

NOTES TO THE INTERIM FINANCIAL REPORT

中期財務報告附註

(Expressed in Hong Kong dollars)
(以港幣列示)

1 BASIS OF PREPARATION

The interim financial report is unaudited, but has been reviewed by KPMG in accordance with the Statement of Auditing Standards 700 “Engagements to review interim financial reports”, issued by the HKICPA. KPMG’s independent review report to the board of directors is set out on page 48.

The interim financial report has been prepared in accordance with the applicable requirements of the Listing Rules, including compliance with HKAS 34 “Interim financial reporting” issued by the HKICPA. It was authorised for issuance on 17 August 2006.

The financial information relating to the financial year ended 31 December 2005 included in the interim financial report does not constitute the Company’s statutory financial statements for that financial year but is derived from those financial statements. Statutory financial statements for the year ended 31 December 2005 are available from the Company’s registered office. The auditors have expressed an unqualified opinion on those financial statements in their report dated 7 April 2006.

The accounting policies and methods of computation adopted in the 2005 annual financial statements have been applied consistently to this interim financial report.

2 SEGMENT REPORTING

Segmental information is presented in respect of the Group’s business and geographical segments. Business segment information is chosen as the primary reporting format.

(a) By business activity:

The Group comprises the following main business segments:

- Reinsurance business;
- Life insurance business; and
- Corporate and other businesses which comprise asset management business, insurance intermediary business, financial and corporate assets.

Consistent with the audited financial statements for the year ended 31 December 2005, the asset management business and the insurance intermediary businesses are included in the corporate and other businesses segment in this interim financial report. The directors believe that the new classification provides a better presentation of the Group’s segmental assets, liabilities, income and expenses.

1 編製基準

此為未經審核的中期財務報告，但已由畢馬威會計師事務所按照香港會計師公會所頒佈的《核數準則》第700號「中期財務報告的審閱」的準則審閱。畢馬威會計師事務所給予董事會的獨立審閱報告刊於第49頁。

本中期財務報告已根據聯交所上市規則的規定，並遵照香港會計師公會所頒佈的《香港會計準則》第34號「中期財務報告」的準則編製。並於二零零六年八月十七日核准發放。

本中期財務報告包含截至二零零五年十二月三十一日止財政年度的財務資料，這些財務資料均取自本公司該財政年度的法定賬項，惟並不構成本公司該財政年度的法定賬項。截至二零零五年十二月三十一日止年度的法定賬項可於本公司的註冊辦事處索取。核數師已於二零零六年四月七日所發佈的核數師報告中，表示對這些賬項提出無保留意見。

編製本中期財務報告所採納的會計政策及計算方法，均與截至二零零五年年度全年財務報告所採納的一致。

2 分類匯報

分類資料的匯報是按本集團的業務及地區區分，其中業務類別被選擇作為首要的匯報格式。

(a) 按業務分類：

本集團設有下列的主要業務分類：

- 再保險業務；
- 人壽保險業務；及
- 企業及其他業務，包括資產管理業務、保險中介業務、財務及企業資產。

為與二零零五年十二月三十一日止年度的已審核財務報表一致，本中期財務報告內的資產管理業務收入及保險中介業務收入將計入企業及其他業務內。董事相信新的分類對本集團的分部資產、負債、收入及支出提供最佳的呈報。

NOTES TO THE INTERIM FINANCIAL REPORT (Continued)

中期財務報告附註 (續)

(Expressed in Hong Kong dollars)
(以港幣列示)

2 SEGMENT REPORTING (Continued)

2 分類匯報 (續)

(a) By business activity: (Continued)

(a) 按業務分類：(續)

For the six months ended 30 June 2006

截至二零零六年六月三十日止六個月

| | | Reinsurance 再保險 \$'000 千元 | Life insurance 人壽保險 \$'000 千元 | Corporate and other businesses 企業及 其他業務 \$'000 千元 | Total 總額 \$'000 千元 |
|---|--------------------|------------------------------------|---|---|-----------------------------|
| Revenue | 收入 | | | | |
| Gross premiums written | 毛承保保費 | 1,216,230 | 5,841,633 | — | 7,057,863 |
| Policy fees | 保單費收入 | — | 3,633 | — | 3,633 |
| | | 1,216,230 | 5,845,266 | — | 7,061,496 |
| Less: Premiums ceded to reinsurers | 減：保費之再保份額 | (136,918) | (20,610) | — | (157,528) |
| Net premiums written and policy fees | 淨承保保費及保單費收入 | 1,079,312 | 5,824,656 | — | 6,903,968 |
| Change in unearned premium provisions, net of reinsurance | 未到期責任準備金變化，減再保險 | (380,773) | (69,198) | — | (449,971) |
| Net earned premiums and policy fees | 已賺取保費及保單費收入淨額 | 698,539 | 5,755,458 | — | 6,453,997 |
| Net investment income and net gain | 投資收入及收益淨額 | 154,855 | 754,905 | 38,449 | 948,209 |
| Net exchange gain/(loss) | 匯兌收益／(虧損)淨額 | 37,149 | (11,891) | (311) | 24,947 |
| Other income | 其他收入 | 439 | 521 | 17,562 | 18,522 |
| Inter-segment transactions | 分類之間交易 | (150) | — | (7,909) | (8,059) |
| | | 890,832 | 6,498,993 | 47,791 | 7,437,616 |
| Benefits, losses and expenses | 給付、賠款及費用 | | | | |
| Policyholders' benefits | 保單持有人利益 | (413,478) | (592,357) | — | (1,005,835) |
| Net commission expenses | 佣金支出淨額 | (250,788) | (408,969) | — | (659,757) |
| Administrative and other expenses | 行政及其他費用 | (21,932) | (580,012) | (14,289) | (616,233) |
| Change in life insurance funds, net of reinsurance | 壽險責任準備金變化，減再保險 | — | (4,539,116) | — | (4,539,116) |
| Inter-segment transactions | 分類之間交易 | 7,909 | — | 150 | 8,059 |
| | | (678,289) | (6,120,454) | (14,139) | (6,812,882) |
| Profit from operations | 經營溢利 | 212,543 | 378,539 | 33,652 | 624,734 |
| Share of (losses)/profits of associates | 應佔聯營公司(虧損)／溢利 | — | (136) | 4,032 | 3,896 |
| Finance costs | 財務費用 | — | (32,273) | (39,830) | (72,103) |
| Profit/(loss) before taxation | 除稅前溢利／(虧損) | 212,543 | 346,130 | (2,146) | 556,527 |
| Income tax charge | 稅項支出 | (7,273) | (88,344) | (3,306) | (98,923) |
| Profit/(loss) after taxation | 除稅後溢利／(虧損) | 205,270 | 257,786 | (5,452) | 457,604 |
| Minority interests | 少數股東權益 | — | (129,319) | — | (129,319) |
| Profit/(loss) attributable to equity holders | 股東應佔溢利／(虧損) | 205,270 | 128,467 | (5,452) | 328,285 |

NOTES TO THE INTERIM FINANCIAL REPORT (Continued)

中期財務報告附註 (續)

(Expressed in Hong Kong dollars)
(以港幣列示)

2 SEGMENT REPORTING (Continued)

2 分類匯報 (續)

(a) By business activity: (Continued)

(a) 按業務分類：(續)

At 30 June 2006

於二零零六年六月三十日

| | | Reinsurance 再保險 \$'000 千元 | Life insurance 人壽保險 \$'000 千元 | Corporate and other businesses 企業及 其他業務 \$'000 千元 | Total 總額 \$'000 千元 |
|--|------------|------------------------------------|---|---|-----------------------------|
| Debt securities | 債務證券 | 1,441,285 | 17,673,639 | 405,153 | 19,520,077 |
| Equity securities | 股本證券 | 332,800 | 442,963 | 126,249 | 902,012 |
| Equity investment funds | 股本投資基金 | — | 1,829,175 | — | 1,829,175 |
| Money market investment funds | 貨幣市場投資基金 | 6,398 | 2,731 | — | 9,129 |
| Composite investment funds | 綜合投資基金 | 23,458 | — | — | 23,458 |
| Cash and bank deposits | 現金及銀行存款 | 1,404,450 | 4,984,881 | 384,541 | 6,773,872 |
| Goodwill | 商譽 | — | 154,909 | 73,276 | 228,185 |
| Interest in associates | 於聯營公司之權益 | — | 4,052 | 346,151 | 350,203 |
| Other segment assets | 其他分類資產 | 1,449,343 | 1,425,653 | 111,772 | 2,986,768 |
| Total assets | 總資產 | 4,657,734 | 26,518,003 | 1,447,142 | 32,622,879 |
| Life insurance funds | 壽險責任準備金 | — | 20,171,759 | — | 20,171,759 |
| Unearned premium provisions | 未到期責任準備金 | 819,046 | 295,504 | — | 1,114,550 |
| Provision for outstanding claims | 未決賠款準備 | 2,135,909 | 43,147 | — | 2,179,056 |
| Investment contract liabilities | 投資合約負債 | — | 108,747 | — | 108,747 |
| Interest-bearing notes | 需付息票據 | — | 1,456,500 | 1,350,906 | 2,807,406 |
| Securities sold under repurchase agreements | 賣出回購證券 | — | 1,729,147 | — | 1,729,147 |
| Other segment liabilities | 其他分類負債 | 110,344 | 564,518 | 22,971 | 697,833 |
| Total liabilities | 總負債 | 3,065,299 | 24,369,322 | 1,373,877 | 28,808,498 |

NOTES TO THE INTERIM FINANCIAL REPORT (Continued)

中期財務報告附註 (續)

(Expressed in Hong Kong dollars)
(以港幣列示)

2 SEGMENT REPORTING (Continued)

2 分類匯報 (續)

(a) By business activity: (Continued)

(a) 按業務分類：(續)

For the six months ended 30 June 2005

截至二零零五年六月三十日止六個月

| | | Reinsurance 再保險 \$'000 千元 | Life insurance 人壽保險 \$'000 千元 | Corporate and other businesses 企業及 其他業務 \$'000 千元 | Total 總額 \$'000 千元 |
|---|--------------------|------------------------------------|---|---|-----------------------------|
| Revenue | 收入 | | | | |
| Gross premiums written | 毛承保保費 | 999,608 | 2,742,040 | — | 3,741,648 |
| Policy fees | 保單費收入 | — | 1,522 | — | 1,522 |
| | | 999,608 | 2,743,562 | — | 3,743,170 |
| Less: Premiums ceded to reinsurers | 減：保費之再保份額 | (154,894) | (25,505) | — | (180,399) |
| Net premiums written and policy fees | 淨承保保費及保單費收入 | 844,714 | 2,718,057 | — | 3,562,771 |
| Change in unearned premium provisions, net of reinsurance | 未到期責任準備金變化，減再保險 | (293,530) | (120,396) | — | (413,926) |
| Net earned premiums and policy fees | 已賺取保費及保單費收入淨額 | 551,184 | 2,597,661 | — | 3,148,845 |
| Net investment income and net gain | 投資收入及收益淨額 | 84,190 | 205,118 | 26,491 | 315,799 |
| Net exchange loss | 匯兌虧損淨額 | (45,640) | (393) | (837) | (46,870) |
| Other income | 其他收入 | 3,426 | 71 | 14,208 | 17,705 |
| Inter-segment transactions | 分類之間交易 | (150) | — | (5,720) | (5,870) |
| | | 593,010 | 2,802,457 | 34,142 | 3,429,609 |
| Benefits, losses and expenses | 給付、賠款及費用 | | | | |
| Policyholders' benefits | 保單持有人利益 | (284,464) | (225,579) | — | (510,043) |
| Net commission expenses | 佣金支出淨額 | (213,035) | (267,624) | — | (480,659) |
| Administrative and other expenses | 行政及其他費用 | (19,214) | (401,843) | (13,996) | (435,053) |
| Change in life insurance funds, net of reinsurance | 壽險責任準備金變化，減再保險 | — | (2,154,956) | — | (2,154,956) |
| Inter-segment transactions | 分類之間交易 | 5,720 | — | 150 | 5,870 |
| | | (510,993) | (3,050,002) | (13,846) | (3,574,841) |
| Profit/(loss) from operations | 經營溢利／(虧損) | 82,017 | (247,545) | 20,296 | (145,232) |
| Share of losses of associates | 應佔聯營公司虧損 | — | — | (12,013) | (12,013) |
| Finance costs | 財務費用 | — | — | (42,833) | (42,833) |
| Profit/(loss) before taxation | 除稅前溢利／(虧損) | 82,017 | (247,545) | (34,550) | (200,078) |
| Income tax (charge)/credit | 稅項(支出)／抵免 | (5,262) | 78,467 | (2,099) | 71,106 |
| Profit/(loss) after taxation | 除稅後溢利／(虧損) | 76,755 | (169,078) | (36,649) | (128,972) |
| Minority interests | 少數股東權益 | — | 85,204 | — | 85,204 |
| Profit/(loss) attributable to equity holders | 股東應佔溢利／(虧損) | 76,755 | (83,874) | (36,649) | (43,768) |

NOTES TO THE INTERIM FINANCIAL REPORT (Continued)

中期財務報告附註 (續)

(Expressed in Hong Kong dollars)
(以港幣列示)

2 SEGMENT REPORTING (Continued)

2 分類匯報 (續)

(a) By business activity: (Continued)

(a) 按業務分類：(續)

At 31 December 2005

於二零零五年十二月三十一日

| | | Reinsurance 再保險 \$'000 千元 | Life insurance 人壽保險 \$'000 千元 | Corporate and other businesses 企業及 其他業務 \$'000 千元 | Total 總額 \$'000 千元 |
|---|------------|------------------------------------|---|---|-----------------------------|
| Debt securities | 債務證券 | 1,473,640 | 14,841,992 | 403,891 | 16,719,523 |
| Equity securities | 股本證券 | 325,721 | 183,486 | 140,291 | 649,498 |
| Equity investment funds | 股本投資基金 | — | 745,105 | — | 745,105 |
| Money market investment funds | 貨幣市場投資基金 | 4,691 | 1,460,364 | — | 1,465,055 |
| Composite investment funds | 綜合投資基金 | 8,380 | — | — | 8,380 |
| Cash and bank deposits | 現金及銀行存款 | 1,187,083 | 3,503,219 | 420,717 | 5,111,019 |
| Goodwill | 商譽 | — | 154,909 | 73,276 | 228,185 |
| Interest in associates | 於聯營公司之權益 | — | 4,188 | 311,110 | 315,298 |
| Other segment assets | 其他分類資產 | 991,021 | 1,012,374 | 88,323 | 2,091,718 |
| Total assets | 總資產 | 3,990,536 | 21,905,637 | 1,437,608 | 27,333,781 |
| Life insurance funds | 壽險責任準備金 | — | 15,453,533 | — | 15,453,533 |
| Unearned premium provisions | 未到期責任準備金 | 369,327 | 221,940 | — | 591,267 |
| Provision for outstanding claims | 未決賠款準備 | 2,106,450 | 43,528 | — | 2,149,978 |
| Investment contract liabilities | 投資合約負債 | — | 75,857 | — | 75,857 |
| Interest-bearing notes | 需付息票據 | — | 1,441,500 | 1,347,971 | 2,789,471 |
| Securities sold under repurchase agreements | 賣出回購證券 | — | 1,923,499 | — | 1,923,499 |
| Other segment liabilities | 其他分類負債 | 126,326 | 779,160 | 21,445 | 926,931 |
| Total liabilities | 總負債 | 2,602,103 | 19,939,017 | 1,369,416 | 23,910,536 |

NOTES TO THE INTERIM FINANCIAL REPORT (Continued)

中期財務報告附註 (續)

(Expressed in Hong Kong dollars)
(以港幣列示)

2 SEGMENT REPORTING (Continued)

(b) By geographical area:

For the six months ended 30 June 2006

| | Hong Kong and Macau 香港及澳門 \$'000 千元 | PRC (other than Hong Kong and Macau) 中國(香港 及澳門除外) \$'000 千元 | Japan 日本 \$'000 千元 | Rest of Asia 亞洲 其他地區 \$'000 千元 | Europe 歐洲 \$'000 千元 | Rest of the world 其他地區 \$'000 千元 | Total 總額 \$'000 千元 |
|---|---|--|-----------------------------|---|------------------------------|---|-----------------------------|
| Gross premiums written and policy fees | 239,553 | 6,139,046 | 82,243 | 326,267 | 219,170 | 55,217 | 7,061,496 |

For the six months ended 30 June 2005

| | Hong Kong and Macau 香港及澳門 \$'000 千元 | PRC (other than Hong Kong and Macau) 中國(香港 及澳門除外) \$'000 千元 | Japan 日本 \$'000 千元 | Rest of Asia 亞洲 其他地區 \$'000 千元 | Europe 歐洲 \$'000 千元 | Rest of the world 其他地區 \$'000 千元 | Total 總額 \$'000 千元 |
|---|---|--|-----------------------------|---|------------------------------|---|-----------------------------|
| Gross premiums written and policy fees | 261,814 | 2,916,383 | 74,822 | 281,985 | 165,988 | 42,178 | 3,743,170 |

2 分類匯報 (續)

(b) 按地區分類：

截至二零零六年六月三十日止六個月

截至二零零五年六月三十日止六個月

NOTES TO THE INTERIM FINANCIAL REPORT (Continued)

中期財務報告附註 (續)

(Expressed in Hong Kong dollars)
(以港幣列示)

3 GROSS PREMIUMS WRITTEN AND POLICY FEES

Principal activities

The principal activity of the Company is investment holding. The principal activities of the Company and its subsidiaries are the underwriting of all classes of global reinsurance business and direct life insurance business in the PRC. The Company also engages in the underwriting of property and casualty business in the PRC through an associated company.

Apart from these, the Group also carries on asset management and insurance intermediary businesses and, to support its insurance activities, holds money market, fixed income, equity and property investments.

Turnover represents gross premiums written and policy fees from reinsurance business and life insurance business. Turnover constitutes a portion of the total revenue. Consistent with the audited financial statements for the year ended 31 December 2005, income from the asset management business and income from the insurance intermediary business are excluded from the Group's turnover. The directors believe that the new definition of turnover provides a better presentation. The amount of each significant category of revenue recognised in turnover during the Period is as follows:

| | | Six months ended 30 June 2006 截至二零零六年六月三十日止六個月 | | | |
|------------------------|-------|---|--|--|-----------------------------|
| | | Reinsurance contracts 再保險合約 \$'000 千元 | Life insurance contracts 人壽保險合約 \$'000 千元 | Investment contracts 投資合約 \$'000 千元 | Total 總額 \$'000 千元 |
| Gross premiums written | 毛承保保費 | 1,216,230 | 5,841,633 | — | 7,057,863 |
| Policy fees | 保單費收入 | — | — | 3,633 | 3,633 |
| | | 1,216,230 | 5,841,633 | 3,633 | 7,061,496 |
| | | Six months ended 30 June 2005 截至二零零五年六月三十日止六個月 | | | |
| | | Reinsurance contracts 再保險合約 \$'000 千元 | Life insurance contracts 人壽保險合約 \$'000 千元 | Investment contracts 投資合約 \$'000 千元 | Total 總額 \$'000 千元 |
| Gross premiums written | 毛承保保費 | 999,608 | 2,742,040 | — | 3,741,648 |
| Policy fees | 保單費收入 | — | — | 1,522 | 1,522 |
| | | 999,608 | 2,742,040 | 1,522 | 3,743,170 |

In respect of the reinsurance business, a substantial proportion of reinsurance premium income is written in the first half of each year because of the special nature of its operations.

主要業務

本公司的主要業務是投資控股。本公司及其附屬公司的主要業務是承接全球各類再保險業務及中國人壽保險業務。本公司亦透過其聯營公司承接中國財產保險業務。

此外，本集團也從事資產管理業務及保險中介業務，並為配合保險業務而持有各類貨幣、固定收入證券、股票及物業投資。

營業額是指再保險業務及人壽保險業務毛承保保費及保單費收入。營業額構成收入總額的一部份。為與二零零五年十二月三十一日止年度的已審核財務報表一致，資產管理業務收入及保險中介業務收入將不計入本集團營業額內。董事相信新的營業額釋義提供更佳的呈報。期內在營業額中確認的各項主要收益類別的金額載列如下：

關於再保險業務，因其特別的經營性質，大部份的再保險保費收入已於每年的上半年承保。

NOTES TO THE INTERIM FINANCIAL REPORT (Continued)

中期財務報告附註 (續)

(Expressed in Hong Kong dollars)
(以港幣列示)

4 NET INVESTMENT INCOME AND NET GAIN

4 投資收入及收益淨額

| | | Six months ended 30 June 截至六月三十日止六個月 | |
|---|------------------------|---|-------------------------------|
| | | 2006 二零零六年 \$'000 千元 | 2005 二零零五年 \$'000 千元 |
| Net investment income | 投資收入淨額 | | |
| Dividend income from listed securities | 上市證券的股息收入 | 26,796 | 9,574 |
| Dividend income from unlisted securities | 非上市證券的股息收入 | 68,364 | 18,360 |
| Interest income from listed securities | 上市證券的利息收入 | 367,851 | 212,408 |
| Interest income from unlisted securities | 非上市證券的利息收入 | 22,781 | 32,594 |
| Other interest income | 其他利息收入 | 100,842 | 47,802 |
| Rental receivable from investment properties | 應收投資物業的租金 | 1,059 | 1,153 |
| Interest expenses on securities sold under repurchase agreements | 賣出回購證券利息費用 | (35,903) | (4,763) |
| | | 551,790 | 317,128 |
| Net gain | 收益淨額 | | |
| Net realised and unrealised gains on listed securities | 上市證券的已變現及未變現收益淨額 | 370,926 | 9,000 |
| Net realised and unrealised gains/(losses) on unlisted securities | 非上市證券的已變現及未變現收益/(虧損)淨額 | 20,308 | (24,138) |
| Surplus on revaluation of investment properties | 投資物業重估盈餘 | 5,185 | 13,365 |
| Write back of impairment loss on listed and unlisted debt and equity securities | 撥回上市及非上市債務及股本證券減值虧損 | — | 444 |
| | | 396,419 | (1,329) |
| Total | 總額 | 948,209 | 315,799 |

5 OTHER INCOME

5 其他收入

| | | Six months ended 30 June 截至六月三十日止六個月 | |
|--|---------------------|---|-------------------------------|
| | | 2006 二零零六年 \$'000 千元 | 2005 二零零五年 \$'000 千元 |
| Income from asset management business | 資產管理業務收入 | 1,886 | 2,146 |
| Income from insurance intermediary business | 保險中介業務收入 | 6,803 | 5,490 |
| Net loss on sale of fixed assets | 出售固定資產虧損淨額 | (6) | (36) |
| Write back of/(provision for) impairment loss on insurance debtors | 保險客戶應收賬款減值虧損回撥/(準備) | 147 | (342) |
| Others | 其他 | 1,633 | 4,577 |
| | | 10,463 | 11,835 |

NOTES TO THE INTERIM FINANCIAL REPORT (Continued)

中期財務報告附註 (續)

(Expressed in Hong Kong dollars)
(以港幣列示)

6 POLICYHOLDERS' BENEFITS AND NET COMMISSION EXPENSES

6 保單持有人利益及佣金支出淨額

(a) Policyholders' benefits

(a) 保單持有人利益

Six months ended 30 June 2006

截至二零零六年六月三十日止六個月

| | | Reinsurance contracts 再保險合約 \$'000 千元 | Life insurance contracts 人壽保險合約 \$'000 千元 | Total 總額 \$'000 千元 |
|--------------------------------------|-----------|---|---|-----------------------------|
| Claims and claim adjustment expenses | 賠款及賠款處理支出 | 475,920 | 139,940 | 615,860 |
| Less: Reinsurers' share | 減：再保份額 | (62,442) | (11,684) | (74,126) |
| | | 413,478 | 128,256 | 541,734 |
| Surrenders | 退保總額 | — | 427,404 | 427,404 |
| Annuity and maturity payments | 年金及到期付款 | — | 32,292 | 32,292 |
| Policy dividends | 保單分紅 | — | 4,405 | 4,405 |
| | | 413,478 | 592,357 | 1,005,835 |

Six months ended 30 June 2005

截至二零零五年六月三十日止六個月

| | | Reinsurance contracts 再保險合約 \$'000 千元 | Life insurance contracts 人壽保險合約 \$'000 千元 | Total 總額 \$'000 千元 |
|--------------------------------------|-----------|---|---|-----------------------------|
| Claims and claim adjustment expenses | 賠款及賠款處理支出 | 384,164 | 61,003 | 445,167 |
| Less: Reinsurers' share | 減：再保份額 | (99,700) | (10,412) | (110,112) |
| | | 284,464 | 50,591 | 335,055 |
| Surrenders | 退保總額 | — | 160,046 | 160,046 |
| Annuity and maturity payments | 年金及到期付款 | — | 12,878 | 12,878 |
| Policy dividends | 保單分紅 | — | 2,064 | 2,064 |
| | | 284,464 | 225,579 | 510,043 |

NOTES TO THE INTERIM FINANCIAL REPORT (Continued)

中期財務報告附註 (續)

(Expressed in Hong Kong dollars)
(以港幣列示)

6 POLICYHOLDERS' BENEFITS AND NET COMMISSION EXPENSES (Continued)

6 保單持有人利益及佣金支出淨額 (續)

(b) Net commission expenses

(b) 佣金支出淨額

| | | Six months ended 30 June 2006 截至二零零六年六月三十日止六個月 | | |
|-------------------------------|---------|---|------------------------------------|--------------|
| | | Reinsurance contracts 再保險合約 | Life insurance contracts 人壽保險合約 | Total 總額 |
| | | \$'000 千元 | \$'000 千元 | \$'000 千元 |
| Gross commission expenses | 佣金支出總額 | 292,310 | 413,847 | 706,157 |
| Reinsurance commission income | 再保險佣金收入 | (41,522) | (4,878) | (46,400) |
| Net commission expenses | 佣金支出淨額 | 250,788 | 408,969 | 659,757 |
| | | Six months ended 30 June 2005 截至二零零五年六月三十日止六個月 | | |
| | | Reinsurance contracts 再保險合約 | Life insurance contracts 人壽保險合約 | Total 總額 |
| | | \$'000 千元 | \$'000 千元 | \$'000 千元 |
| Gross commission expenses | 佣金支出總額 | 243,860 | 274,479 | 518,339 |
| Reinsurance commission income | 再保險佣金收入 | (30,825) | (6,855) | (37,680) |
| Net commission expenses | 佣金支出淨額 | 213,035 | 267,624 | 480,659 |

NOTES TO THE INTERIM FINANCIAL REPORT (Continued)

中期財務報告附註 (續)

(Expressed in Hong Kong dollars)
(以港幣列示)

7 PROFIT/(LOSS) BEFORE TAXATION

Profit/(loss) before taxation is arrived at after charging:

7 除稅前溢利／(虧損)

除稅前溢利／(虧損)已扣除：

| | | Six months ended 30 June 截至六月三十日止六個月 | |
|--|------------------|---|-------------------------------|
| | | 2006 二零零六年 \$'000 千元 | 2005 二零零五年 \$'000 千元 |
| (a) Finance costs: | (a) 財務費用： | | |
| Interest on interest-bearing notes | 需付息票據利息 | 72,103 | 39,948 |
| Interest on other loans | 其他貸款利息 | — | 2,885 |
| | | 72,103 | 42,833 |
| (b) Staff costs: | (b) 員工成本： | | |
| Salaries, wages and other benefits | 薪金、工資及 其他利益 | 259,142 | 197,522 |
| Contributions to defined contribution retirement plan | 已訂定供款退休 計劃供款 | 29,552 | 27,581 |
| | | 288,694 | 225,103 |
| (c) Other items: | (c) 其他項目： | | |
| Auditors' remuneration | 核數師酬金 | 669 | 441 |
| Depreciation | 折舊 | 23,458 | 17,514 |
| Operating lease charges in respect of properties | 有關物業的經營 租賃費用 | 50,840 | 38,077 |
| Share of associates' taxation | 佔聯營公司稅項 | 443 | 245 |

8 INCOME TAX CHARGE/(CREDIT)

Income tax charge/(credit) in the consolidated income statement represents:

8 稅項支出／(抵免)

綜合損益表所示的稅項支出／(抵免)為：

| | | Six months ended 30 June 截至六月三十日止六個月 | |
|--|--------------------|---|-------------------------------|
| | | 2006 二零零六年 \$'000 千元 | 2005 二零零五年 \$'000 千元 |
| Current tax — Provision for Hong Kong Profits Tax | 當期稅項 — 香港 利得稅準備 | 10,401 | 7,091 |
| Deferred taxation (note) | 遞延稅項 (附註) | 88,522 | (78,197) |
| Total income tax charge/(credit) | 所得稅總支出／(抵免) | 98,923 | (71,106) |

Note: Deferred taxation for the Period mainly represents deferred tax liabilities recognised in respect of unrealised investment gains and life insurance funds recognised in a subsidiary of the Group outside of Hong Kong while those for the Last Period mainly represents deferred tax assets recognised in respect of tax losses incurred by this subsidiary.

附註：本財務期的遞延稅項主要代表本集團一家香港以外地區的附屬公司確認的未變現投資收益及壽險責任準備金而確認的遞延稅項負債，而去年同期主要代表此附屬公司產生的稅項虧損而確認的遞延稅項資產。

NOTES TO THE INTERIM FINANCIAL REPORT (Continued)

中期財務報告附註 (續)

(Expressed in Hong Kong dollars)
(以港幣列示)

8 INCOME TAX CHARGE/(CREDIT) (Continued)

The provision for Hong Kong Profits Tax represents the Group's estimated Profits Tax liability calculated at the standard tax rate of 17.5% (2005: 17.5%) on its assessable profits from reinsurance, asset management and insurance intermediary businesses, except for its assessable profits from the business of reinsurance of offshore risks, which is calculated at the applicable rate of 8.75% (2005: 8.75%), being one-half of the standard tax rate.

Taxation outside Hong Kong is calculated at the rates prevailing in the respective jurisdictions.

The Group also has not recognised deferred tax assets in respect of tax losses of approximately \$23,610,000 (31 December 2005: \$Nil) as it is not probable that sufficient taxable profit will be available to allow the related tax benefit to be utilised in the foreseeable future.

9 DIVIDENDS

No interim dividend in respect of the interim period was declared and paid after 30 June 2006 (2005: \$Nil).

No final dividend in respect of the previous financial year was declared and paid during the interim period (2005: \$Nil).

10 EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO THE EQUITY HOLDERS OF THE COMPANY

(a) Basic earnings/(loss) per share

The calculation of basic earnings/(loss) per share is based on the profit attributable to equity holders of the Company of \$328,285,000 (2005: loss of \$43,768,000) and the weighted average number of ordinary shares of 1,338,144,592 shares (2005: 1,331,776,925 shares) in issue during the Period.

(b) Diluted earnings/(loss) per share

The calculation of diluted earnings/(loss) per share is based on the profit attributable to equity holders of the Company of \$328,285,000 (2005: loss of \$43,768,000) and the weighted average number of ordinary shares of 1,348,306,116 shares (2005: 1,339,769,387 shares) after adjusting for the effects of all dilutive potential ordinary shares under the Company's share option scheme.

8 稅項支出／(抵免) (續)

香港利得稅準備是指本集團根據來自再保險、資產管理及保險中介業務的應評稅溢利，按17.5%（二零零五年：17.5%）的標準稅率計算的估計應繳利得稅，但來自海外風險的再保險業務應評稅溢利則按適用稅率8.75%（二零零五年：8.75%），即標準稅率的一半計算。

香港以外地區的稅項以相關司法管轄區的現行稅率計算。

本集團另有未確認關於稅項虧損之遞延稅項資產約為23,610,000元（二零零五年十二月三十一日：無）。上述遞延稅項資產並未有被確認，乃由於未能確定在可見將來有足夠的應課稅利潤可以使用相關之稅項效益。

9 股息

於二零零六年六月三十日後沒有屬於本財務期宣派及支付的中期股息（二零零五年：無）。

沒有屬於上一個財政年度，並於中期財務期宣派及支付的末期股息（二零零五年：無）。

10 股東應佔每股盈利／(虧損)

(a) 每股基本盈利／(虧損)

每股基本盈利／(虧損)是按照股東應佔溢利328,285,000元（二零零五年：虧損43,768,000元），及期內已發行普通股的加權平均數1,338,144,592股（二零零五年：1,331,776,925股）計算。

(b) 每股攤薄盈利／(虧損)

每股攤薄盈利／(虧損)是按照股東應佔溢利328,285,000元（二零零五年：虧損43,768,000元）及已就本公司認股權計劃所有具備潛在攤薄影響的普通股作出調整得出的普通股加權平均數1,348,306,116股（二零零五年：1,339,769,387股）計算。

NOTES TO THE INTERIM FINANCIAL REPORT (Continued)

中期財務報告附註 (續)

(Expressed in Hong Kong dollars)
(以港幣列示)

10 EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO THE EQUITY HOLDERS OF THE COMPANY (Continued)

10 股東應佔每股盈利/(虧損) (續)

(c) Reconciliations

(c) 對賬

| | | At 30 June 於六月三十日 | |
|--|---------------------------|-----------------------|-----------------------|
| | | 2006 二零零六年 | 2005 二零零五年 |
| | | No. of shares 股份數目 | No. of shares 股份數目 |
| Weighted average number of ordinary shares used in calculating basic earnings/(loss) per share | 用作計算每股基本盈利/(虧損)的普通股加權平均股數 | 1,338,144,592 | 1,331,776,925 |
| Deemed issue of ordinary shares for no consideration | 視為無償發行的普通股股數 | 10,161,524 | 7,992,462 |
| Weighted average number of ordinary shares used in calculating diluted earnings/(loss) per share | 用作計算每股攤薄盈利/(虧損)的普通股加權平均股數 | 1,348,306,116 | 1,339,769,387 |

11 FIXED ASSETS

11 固定資產

The Group leases out investment properties under operating leases. The leases typically run for an initial period of two years, with an option to renew the lease after that date at which time all terms are renegotiated. Lease payments are usually reviewed annually to reflect market rentals. None of the leases include contingent rentals. The gross carrying amount of investment properties of the Group held for use in operating leases was \$70,565,000 (31 December 2005: \$65,230,000).

本集團以經營租賃租出投資物業。這些租賃一般初步為期二年，並且有權選擇在到期日後續期，屆時所有條款均可重新商定。租賃付款額通常會逐年檢討，以反映市場租金。各項租賃均不包括或然租金。本集團持作經營租賃的投資物業的賬面毛額為70,565,000元（二零零五年十二月三十一日：65,230,000元）。

The Group's total future minimum lease payments under non-cancellable operating leases are receivable as follows:

本集團根據不可解除的經營租賃在日後應收的最低租賃付款總額如下：

| | | At 30 June 2006 於二零零六年 六月三十日 \$'000 千元 | At 31 December 2005 於二零零五年 十二月三十一日 \$'000 千元 |
|----------------------------|----------|---|---|
| Within 1 year | 1年內 | 2,561 | 2,697 |
| After 1 but within 5 years | 1年後但在5年內 | 673 | 1,259 |
| | | 3,234 | 3,956 |

NOTES TO THE INTERIM FINANCIAL REPORT (Continued)

中期財務報告附註 (續)

(Expressed in Hong Kong dollars)
(以港幣列示)

12 INVESTMENTS IN DEBT AND EQUITY SECURITIES 12 債務及股本證券投資

| | | At 30 June 2006 於二零零六年 六月三十日 \$'000 千元 | At 31 December 2005 於二零零五年 十二月三十一日 \$'000 千元 |
|---|----------------------------|--|--|
| Held-to-maturity (Note (i)): | 持有至到期日 (附註(i)) : | | |
| – Debt securities | – 債務證券 | 960,915 | 1,046,037 |
| Available-for-sale (Note (ii)): | 可供出售 (附註(ii)) : | | |
| – Debt securities | – 債務證券 | 17,844,302 | 14,869,410 |
| – Equity securities | – 股本證券 | 240,824 | 211,268 |
| – Equity investment funds | – 股本投資基金 | 1,086,641 | – |
| | | 19,171,767 | 15,080,678 |
| Designated at fair value through profit or loss (Note (iii)): | 指定為通過損益以反映公平價值 (附註(iii)) : | | |
| – Debt securities | – 債務證券 | 714,860 | 804,076 |
| – Equity securities | – 股本證券 | 661,188 | 438,230 |
| – Equity investment funds | – 股本投資基金 | 742,534 | 745,105 |
| – Money market investment funds | – 貨幣市場投資基金 | 9,129 | 1,465,055 |
| – Composite investment funds | – 綜合投資基金 | 23,458 | 8,380 |
| | | 2,151,169 | 3,460,846 |
| Total | 總額 | 22,283,851 | 19,587,561 |

NOTES TO THE INTERIM FINANCIAL REPORT (Continued)

中期財務報告附註 (續)

(Expressed in Hong Kong dollars)
(以港幣列示)

12 INVESTMENTS IN DEBT AND EQUITY SECURITIES 12 債務及股本證券投資 (續)

(Continued)

| | | Central governments and central banks 中央政府及中央銀行 \$'000 千元 | Public sector entities 公共機構 \$'000 千元 | Banks and other financial institutions 銀行及其他金融機構 \$'000 千元 | Corporate entities 企業實體 \$'000 千元 | Others 其他 \$'000 千元 | Total 總額 \$'000 千元 |
|-----------------------------------|---------------|--|--|---|--|------------------------------|-----------------------------|
| (i) Held-to-maturity | (i) 持有至到期日 | | | | | | |
| At 30 June 2006 | 於二零零六年六月三十日 | | | | | | |
| Listed outside Hong Kong | 上市 — 香港以外地區 | 52,168 | 118,868 | 158,980 | 394,536 | 8,621 | 733,173 |
| Unlisted | 非上市 | 69,002 | 7,585 | 95,668 | 55,487 | — | 227,742 |
| | | 121,170 | 126,453 | 254,648 | 450,023 | 8,621 | 960,915 |
| Fair value of securities | 證券公平值 | 133,862 | 127,440 | 257,312 | 462,704 | 11,214 | 992,532 |
| Market value of listed securities | 上市證券市值 | 54,159 | 119,169 | 160,954 | 406,156 | 11,214 | 751,652 |
| At 31 December 2005 | 於二零零五年十二月三十一日 | | | | | | |
| Listed outside Hong Kong | 上市 — 香港以外地區 | 52,107 | 118,664 | 222,001 | 393,275 | 8,041 | 794,088 |
| Unlisted | 非上市 | 68,316 | 7,559 | 85,445 | 90,629 | — | 251,949 |
| | | 120,423 | 126,223 | 307,446 | 483,904 | 8,041 | 1,046,037 |
| Fair value of securities | 證券公平值 | 142,745 | 130,883 | 314,019 | 507,470 | 11,080 | 1,106,197 |
| Market value of listed securities | 上市證券市值 | 56,206 | 122,261 | 294,252 | 413,700 | 11,080 | 897,499 |

The held-to-maturity debt securities include an amount of \$133,953,000 (31 December 2005: \$125,415,000) which is maturing within one year.

持有至到期日債務證券包括於一年內到期價值 133,953,000 元 (二零零五年十二月三十一日 : 125,415,000 元) 的債務證券。

NOTES TO THE INTERIM FINANCIAL REPORT (Continued)

中期財務報告附註 (續)

(Expressed in Hong Kong dollars)
(以港幣列示)

12 INVESTMENTS IN DEBT AND EQUITY SECURITIES 12 債務及股本證券投資 (續)

(Continued)

| | | Central governments and central banks 中央政府及中央銀行 \$'000 千元 | Public sector entities 公共機構 \$'000 千元 | Banks and other financial institutions 銀行及其他金融機構 \$'000 千元 | Corporate entities 企業實體 \$'000 千元 | Others 其他 \$'000 千元 | Total 總額 \$'000 千元 |
|-----------------------------------|---------------|--|--|---|--|------------------------------|-----------------------------|
| (i) Available-for-sale | (ii) 可供出售 | | | | | | |
| At 30 June 2006 | 於二零零六年六月三十日 | | | | | | |
| Listed debt securities | 上市債務證券 | | | | | | |
| – in Hong Kong | – 香港 | – | – | 14,761 | – | – | 14,761 |
| – outside Hong Kong | – 香港以外地區 | 8,404,098 | 7,478 | 2,778,785 | 6,212,972 | 15,641 | 17,418,974 |
| Listed equity securities | 上市股本證券 | | | | | | |
| – in Hong Kong | – 香港 | – | 5,593 | 97,063 | 106,261 | – | 208,917 |
| – outside Hong Kong | – 香港以外地區 | – | – | 28,587 | – | – | 28,587 |
| Unlisted debt securities | 非上市債務證券 | – | – | 128,960 | 281,607 | – | 410,567 |
| Unlisted equity securities | 非上市股本證券 | – | – | – | 3,320 | – | 3,320 |
| Unlisted equity investment funds | 非上市股本投資基金 | – | – | – | – | 1,086,641 | 1,086,641 |
| | | 8,404,098 | 13,071 | 3,048,156 | 6,604,160 | 1,102,282 | 19,171,767 |
| Fair value of securities | 證券公平值 | 8,404,098 | 13,071 | 3,048,156 | 6,604,160 | 1,102,282 | 19,171,767 |
| Market value of listed securities | 上市證券市值 | 8,404,098 | 13,071 | 2,919,196 | 6,319,233 | 15,641 | 17,671,239 |
| Current | 當期 | 8,404,098 | 13,071 | 3,048,156 | 6,604,160 | 1,102,282 | 19,171,767 |
| Non-current | 非當期 | – | – | – | – | – | – |
| | | 8,404,098 | 13,071 | 3,048,156 | 6,604,160 | 1,102,282 | 19,171,767 |
| At 31 December 2005 | 於二零零五年十二月三十一日 | | | | | | |
| Listed debt securities | 上市債務證券 | | | | | | |
| – in Hong Kong | – 香港 | – | – | 15,581 | – | – | 15,581 |
| – outside Hong Kong | – 香港以外地區 | 7,549,786 | 7,500 | 1,977,586 | 4,343,424 | 15,094 | 13,893,390 |
| Listed equity securities | 上市股本證券 | | | | | | |
| – in Hong Kong | – 香港 | – | 10,148 | 124,958 | 56,546 | – | 191,652 |
| – outside Hong Kong | – 香港以外地區 | – | – | 7,471 | 8,780 | – | 16,251 |
| Unlisted debt securities | 非上市債務證券 | – | – | 53,742 | 906,697 | – | 960,439 |
| Unlisted equity securities | 非上市股本證券 | – | – | – | 3,365 | – | 3,365 |
| | | 7,549,786 | 17,648 | 2,179,338 | 5,318,812 | 15,094 | 15,080,678 |
| Fair value of securities | 證券公平值 | 7,549,786 | 17,648 | 2,179,338 | 5,318,812 | 15,094 | 15,080,678 |
| Market value of listed securities | 上市證券市值 | 7,549,786 | 17,648 | 2,125,596 | 4,408,750 | 15,094 | 14,116,874 |
| Current | 當期 | 7,549,786 | 17,648 | 2,179,338 | 5,318,812 | 15,094 | 15,080,678 |
| Non-current | 非當期 | – | – | – | – | – | – |
| | | 7,549,786 | 17,648 | 2,179,338 | 5,318,812 | 15,094 | 15,080,678 |

NOTES TO THE INTERIM FINANCIAL REPORT (Continued)

中期財務報告附註 (續)

(Expressed in Hong Kong dollars)
(以港幣列示)

12 INVESTMENTS IN DEBT AND EQUITY SECURITIES 12 債務及股本證券投資 (續)

(Continued)

| | | Central governments and central banks 中央政府及中央銀行 \$'000 千元 | Public sector entities 公共機構 \$'000 千元 | Banks and other financial institutions 銀行及其他金融機構 \$'000 千元 | Corporate entities 企業實體 \$'000 千元 | Others 其他 \$'000 千元 | Total 總額 \$'000 千元 |
|---|----------------------|--|--|---|--|------------------------------|-----------------------------|
| (iii) Designated at fair value through profit or loss | (iii) 指定為通過損益以反映公平價值 | | | | | | |
| At 30 June 2006 | 於二零零六年六月三十日 | | | | | | |
| Listed debt securities outside Hong Kong | 上市債務證券 香港以外地區 | 16,501 | — | 71,936 | 188,159 | — | 276,596 |
| Listed equity securities | 上市股本證券 | | | | | | |
| — in Hong Kong | — 香港 | — | 6,953 | 39,974 | 105,651 | 173 | 152,751 |
| — outside Hong Kong | — 香港以外地區 | — | — | 60,434 | 5,040 | 442,963 | 508,437 |
| Listed equity investment funds outside Hong Kong | 上市股本投資基金 香港以外地區 | — | — | — | — | 544,811 | 544,811 |
| Listed money market investment funds in Hong Kong | 上市貨幣市場投資基金 香港 | — | — | — | 6,398 | — | 6,398 |
| Listed composite investment funds in Hong Kong | 上市綜合投資基金 香港 | — | — | — | 23,458 | — | 23,458 |
| Unlisted debt securities | 非上市債務證券 | — | — | 366,538 | 71,726 | — | 438,264 |
| Unlisted equity investment funds | 非上市股本投資基金 | — | — | — | — | 197,723 | 197,723 |
| Unlisted money market investment funds | 非上市貨幣市場投資基金 | — | — | — | — | 2,731 | 2,731 |
| | | 16,501 | 6,953 | 538,882 | 400,432 | 1,188,401 | 2,151,169 |
| Fair value of securities | 證券公平值 | 16,501 | 6,953 | 538,882 | 400,432 | 1,188,401 | 2,151,169 |
| Market value of listed securities | 上市證券市值 | 16,501 | 6,953 | 172,344 | 328,706 | 987,947 | 1,512,451 |
| Current | 當期 | 16,501 | 6,953 | 538,882 | 400,432 | 1,188,401 | 2,151,169 |
| Non-current | 非當期 | — | — | — | — | — | — |
| | | 16,501 | 6,953 | 538,882 | 400,432 | 1,188,401 | 2,151,169 |

NOTES TO THE INTERIM FINANCIAL REPORT (Continued)

中期財務報告附註 (續)

(Expressed in Hong Kong dollars)
(以港幣列示)

12 INVESTMENTS IN DEBT AND EQUITY SECURITIES 12 債務及股本證券投資 (續)

(Continued)

| | | Central governments and central banks 中央政府及中央銀行 \$'000 千元 | Public sector entities 公共機構 \$'000 千元 | Banks and other financial institutions 銀行及其他金融機構 \$'000 千元 | Corporate entities 企業實體 \$'000 千元 | Others 其他 \$'000 千元 | Total 總額 \$'000 千元 |
|---|--------------------------|--|--|---|--|------------------------------|-----------------------------|
| (iii) Designated at fair value through profit or loss (continued) | (iii) 指定為通過損益以反映公平價值 (續) | | | | | | |
| At 31 December 2005 | 於二零零五年十二月三十一日 | | | | | | |
| Listed debt securities outside Hong Kong | 上市債務證券 香港以外地區 | 165,552 | — | 73,677 | 120,837 | 9,649 | 369,715 |
| Listed equity securities | 上市股本證券 | | | | | | |
| — in Hong Kong | — 香港 | — | 8,415 | 23,185 | 114,554 | 350 | 146,504 |
| — outside Hong Kong | — 香港以外地區 | — | — | 60,454 | 47,132 | 184,140 | 291,726 |
| Listed equity investment funds outside Hong Kong | 上市股本投資基金 香港以外地區 | — | — | — | — | 118,618 | 118,618 |
| Listed money market investment funds in Hong Kong | 上市貨幣市場投資基金 香港 | — | — | — | 4,692 | — | 4,692 |
| Listed composite investment funds in Hong Kong | 上市綜合投資基金 香港 | — | — | — | 8,380 | — | 8,380 |
| Unlisted debt securities | 非上市債務證券 | — | — | 365,224 | 69,137 | — | 434,361 |
| Unlisted equity investment funds | 非上市股本投資基金 | — | — | — | — | 626,487 | 626,487 |
| Unlisted money market investment funds | 非上市貨幣市場投資基金 | — | — | — | — | 1,460,363 | 1,460,363 |
| | | 165,552 | 8,415 | 522,540 | 364,732 | 2,399,607 | 3,460,846 |
| Fair value of securities | 證券公平值 | 165,552 | 8,415 | 522,540 | 364,732 | 2,399,607 | 3,460,846 |
| Market value of listed securities | 上市證券市值 | 165,552 | 8,415 | 157,316 | 295,595 | 312,757 | 939,635 |
| Current | 當期 | 165,552 | 8,415 | 522,540 | 364,732 | 2,399,607 | 3,460,846 |
| Non-current | 非當期 | — | — | — | — | — | — |
| | | 165,552 | 8,415 | 522,540 | 364,732 | 2,399,607 | 3,460,846 |

NOTES TO THE INTERIM FINANCIAL REPORT (Continued)

中期財務報告附註 (續)

(Expressed in Hong Kong dollars)
(以港幣列示)

13 INSURANCE DEBTORS

13 保險客戶應收賬款

| | | At 30 June 2006 於二零零六年 六月三十日 \$'000 千元 | At 31 December 2005 於二零零五年 十二月三十一日 \$'000 千元 |
|--|--------------|--|--|
| Amounts due from insurance customers and suppliers | 應收保險客戶及供應商款項 | 601,506 | 225,408 |
| Deposits retained by cedants | 分保人保留的按金 | 118,979 | 116,652 |
| | | 720,485 | 342,060 |

All of the insurance debtors are expected to be recovered within one year.

所有保險客戶應收賬款預期在一年之內可以收回。

Amounts due from insurance customers and suppliers include amounts due from fellow subsidiaries of \$8,347,000 (31 December 2005: \$5,572,000) which are trade related in nature.

應收保險客戶及供應商款項包括應收同系附屬公司款項8,347,000元(二零零五年十二月三十一日: 5,572,000元)，有關款項屬營業性質。

The following is an ageing analysis of amounts due from insurance customers and suppliers (net of impairment):

應收保險客戶及供應商款項(已扣除減值後淨額)，其賬齡分析如下：

| | | At 30 June 2006 於二零零六年 六月三十日 \$'000 千元 | At 31 December 2005 於二零零五年 十二月三十一日 \$'000 千元 |
|--|--------------|--|--|
| Not yet due | 未到期 | 511,289 | 138,013 |
| Current | 現已到期 | 77,191 | 72,030 |
| More than 3 months but less than 12 months | 超過3個月但少於12個月 | 10,610 | 9,776 |
| More than 12 months | 超過12個月 | 2,416 | 5,589 |
| | | 601,506 | 225,408 |

14 DEPOSITS AT BANKS WITH ORIGINAL MATURITY MORE THAN THREE MONTHS

14 原到期日超過三個月的銀行存款

The subsidiaries of the Group have placed \$536,698,000 (31 December 2005: \$487,806,000) with banks as a capital guarantee fund, pursuant to relevant PRC insurance rules and regulations. The fund can only be used with the prior approval of the relevant authorities in the event that the PRC subsidiary cannot meet the statutory solvency requirements or goes into liquidation.

本集團的附屬公司根據中國有關保險法規的規定將一筆為數536,698,000元(二零零五年十二月三十一日: 487,806,000元)的款項存於銀行，作為資本保證基金。該筆款項只可在該附屬公司不能達到法定償付能力要求或清盤時，並得到有關政府部門批准，方可動用。

NOTES TO THE INTERIM FINANCIAL REPORT (Continued)

中期財務報告附註 (續)

(Expressed in Hong Kong dollars)
(以港幣列示)

15 CASH AND CASH EQUIVALENTS

15 現金及現金等價物

| | | At 30 June 2006 於二零零六年 六月三十日 \$'000 千元 | At 31 December 2005 於二零零五年 十二月三十一日 \$'000 千元 |
|--|-----------------------|--|--|
| Deposits with banks and other financial institutions with original maturity less than three months | 原到期日少於3個月的銀行及其他財務機構存款 | 1,386,488 | 1,514,501 |
| Cash at bank and in hand | 銀行及手頭現金 | 1,540,139 | 1,236,804 |
| | | 2,926,627 | 2,751,305 |

16 INSURANCE CREDITORS

16 保險客戶應付賬款

| | | At 30 June 2006 於二零零六年 六月三十日 \$'000 千元 | At 31 December 2005 於二零零五年 十二月三十一日 \$'000 千元 |
|--|--------------|--|--|
| Amounts due to insurance customers and suppliers | 應付保險客戶及供應商款項 | 109,793 | 89,339 |
| Amounts due to insurance intermediaries | 應付保險中介款項 | 20,256 | 20,778 |
| Deposits retained from retrocessionaires | 轉分保險人保留的按金 | 26,344 | 25,382 |
| Prepaid premiums received | 預收保費 | 54,789 | 244,672 |
| | | 211,182 | 380,171 |

All of the insurance creditors are expected to be settled within one year.

所有保險客戶應付賬款預期將於一年內清償。

Amounts due to insurance customers and suppliers include amounts due to fellow subsidiaries of \$2,108,000 (31 December 2005: \$418,000) which are trade related in nature.

應付保險客戶及供應商款項包括應付同系附屬公司款項為2,108,000元(二零零五年十二月三十一日: 418,000元), 有關款項屬營業性質。

The following is an ageing analysis of amounts due to insurance customers and suppliers:

應付保險客戶及供應商款項之賬齡分析如下:

| | | At 30 June 2006 於二零零六年 六月三十日 \$'000 千元 | At 31 December 2005 於二零零五年 十二月三十一日 \$'000 千元 |
|--|--------------|--|--|
| Current | 現時 | 79,515 | 67,760 |
| More than 3 months but less than 12 months | 超過3個月但少於12個月 | 16,694 | 17,940 |
| More than 12 months | 超過12個月 | 13,584 | 3,639 |
| | | 109,793 | 89,339 |

NOTES TO THE INTERIM FINANCIAL REPORT (Continued)

中期財務報告附註 (續)

(Expressed in Hong Kong dollars)
(以港幣列示)

17 SHARE CAPITAL

17 股本

| | | At 30 June 2006 於二零零六年六月三十日 | | At 31 December 2005 於二零零五年十二月三十一日 | |
|--|------------------|--------------------------------|--------------|--------------------------------------|--------------|
| | | No. of shares 股份數目 | \$'000 千元 | No. of shares 股份數目 | \$'000 千元 |
| Authorised: | 法定股本： | | | | |
| Ordinary shares of \$0.05 each | 每股面值0.05元 普通股 | 2,000,000,000 | 100,000 | 2,000,000,000 | 100,000 |
| Issued and fully paid: | 已發行及繳足股本： | | | | |
| At the beginning of the period/year | 於期初／年初 | 1,336,463,592 | 66,824 | 1,331,693,592 | 66,585 |
| Shares issued under share option scheme | 根據認股權計劃 發行的股份 | 2,418,000 | 121 | 4,770,000 | 239 |
| At the end of the period/year | 於期末／年末 | 1,338,881,592 | 66,945 | 1,336,463,592 | 66,824 |

18 EQUITY COMPENSATION BENEFITS

18 股本補償福利

(a) Movements in share options

(a) 認股權的變動

| | | At 30 June 2006 於二零零六年 六月三十日 | At 31 December 2005 於二零零五年 十二月三十一日 |
|--|------------------|------------------------------------|--|
| | | Number 數目 | Number 數目 |
| At the beginning of the period/year | 於期初／年初 | 34,678,000 | 20,648,000 |
| Granted | 已授出 | 175,000 | 18,800,000 |
| Exercised (note 17) | 已行使 (附註17) | (2,418,000) | (4,770,000) |
| Lapsed | 到期失效 | (400,000) | — |
| At the end of the period/year | 於期末／年末 | 32,035,000 | 34,678,000 |
| Options vested at the end of the period/year | 於期末／年末授予的 認股權 | 29,268,332 | 31,911,332 |

NOTES TO THE INTERIM FINANCIAL REPORT (Continued)

中期財務報告附註 (續)

(Expressed in Hong Kong dollars)
(以港幣列示)

18 EQUITY COMPENSATION BENEFITS (Continued)

18 股本補償福利 (續)

(b) Terms of unexpired and unexercised share options at 30 June 2006

(b) 於二零零六年六月三十日尚未屆滿及尚未行使的認股權的年期

| Date granted 授出日期 | Exercise period 行使期 | Exercise price 行使價 \$ 元 | Number 數目 |
|--|--|----------------------------------|--------------|
| 25 September 2000 to 9 October 2000 2000年9月25日至 2000年10月9日 | 25 September 2000 to 8 October 2010 2000年9月25日至 2010年10月8日 | 1.1100 | 4,660,000 |
| 9 February 2001 to 17 February 2001 2001年2月9日至 2001年2月17日 | 9 February 2001 to 16 February 2011 2001年2月9日至 2011年2月16日 | 0.9500 | 1,213,000 |
| 12 September 2002 to 23 September 2002 2002年9月12日至 2002年9月23日 | 12 September 2002 to 22 September 2012 2002年9月12日至 2012年9月22日 | 3.2250 | 6,363,000 |
| 7 January 2003 2003年1月7日 | 7 January 2003 to 6 January 2013 2003年1月7日至 2013年1月6日 | 3.9750 | 156,000 |
| 5 January 2004 2004年1月5日 | 5 January 2004 to 4 January 2014 2004年1月5日至 2014年1月4日 | 3.9800 | 350,000 |
| 31 December 2004 2004年12月31日 | 27 January 2005 to 26 January 2015 2005年1月27日至 2015年1月26日 | 3.2000 | 350,000 |
| 2 November 2005 (Note(i)) 2005年11月2日 (附註(i)) | 23 November 2005 to 27 November 2015 2005年11月23日至 2015年11月27日 | 2.8750 | 18,418,000 |
| 30 December 2005 2005年12月30日 | 3 January 2006 to 2 January 2016 2006年1月3日至 2016年1月2日 | 3.3000 | 350,000 |
| 30 June 2006 2006年6月30日 | 30 June 2006 to 29 June 2016 2006年6月30日至 2016年6月29日 | 5.0000 | 175,000 |
| | | | 32,035,000 |

Note:

(i) 4,118,000 of the unexpired and unexercised options have vesting periods up to 23 November 2007.

附註：

(i) 其中4,118,000屬於尚未歸屬及未行使的認股權，其有效期至二零零七年十一月二十三日。

NOTES TO THE INTERIM FINANCIAL REPORT (Continued)

中期財務報告附註 (續)

(Expressed in Hong Kong dollars)
(以港幣列示)

18 EQUITY COMPENSATION BENEFITS (Continued)

(c) Details of share options granted during the Period, all of which were granted for \$1 consideration

| Exercised period 授出日期 | | Exercise price 行使價 \$ 元 | Six months ended | Year ended |
|---|-----------------------------|----------------------------------|---|--|
| | | | 30 June 2006 截至 二零零六年 六月三十日 止六個月 Number 數目 | 31 December 2005 截至 二零零五年 十二月三十一日 止年度 Number 數目 |
| 23 November 2005 to 27 November 2015 | 2005年11月23日至 2015年11月27日 | 2.8750 | — | 18,450,000 |
| 3 January 2006 to 2 January 2016 | 2006年1月3日至 2016年1月2日 | 3.3000 | — | 350,000 |
| 30 June 2006 to 29 June 2016 | 2006年6月30日至 2016年6月29日 | 5.0000 | 175,000 | — |
| | | | 175,000 | 18,800,000 |

18 股本補償福利 (續)

(c) 期內已授出的認股權詳情，該等認股權全部均為以代價1元授出

(d) Details of share options exercised during the Period

| Exercise date 授出日期 | | Exercise price 行使價 \$ 元 | Weighted average market value | Proceeds received 所得款項 \$'000 千元 | Number 數目 |
|-----------------------|-------|----------------------------------|--|---|--------------|
| | | | per share at exercise date 行使日加權 平均每股市價 \$ 元 | | |
| 3 January | 1月3日 | 1.110 | 3.2934 | 1,931 | 1,740,000 |
| 4 January | 1月4日 | 2.875 | 3.3769 | 92 | 32,000 |
| 24 April | 4月24日 | 3.225 | 4.2827 | 1,935 | 600,000 |
| 2 May | 5月2日 | 0.950 | 4.2326 | 16 | 17,000 |
| 26 May | 5月26日 | 3.225 | 4.4750 | 29 | 9,000 |
| 6 June | 6月6日 | 3.225 | 4.4485 | 65 | 20,000 |
| | | | | 4,068 | 2,418,000 |

(d) 期內已行使的認股權詳情

NOTES TO THE INTERIM FINANCIAL REPORT *(Continued)*

中期財務報告附註 (續)

(Expressed in Hong Kong dollars)
(以港幣列示)

18 EQUITY COMPENSATION BENEFITS *(Continued)*

18 股本補償福利 (續)

(e) Fair value of share options and assumptions:

The estimate of the fair value of the share options granted is measured based on the Black-Scholes pricing model.

(e) 認股權的公平價值及假設：

授出認股權之估計公平價值按Black-Scholes 認股權定價模式。

Date of grant

授出日

30 June 2006

二零零六年六月三十日

| Fair value at measurement date (\$) | 於計量日的公平值(元) | 2.706453 |
|---|-------------------------|----------|
| Share price (\$) | 股價(元) | 5 |
| Exercise price (\$) | 行使價(元) | 5 |
| Expected volatility <i>(note (i))</i> | 預期波動率 <i>(附註 (i))</i> | 37.11% |
| Option life (Year) | 認股權年期(年) | 10 |
| Expected dividends <i>(note (ii))</i> | 預期股息 <i>(附註 (ii))</i> | 0.38% |
| Risk-free interest rate <i>(note (iii))</i> | 無風險利率 <i>(附註 (iii))</i> | 4.826% |

Note:

- (i) The expected volatility is based on the historical volatility of the share price one year immediately preceding the grant date.
- (ii) Expected dividends are based on historical dividends since the listing of the Company.
- (iii) Risk-free interest rate is based on the yield of the 10-year Hong Kong Exchange Fund Note.

附註：

- (i) 預計波幅是根據授出日過往一年股價的波幅。
- (ii) 估計股息按本公司上市以來過往的股息。
- (iii) 無風險利率按十年期的香港外匯基金票據的孳息率。

NOTES TO THE INTERIM FINANCIAL REPORT (Continued)

中期財務報告附註 (續)

(Expressed in Hong Kong dollars)
(以港幣列示)

19 RESERVES

19 儲備

| | | Capital reserve 資本儲備 \$'000 千元 | Share premium 股份溢價 \$'000 千元 | Exchange reserve 匯兌儲備 \$'000 千元 | Fair value reserve 公平值儲備 \$'000 千元 | Employee share-based compensation reserve 以股份 為本之僱員 補償儲備 \$'000 千元 | Retained profits/ (accumulated losses) 保留溢利/ (累計虧損) \$'000 千元 | Total 總額 \$'000 千元 |
|--|---------------------|--|--|---|--|--|--|-----------------------------|
| At 1 January 2006 | 於二零零六年一月一日 | 567,458 | 1,644,418 | 6,125 | 254,648 | 20,629 | (52,944) | 2,440,334 |
| Shares issued | 已發行股份 | — | 3,947 | — | — | — | — | 3,947 |
| Exchange differences on translation of the financial statements of subsidiaries outside of Hong Kong | 換算香港以外地區附屬公司賬項的匯兌差異 | — | — | 13,056 | — | — | — | 13,056 |
| Deficit on revaluation of available-for-sale securities, net of deferred tax | 可供出售證券重估虧絀，減遞延稅項 | — | — | — | (45,556) | — | — | (45,556) |
| Profit for the Period | 本財務期溢利 | — | — | — | — | — | 328,285 | 328,285 |
| Exercise of share options | 行使認股權 | — | 41 | — | — | (41) | — | — |
| Equity settled share-based transactions | 股本償付之股份為本交易 | — | — | — | — | 474 | — | 474 |
| At 30 June 2006 | 於二零零六年六月三十日 | 567,458 | 1,648,406 | 19,181 | 209,092 | 21,062 | 275,341 | 2,740,540 |
| At 1 January 2005 | 於二零零五年一月一日 | 567,458 | 1,639,426 | (11,828) | (136,290) | — | 380,819 | 2,439,585 |
| Shares issued | 已發行股份 | — | 4,992 | — | — | — | — | 4,992 |
| Exchange differences on translation of the financial statements of subsidiaries outside of Hong Kong | 換算香港以外地區附屬公司賬項的匯兌差異 | — | — | 17,953 | — | — | — | 17,953 |
| Surplus on revaluation of available-for-sale securities, net of deferred tax | 可供出售證券重估盈餘，減遞延稅項 | — | — | — | 390,938 | — | — | 390,938 |
| Loss for the year | 本年度虧損 | — | — | — | — | — | (433,763) | (433,763) |
| Equity settled share-based transactions | 股本償付之股份為本交易 | — | — | — | — | 20,629 | — | 20,629 |
| At 31 December 2005 | 於二零零五年十二月三十一日 | 567,458 | 1,644,418 | 6,125 | 254,648 | 20,629 | (52,944) | 2,440,334 |

NOTES TO THE INTERIM FINANCIAL REPORT (Continued)

中期財務報告附註 (續)

(Expressed in Hong Kong dollars)
(以港幣列示)

20 MATURITY PROFILE

20 到期情況

| | | Repayable on demand 接獲 要求時 償還 \$'000 千元 | 3 months or less 三個月 或以下 \$'000 千元 | 1 year or less but over 3 months 1年以下 但超過 3個月 \$'000 千元 | 5 years or less but over 1 year 5年以下 但超過 1年 \$'000 千元 | After 5 years 5年後 \$'000 千元 | Undated 永久 \$'000 千元 | Total 總額 \$'000 千元 |
|---|-----------------------|---|---|---|---|---|-------------------------------|-----------------------------|
| At 30 June 2006 | 於二零零六年六月三十日 | | | | | | | |
| Assets | 資產 | | | | | | | |
| Deposits at banks and other financial institutions | 銀行及其他財務 機構存款 | 84,717 | 1,307,888 | 15,881 | 3,729,668 | — | — | 5,138,154 |
| Pledged deposits at banks | 已抵押予銀行的存款 | — | — | 95,579 | — | — | — | 95,579 |
| Certificates of deposit (under held-to-maturity) | 存款證(持有至到期) | — | — | 56,848 | 10,000 | — | — | 66,848 |
| Debt securities (under held-to-maturity) | 債務證券(持有至到期) | — | 14,089 | 63,016 | 494,753 | 322,209 | — | 894,067 |
| Debt securities (under available-for-sale) | 債務證券(可供出售) | — | — | 28,394 | 2,892,897 | 14,923,011 | — | 17,844,302 |
| Debt securities (under designated at fair value) | 債務證券(通過損益以 反映公平價值) | 142,776 | — | 230,482 | 144,182 | 109,145 | 88,275 | 714,860 |
| Loans and advances | 貸款及墊款 | — | 14,340 | 64,173 | 19,878 | — | — | 98,391 |
| | | 227,493 | 1,336,317 | 554,373 | 7,291,378 | 15,354,365 | 88,275 | 24,852,201 |
| Liabilities | 負債 | | | | | | | |
| Interest-bearing notes | 需付息票據 | — | — | — | — | 2,807,406 | — | 2,807,406 |
| Securities sold under repurchase agreements | 賣出回購證券 | — | 1,729,147 | — | — | — | — | 1,729,147 |
| Investment contract liabilities | 投資合約負債 | 108,747 | — | — | — | — | — | 108,747 |
| Insurance protection fund | 保險保障基金 | — | 3,758 | 4,259 | — | — | — | 8,017 |
| | | 108,747 | 1,732,905 | 4,259 | — | 2,807,406 | — | 4,653,317 |

NOTES TO THE INTERIM FINANCIAL REPORT (Continued)

中期財務報告附註 (續)

(Expressed in Hong Kong dollars)
(以港幣列示)

20 MATURITY PROFILE (Continued)

20 到期情況 (續)

| | | Repayable on demand 接獲 要求時 償還 \$'000 千元 | 3 months or less 三個月 或以下 \$'000 千元 | 1 year or less but over 3 months 1年以下 但超過 3個月 \$'000 千元 | 5 years or less but over 1 year 5年以下 但超過 1年 \$'000 千元 | After 5 years 5年後 \$'000 千元 | Undated 永久 \$'000 千元 | Total 總額 \$'000 千元 |
|---|-----------------------|---|---|---|---|---|-------------------------------|-----------------------------|
| At 31 December 2005 | 於二零零五年十二月三十一日 | | | | | | | |
| Assets | 資產 | | | | | | | |
| Deposits at banks and other financial institutions | 銀行及其他財務 機構存款 | 271,919 | 1,269,252 | 16,268 | 1,023,552 | 1,195,244 | — | 3,776,235 |
| Pledged deposits at banks | 已抵押予銀行的存款 | — | — | 97,980 | — | — | — | 97,980 |
| Certificates of deposit (under held-to-maturity) | 存款證(持有至到期) | — | — | 55,956 | — | 10,000 | — | 65,956 |
| Certificates of deposit (under designated at fair value) | 存款證(通過損益以 反映公平價值) | — | — | — | — | 7,754 | — | 7,754 |
| Debt securities (under held-to-maturity) | 債務證券(持有至到期) | — | 6,700 | 62,759 | 477,390 | 433,232 | — | 980,081 |
| Debt securities (under available-for-sale) | 債務證券(可供出售) | — | — | 32,129 | 2,611,825 | 12,225,456 | — | 14,869,410 |
| Debt securities (under designated at fair value) | 債務證券(通過損益以 反映公平價值) | 97,139 | — | 228,725 | 225,314 | 155,334 | 89,810 | 796,322 |
| Loans and advances | 貸款及墊款 | 4,830 | — | 47,558 | 19,878 | — | — | 72,266 |
| | | 373,888 | 1,275,952 | 541,375 | 4,357,959 | 14,027,020 | 89,810 | 20,666,004 |
| Liabilities | 負債 | | | | | | | |
| Interest-bearing notes | 需付息票據 | — | — | — | — | 2,789,471 | — | 2,789,471 |
| Securities sold under repurchase agreements | 賣出回購證券 | — | 1,923,499 | — | — | — | — | 1,923,499 |
| Investment contract liabilities | 投資合約負債 | 75,857 | — | — | — | — | — | 75,857 |
| Insurance protection fund | 保險保障基金 | — | — | 7,229 | — | — | — | 7,229 |
| | | 75,857 | 1,923,499 | 7,229 | — | 2,789,471 | — | 4,796,056 |

NOTES TO THE INTERIM FINANCIAL REPORT (Continued)

中期財務報告附註 (續)

(Expressed in Hong Kong dollars)
(以港幣列示)

21 COMMITMENTS

- (a) Capital commitments outstanding at 30 June 2006 not provided for in the interim financial report were as follows:

| | At 30 June 2006 於二零零六年 六月三十日 \$'000 千元 | At 31 December 2005 於二零零五年 十二月三十一日 \$'000 千元 |
|--------------------|--|--|
| Contracted for 已訂約 | 73,624 | 86,024 |

- (b) At 30 June 2006, the total future minimum lease payments under non-cancellable operating leases were payable as follows:

| | At 30 June 2006 於二零零六年 六月三十日 \$'000 千元 | At 31 December 2005 於二零零五年 十二月三十一日 \$'000 千元 |
|---|--|--|
| Within 1 year 1年內 | 107,228 | 72,914 |
| After 1 year but within 5 years 1年後但5年內 | 70,152 | 66,318 |
| | 177,380 | 139,232 |

The Group leases a number of properties under operating leases which run for an initial period of 1 to 6 years, with an option to renew the leases when all terms are renegotiated. Lease payments are usually reviewed annually to reflect market rentals. None of the leases includes contingent rentals.

- (a) 於二零零六年六月三十日，尚未在中期財務報告反映的資本性承諾如下：

| | At 30 June 2006 於二零零六年 六月三十日 \$'000 千元 | At 31 December 2005 於二零零五年 十二月三十一日 \$'000 千元 |
|--------------------|--|--|
| Contracted for 已訂約 | 73,624 | 86,024 |

- (b) 於二零零六年六月三十日，根據不可解除的經營租賃在日後應付的最低租賃付款額如下：

| | At 30 June 2006 於二零零六年 六月三十日 \$'000 千元 | At 31 December 2005 於二零零五年 十二月三十一日 \$'000 千元 |
|---|--|--|
| Within 1 year 1年內 | 107,228 | 72,914 |
| After 1 year but within 5 years 1年後但5年內 | 70,152 | 66,318 |
| | 177,380 | 139,232 |

本集團以經營租賃租入部份物業。這些租賃一般初步為期一至六年，並有權選擇在到期日後續期，屆時所有條款均可重新商定。租賃付款通常會逐年檢討，以反映市場租金。各項租賃均不包括或然租金。

22 MATERIAL RELATED PARTY TRANSACTIONS

The following is a summary of significant transactions entered into between the Group and its related parties during the Period:

22 重大關連人士交易

以下是本集團與關連人士於期內進行的重大交易概要：

| | | Six months ended 30 June 截至六月三十日止六個月 | |
|--|------------|---|-------------------------------|
| | Note 附註 | 2006 二零零六年 \$'000 千元 | 2005 二零零五年 \$'000 千元 |
| Business ceded by related companies: | | | |
| — Gross premiums written 關連公司分出的再保險業務：一毛承保保費總額 | (i) | 119,968 | 94,599 |
| — Commission expenses paid 一佣金支出 | | 42,625 | 28,665 |
| Business retroceded to related companies: | | | |
| — Outward retroceded premiums 關連公司轉分出的再保險業務：一轉分再保險保費 | (ii) | 3,044 | 3 |
| — Commission income received 一佣金收入 | | 84 | 33 |
| Investment management fee 投資管理費收入 | (iii) | 1,274 | 1,125 |
| Securities brokerage fee paid 支付的證券經紀費用 | (iv) | 1,232 | 542 |
| Insurance expenses covering business risk 有關業務風險的保險費支出 | (v) | 158 | 138 |
| Finance costs paid 財務成本支出 | (vi) | — | 2,885 |
| Rental and management fee paid 支付的租金及管理費 | (vii) | 905 | 905 |

NOTES TO THE INTERIM FINANCIAL REPORT (Continued)

中期財務報告附註 (續)

(Expressed in Hong Kong dollars)
(以港幣列示)

22 MATERIAL RELATED PARTY TRANSACTIONS (Continued)

22 重大關連人士交易 (續)

Notes:

- (i) Certain fellow subsidiaries of the Group ceded business to and received commission from a subsidiary of the Company.
- (ii) A subsidiary of the Group retroceded business to and received commission from certain fellow subsidiaries of the Company.
- (iii) A subsidiary of the Company provided investment consultancy services to and received investment management fee from certain fellow subsidiaries of the Group.
- (iv) The Company and certain subsidiaries of the Group entered into agreements with a fellow subsidiary of the Group, in relation to securities broking services provided. Securities broking fees were charged at a fixed rate of 0.2% of the value of the securities.
- (v) The Company and certain subsidiaries of the Group entered into a number of insurance policies with certain fellow subsidiaries of the Group to cover their business risks in relation to fire, motor vehicle, personal accident, workmen's compensation, electronic equipment and professional indemnity.
- (vi) A subsidiary of the Group borrowed funds from a fellow subsidiary of the Group. This loan bears interest at LIBOR plus 1.8%. The loan was fully repaid during 2005.
- (vii) During the Period, the Company and a subsidiary of the Group leased office premises and car parking spaces, and paid rent and building management fees to, a fellow subsidiary of the Group.

Apart from the above, the Group entered into the following non-recurring transactions with related parties:

- (a) On 30 June 2006, the Company entered into an agreement with CIHK to acquire a 4.9% equity interest in a wholly-owned subsidiary of CIHK for a consideration of \$102,578,339. The Company also entered into certain letters of confirmation with CIHC, CIHK and other various parties in regard to the waiver of certain rights and the relaxation of certain non-competition restrictions. Completion of the above transaction is conditional upon the fulfillment of predetermined conditions agreed to amongst the parties. The details of this transaction are set out in the Circular dated 1 August 2006.
- (b) On 10 May 2005, a subsidiary of the Group entered into an agreement with a fellow subsidiary to sell certain properties located in the PRC for \$23,000,000, which was the net book value as at 31 December 2004. The Group intended to make use of the proceeds received for its general working capital and expected to invest the proceeds in appropriate assets to optimise its returns on the investments held. The transaction did not result in any gain or loss to the Group. The consideration was determined by reference to a valuation as at 31 December 2004 performed by an independent firm of surveyors, RHL Appraisal Limited. Under the agreement, the properties were sold on an "as is" basis. The fellow subsidiary agreed to handle and complete all of the relevant legal procedures and to bear all costs and expenses in relation to the transfer of ownership.

附註:

- (i) 本集團若干同系附屬公司向本公司一間附屬公司轉介業務及向其收取佣金。
- (ii) 本集團一間附屬公司向本集團若干同系附屬公司轉介業務及向其收取佣金。
- (iii) 本公司一間附屬公司向本集團若干同系附屬公司提供投資顧問服務，並向其收取投資管理費收入。
- (iv) 本公司及本集團若干附屬公司與本集團一家同系附屬公司就提供證券經紀服務訂立協議。證券經紀費用按有關證券價值的0.2%固定比率計算。
- (v) 本公司及本集團若干附屬公司與本集團若干同系附屬公司訂立多項保單，以保障有關火災、汽車、個人意外、勞工補償、電子設備及專業賠償責任等業務風險。
- (vi) 本集團一間附屬公司向本集團一間同系附屬公司借入一筆資金。此貸款按倫敦銀行間最優惠利率加1.8厘利息。該筆貸款已於二零零五年全數償還。
- (vii) 本公司及本公司一間附屬公司向本集團一間同系附屬公司租用辦公室物業及泊車位，並支付租金及大廈管理費。

除此之外，本集團與關連人士進行以下非經常交易：

- (a) 於二零零六年六月三十日，本公司與香港中保達成協議。以代價102,578,339元收購香港中保之一間全資附屬公司的4.9%股權。此外，本公司亦與中保控股、香港中保及其他人士訂立一些關於放棄若干權利和放寬若干不競爭限制的確認函。上述交易有待達成與上述人士同意之先決條件後方可完成。此交易之詳情載於二零零六年八月一日發行的通函內。
- (b) 於二零零五年五月十日，本集團之附屬公司與本集團之同系附屬公司達成協議。以於二零零四年十二月三十一日的賬面淨值23,000,000元出售位於中國的某些物業。本集團擬將出售所得款項用作一般營運資金，並預期將所得款項投資於合適的資產以增加投資回報。此交易沒有為本集團產生任何盈利或虧損。代價是參考經由獨立測量師行，永利行評值顧問有限公司，於二零零四年十二月三十一日的物業估值而釐定。根據協議，物業將按「現況」基準出售。同系附屬公司同意辦理及完成一切有關轉讓物業擁有權的法律手續，並承擔一切有關轉讓物業擁有權的費用及開支。

NOTES TO THE INTERIM FINANCIAL REPORT *(Continued)*

中期財務報告附註 (續)

(Expressed in Hong Kong dollars)
(以港幣列示)

22 MATERIAL RELATED PARTY TRANSACTIONS *(Continued)*

The Group operates in an economic environment predominated by enterprises directly or indirectly owned or controlled by the PRC government through its numerous authorities, affiliates or other organisations (collectively “State-owned Entities”). During the Period, the Group had transactions with State-owned Entities including but not limited to sales of insurance policies and banking related services. These transactions are conducted in the ordinary course of the Group’s insurance business on terms similar to those that would have been entered into with non-state-owned entities. The Group has also established its pricing strategy and approval processes for its major insurance products. Such pricing strategy and approval processes do not depend on whether the customers are State-owned Entities or not. Having due regard to the substance of the relationships, the directors believe that none of these transactions are material related party transactions that require separate disclosure.

The Group considers that the key management personnel of the Group includes only the directors of the Company.

22 重大關連人士交易 (續)

本集團正處於一個以國家控制實體佔主導地位的經濟制度下營運，那些國家控制實體是由中國政府通過其政府機構、代理機構、附屬機構或其它機構直接或間接擁有的(統稱「國有實體」)，本集團於期內與國有實體進行包括但不限於保單銷售及銀行相關服務之交易，該些交易所執行的條款跟本集團日常保險業務過程中與非國有實體進行交易所執行的條款相似。本集團亦已制定就其主要保險產品的定價策略及審批程序。該等定價策略及審批程序與客戶是否國有實體無關。經考慮其關係的性質後，董事相信該等交易並非重大關連人士交易，故毋須獨立披露。

本集團認為本集團的主要管理人員只包括本公司的董事。

23 INSURANCE AND FINANCIAL RISK MANAGEMENT

(a) Underwriting strategy

Reinsurance

The Group’s reinsurance portfolio constitutes a mix of business spread across different geographic regions and classes, with an emphasis towards Asian countries, covering property damage, marine cargo and hull and miscellaneous non-marine classes. In addition to striving for diversification of its underwriting portfolio, the Group as a policy does not actively seek acceptance of any liability reinsurance business from customers operating outside of the Asia Pacific region, in particular, the United States of America. In the Asia Pacific region, which forms the core markets of the Group, liability reinsurance for motor, workers’ compensation and general third party liability businesses are written on a limited scale in order to provide customers in the region with comprehensive reinsurance services.

Life insurance

The Group focuses its life insurance business on the PRC life insurance market, offering a wide range of insurance products covering different types of individual and group life insurance, health insurance, accident insurance and annuity. With regard to the control of quality of the insurance policies underwritten, the Group has formulated strict operational procedures on underwriting and claims settlement to control risks.

23 保險及財務風險管理

(a) 承保策略

再保險

本集團的再保險組合由涵蓋不同地區及類別的一系列業務類別組成，重點在於亞洲國家，包括財物損毀、貨運及船隻保險以及各類非海事保險。雖然力爭其承保組合多元化，但本集團按既定政策，並無積極從亞太地區以外(尤其是美國)營運的客戶尋求任何責任再保險業務。在亞太地區，即本集團的核心市場，本集團會有限度承保汽車責任再保險、工傷賠償及一般第三者責任險，為區內客戶提供全面的再保險服務。

人壽保險

本集團人壽保險業務專注於中國人壽保險市場，提供多種保險產品，包括不同類型的個人及團體人壽保險、健康險、意外險及年金。在承保的保單質量控制方面，本集團已設立嚴格的承保及理賠操作程序，以控制風險。

NOTES TO THE INTERIM FINANCIAL REPORT (Continued)

中期財務報告附註 (續)

(Expressed in Hong Kong dollars)
(以港幣列示)

23 INSURANCE AND FINANCIAL RISK MANAGEMENT (Continued)

(b) Reinsurance strategy

Reinsurance

The Group purchases reinsurance protection from other reinsurers in order to increase its underwriting capacity, to diversify its risk exposure and to optimise its net retention exposure to avoid any significant adverse impact to its financial performance which may be caused by single or multiple catastrophic losses. The reinsurance arrangements are chosen after careful consideration, taking into account factors such as the reinsurer's reputation and credit worthiness.

Life insurance

Previously, the Group was required to cede 5% of insurance premiums and risks from short duration accident and health contracts to China Reinsurance (Group) Company under the statutory reinsurance regulations of the PRC. Such statutory reinsurance ceased on 1 January 2006. In addition, the Group purchases reinsurance protection from other reinsurers in the normal course of business in order to limit the potential for losses arising from longer and concentrated exposures. In assessing the credit worthiness of reinsurers, the Group takes into account, amongst other factors, ratings and evaluations performed by recognised credit rating agencies, claims-paying and underwriting track records, as well as the Group's past experience in working with the reinsurers.

(c) Asset and liability matching

Reinsurance

A key aspect in the management of the Group's risks is through the matching and timing of cash flows from assets and liabilities.

The Group actively manages its assets using an approach that balances quality, diversification, asset and liability matching, liquidity and investment return. The goal of the investment process is to maximise investment returns at a tolerable risk level, while ensuring that the assets and liabilities are managed on a cash flow and duration basis.

23 保險及財務風險管理 (續)

(b) 再保險策略

再保險

本集團從其他再保險商購買再保險保障以提高承保能力、分散風險及優化自留風險，避免個別或多次災難性損失可能嚴重打擊本集團的財務表現。選擇再保險安排時均經過審慎考慮，考慮因素如再保險商的聲譽及信用水平。

人壽保險

以往，根據中國的法定再保險規例，本集團須從短期意外及健康保險合約中分出5%保費及風險予中國再保險(集團)公司。自二零零六年一月一日起終止實施該法定再保險規例。此外，本集團於日常業務過程中向其他再保險商購買再保險保障，以限制因較長期及集中風險而產生的潛在損失。在評估再保險商的信用水平時，本集團會考慮認可信用評級機構的評級及評估、以往賠款及承保記錄及與本集團以往與再保險商的交易經驗等因素。

(c) 資產與負債配對

再保險

本集團管理風險的主要範疇在於資產與負債的現金流動配對及其時間配對。

本集團通過平衡質素、多元組合、資產與負債配對、流動性與投資回報等方面的手段來積極管理資產。投資過程的目標是在可容忍的風險程度內將投資回報提升至最高水平，同時確保資產與負債按現金流動及期限基準管理。

NOTES TO THE INTERIM FINANCIAL REPORT (Continued)

中期財務報告附註 (續)

(Expressed in Hong Kong dollars)
(以港幣列示)

23 INSURANCE AND FINANCIAL RISK MANAGEMENT (Continued)

(c) Asset and liability matching (Continued)

Life insurance

The objective of the Group's asset and liability management is to match the Group's assets with liabilities on the basis of duration. However, under the current regulatory and market environment in the PRC, the Group is unable to invest in assets with a duration of sufficient length to match the duration of its life insurance liabilities. When the regulatory and market environment permits, the Group intends to gradually lengthen the duration of its assets. The Group monitors the duration gap between its assets and liabilities closely and prepares cash flow projections from assets and liabilities on a regular basis. Currently, the Group intends to reduce the level of the asset-liability mismatch by:

- actively seeking to acquire longer dated fixed rate debt securities with an acceptable level of yield;
- upon the maturity dates of fixed rate debt securities, rolling over the proceeds to longer dated fixed rate debt securities;
- disposing of some of the shorter dated fixed rate debt securities, particularly those with lower yields, and rolling over the proceeds to longer dated fixed rate debt securities; and
- investing in equities for the long term.

(d) Financial risk

Transactions in financial instruments may result in the Group assuming financial risks. These include market risk, credit risk, liquidity risk and reinsurance risk. Each of these financial risks is described below, together with a summary of the ways in which the Group manages these risks.

(i) Market risk

Market risk can be described as the risk of change in fair value of a financial instrument due to changes in interest rates, equity prices or foreign currency exchange rates.

— Interest rate risk

Reinsurance

Reinsurance premium and loss reserves are not discounted other than by agreed claims with fixed payment terms. In addition, most of the fixed rate debt securities are classified under the held-to-maturity category and stated at amortised cost. Therefore, interest rate risks to the Group on these reserves for reinsurance contracts and investments are not significant.

23 保險及財務風險管理 (續)

(c) 資產與負債配對 (續)

人壽保險

本集團的資產與負債管理目標為按期限基準配對本集團的資產與負債。然而，有鑒於中國現行監管及市場環境，本集團未能投資於期限足以配對其壽險負債的資產。在監管及市場環境允許的情況下，本集團有意逐步延長其資產的期限。本集團密切監察其資產與負債的期限差距，定期進行資產與負債的現金流動預測。目前，本集團有意透過以下方法降低資產與負債不配的程度：

- 積極尋求取得收益水平可接受的較長期定息債務證券；
- 於定息債務證券到期後，將所得款項滾存入更長期的定息債務證券；
- 出售部份短期定息債務證券，尤其是收益率較低者，將所得款項滾存入更長期的定息債務證券；及
- 長期股本投資。

(d) 財務風險

財務工具交易可引致本集團須承擔若干財務風險。該等風險包括市場風險、信用風險、流動資金風險及再保風險。各有關財務風險連同本集團管理該等風險的方法闡述如下。

(i) 市場風險

市場風險乃指因利率、股本價值或外幣匯率變動造成財務工具的公平價值變動而引致的風險。

— 利率風險

再保險

再保險保費及賠付準備並無折扣，惟具已達成固定支付條件的賠款則除外。此外，大部份定息債務證券被歸類為持有至到期類，並按已攤銷成本列賬。因此，本集團就再保險合約及投資的該等儲備方面並無重大利率風險。

NOTES TO THE INTERIM FINANCIAL REPORT (Continued)

中期財務報告附註 (續)

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(以港幣列示)

23 INSURANCE AND FINANCIAL RISK MANAGEMENT (Continued)

23 保險及財務風險管理 (續)

(d) Financial risk (Continued)

(d) 財務風險 (續)

(i) Market risk (Continued)

(i) 市場風險 (續)

— Interest rate risk (Continued)

— 利率風險 (續)

Life insurance

人壽保險

The Group is exposed to interest rate risk on its reserves for life insurance contracts and its fixed rate debt investment portfolio. The Group monitors this exposure through periodic reviews of its asset and liability positions. Estimates of cash flows, as well as the impact of interest rate fluctuations on the investment portfolio and insurance liabilities, are modelled and reviewed periodically.

本集團就人壽保險合約及其定息債券投資組合的儲備須承擔利率風險。本集團透過定期審閱其資產及負債情況監控該風險。就本集團投資組合及保險負債而言，吾等會對現金流量估值以及因利率變動所帶來的影響均進行定期模擬及審閱。

— Equity price risk

— 股本價格風險

The Group has a portfolio of marketable equity securities, which is carried at fair value and is exposed to price risk. This risk is defined as the risk of potential loss in market value resulting from an adverse change in prices. The Group's objective is to earn competitive relative returns by investing in a diverse portfolio of high quality and liquid equity securities.

本集團的有價股本證券組合以公平價值列賬及須承擔價格風險。該風險指因價格的不利變動而造成市值的潛在損失的風險。本集團的目標是透過投資於高質素的多元化流動股本證券組合以賺取具競爭力的相對回報。

In respect of the reinsurance business, investments in equity securities are limited to less than 20% of total investments. The equity security portfolio is diversified across different geographies and different industries.

就再保險業務而言，股本證券投資須低於總投資額的20%。股本證券組合分散投資於不同地區及不同行業。

In respect of the life insurance business, the current PRC regulations limit an insurance company's investments in listed equities and equity investment funds to no more than 5% and 15%, respectively, of total assets. An insurance company is only allowed to invest in equities listed in the PRC.

就人壽保險業務而言，根據當前中國法律的規定，限制保險公司投資於上市股本及股本投資基金的比例分別不得超過總資產的5%及15%。保險公司只限於投資在中國上市的股本證券。

— Foreign exchange risk

— 外匯風險

In respect of the reinsurance business, premiums are received mainly in HKD and USD and also in a number of Asian currencies which tend to move closely in line with USD currency rate movements. The Group aims to hold assets in these currencies in broadly the similar proportion as its insurance liabilities.

就再保險業務而言，保費主要以港幣及美元計值，同時亦以多種傾向緊隨美元匯率變動的亞洲貨幣計值。本集團致力維持以該等貨幣持有資產的比例與其保險負債大致相同。

In respect of the life insurance business, premiums are received in RMB and the insurance regulations in the PRC requires that insurers hold RMB assets. The capital injections from shareholders outside of the PRC were in HKD and USD.

就人壽保險業務而言，保費以人民幣計值，而中國保險法例規定保險公司持有人民幣資產。中國境外股東以港幣及美元注資。

NOTES TO THE INTERIM FINANCIAL REPORT (Continued)

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23 INSURANCE AND FINANCIAL RISK MANAGEMENT (Continued)

(d) Financial risk (Continued)

(ii) Credit risk

Credit risk is the risk of economic loss resulting from the failure of one of the obligors to make any payment of principal or interest when due, in the case of fixed income investments and receivables. In the case of an equity investment, the loss in value would be from a corporate failure or bankruptcy.

Reinsurance

The Group is exposed to credit risks primarily associated with its reinsurance debtors and the debt securities in its investment portfolio. To reduce the credit risk with reinsurance debtors, the Group takes into account, among other factors, ratings and evaluations by recognised credit rating agencies, their claims payment and underwriting track records, as well as the Group's past transaction experience with them. The Group also diversifies its credit risk by reinsuring with a number of reinsurers who are domiciled in many different countries. To reduce the credit risk associated with fixed income investments, the Group generally restricts its investments to only fixed income debt securities with credit ratings above investment grade, i.e. BBB or higher, except for certain sovereign rated securities.

Life insurance

The Group is exposed to credit risks primarily associated with its investments in debt securities issued by enterprises in the PRC. To reduce its credit risk, the Group has established detailed credit control policies and by undertaking careful credit analysis of each investment made. In addition, the risk levels of the various investment sectors is continuously monitored with investment mix adjusted accordingly.

The total allowance and provision for receivable losses consists of two components: individual impairment allowances and collective impairment allowances. The individual impairment allowance component applies to receivables evaluated individually for impairment and is based upon management's best estimate of the present value of the cash flows which are expected to be received. Each impaired asset is assessed on its merits. Collective impairment allowances cover credit losses inherent in portfolios of receivables with similar economic characteristics where there is objective evidence to suggest that they contain impaired receivables, but which the individual impaired item cannot be identified. In assessing the need for collective impairment allowances, management considers factors such as credit quality, portfolio size, concentration, and economic conditions.

23 保險及財務風險管理 (續)

(d) 財務風險 (續)

(ii) 信用風險

信用風險是指，對固定利息投資及應收賬款而言，債務人到期未能支付任何本金或利息而引起經濟損失的風險，或對股本投資而言，因被投資企業經營失敗或破產而引起損失的風險。

再保險

本集團主要會承受的信用風險與其再保險債務人及於其投資組合內的債務證券有關。為降低與再保險債務人有關的信用風險，本集團將(其中包括)認可信用評級機構的評級及評估、債務人賠款支付及承保的紀錄以及本集團與債務人的過往交易經驗等因素考慮在內。此外，本集團亦透過與不同國家的再保險公司分保，予以分散信用風險。為降低與固定利息投資有關的信用風險，本集團普遍限制其投資於對信貸評級高於投資等級(即BBB或更高)的固定利息債務證券的投資，但部份主權評級證券除外。

人壽保險

本集團主要會遭受的信用風險與其投資於中國的企業所發行的債務證券有關。為降低其信用風險，本集團已制定詳盡的信用控制政策及對每項投資進行審慎的信用分析。此外，亦透過持續監控不同投資行業的風險水平並相應調整投資組合。

應收虧損的準備總額由兩部份組成：個別減值準備及集體減值準備。個別減值準備適用於為減值而個別作出估值的應收賬款，乃基於管理人員對擬收取現金流量現值的最佳估計。各項減值資產均按其素質予以估值。集體減值準備指具有相似經濟特徵的應收賬款組合的內在信用虧損，且有客觀事實證明其包含減值應收賬款但個別減值項目卻無法確認。在評定集體減值準備的需要時，管理人員考慮的因素包括信用質素、組合規模、集中程度及經濟情況。

NOTES TO THE INTERIM FINANCIAL REPORT *(Continued)*

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23 INSURANCE AND FINANCIAL RISK MANAGEMENT *(Continued)*

(d) Financial risk *(Continued)*

(iii) Liquidity risk

The Group has to meet daily calls on its cash resources, notably from claims arising from its reinsurance contracts and life insurance contracts. There is therefore a risk that cash will not be available to settle liabilities when due.

The Group manages this risk by formulating policies and general strategies of liquidity management to ensure that the Group can meet its financial obligations in normal circumstances and that an adequate stock of high-quality liquid assets is maintained in order to meet any liquidity crisis.

Apart from liquidity management and regulatory compliance, the Group always strives to maintain a comfortable liquidity cushion as a safety net for coping with unexpected large funding requirements and to maintain a contingency plan to be enacted should there be a company specific crisis.

(iv) Reinsurance risk

The Group cedes insurance risk to limit exposure to underwriting losses under various agreements that cover certain reinsurance and life insurance policies. These reinsurance agreements spread the risk and minimise the effect of losses. The amount of each risk retained depends on the Group's evaluation of the specific risk, subject to certain circumstances, to maximum limits based on characteristics of coverage. Under the terms of the reinsurance agreements, reinsurers agree to reimburse the ceded amount in the event the claim is paid. However, the Group remains liable to its policyholders with respect to ceded insurance if any reinsurer fails to meet the obligations it assumes.

(e) Reserve adequacy

The Group exercises great care and effort in setting up the reserves for its reinsurance business. The reserves are estimated by the Group, using actuarial methods such as loss development methods and/or the Bornhuetter-Ferguson methods. The adequacy of reserves is regularly reviewed.

The computation of the Group's reserves for its life insurance business is in accordance with accounting principles generally accepted in Hong Kong. The determination of annual reserves to be made are based on realistic assumptions on mortality and morbidity rates, returns on investment, persistency rates and policy maintenance expenses after reasonable and prudent adjustments for adverse deviation to ensure adequacy of reserves on a going concern basis.

23 保險及財務風險管理 (續)

(d) 財務風險 (續)

(iii) 流動性風險

本集團須滿足其現金資源的每日調用，尤其是其再保險合約及人壽保險合約產生的賠款費用，因此存在現金不足以償還到期負債的風險。

本集團透過制定流動資金管理的政策及一般策略管理該風險，以確保本集團能滿足正常財務需求及備有充裕的高質素流動資產，以應對任何流動資金危機。

除流動資金管理及法規監察外，本集團通常會留存適度的流動資金緩衝額作為應對預料之外的大筆資金需求的安全措施，以及制定應急計劃以應付公司的特定危機。

(iv) 再保險風險

本集團透過分散保險風險以限制所承受包含若干再保險及人壽保險保單的不同協議下的承保損失的風險。該等再保險協議令風險得以分散，並將賠償的影響降至最低。各種風險的自留金額取決於本集團對特定風險的估值，在某些情況下取決於承保範圍特徵的最高限額。根據再保險協議條款的規定，再保險公司同意在賠款支付後攤還分出的金額。然而，倘任何再保險公司未能履行其相應的責任，本集團仍將就分出的保險對保單持有人負責。

(e) 充足儲備

本集團為再保險業務建立儲備時極為審慎。本集團採用精算法如損失發展法，及／或「BORNHUETTER-FERGUSON」法估算儲備。並定期檢討儲備金是否充足。

本集團根據香港公認會計準則來計算本集團人壽保險業務之儲備。每年的準備金是以務實的死亡率、傷病率、投資回報率、續保率和維護費用假設而釐定，並為可能出現的不利偏差在假設做了合理和審慎的調整，以確保在持續經營的基礎上準備金的充足性。

NOTES TO THE INTERIM FINANCIAL REPORT *(Continued)*

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23 INSURANCE AND FINANCIAL RISK MANAGEMENT *(Continued)*

(f) Risks associated with investment contracts without discretionary participation features

There is no material difference in risk exposure between life insurance contracts and investment contracts without discretionary participation features, except that the mortality risk of investment contracts is generally much smaller.

23 保險及財務風險管理 (續)

(f) 與不具酌情分紅特色的投資合約的有關風險

人壽保險合約與不具酌情分紅特色的投資合約的風險並無重大差異，惟投資合約的死亡率風險通常較小。

24 CONTINGENT LIABILITIES

In respect of the insurance claim against CIRe made by an individual in the United States (the "U.S."), the U.S. District Court dismissed the action on 7 July 2006. Apart from the foregoing, there is no significant development in respect of the contingent liabilities as disclosed in the audited financial statements for the year ended 31 December 2005. The details of these contingent liabilities are set out in Note 45 of the audited financial statements for the year ended 31 December 2005.

24 或然負債

關於一名人士在美國與訟向中再國際索取保險賠償，美國區域法院於二零零六年七月七日駁回此起訴。除此之外，披露於截至二零零五年十二月三十一日止年度的已審核財務報表內的或然負債沒有重大進展。該等或然負債之詳情載於截至二零零五年十二月三十一日止年度的已審計財務報表附註45內。

25 COMPARATIVE FIGURES

Consistent with the audited financial statements for the year ended 31 December 2005, all premiums received from certain investment contracts with discretionary participation features are reported as gross premiums written in this interim financial report. Certain income and expenses associated with these investment contracts are reclassified accordingly. In addition, certain comparative figures have been reclassified to conform with the current period's presentation. The directors consider that these changes provide a better presentation of the financial results of the Group.

25 比較數字

為與截至二零零五年十二月三十一日止年度的已審計財務報表一致，所有酌情分紅型投資合約的保費在本中期財務報告均呈報為毛承保保費，與此投資合約相連之收入及開支均相應重新分類。此外，若干比較數字已作重新分類以符合本財務期的列示。董事相信新的分類對本中期報告提供更佳的呈報。