
Regular Premium – Renewal Year	858.04	10.4%	381.82	4.8%
	<b>8,208.53</b>	<b>100.0%</b>	7,902.65	100.0%

TPL's long-term strategy is to gradually increase within its sales of non unit-linked products the proportion of those products with regular premium. During the Year, regular premium products accounted for 98.5% (2006: 96.5%) and 17.6% (2006: 10.8%) of the total non unit-linked products premiums produced by TPL's individual agents and bancassurance channels, respectively. The higher proportion of regular premium products significantly enhances the quality and value of TPL's premium income from an actuarial, profit margin perspective.

## 管理層回顧和分析

於本年度內，太平人壽的非投資連結產品保費由去年之107.9157億港元增加10.9%至119.7089億港元。在促進個人代理隊伍發展方面，太平人壽取得顯著進步，截至二零零七年十二月三十一日，其個人代理隊伍人力增長至41,140人(二零零六年：23,574人)。因此，通過個人代理分銷的保費亦由去年之15.0356億港元大幅上升66.4%至25.0132億港元。

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

	二零零七年	佔總額百分比	二零零六年	佔總額百分比
躉繳保費	36.35	1.5%	52.95	3.5%
期繳保費 — 首年	1,062.51	42.5%	785.88	52.3%
期繳保費 — 續年	1,402.46	56.0%	664.73	44.2%
	<b>2,501.32</b>	<b>100.0%</b>	1,503.56	100.0%

### 團體

	二零零七年	佔總額百分比	二零零六年	佔總額百分比
僱員福利	633.47	50.2%	678.94	49.0%
年金	627.57	49.8%	706.42	51.0%
	<b>1,261.04</b>	<b>100.0%</b>	1,385.36	100.0%

### 銀行保險

	二零零七年	佔總額百分比	二零零六年	佔總額百分比
躉繳保費	6,763.54	82.4%	7,048.27	89.2%
期繳保費 — 首年	586.95	7.2%	472.56	6.0%
期繳保費 — 續年	858.04	10.4%	381.82	4.8%
	<b>8,208.53</b>	<b>100.0%</b>	7,902.65	100.0%

太平人壽的長期策略是逐步提升期繳保費產品在其非投資連結產品銷售中的佔比。於本年度內，太平人壽個人代理渠道及銀行保險渠道之期繳產品保費在其非投資連結產品保費總額中的佔比分別為98.5%(二零零六年：96.5%)及17.6%(二零零六年：10.8%)。較高的期繳保費產品比例，顯著提升了太平人壽從精算及利潤角度衡量之保費收入質素及價值。

# MANAGEMENT REVIEW AND ANALYSIS

## Investment Performance

The composition of investments held by TPL was as follows:

*At 31 December 2007, HK\$ million*

	Investment assets (other than Unit-linked product assets)		Unit-linked product assets		Total
	HK\$ million	% of Total	HK\$ million	% of Total	
Debt securities	25,205.63	63.4%	228.59	5.0%	25,434.22
Direct equity securities	4,280.21	10.8%	1,553.37	34.3%	5,833.58
Equity investment funds	2,926.16	7.4%	2,567.05	56.7%	5,493.21
Cash and bank deposits	7,294.99	18.4%	181.16	4.0%	7,476.15
<b>Total invested assets</b>	<b>39,706.99</b>	<b>100.0%</b>	<b>4,530.17</b>	<b>100.0%</b>	<b>44,237.16</b>

*At 31 December 2006, HK\$ million*

	Investment assets (other than Unit-linked product assets)		Unit-linked product assets		Total
	HK\$ million	% of Total	HK\$ million	% of Total	
Debt securities	18,218.37	58.5%	39.38	48.1%	18,257.75
Direct equity securities	1,944.80	6.3%	11.24	13.8%	1,956.04
Equity investment funds	2,466.60	7.9%	18.78	23.0%	2,485.38
Cash and bank deposits	8,486.22	27.3%	12.34	15.1%	8,498.56
<b>Total invested assets</b>	<b>31,115.99</b>	<b>100.0%</b>	<b>81.74</b>	<b>100.0%</b>	<b>31,197.73</b>

The investments in debt securities and cash and bank deposits represented approximately 74.4% of TPL's total invested assets as at 31 December 2007 (2006: 85.7%).

## 管理層回顧和分析

### 投資表現

太平人壽所持之投資組合如下：

於二零零七年十二月三十一日，百萬港元

	投資資產 (除投資連結產品資產以外)		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	25,205.63	63.4%	228.59	5.0%	25,434.22
直接股本證券	4,280.21	10.8%	1,553.37	34.3%	5,833.58
股本投資基金	2,926.16	7.4%	2,567.05	56.7%	5,493.21
現金及銀行存款	7,294.99	18.4%	181.16	4.0%	7,476.15
投資總額	39,706.99	100.0%	4,530.17	100.0%	44,237.16

於二零零六年十二月三十一日，百萬港元

	投資資產 (除投資連結產品資產以外)		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	18,218.37	58.5%	39.38	48.1%	18,257.75
直接股本證券	1,944.80	6.3%	11.24	13.8%	1,956.04
股本投資基金	2,466.60	7.9%	18.78	23.0%	2,485.38
現金及銀行存款	8,486.22	27.3%	12.34	15.1%	8,498.56
投資總額	31,115.99	100.0%	81.74	100.0%	31,197.73

截至二零零七年十二月三十一日，於債務證券、現金及銀行存款的投資約佔太平人壽投資資產總額74.4%（二零零六年：85.7%）。

## MANAGEMENT REVIEW AND ANALYSIS

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

### At 31 December 2007, HK\$ million

	AFS	DTPL	Total
Debt securities	25,094.06	340.16	25,434.22
Direct equity securities	4,168.80	1,664.78	5,833.58
Equity investment funds	2,220.71	3,272.50	5,493.21
	<b>31,483.57</b>	<b>5,277.44</b>	<b>36,761.01</b>

### At 31 December 2006, HK\$ million

	AFS	DTPL	Total
Debt securities	18,160.80	96.95	18,257.75
Direct equity securities	1,441.68	514.36	1,956.04
Equity investment funds	1,563.49	921.89	2,485.38
	<b>21,165.97</b>	<b>1,533.20</b>	<b>22,699.17</b>

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

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

	2007	2006	Change
Net investment income	<b>1,591.93</b>	987.90	61.1%
Net realised investment gains	<b>3,758.60</b>	371.17	10.1 times
Net unrealised investment gains	<b>452.18</b>	611.69	(26.1%)
Total investment income	<b>5,802.71</b>	1,970.76	2.9 times
Total investment yield	<b>16.5%</b>	8.7%	7.8 pts

TPL's strong increase in investment income during the Year was primarily due to the strong performance of the A-share equity markets in the PRC. TPL also recorded higher interest income on the cash flows generated by the rapid growth in premiums written. The above-mentioned investment income and investment yield figures do not include a net exchange loss of HK\$86.61 million (2006: HK\$42.04 million).

## 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：

於二零零七年十二月三十一日，百萬港元

	可供出售	指定為通過 損益以反映 公允價值	總額
債務證券	25,094.06	340.16	25,434.22
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
	<b>31,483.57</b>	<b>5,277.44</b>	<b>36,761.01</b>

於二零零六年十二月三十一日，百萬港元

	可供出售	指定為通過 損益以反映 公允價值	總額
債務證券	18,160.80	96.95	18,257.75
直接股本證券	1,441.68	514.36	1,956.04
股本投資基金	1,563.49	921.89	2,485.38
	<b>21,165.97</b>	<b>1,533.20</b>	<b>22,699.17</b>

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

	二零零七年	二零零六年	變化
投資收入淨額	<b>1,591.93</b>	987.90	61.1%
已實現投資收益淨額	<b>3,758.60</b>	371.17	10.1倍
未實現投資收益淨額	<b>452.18</b>	611.69	(26.1%)
投資收入總額	<b>5,802.71</b>	1,970.76	2.9倍
總投資收益率	<b>16.5%</b>	8.7%	7.8點

中國A股市場的表現強勁，是太平人壽於本年度內投資收入大幅上升的主因。太平人壽亦錄得由承保保費快速增長而產生的更高之現金流利息收入。上述之投資收入及投資收益率不含8,661萬港元的匯兌虧損淨額(二零零六年：4,204萬港元)。



## MANAGEMENT REVIEW AND ANALYSIS

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

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

	Recognised in the consolidated income statement				Sub total	Unrealised (losses)/ gains recognised in the fair value reserve	Grand total
	Interest income/ (expense)	Dividend income	Realised gains/ (losses)	Unrealised gains			
<b>Debt securities</b>							
AFS	943.88	-	(0.54)	-	943.34	(2,386.70)	(1,443.36)
DTPL	3.40	-	97.84	55.66	156.90	-	156.90
<b>Direct equity securities</b>							
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
<b>Equity investment funds</b>							
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
<b>Cash and bank deposits</b>	275.96	-	-	-	275.96	-	275.96
<b>Securities sold under repurchase agreements</b>	(285.33)	-	-	-	(285.33)	-	(285.33)
<b>Others</b>	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

太平人壽稅前投資收入之詳細分析如下：

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	已實現收益／ (虧損)	未實現收益		儲備內確認 之未實現 (虧損)／ 收益	
<b>債務證券</b>							
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
<b>直接股本證券</b>							
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
<b>股本投資基金</b>							
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	275.96	—	—	—	275.96	—	275.96
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

For the year ended 31 December 2006, HK\$ million

	Recognised in the consolidated income statement				Sub total	Unrealised gains/ (losses) recognised in the fair value reserve	Grand total
	Interest income/ (expense)	Dividend income	Realised gains	Unrealised gains/ (losses)			
<b>Debt securities</b>							
AFS	691.27	-	1.23	-	692.50	(322.25)	370.25
DTPL	2.56	-	2.77	(7.43)	(2.10)	-	(2.10)
<b>Direct equity securities</b>							
AFS	-	-	-	-	-	682.58	682.58
DTPL	-	12.88	171.46	196.40	380.74	-	380.74
<b>Equity investment funds</b>							
AFS	-	148.69	-	-	148.69	431.92	580.61
DTPL	-	41.44	195.71	422.72	659.87	-	659.87
<b>Cash and bank deposits</b>	150.34	-	-	-	150.34	-	150.34
<b>Securities sold under repurchase agreements</b>	(59.28)	-	-	-	(59.28)	-	(59.28)
	784.89	203.01	371.17	611.69	1,970.76	792.25	2,763.01

## Policyholders' Benefits

The policyholders' benefits of TPL are summarised as follows:

For the year ended 31 December, HK\$ million

	2007	2006	Change
Net claims	459.94	272.09	69.0%
Surrenders	3,452.95	1,159.63	3.0 times
Annuity and maturity payments	83.00	72.96	13.8%
Policy dividends	71.04	39.55	79.6%
	4,066.93	1,544.23	2.6 times

## 管理層回顧和分析

截至二零零六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	未實現收益/ (虧損)		儲備內確認 之未實現 (虧損)/ 收益	
<b>債務證券</b>							
可供出售	691.27	—	1.23	—	692.50	(322.25)	370.25
指定為通過損益以反映公允價值	2.56	—	2.77	(7.43)	(2.10)	—	(2.10)
<b>直接股本證券</b>							
可供出售	—	—	—	—	—	682.58	682.58
指定為通過損益以反映公允價值	—	12.88	171.46	196.40	380.74	—	380.74
<b>股本投資基金</b>							
可供出售	—	148.69	—	—	148.69	431.92	580.61
指定為通過損益以反映公允價值	—	41.44	195.71	422.72	659.87	—	659.87
現金及銀行存款	150.34	—	—	—	150.34	—	150.34
賣出回購證券	(59.28)	—	—	—	(59.28)	—	(59.28)
	784.89	203.01	371.17	611.69	1,970.76	792.25	2,763.01

### 保單持有人利益

太平人壽之保單持有人利益概述如下：

截至十二月三十一日止年度，百萬港元

	二零零七年	二零零六年	變化
賠償淨額	<b>459.94</b>	272.09	69.0%
退保額	<b>3,452.95</b>	1,159.63	3.0倍
年金及到期付款	<b>83.00</b>	72.96	13.8%
保單分紅	<b>71.04</b>	39.55	79.6%
	<b>4,066.93</b>	1,544.23	2.6倍

# MANAGEMENT REVIEW AND ANALYSIS

## Net Commission Expenses

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

	2007	2006	Change
Net commission expenses	1,645.50	868.60	89.4%
Ratio of net commission expenses to gross premiums written	10.1%	7.9%	2.2 pts

## Administrative and Other Expenses

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

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

	2007	2006	Change
Staff costs	866.82	571.45	51.7%
Rental expenses	95.73	83.37	14.8%
Others	938.92	666.23	40.9%
	1,901.47	1,321.05	43.9%

## Financial Strength and Solvency Margin

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

*At 31 December, RMB million*

	2007	2006
Actual Solvency Margin	3,501	1,834
Minimum Statutory Solvency Margin	1,625	1,240
Solvency Margin Ratio	215%	148%

## 管理層回顧和分析

### 佣金支出淨額

截至十二月三十一日止年度，百萬港元

	二零零七年	二零零六年	變化
佣金支出淨額	<b>1,645.50</b>	868.60	89.4%
佣金支出淨額佔毛承保保費	<b>10.1%</b>	7.9%	2.2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

	二零零七年	二零零六年	變化
員工成本	<b>866.82</b>	571.45	51.7%
租賃開支	<b>95.73</b>	83.37	14.8%
其他	<b>938.92</b>	666.23	40.9%
	<b>1,901.47</b>	1,321.05	43.9%

### 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：

截至十二月三十一日止年度，百萬人民幣

	二零零七年	二零零六年
實際償付能力	<b>3,501</b>	1,834
最低法定償付能力	<b>1,625</b>	1,240
償付能力充足率	<b>215%</b>	148%

# MANAGEMENT REVIEW AND ANALYSIS

## PROPERTY AND CASUALTY INSURANCE BUSINESS

The Group's property and casualty insurance business is operated by TPI, which is a PRC-incorporated company and is 40.025%-owned by the Group. It is principally engaged in the underwriting of motor, marine and non-marine insurance policies in Mainland China.

As discussed in the "Consolidated Financial Result" section of the Management Review and Analysis, TPI is not consolidated into the Group on a line-by-line basis. Therefore, except for the profit/(loss) attributable to the equity holders, the following key financial data and ratios of TPI should not be applied to the consolidated financial statements.

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

	2007	2006	Change
Gross premiums written	<b>3,500.44</b>	2,000.42	75.0%
Net premiums written	<b>2,983.12</b>	1,588.95	87.7%
Net earned premiums	<b>2,361.69</b>	1,383.85	70.7%
Total investment income	<b>335.19</b>	102.94	3.3 times
(Loss)/profit after taxation	<b>(145.68)</b>	8.43	–
(Loss)/profit attributable to the equity holders	<b>(58.31)</b>	3.37	–
Technical reserves ratio	<b>100.9%</b>	93.4%	7.5 pts
Retained ratio	<b>85.2%</b>	79.4%	5.8 pts
Earned premiums ratio	<b>67.5%</b>	69.2%	(1.7 pts)
Loss ratio <sup>1</sup>	<b>58.5%</b>	56.6%	1.9 pts
Expense ratio <sup>2</sup>	<b>46.2%</b>	44.6%	1.6 pts
Combined ratio <sup>3</sup>	<b>104.7</b>	101.2	3.5 pts

<sup>1</sup> The loss ratio is based on net earned premiums.

<sup>2</sup> The expense ratio is based on net premiums written. In prior periods and years, the expense ratio was based on net earned premiums. 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 58.4% for the Year (2006: 51.2%).

<sup>3</sup> 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 116.9 for the Year (2006: 107.8).

### (Loss)/Profit Attributable to the Equity Holders

TPI incurred a net loss to the equity holders of HK\$58.31 million during the Year (2006: profit of HK\$3.37 million). The loss was mainly due to the rapid expansion of its premium income and network during the Year. Because of TPI's relatively small operation, which is due to its highly selective underwriting policy in a highly competitive market environment, its current lack of sufficient economies of scale has resulted in higher unit costs and expenses.

## 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40.025%權益之中國註冊公司太平保險營運，主要從事承保中國大陸之車險、水險及非水險業務。

誠如本管理層討論及分析內「綜合財務業績」一節所討論，太平保險並沒有按分項方法綜合於本集團之財務報表內。因此，除股東應佔溢利／(虧損)外，下列太平保險之主要財務數據及比率不適用於綜合財務報表。

截至十二月三十一日止年度，百萬港元

	二零零七年	二零零六年	變化
毛承保保費	<b>3,500.44</b>	2,000.42	75.0%
淨承保保費	<b>2,983.12</b>	1,588.95	87.7%
已賺取保費淨額	<b>2,361.69</b>	1,383.85	70.7%
投資收入總額	<b>335.19</b>	102.94	3.3倍
除稅後(虧損)／溢利	<b>(145.68)</b>	8.43	—
股東應佔(虧損)／溢利	<b>(58.31)</b>	3.37	—
技術性儲備比率	<b>100.9%</b>	93.4%	7.5點
自留比率	<b>85.2%</b>	79.4%	5.8點
已賺取保費率	<b>67.5%</b>	69.2%	(1.7點)
賠付率 <sup>1</sup>	<b>58.5%</b>	56.6%	1.9點
費用率 <sup>2</sup>	<b>46.2%</b>	44.6%	1.6點
綜合成本率 <sup>3</sup>	<b>104.7</b>	101.2	3.5點

<sup>1</sup> 賠付率按已賺取保費淨額為基準計算。

<sup>2</sup> 費用率按淨承保保費為基準計算。於過往期間及年度，費用率按已賺取保費淨額為基準計算。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58.4% (二零零六年：51.2%)。

<sup>3</sup> 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116.9 (二零零六年：107.8)。

### 股東應佔(虧損)／溢利

於本年度內，太平保險為本集團股東帶來淨虧損5,831萬港元(二零零六年：溢利337萬港元)。虧損的主因是本年度內其保費收入及網絡快速擴張。由於太平保險在市場激烈競爭的環境中採取嚴謹的承保政策導致經營規模相對較小，由於其目前缺乏足夠的規模經濟引致較高的單位成本及費用。



# MANAGEMENT REVIEW AND ANALYSIS

## Gross Premiums Written

TPI's gross premiums written increased by 75.0% to HK\$3,500.44 million from HK\$2,000.42 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	2007	% of Total	2006	% of Total
Motor	2,754.99	78.7%	1,457.08	72.8%
Marine	160.37	4.6%	136.52	6.8%
Non-marine	585.08	16.7%	406.82	20.4%
	<b>3,500.44</b>	<b>100.0%</b>	2,000.42	100.0%

## Combined Ratio

TPI's loss ratio increased to 58.5% during the Year from 56.6% in the Last Year. TPI's expense ratio, calculated based on net premiums written, has increased to 46.2% from 44.6% in the Last Year. The combined ratio is one of the key performance indicators of the property and casualty insurance business. TPI's combined ratio of 104.7 during the Year is slightly higher than the 101.2 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*

	2007	2006	2005
Loss ratio	58.5%	56.6%	68.4%
Expense ratio	46.2%	44.6%	44.3%
Combined ratio	104.7	101.2	112.7

## CORPORATE AND OTHER BUSINESSES

The corporate and other businesses are mainly comprised of the corporate company, asset management business and insurance intermediary business and pension business. The corporate company is mainly responsible for overall group strategic planning, overall group capital management and deployment in support of the operating businesses, investor relations, credit ratings and research analysts relations, and compliance with the listing and other laws and regulations of Hong Kong.

### Asset Management Business in Hong Kong Operated by CIGAML

The Group's asset management business in Hong Kong is operated by CIGAML, which is a Hong Kong-incorporated company and is wholly-owned by the Group. CIGAML is licensed with Hong Kong's Securities & Futures Commission, and is mainly engaged in the provision of investment consultancy services to the Group in managing its non-RMB investment portfolio. CIGAML currently is a cost centre of the Group because the asset management fee income received from the Group companies are eliminated at the consolidated level, while the corresponding expenses, such as salary and incentive compensation paid to fund managers, are absorbed in full at the consolidated level. Investors are advised to pay particular attention to this factor when evaluating the financial performance of CIGAML.

## 管理層回顧和分析

### 毛承保保費

太平保險之毛承保保費由去年之20.0042億港元上升75.0%至35.0044億港元。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	二零零七年	佔總額百分比	二零零六年	佔總額百分比
車險	2,754.99	78.7%	1,457.08	72.8%
水險	160.37	4.6%	136.52	6.8%
非水險	585.08	16.7%	406.82	20.4%
	3,500.44	100.0%	2,000.42	100.0%

### 綜合成本率

於本年度內，太平保險之賠付率由去年的56.6%上升至58.5%。同時，其按淨承保保費為基準計算之費用率由去年的44.6%上升至46.2%。綜合成本率乃財產保險業務主要表現指標之一。本年度內，太平保險之綜合成本率為104.7，略高於去年之101.2，表現並非滿意。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

	二零零七年	二零零六年	二零零五年
賠付率	58.5%	56.6%	68.4%
費用率	46.2%	44.6%	44.3%
綜合成本率	104.7	101.2	112.7

### 企業及其他業務

企業及其他業務主要由本企業公司、資產管理業務、保險中介業務及養老保險業務所組成。企業公司主要負責集團的整體策略計劃、整體的資本管理及運用以支援各營運公司、投資者關係、信貸評級及分析員關係，以及遵循香港上市及其他法律和規則的合規工作。

#### 由中保資產管理營運之香港資產管理業務

本集團位於香港之資產管理業務由本集團全資擁有之香港註冊公司中保資產管理營運。中保資產管理獲香港證券及期貨事務監察委員會發牌，主要就本集團非人民幣投資組合之管理提供投資諮詢服務。中保資產管理現為本集團之成本中心，因為收自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，例如工資及付予基金經理之獎金等則在綜合賬上全額並納。建議投資者於評估中保資產管理之財務表現時，應特別注意此因素。

# MANAGEMENT REVIEW AND ANALYSIS

The key financial data of CIGAML is summarised below:

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

	2007	2006	Change
Asset management fee income	18.50	8.12	2.3 times
Total investment income	57.42	21.24	2.7 times
Profit attributable to the equity holders	45.29	2.37	19.1 times

## Insurance Intermediary Business

The Group's insurance intermediary business is substantially operated by SINO-RE, which is a Hong Kong-incorporated company and is wholly-owned by the Group. SINO-RE is mainly engaged in the rendering of brokering services for reinsurance and insurance companies. SINO-RE's key markets are Hong Kong, Macau and Mainland China.

The key financial data of SINO-RE is summarised below:

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

	2007	2006	Change
Insurance intermediary income	17.03	14.34	18.8%
Profit attributable to the equity holders	19.18	13.17	45.6%

SINO-RE's brokerage income increased significantly during the Year mainly due to the strong premium growth of SINO-RE's core reinsurance and insurance clients.

SINO-RE's profit attributable to the equity holders increased by 45.6% to HK\$19.18 million from HK\$13.17 million in the Last Year. SINO-RE's net income also benefited from strong investment performance, which was mainly attributable to the strong equity markets in Hong Kong.

## OUTLOOK

### Reinsurance Business – CIRE

Just before the end of the Year, CIRE was given permission by the CIRC to begin preparations for establishing its Beijing branch, which the CIRC will supervise as a Chinese-owned entity. CIRE believes that its Beijing branch will be the catalyst for CIRE in pursuing its goal of enlarging its home market base from Hong Kong & Macau to include the potentially enormous Mainland China reinsurance markets. The Beijing branch will allow CIRE greater access and penetration into the fast growing, emerging insurance markets of the country. CIRE will continue to strive for quality business in its relationships with Mainland China clients, with an emphasis on bottom-line profitability. CIRE believes that its vast experience, technical know-how, and world-class corporate governance standards developed over the past 28 years since its founding in Hong Kong will give CIRE significant comparative advantages in expanding its operations in Mainland China.

## 管理層回顧和分析

中保資產管理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

	二零零七年	二零零六年	變化
資產管理費收入	18.50	8.12	2.3倍
投資收入總額	57.42	21.24	2.7倍
股東應佔溢利	45.29	2.37	19.1倍

### 保險中介業務

本集團之保險中介業務主要由本集團全資擁有之香港註冊公司華夏營運。華夏主要從事為再保險及保險公司提供經紀服務。華夏之主要市場為香港、澳門及中國大陸。

華夏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

	二零零七年	二零零六年	變化
保險中介收入	17.03	14.34	18.8%
股東應佔溢利	19.18	13.17	45.6%

華夏經紀佣金收入於年內大幅上升的主因為華夏的核心再保險及保險客戶之保費增長強勁。

股東來自華夏之溢利由去年的1,317萬港元上升45.6%至1,918萬港元。華夏之淨收入亦受惠於香港股票市場所帶來的強勁投資表現。

## 展望

### 再保險業務 — 中再國際

正值本年度結束之際，中再國際獲中國保監會許可開始籌建其被定性為中資的北京分公司。中再國際相信其北京分公司的成立將有助於其實現將現有主要核心市場從香港及澳門地區擴大至覆蓋中國大陸潛力巨大的再保險市場在內的目標。北京分公司的成立將允許中再國際更大程度地進入及滲透至國內快速發展的新興保險市場。中再國際將致力從中國內地客戶良好關係中取得高質素業務，並以效益為本。中再國際相信以其於28年前在香港成立以來所積累的豐富經驗、技術能力及世界級的企業管治標準將使其在中國大陸的經營擴張具備更顯著的比較優勢。

## MANAGEMENT REVIEW AND ANALYSIS

To help prepare for its expansion into Mainland China and the next phase of development of its operations in other markets, in October 2007, the authorised capital of CIRe was increased significantly to HK\$3,000,000,000 from HK\$800,000,000 and its paid-up capital was increased to HK\$1,600,000,000 from HK\$780,000,000, by capitalising HK\$820,000,000 from the general reserves of CIRe. Such an enlarged equity base gives CIRe a solid foundation and platform from which to pursue attractive business opportunities in Mainland China, as well as in its other core reinsurance markets.

In 2008, global economic growth is slowing due to unstable and volatile financial and economic conditions in many major economies. Against this background of more difficult and uncertain macroeconomic conditions, reinsurance markets around the world, after experiencing two consecutive years of strong results and profits, are seeing further softenings in prices and contract terms and conditions. The recent increase in reinsurance capacity around the world is further bolstering the downward trends of the current reinsurance cycle. In 2008, despite more difficult fundamentals in the reinsurance industry, CIRe will continue to adhere to its well-established and highly disciplined underwriting policy, which has proven to be effective throughout the various up-and-down reinsurance market cycles over the past decades. CIRe will carry on its prudent, yet progressive, policies in reinsurance underwriting, investments and operational management in order to maximise its performance in 2008.

The recent heavy snow storms which affected more than half of the provinces in Mainland China and which have reportedly resulted in over RMB150 billion in economic damages will undoubtedly result in the largest ever insured losses for the same event for PRC insurers, in particular the property and casualty sector. Because CIRe has taken out retrocession protections, the net retained losses for CIRe from these snow storms is estimated to be approximately HK\$35,000,000, which is manageable given the strong solvency and financial position of the company.

Because the extraordinary investment gains in 2007 in the Hong Kong equity markets are not expected to be repeated in 2008, CIRe's net profit results in 2008 will most likely not reach the same level as that of 2007. However, CIRe does expect a satisfactory performance in both top-line and bottom-line results in 2008, which will form a strong and solid foundation for further, sustainable growth into the future.

### Life Insurance Business – TPL

In 2008, TPL intends to continue building upon the solid foundation which has been developed since the life insurance operations first broke even and produced profitability in 2006 and 2007. With a recognition that the very strong A-share equity markets performance in the PRC in 2006 and 2007 cannot be expected each and every year, the management of TPL is very focused on building a platform for solid, sustainable and profitable growth into the future.

TPL will continue to focus on increasing its sales of regular premium products. TPL intends to continue building its individual agency force, such that the premiums from the individual line of business (the non unit-linked products of which are almost all regular premium) continue to increase at above industry-average rates. Likewise, TPL also intends to increase the regular premium product sales at its bancassurance channels at above industry-average rates. For its single premium bancassurance business, TPL will strive to maintain its current market position and grow in line with the industry.

TPL has already begun preparatory work to establish four new branches in the PRC, in the provinces of Xinjiang, Guizhou, Gansu and Neimenggu. Once these four new branches are fully operational, which will occur in the next few months, TPL will have a presence in almost every single major province and city in Mainland China (except for Tibet, Qinghai, Ningxia and Hainan Island). In 2008, for its existing nationwide branch network, TPL will focus on providing full coverage and support throughout its provinces and major cities. As such, TPL expects to open a significant number of sub-branches and sales centers throughout the country during the year.

## 管理層回顧和分析

為了有助於在中國大陸市場進行擴張及在其他市場之營運得到進一步發展，於二零零七年十月，中再國際通過將其總儲備之8.2億港元轉作資本金，使其法定資本由8億港元大幅提升至30億港元，並使其實繳資本由7.8億港元提升至16億港元。此等股本擴充為中再國際在中國大陸及其他核心再保險市場捕捉優質業務機會提供穩固的基礎及平臺。

踏入二零零八年，由於全球主要經濟體系之財政及經濟狀況的不穩定性，經濟增長正在放緩。在如此困難及不明朗的宏觀經濟條件下，經歷了連續兩年強勁業績及利潤收益的全球再保險市場正面臨著定價和合同條款及條件的進一步疲軟。最近全球再保險業步向飽和的勢頭將進一步引發當前再保險週期的下降趨勢。二零零八年，儘管再保險行業之經營基礎困難重重，中再國際將繼續堅持其行之有效之承保政策，此等政策於過去二十多年多次波動起落的再保險市場週期中始終被證明有效。中再國際將繼續堅持其審慎但進取的再保險承保政策、投資及營運管理政策，以達到其二零零八年最佳之表現。

最近中國大陸超過半數以上的省份遭受巨大雪災影響，據報道已導致高於1,500億人民幣的經濟損失，毫無疑問對中國保險商，尤其是財產保險商而言，其必將導致有史以來同類事件所引發之最大保險賠償。由於中再國際已安排轉分保保障，其受上述雪災影響的淨自留損失預計約3,500萬港元，這相對於本公司強勁的償付能力及財政狀況而言是可以應付的。

鑒於二零零七年香港股票市場上非凡的投資收益預期將無法在二零零八年重復，中再國際二零零八年之淨利潤表現很有可能將無法達到二零零七年之同等水平。然而，中再國際仍然期望二零零八年的保費收入及盈利都能有令人滿意的表現，並為將來進一步的持續增長奠定強勁、堅實的基礎。

### 人壽保險業務 – 太平人壽

於二零零八年，太平人壽希望繼續鞏固其自二零零六年及二零零七年人壽保險營運首次達到收支平衡及創造盈利能力以來之堅實基礎。鑒於對二零零六年及二零零七年中國A股市場異常強勁之表現不可能每一年重復，太平人壽管理層高度專注為未來穩固、可持續之盈利增長創建平臺。

太平人壽將繼續專注提升其期繳保費產品的銷售。太平人壽希望繼續加強個人代理隊伍建設，以使其個人代理渠道的業務保費收入(其非投資連結產品幾乎都為期繳保費)於行業平均水平之上持續增長。同樣，太平人壽亦希望其銀行保險渠道的期繳保費產品銷售能於行業平均水平之上增長。對於其銀行保險躉繳保費業務，太平人壽將努力維持其目前市場地位，並與行業保持同步發展。

太平人壽已開始於中國內地籌建四家新分公司，分別位於新疆、貴州、甘肅及內蒙古。一旦這四家新分公司於未來幾個月間全面開始營運，太平人壽將在中國內地幾乎每個主要省份及城市皆設有分支機構(除西藏、青海、寧夏及海南島以外)。二零零八年，對於其現有的全國性分支機構網絡，太平人壽將關注在其營運之省份及主要城市提供全面的保障及支援。故此，太平人壽期望於本年內在全國範圍開設一定數量的支公司及營銷服務部。

# MANAGEMENT REVIEW AND ANALYSIS

TPL will continue to be vigilant and flexible in responding to rapid market changes and demands. The substantial demand and interest for unit-linked products in 2007 could not have been foreseen and predicted. Likewise, how the PRC insurance markets will develop in 2008 is impossible to predict, especially given the volatile and unstable economic conditions in several major economies around the world, which may negatively affect PRC economic and investment conditions. Therefore, TPL's product development and risk management efforts will be further prioritised in order to best allow the company to respond to unforeseen market movements and demands.

For its investment portfolio, TPL will continue to adopt a highly prudent and conservative policy whereby most of its assets are allocated to fixed income securities or bank deposits. Equities, despite the high returns over the past two years, will continue to be capped at 15% of the overall portfolio, excluding the assets related to the unit-linked products (with some flexibility to increase to 18% in the event of lock-ups). Greater focus will be given to risk management, especially given A-share market volatility in the first few months of 2008 and unstable, uncertain financial market conditions globally.

Because the extraordinary investment gains in 2007 in the PRC equity markets are not expected to be repeated in 2008, TPL's net profit results in 2008 will most likely not reach the same level as that of 2007. However, TPL does expect a satisfactory performance in both top-line and bottom-line results in 2008, which will form a strong and solid foundation for further, sustainable growth into the future.

## Property and Casualty Insurance Business – TPI

Although TPI produced operational losses in 2007, the planned rapid expansion and premium growth during the Year as planned has laid the foundation for developing the economies of scale necessary for sustainable profitability into the future. With an increase in paid-up capital from RMB1 billion to RMB1.3 billion in July 2007, TPI is now well-positioned for further growth throughout the country. In 2008, TPI intends to continue its strict underwriting discipline and to continue having one of the industry's best loss ratios. With its larger infrastructure and network in place, TPI is now expected to begin achieving economies of scale, such that its expense ratio will also improve during the years to come. It is the long-term goal of TPI to achieve combined ratios below 100% consistently on a year by year basis.

Although the fundamentals and competitive conditions of the PRC property and casualty insurance industry continue to be difficult, TPI is highly confident of continuing its growth momentum and of producing a satisfactory result in 2008.

## LIQUIDITY AND FINANCIAL RESOURCES

The Group's cash and bank deposits as at 31 December 2007 amounted to HK\$10,520.27 million (2006: HK\$11,359.98 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 2007 amounted to HK\$2,960.38 million (2006: HK\$2,844.82 million). The gearing ratio, which represents interest-bearing notes issued divided by the total assets of the Group, was 5.3% as at 31 December 2007 (2006: 7.1%).

## CAPITAL STRUCTURE

During the Year, the Company issued 9,021,000 new shares (2006: 69,788,000 shares, of which 6,038,000 shares were issued under the Company's employee share option scheme) for cash under the Company's employee share option scheme. Net proceeds received for the shares issued for cash in aggregate amounted to HK\$22.35 million (2006: HK\$529.92 million).

## 管理層回顧和分析

太平人壽將繼續警醒、靈活地應對快速變化的市場需求。二零零七年對投資連結產品的大量需求及關注是不可能被預見及預測的。同樣，二零零八年中國保險市場將如何發展亦是不可能預測到的，尤其是全球若干主要經濟體系不穩定的經濟狀況可能對中國的經濟及投資環境造成負面影響。因此，太平人壽將優先注重產品開發及風險管理工作，以使公司能對不可預見之市場波動及需求作出最佳反應。

對於其投資組合，太平人壽將繼續採用高度謹慎及保守的政策，因此其大部份資產被配置於固定收益的證券或銀行存款。儘管過去兩年權益類資產有較高的投資回報，但此類投資(不含投資連結產品相關資產)將被限制於總投資組合之15%(涉及鎖定期時，限制可靈活提升至18%)以內。由於二零零八年前幾個月中國A股市場的不穩定性及全球金融市場狀況的不穩定及不明朗，風險管理將受高度重視。

鑒於二零零七年中國股票市場上非凡的投資收益預期將無法在二零零八年重復，太平人壽二零零八年之淨利潤表現很有可能將無法達到二零零七年之同等水平。然而，太平人壽仍然期望二零零八年的保費收入及盈利都能有令人滿意的表現，並為將來進一步的持續增長奠定強勁、堅實的基礎。

### 財產保險業務 – 太平保險

雖然太平保險於二零零七年出現經營虧損，但其於本年度內按計劃快速擴張及保費增長為將來保持持續盈利能力所必需的規模經濟發展奠定了基礎。隨著二零零七年七月其實繳資本從10億人民幣上升至13億人民幣，太平保險更具備在全國範圍內進一步發展的條件。二零零八年，太平保險期望維持其嚴格的承保紀律及繼續保持其賠付率在行業最佳水平之一。以太平保險目前的基礎建設及網絡，預期開始獲得規模經濟效應，因此其費用率定會在未來幾年間有所改善。太平保險的長期目標是逐年使其綜合成本率下降至低於100%之水平。

雖然中國財產保險市場之基本因素及競爭環境持續困難，但太平保險非常有信心能保持其增長動力，並於二零零八年創造令人滿意之業績。

### 流動資金及財務資源

於二零零七年十二月三十一日，本集團的現金及銀行存款為105.2027億港元(二零零六年：113.5998億港元)。除若干小額臨時銀行透支外，本年度內並無任何銀行借貸。二零零七年十二月三十一日須付息票據總額為29.6038億港元(二零零六年：28.4482億港元)。二零零七年十二月三十一日已發行須付息票據除以本集團總資產所得出的槓桿比率為5.3%(二零零六年：7.1%)。

### 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9,021,000股新股(二零零六年：69,788,000股，其中6,038,000股是根據本公司僱員認股權計劃發行)。發行新股換取現金的總代價淨額為2,235萬港元(二零零六年：5.2992億港元)。



# MANAGEMENT REVIEW AND ANALYSIS

## STAFF AND STAFF REMUNERATION

As at 31 December 2007, the Group had a total of 9,925 employees (2006: 7,204 employees), an increase of 2,721 employees. Total remuneration for the Year amounted to HK\$1,130.63 million (2006: HK\$683.38 million), an increase of 65.4%. Bonuses are linked to both the performance of the Group and the performance of the individual.

## MAJOR EVENT DURING THE YEAR

On 9 July 2007, the Company entered into the conditional capital contribution agreement with CIHC, ICBC (Asia) and TPI pursuant to which CIHC and the Company will contribute, in cash, an aggregate amount of RMB300,000,000 as additional registered capital into TPI. Of the aggregate amount, RMB179,925,000 will be contributed by CIHC and RMB120,075,000 will be contributed by the Company. ICBC (Asia) has decided not to participate in the capital contribution. Upon completion, each of CIHC, the Company and ICBC (Asia) will be directly interested in 50.398%, 40.025% and 9.577%, respectively, of the equity interests in TPI. The percentage of equity interests held by the Company in TPI will remain unchanged after completion. In addition, CIHC, the Company and ICBC (Asia) also entered into the conditional option deed pursuant to which CIHC has agreed, conditional upon completion, to grant the right to ICBC (Asia) at nil consideration to acquire from CIHC an equity interest of approximately 2.873% in TPI as enlarged by the capital contribution for a consideration of RMB37,350,000 within twelve 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 Company has waived its right to purchase this Option Interest if the Option is exercised by ICBC (Asia).

## 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 (2006: HK\$26,000,000) was made at 31 December 2007.

Save as herein disclosed and other than those incurred in the normal course of the Group's insurance businesses, there was no outstanding litigation nor any other contingent liabilities as at 31 December 2007.

## 管理層回顧和分析

### 員工及員工酬金

於二零零七年十二月三十一日，本集團的僱員總人數達9,925人(二零零六年：7,204人)，增加2,721人。本年度總酬金為11.3063億港元(二零零六年：6.8338億港元)，增加65.4%。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

二零零七年七月九日，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總額人民幣300,000,000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179,925,000元，本公司則將增資人民幣120,075,000元。工銀(亞洲)已決定不參與增資。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50.398%、40.025%及9.577%股權之權益。完成後，本公司於太平保險持有之股權百分比將維持不變。此外，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，於期權契據日期或各訂約方根據期權契據條款可能延後之較後日期起計十二個月內，向中保控股收購太平保險經增資擴大後約2.873%之股權，代價為人民幣37,350,000元。期權將可由工銀(亞洲)選擇行使。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。

### 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，於二零零七年十二月三十一日本集團毋需就約31,600,000港元(二零零六年：26,000,000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，於二零零七年十二月三十一日，本集團概無任何未決訴訟或或然負債。