

# MANAGEMENT DISCUSSION AND ANALYSIS

## CONSOLIDATED FINANCIAL RESULTS

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

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

	2008	2007	Change
Gross premiums written and policy fees	<b>13,299.68</b>	8,317.65	59.9%
Net investment income	<b>2,050.73</b>	975.06	2.1 times
Net realised investment gains	<b>926.04</b>	1,176.40	(21.3%)
Net unrealised investment (losses)/gains and impairment	<b>(2,765.88)</b>	316.66	—
Net exchange loss	<b>(43.66)</b>	(4.37)	10.0 times
Profit before taxation	<b>635.90</b>	782.94	(18.8%)
Profit after taxation	<b>775.25</b>	634.92	22.1%
Net profit attributable to the equity holders	<b>381.34</b>	488.58	(22.0%)
Basic earnings per share (HK cent)	<b>27.0</b>	34.7	(7.7 cents)

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

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

	2008	2007	Change
Reinsurance	<b>83.79</b>	311.47	(73.1%)
Life insurance	<b>491.01</b>	153.53	3.2 times
Property and casualty insurance <sup>1</sup>	<b>(41.85)</b>	2.40	—
Corporate and other businesses	<b>(151.61)</b>	21.18	—
Net profit attributable to the equity holders	<b>381.34</b>	488.58	(22.0%)

<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 2 of the interim financial report. Instead, the share of results of TPI for the financial period is recognised and reported as "Share of losses of associates" in the consolidated income statement. The equity interest of TPI held by the Group as 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 2 of the interim financial report. Readers and investors are advised to pay attention to these details when reading Note 2 of the interim financial report.

## 管理層討論和分析

### 綜合財務業績

本集團期內重點表現如下：

截至六月三十日止六個月，百萬港元

	二零零八年	二零零七年	變化
毛承保保費及保單費收入	13,299.68	8,317.65	59.9%
投資收入淨額	2,050.73	975.06	2.1 倍
已實現投資收益淨額	926.04	1,176.40	(21.3%)
未實現投資(虧損)/收益及減值淨額	(2,765.88)	316.66	—
匯兌虧損淨額	(43.66)	(4.37)	10.0 倍
除稅前溢利	635.90	782.94	(18.8%)
除稅後溢利	775.25	634.92	22.1%
股東應佔溢利淨額	381.34	488.58	(22.0%)
每股基本盈利(港仙)	27.0	34.7	(7.7仙)

按各業務分類之股東應佔溢利/(虧損)淨額概述如下：

截至六月三十日止六個月，百萬港元

	二零零八年	二零零七年	變化
再保險	83.79	311.47	(73.1%)
人壽保險	491.01	153.53	3.2 倍
財產保險 <sup>1</sup>	(41.85)	2.40	—
企業及其他業務	(151.61)	21.18	—
股東應佔溢利淨額	381.34	488.58	(22.0%)

<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，誠如中期財務報告附註2之定義，財產保險業務並不構成本集團之分項分類，而本財務期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」。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」。上述賬項於中期財務報告附註2被歸類為「企業及其他業務」。閱覽者及投資者閱覽中期財務報告附註2時，務請加倍留意。

# MANAGEMENT DISCUSSION AND ANALYSIS

The **gross premiums written and policy fees** for the Period increased to HK\$13,299.68 million from HK\$8,317.65 million in the Last Period. The increase was mainly due to strong premium growth at each of our business segments, in particular the life insurance business in which premiums increased by 68.8% to HK\$11,802.81 million from HK\$6,993.53 million in the Last Period.

The **net profit attributable to the equity holders** for the Period was HK\$381.34 million (2007: HK\$488.58 million). The Group's results declined compared to that of the Last Period primarily due to lower investment returns in both our Hong Kong and PRC investment portfolios.

The **reinsurance business** contributed net profit to the equity holders of HK\$83.79 million (2007: HK\$311.47 million).

The **life insurance business** contributed net profit to the equity holders of HK\$491.01 million (2007: HK\$153.53 million).

The **property and casualty business** contributed a net loss to the equity holders of HK\$41.85 million (2007: profit of HK\$2.40 million).

## CONSOLIDATED INVESTMENT PERFORMANCE

### Consolidated investment assets

The total investments of the Group are summarised as follows:

	At 30 June 2008		At 31 December 2007	
	HK\$ million	% of Total	HK\$ million	% of Total
Debt securities	37,523.56	65.3%	27,490.52	54.1%
Direct equity securities	3,283.63	5.7%	7,000.45	13.8%
Equity investment funds	5,293.18	9.2%	5,614.96	11.0%
Composite investment funds	170.32	0.3%	139.95	0.3%
Cash and bank deposits	11,069.16	19.3%	10,520.27	20.7%
Investment properties	89.37	0.2%	78.56	0.1%
<b>Total investments</b>	<b>57,429.22</b>	<b>100.0%</b>	<b>50,844.71</b>	<b>100.0%</b>

## 管理層討論和分析

於本財務期，毛承保保費及保單費收入由去年同期83.1765億港元增加至132.9968億港元。增加主要是因為每個業務分類的保費都增長強勁，特別是期內人壽保險保費收入由去年同期69.9353億港元增加68.8%至118.0281億港元。

於本財務期，股東應佔溢利淨額為3.8134億港元(二零零七年：4.8858億港元)。由於本集團的香港及中國大陸投資組合投資回報較低，令本集團業績較去年同期下跌。

再保險業務對股東淨溢利的貢獻為8,379萬港元(二零零七年：3.1147億港元)。

人壽保險業務對股東淨溢利的貢獻為4.9101億港元(二零零七年：1.5353億港元)。

財產保險業務使股東遭受淨虧損4,185萬港元(二零零七年：溢利240萬港元)。

### 綜合投資表現

#### 綜合投資資產

本集團的投資總值概述如下：

	於二零零八年六月三十日		於二零零七年十二月三十一日	
	百萬港元	佔總額百分比	百萬港元	佔總額百分比
債務證券	<b>37,523.56</b>	<b>65.3%</b>	27,490.52	54.1%
直接股本證券	<b>3,283.63</b>	<b>5.7%</b>	7,000.45	13.8%
股本投資基金	<b>5,293.18</b>	<b>9.2%</b>	5,614.96	11.0%
綜合投資基金	<b>170.32</b>	<b>0.3%</b>	139.95	0.3%
現金及銀行存款	<b>11,069.16</b>	<b>19.3%</b>	10,520.27	20.7%
投資物業	<b>89.37</b>	<b>0.2%</b>	78.56	0.1%
投資總額	<b>57,429.22</b>	<b>100.0%</b>	50,844.71	100.0%

## MANAGEMENT DISCUSSION 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 by such classifications for the total investment portfolio of the Group was as follows:

*At 30 June 2008, HK\$ million*

	HTM	AFS	DTPL	Total
Debt securities	11,038.77	25,988.16	496.63	37,523.56
Direct equity securities	—	2,407.98	875.65	3,283.63
Equity investment funds	—	2,377.52	2,915.66	5,293.18
Composite investment funds	—	52.47	117.85	170.32
	<b>11,038.77</b>	<b>30,826.13</b>	<b>4,405.79</b>	<b>46,270.69</b>

*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>

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:

	At 30 June 2008	At 31 December 2007
Reinsurance	7.6%	8.6%
Life insurance	89.0%	87.0%
Corporate and other businesses	3.4%	4.4%
	<b>100.0%</b>	<b>100.0%</b>

## 管理層討論和分析

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：

於二零零八年六月三十日，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	11,038.77	25,988.16	496.63	37,523.56
直接股本證券	—	2,407.98	875.65	3,283.63
股本投資基金	—	2,377.52	2,915.66	5,293.18
綜合投資基金	—	52.47	117.85	170.32
	<b>11,038.77</b>	<b>30,826.13</b>	<b>4,405.79</b>	<b>46,270.69</b>

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：

	於二零零八年 六月三十日	於二零零七年 十二月三十一日
再保險	7.6%	8.6%
人壽保險	89.0%	87.0%
企業及其他業務	3.4%	4.4%
	<b>100.0%</b>	<b>100.0%</b>

# MANAGEMENT DISCUSSION AND ANALYSIS

## Consolidated investment income

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

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

	2008	2007	Change
Net investment income	<b>2,050.73</b>	975.06	2.1 times
Net realised investment gains	<b>926.04</b>	1,176.40	(21.3%)
Net unrealised investment (losses)/gains	<b>(2,657.78)</b>	316.66	—
Impairment on AFS equities	<b>(108.10)</b>	—	—
Total investment income	<b>210.89</b>	2,468.12	(91.5%)
Less: Investment (losses)/gains attributable to unit-linked products <sup>1</sup>	<b>(1,755.91)</b>	54.19	—
Total investment income excluding unit-linked products income	<b>1,966.80</b>	2,413.93	(18.5%)

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

The total investment income (excluding unit-linked products income) of the Group recognised in the consolidated income statement decreased by 18.5% to HK\$1,966.80 million in the Period from HK\$2,413.93 million in the Last Period. The decrease was primarily attributable to equity investment losses from shares traded in Hong Kong and the PRC during the Period. Equity markets in Hong Kong and the PRC, after exceptionally strong performances in 2006 and 2007, experienced sharp downwards corrections during the Period.

According to the Group's impairment policy, available-for-sale investments in debt and equity securities are reviewed periodically to determine whether there is objective evidence of impairment. Objective evidence of impairment for available-for-sale equity securities may include specific information about the issuer but may also include information on material changes that have taken place in the technological, market, economic or legal environments, which taken together or taken alone may provide evidence that the cost of the equity securities may not be recovered. Under such criterion, significant or prolonged decline in the fair value of the asset below its cost is also objective evidence of impairment. In the first half of 2008, the impairment loss of available-for-sale equity securities recognised in income statement is HK\$108.10 million.

## 管理層討論和分析

### 綜合投資收入

本集團確認在綜合損益表內之稅前投資收入總額概述如下：

截至六月三十日止六個月，百萬港元

	二零零八年	二零零七年	變化
投資收入淨額	<b>2,050.73</b>	975.06	2.1 倍
已實現投資收益淨額	<b>926.04</b>	1,176.40	(21.3%)
未實現投資(虧損)/收益淨額	<b>(2,657.78)</b>	316.66	—
可供出售股本投資減值	<b>(108.10)</b>	—	—
投資收入總額	<b>210.89</b>	2,468.12	(91.5%)
減：屬於投資連結產品 之投資(虧損)/收益 <sup>1</sup>	<b>(1,755.91)</b>	54.19	—
不含投資連結產品之投資收益	<b>1,966.80</b>	2,413.93	(18.5%)

<sup>1</sup> 由本集團為其客戶及保單持有人管理的投資連結產品所產生之投資回報不會直接影響本集團的財務業績。

本集團確認於綜合損益表內的投資收入(不含投資連結產品收入)總額由去年同期之24.1393億港元下跌18.5%至本財務期之19.6680億港元。下跌主要由於期內於香港及中國大陸股本投資錄得虧損。中國大陸及香港股票市場未能延續二零零六及二零零七年的卓越表現，期內股價經歷急劇下調。

按本集團減值政策，會定期檢討可供出售債務及股本證券投資，以釐訂有否客觀證據顯示減值的需要。可供出售股本證券減值的客觀證據可包括有關發行人的具體個別資料，但亦包括有關科技、市場、經濟或法律環境已發生重大變化的資料，而這些資料可提供證據顯示股本證券的成本可能無法收回。在這前提下，資產的公允值如大幅或長期下跌至低於其成本，亦被視為減值的客觀證據。於二零零八年上半年，確認在損益表內可供出售股本證券的減值為1.0810億港元。

## MANAGEMENT DISCUSSION AND ANALYSIS

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

*For the six months ended 30 June 2008, HK\$ million*

	Recognised in the consolidated income statement						Unrealised gains/ (losses) recognised in the fair value reserve	Grand total	
	Interest income/ (expense)	Dividend income	Rental income	Realised gains/ (losses)	Unrealised (losses)/ gains	Impairment			Sub-total
<b>Debt securities</b>									
HTM	152.77	—	—	—	—	—	152.77	—	152.77
AFS	599.82	—	—	33.53	—	—	633.35	970.81	1,604.16
DTPL	8.97	—	—	(30.86)	(30.05)	—	(51.94)	—	(51.94)
<b>Direct equity securities</b>									
AFS	—	35.59	—	793.07	—	(16.00)	812.66	(2,460.27)	(1,647.61)
DTPL	—	7.45	—	22.92	(820.73)	—	(790.36)	—	(790.36)
<b>Equity investment funds</b>									
AFS	—	296.94	—	116.20	—	(92.10)	321.04	(1,147.20)	(826.16)
DTPL	—	762.76	—	(1.02)	(1,748.44)	—	(986.70)	—	(986.70)
<b>Composite investment funds</b>									
AFS	—	—	—	—	—	—	—	1.09	1.09
DTPL	—	35.07	—	(7.80)	(69.37)	—	(42.10)	—	(42.10)
<b>Cash and bank deposits and other</b>	217.11	—	—	—	—	—	217.11	—	217.11
<b>Investment properties</b>	—	—	1.44	—	10.81	—	12.25	—	12.25
<b>Securities sold under repurchase agreements</b>	(67.19)	—	—	—	—	—	(67.19)	—	(67.19)
	911.48	1,137.81	1.44	926.04	(2,657.78)	(108.10)	210.89	(2,635.57)	(2,424.68)

## 管理層討論和分析

本集團稅前投資收入之詳細分析如下：

截至二零零八年六月三十日止六個月，百萬港元

	於綜合損益表內確認						於公允價值 儲備內確認		總額
	利息 收入/ (支出)	股息收入	租金收入	已實現 收益/ (虧損)	未實現 (虧損)/ 收益	減值	小計	之未實現 收益/ (虧損)	
<b>債務證券</b>									
持有至到期日	152.77	—	—	—	—	—	152.77	—	152.77
可供出售	599.82	—	—	33.53	—	—	633.35	970.81	1,604.16
指定為通過損益以反映公允價值	8.97	—	—	(30.86)	(30.05)	—	(51.94)	—	(51.94)
<b>直接股本證券</b>									
可供出售	—	35.59	—	793.07	—	(16.00)	812.66	(2,460.27)	(1,647.61)
指定為通過損益以反映公允價值	—	7.45	—	22.92	(820.73)	—	(790.36)	—	(790.36)
<b>股本投資基金</b>									
可供出售	—	296.94	—	116.20	—	(92.10)	321.04	(1,147.20)	(826.16)
指定為通過損益以反映公允價值	—	762.76	—	(1.02)	(1,748.44)	—	(986.70)	—	(986.70)
<b>綜合投資基金</b>									
可供出售	—	—	—	—	—	—	—	1.09	1.09
指定為通過損益以反映公允價值	—	35.07	—	(7.80)	(69.37)	—	(42.10)	—	(42.10)
現金及銀行存款及其他	217.11	—	—	—	—	—	217.11	—	217.11
投資物業	—	—	1.44	—	10.81	—	12.25	—	12.25
賣出回購證券	(67.19)	—	—	—	—	—	(67.19)	—	(67.19)
	911.48	1,137.81	1.44	926.04	(2,657.78)	(108.10)	210.89	(2,635.57)	(2,424.68)

# MANAGEMENT DISCUSSION AND ANALYSIS

For the six months ended 30 June 2007, HK\$ million

	Recognised in the consolidated income statement						Unrealised (losses)/ gains recognised in the fair value reserve	Grand total	
	Interest income/ (expense)	Dividend income	Rental income	Realised gains/ (losses)	Unrealised gains	Impairment			Sub-total
<b>Debt securities</b>									
HTM	32.20	—	—	—	—	—	32.20	—	32.20
AFS	378.17	—	—	(0.53)	—	—	377.64	(814.65)	(437.01)
DTPL	22.10	—	—	19.26	81.01	—	122.37	—	122.37
<b>Direct equity securities</b>									
AFS	—	10.70	—	411.72	—	—	422.42	363.56	785.98
DTPL	—	3.40	—	214.03	76.57	—	294.00	—	294.00
<b>Equity investment funds</b>									
AFS	—	182.37	—	333.85	—	—	516.22	302.22	818.44
DTPL	—	214.57	—	198.32	156.32	—	569.21	—	569.21
<b>Composite investment funds</b>									
AFS	—	0.46	—	—	—	—	0.46	2.99	3.45
DTPL	—	0.90	—	—	0.54	—	1.44	—	1.44
<b>Cash and bank deposits and other</b>	191.67	—	—	—	—	—	191.67	—	191.67
<b>Investment properties</b>	—	—	1.23	(0.25)	1.77	—	2.75	—	2.75
<b>Securities sold under repurchase agreements</b>	(62.71)	—	—	—	—	—	(62.71)	—	(62.71)
<b>Other</b>	—	—	—	—	0.45	—	0.45	—	0.45
	561.43	412.40	1.23	1,176.40	316.66	—	2,468.12	(145.88)	2,322.24

## 管理層討論和分析

截至二零零七年六月三十日止六個月，百萬港元

	於綜合損益表內確認						小計	於公允價值	總額
	利息 收入/ (支出)	股息收入	租金收入	已實現 收益/ (虧損)	未實現 收益	減值		儲備內確認 之未實現 (虧損)/ 收益	
<b>債務證券</b>									
持有至到期日	32.20	—	—	—	—	—	32.20	—	32.20
可供出售	378.17	—	—	(0.53)	—	—	377.64	(814.65)	(437.01)
指定為通過損益以反映公允價值	22.10	—	—	19.26	81.01	—	122.37	—	122.37
<b>直接股本證券</b>									
可供出售	—	10.70	—	411.72	—	—	422.42	363.56	785.98
指定為通過損益以反映公允價值	—	3.40	—	214.03	76.57	—	294.00	—	294.00
<b>股本投資基金</b>									
可供出售	—	182.37	—	333.85	—	—	516.22	302.22	818.44
指定為通過損益以反映公允價值	—	214.57	—	198.32	156.32	—	569.21	—	569.21
<b>綜合投資基金</b>									
可供出售	—	0.46	—	—	—	—	0.46	2.99	3.45
指定為通過損益以反映公允價值	—	0.90	—	—	0.54	—	1.44	—	1.44
現金及銀行存款及其他	191.67	—	—	—	—	—	191.67	—	191.67
投資物業	—	—	1.23	(0.25)	1.77	—	2.75	—	2.75
賣出回購證券	(62.71)	—	—	—	—	—	(62.71)	—	(62.71)
其他	—	—	—	—	0.45	—	0.45	—	0.45
	561.43	412.40	1.23	1,176.40	316.66	—	2,468.12	(145.88)	2,322.24

# MANAGEMENT DISCUSSION 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 liability reinsurance business outside of Asia. CIRe's key markets are Hong Kong and Macau, Mainland China, Japan, the rest of Asia, Europe and other parts of the world.

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

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

	2008	2007	Change
Gross premiums written	<b>1,493.70</b>	1,320.73	13.1%
Net premiums written	<b>1,253.21</b>	1,139.46	10.0%
Net earned premiums	<b>736.65</b>	725.10	1.6%
Net claims incurred	<b>(360.54)</b>	(398.75)	(9.6%)
Net commission expenses	<b>(319.04)</b>	(283.74)	12.4%
Underwriting profit	<b>42.01</b>	31.88	31.8%
Total investment income	<b>19.87</b>	271.09	(92.7%)
Net exchange gain	<b>34.92</b>	33.66	3.7%
Profit before taxation	<b>82.80</b>	331.06	(75.0%)
Profit attributable to the equity holders	<b>83.79</b>	311.47	(73.1%)
Technical reserves ratio	<b>425.7%</b>	384.3%	41.4 pts
Retained ratio	<b>83.9%</b>	86.3%	(2.4 pts)
Earned premiums ratio	<b>49.3%</b>	54.9%	(5.6 pts)
Loss ratio <sup>1</sup>	<b>48.9%</b>	55.0%	(6.1 pts)
Expense ratio <sup>2</sup>	<b>26.7%</b>	25.8%	0.9 pt
Combined ratio <sup>3</sup>	<b>75.6</b>	80.8	(5.2 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. The Management believes that calculating the expense ratio under net premiums written is a fairer indicator and better reflects the underwriting performance of CIRe. If the net earned premium basis is applied, then the expense ratio would be 45.4% for the Period (2007: 40.6%).

<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 94.3 for the Period (2007: 95.6).

### Profit Attributable to the Equity Holders

CIRe contributed net profit to the equity holders of HK\$83.79 million (2007: HK\$311.47 million), representing a decrease of 73.1% compared to that of the Last Period, mainly due to equity investment losses in CIRe's investment portfolio in Hong Kong. CIRe's underwriting profit registered a slight increase over that of the Last Period.

## 管理層討論和分析

### 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、中國大陸、日本、亞洲其他地區、歐洲及世界其他地方。

再保險業務之主要財務數據及主要表現指標概述如下：

截至六月三十日止六個月，百萬港元

	二零零八年	二零零七年	變化
毛承保保費	1,493.70	1,320.73	13.1%
淨承保保費	1,253.21	1,139.46	10.0%
已賺取保費淨額	736.65	725.10	1.6%
賠款淨額	(360.54)	(398.75)	(9.6%)
佣金支出淨額	(319.04)	(283.74)	12.4%
承保溢利	42.01	31.88	31.8%
投資收入總額	19.87	271.09	(92.7%)
匯兌收益淨額	34.92	33.66	3.7%
除稅前溢利	82.80	331.06	(75.0%)
股東應佔溢利	83.79	311.47	(73.1%)
技術性儲備比率	425.7%	384.3%	41.4點
自留比率	83.9%	86.3%	(2.4點)
已賺取保費率	49.3%	54.9%	(5.6點)
賠付率 <sup>1</sup>	48.9%	55.0%	(6.1點)
費用率 <sup>2</sup>	26.7%	25.8%	0.9點
綜合成本率 <sup>3</sup>	75.6	80.8	(5.2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。管理層相信，按照淨承保保費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，則本財務期之費用率將為45.4% (二零零七年：40.6%)。

<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，則本財務期之綜合成本率將為94.3 (二零零七年：95.6)。

### 股東應佔溢利

中再國際對股東淨溢利的貢獻為8,379萬港元(二零零七年：3.1147億港元)，較去年同期下跌73.1%，主要是中再國際的投資組合中香港股本投資錄得虧損。中再國際的承保溢利較去年同期錄得輕微上升。

# MANAGEMENT DISCUSSION AND ANALYSIS

## Gross Premiums Written

CIRe's gross premiums written during the Period increased by 13.1% to HK\$1,493.70 million compared to HK\$1,320.73 million in the Last Period. However, taking into account the relative weakness of the US dollar (and therefore the Hong Kong dollar) to the other major currencies during the Period, there was only marginal growth in premiums. Despite the continued softening of global reinsurance market pricing terms and conditions, as well as the abundance of available reinsurance capacity, CIRe managed to maintain its premium income levels, while succeeding in selectively growing its business among certain core clients in Mainland China. In its traditional core markets of Hong Kong and Macau, CIRe upheld its market position despite producing a slightly lower premium volume during the Period. In other Asian markets, CIRe was also able to maintain its market position.

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

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

	2008	% of Total	2007	% of Total
Hong Kong & Macau	232.53	15.6%	244.11	18.5%
Mainland China (& Taiwan)	467.18	31.3%	352.87	26.7%
Japan	96.12	6.4%	81.43	6.2%
Rest of Asia	395.56	26.5%	356.78	27.0%
Europe	226.25	15.1%	215.58	16.3%
Other	76.06	5.1%	69.96	5.3%
	<b>1,493.70</b>	<b>100.0%</b>	1,320.73	100.0%

## Net Claims Incurred

CIRe's net claims incurred decreased by 9.6% to HK\$360.54 million from HK\$398.75 million in the Last Period. The loss ratio decreased to 48.9% from 55.0% in the Last Period. During the Period, CIRe faced increased claims activity in several of its business lines, and also experienced higher incidences of natural catastrophes, in particular the rare snowstorm in Southern China in early 2008, and the tragic and serious earthquake in Sichuan Province, China on 12 May 2008. However, because of its prudent policy of taking out appropriate retrocession protections to properly risk-manage its own retention, CIRe was able to withstand the impact of such catastrophes. CIRe's underwriting result was therefore not adversely affected by these unusual loss events.

With the effective retrocession protections in place bringing down the net impact of the catastrophes, and also with the positive development of run-off liabilities of prior underwriting years — producing savings of loss reserve provisions which were originally set aside — CIRe's combined ratio during the Period was 75.6 (2007: 80.8), resulting in a slightly higher underwriting profit for CIRe during the Period.

## 管理層討論和分析

### 毛承保保費

中再國際之毛承保保費由去年同期之13.2073億港元上升13.1%至14.9370億港元。期內若非美元(及因此令港元)相對其他主要貨幣處於弱勢，期內毛保費增長實屬輕微。於本財務期內，儘管全球再保險市場定價條款及條件持續偏軟，以及再保險承保能力充斥，中再國際仍成功維持其保費收入水平，同時選擇性地拓展了在中國大陸若干主要客戶的業務。儘管在其傳統的核心市場，香港及澳門，期內的保費額出現輕微下降，但中再國際仍能維持其市場地位。在亞洲其他市場，中再國際亦成功維持了其市場地位。

中再國際按地區分佈劃分之毛承保保費簡報如下：

截至六月三十日止六個月，百萬港元

	二零零八年	佔總額百分比	二零零七年	佔總額百分比
香港及澳門	232.53	15.6%	244.11	18.5%
中國大陸(及台灣)	467.18	31.3%	352.87	26.7%
日本	96.12	6.4%	81.43	6.2%
亞洲其他地區	395.56	26.5%	356.78	27.0%
歐洲	226.25	15.1%	215.58	16.3%
其他	76.06	5.1%	69.96	5.3%
	<b>1,493.70</b>	<b>100.0%</b>	1,320.73	100.0%

### 淨賠款總額

中再國際之淨賠款總額由去年同期之3.9875億港元下跌9.6%至3.6054億港元。賠付率亦由去年同期的55.0%下跌至48.9%。於本財務期內，中再國際面對各類險種業務索賠增加，又經歷較多自然災害，例如二零零八年年初中國南方的罕見雪暴及二零零八年五月十二日中國四川省發生的強烈地震。然而，中再國際採取了審慎政策，安排合適轉分保障以妥善管理自留額的風險，從而成功抵禦該等災害的打擊。因此，該等不尋常事故並未對中再國際的承保業績構成重大影響。

一方面中再國際籍有效的轉分安排，減少了災害對自留額造成的影響，另一方面，過往承保年度的賠付發展出現正面趨勢，與原來預留的未決賠款準備金相比，有所節省。故此，中再國際本財務期之綜合成本率為75.6(二零零七年：80.8)，致使中再國際於本財務期內承保溢利輕微上升。

# MANAGEMENT DISCUSSION AND ANALYSIS

## Investment Performance

The composition of investments held by CIRe was as follows:

	At 30 June 2008		At 31 December 2007	
	HK\$ million	% of Total	HK\$ million	% of Total
Debt securities	2,121.38	48.4%	1,734.13	39.9%
Direct equity securities	644.01	14.7%	638.93	14.7%
Composite investment funds	89.91	2.1%	90.84	2.1%
Cash and bank deposits	1,439.64	32.8%	1,807.81	41.5%
Investment properties	89.37	2.0%	78.56	1.8%
<b>Total invested assets</b>	<b>4,384.31</b>	<b>100.0%</b>	4,350.27	100.0%

During the Period, 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 81.2% of total invested assets as at 30 June 2008 (31 December 2007: 81.4%). Almost all of CIRe's debt securities have received investment grade ratings from international credit rating agencies.

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

### At 30 June 2008, HK\$ million

	HTM	AFS	DTPL	Total
Debt securities	1,179.66	810.28	131.44	2,121.38
Direct equity securities	—	589.94	54.07	644.01
Composite investment funds	—	52.48	37.43	89.91
	<b>1,179.66</b>	<b>1,452.70</b>	<b>222.94</b>	<b>2,855.30</b>

### 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>

## 管理層討論和分析

### 投資表現

中再國際持有之投資組合情況如下：

	於二零零八年六月三十日		於二零零七年十二月三十一日	
	百萬港元	佔總額百分比	百萬港元	佔總額百分比
債務證券	2,121.38	48.4%	1,734.13	39.9%
直接股本證券	644.01	14.7%	638.93	14.7%
綜合投資基金	89.91	2.1%	90.84	2.1%
現金及銀行存款	1,439.64	32.8%	1,807.81	41.5%
投資物業	89.37	2.0%	78.56	1.8%
<b>投資總額</b>	<b>4,384.31</b>	<b>100.0%</b>	<b>4,350.27</b>	<b>100.0%</b>

於本財務期內，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。於二零零八年六月三十日，投資債務證券、現金及銀行存款佔投資資產總額約81.2%（二零零七年十二月三十一日：81.4%）。幾乎全部中再國際的債務證券均達到國際信貸評級機構認可之投資評級。

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

於二零零八年六月三十日，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	1,179.66	810.28	131.44	2,121.38
直接股本證券	—	589.94	54.07	644.01
綜合投資基金	—	52.48	37.43	89.91
	<b>1,179.66</b>	<b>1,452.70</b>	<b>222.94</b>	<b>2,855.30</b>

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

## MANAGEMENT DISCUSSION AND ANALYSIS

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

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

	2008	2007	Change
Net investment income	<b>91.52</b>	91.24	0.3%
Net realised investment (losses)/gains	<b>(37.50)</b>	174.49	—
Net unrealised investment (losses)/gains	<b>(21.15)</b>	5.36	—
Impairment on AFS equities	<b>(13.00)</b>	—	—
Total investment income	<b>19.87</b>	271.09	(92.7%)
Total investment yield (year-to-date)	<b>0.4%</b>	6.9%	(6.5 pts)

CIRe's lower investment income and investment yield for the Period was due to equity investment losses in its investment portfolio, primarily from equities traded in Hong Kong. During the Period, almost all major equity markets in the world experienced losses and poor performance, as the prior years' strength in equities and strong appreciations in share prices have not lasted into 2008.

CIRe's recurrent income from cash and fixed income securities has been stable. In fact, as the spread for investment grade fixed income securities of some well-established and prominent global companies have widened, CIRe has strategically increased its fixed income positions in such issuers for relatively higher yields. However, this investment income was not able to overcome the significant decrease in market value of CIRe's equity investments, which dragged down the overall investment yield.

The above-mentioned investment income and investment yield figures do not include a net exchange gain of HK\$34.92 million (2007: HK\$33.66 million).

## 管理層討論和分析

中再國際在綜合損益表內確認之稅前投資收入總額及稅前投資收益率概述如下：

截至六月三十日止六個月，百萬港元

	二零零八年	二零零七年	變化
投資收入淨額	<b>91.52</b>	91.24	0.3%
已實現投資(虧損)/收益淨額	<b>(37.50)</b>	174.49	—
未實現投資(虧損)/收益淨額	<b>(21.15)</b>	5.36	—
可供出售股本投資減值	<b>(13.00)</b>	—	—
投資收入總額	<b>19.87</b>	271.09	(92.7%)
總投資收益率(本期)	<b>0.4%</b>	6.9%	(6.5點)

本財務期中再國際較低的投資收入及投資收益率，主要是投資組合內香港股本投資虧損。於本財務期內，由於往年股票市場的強勢及價格大幅上升未有延續至二零零八年，幾乎世界所有主要股票市場的表現皆乏善足陳。

中再國際來自現金及固定收入證券的經常收入保持穩定。事實上，鑑於一些信譽卓著，聲名顯赫的全球性公司所發行之債券的息差擴大，它們均具備投資級別的評級，中再國際擇機增加其於此類發行之商之固定收入持倉份額，以獲取相對較高的收益率。然而，這些投資收入不足以沖銷中再國際股本投資因市值顯著下跌的影響，所以拖低了整體投資收益率。

上述投資收入及投資收益率並不包括3,492萬港元匯兌收益淨額(二零零七年：3,366萬港元)。

## MANAGEMENT DISCUSSION AND ANALYSIS

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

*For the six months ended 30 June 2008, HK\$ million*

	Recognised in the consolidated income statement						Unrealised (losses)/ gains recognised in the fair value reserve	Grand total
	Interest income	Dividend income	Rental income	Realised gains/ (losses)	Unrealised (losses)/ gains	Impairment		
<b>Debt securities</b>								
HTM	32.81	—	—	—	—	—	32.81	32.81
AFS	17.73	—	—	—	—	—	17.73	(4.18)
DTPL	4.08	—	—	0.02	(15.67)	—	(11.57)	(11.57)
<b>Direct equity securities</b>								
AFS	—	10.13	—	(38.26)	—	(13.00)	(41.13)	(166.40)
DTPL	—	1.92	—	0.74	(14.24)	—	(11.58)	(11.58)
<b>Composite investment funds</b>								
AFS	—	—	—	—	—	—	—	1.09
DTPL	—	1.60	—	—	(2.05)	—	(0.45)	(0.45)
<b>Cash and bank deposits and other</b>	21.81	—	—	—	—	—	21.81	21.81
<b>Investment properties</b>	—	—	1.44	—	10.81	—	12.25	12.25
	76.43	13.65	1.44	(37.50)	(21.15)	(13.00)	19.87	(126.22)

## 管理層討論和分析

中再國際稅前投資收入之詳細分析如下：

截至二零零八年六月三十日止六個月，百萬港元

	於綜合損益表內確認						於公允價值	總額
	利息收入	股息收入	租金收入	已實現 收益/ (虧損)	未實現 (虧損)/ 收益	減值	儲備內確認 之未實現 (虧損)/ 收益	
<b>債務證券</b>								
持有至到期日	32.81	—	—	—	—	—	32.81	32.81
可供出售	17.73	—	—	—	—	—	17.73	(4.18)
指定為通過損益以反映公允價值	4.08	—	—	0.02	(15.67)	—	(11.57)	(11.57)
<b>直接股本證券</b>								
可供出售	—	10.13	—	(38.26)	—	(13.00)	(41.13)	(166.40)
指定為通過損益以反映公允價值	—	1.92	—	0.74	(14.24)	—	(11.58)	(11.58)
<b>綜合投資基金</b>								
可供出售	—	—	—	—	—	—	—	1.09
指定為通過損益以反映公允價值	—	1.60	—	—	(2.05)	—	(0.45)	(0.45)
現金及銀行存款及其他	21.81	—	—	—	—	—	21.81	21.81
投資物業	—	—	1.44	—	10.81	—	12.25	12.25
	76.43	13.65	1.44	(37.50)	(21.15)	(13.00)	19.87	(126.22)

# MANAGEMENT DISCUSSION AND ANALYSIS

For the six months ended 30 June 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		Unrealised gains			
				gains/(losses)	Impairment				
<b>Debt securities</b>									
HTM	32.00	—	—	—	—	—	32.00	—	32.00
AFS	10.94	—	—	—	—	—	10.94	(3.67)	7.27
DTPL	5.95	—	—	(0.02)	0.15	—	6.08	—	6.08
<b>Direct equity securities</b>									
AFS	—	3.58	—	174.32	—	—	177.90	56.04	233.94
DTPL	—	1.32	—	0.44	2.45	—	4.21	—	4.21
<b>Composite investment funds</b>									
AFS	—	0.46	—	—	—	—	0.46	2.99	3.45
DTPL	—	0.90	—	—	0.54	—	1.44	—	1.44
<b>Cash and bank deposits and other</b>	34.86	—	—	—	—	—	34.86	—	34.86
<b>Investment properties</b>	—	—	1.23	(0.25)	1.77	—	2.75	—	2.75
<b>Other</b>	—	—	—	—	0.45	—	0.45	—	0.45
	83.75	6.26	1.23	174.49	5.36	—	271.09	55.36	326.45

## 管理層討論和分析

截至二零零七年六月三十日止六個月，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	股息收入	租金收入	已實現 收益/ (虧損)	未實現 收益	減值		儲備內確認 之未實現 收益/ (虧損)	
<b>債務證券</b>									
持有至到期日	32.00	—	—	—	—	—	32.00	—	32.00
可供出售	10.94	—	—	—	—	—	10.94	(3.67)	7.27
指定為通過損益以反映公允價值	5.95	—	—	(0.02)	0.15	—	6.08	—	6.08
<b>直接股本證券</b>									
可供出售	—	3.58	—	174.32	—	—	177.90	56.04	233.94
指定為通過損益以反映公允價值	—	1.32	—	0.44	2.45	—	4.21	—	4.21
<b>綜合投資基金</b>									
可供出售	—	0.46	—	—	—	—	0.46	2.99	3.45
指定為通過損益以反映公允價值	—	0.90	—	—	0.54	—	1.44	—	1.44
現金及銀行存款及其他	34.86	—	—	—	—	—	34.86	—	34.86
投資物業	—	—	1.23	(0.25)	1.77	—	2.75	—	2.75
其他	—	—	—	—	0.45	—	0.45	—	0.45
	83.75	6.26	1.23	174.49	5.36	—	271.09	55.36	326.45

# MANAGEMENT DISCUSSION 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 six months ended 30 June, HK\$ million*

	2008	2007	Change
Gross premiums written	<b>11,802.81</b>	6,993.53	68.8%
Net premiums written and policy fees	<b>11,753.27</b>	6,961.95	68.8%
Net earned premiums and policy fees	<b>11,715.92</b>	6,961.15	68.3%
Total investment income	<b>244.16</b>	2,061.37	(88.2%)
Net exchange loss	<b>(78.82)</b>	(34.35)	2.3 times
Policyholders' benefits	<b>(2,140.29)</b>	(1,470.45)	45.6%
Net commission expenses	<b>(1,088.42)</b>	(632.99)	72.0%
Change in life insurance funds, net of reinsurance	<b>(6,678.75)</b>	(5,699.57)	17.2%
Administrative and other expenses	<b>(1,163.33)</b>	(735.31)	58.2%
Finance costs	<b>(36.87)</b>	(33.77)	9.2%
Profit before taxation	<b>836.83</b>	427.67	95.7%
Profit after taxation	<b>981.04</b>	306.76	3.2 times
Profit attributable to the equity holders	<b>491.01</b>	153.53	3.2 times

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

	At 30 June 2008	At 31 December 2007	Change
Market share <sup>1</sup>	<b>2.5%</b>	3.2%	(0.7 pt)
Number of provincial branches	<b>32</b>	29	3
Number of sub-branches and marketing centres	<b>428</b>	317	111
Number of in-force policies	<b>5,850,083</b>	5,016,857	833,226
Number of individual agents	<b>44,284</b>	41,140	3,144
Persistency ratio — 13th month <sup>2</sup>	<b>83.3%</b>	83.0%	0.3 pt
Persistency ratio — 25th month <sup>2</sup>	<b>90.7%</b>	92.1%	(1.4 pts)

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

<sup>2</sup> Based on premium amounts.

## 管理層討論和分析

### 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：

截至六月三十日止六個月，百萬港元

	二零零八年	二零零七年	變化
毛承保保費	11,802.81	6,993.53	68.8%
淨承保保費及保單費收入	11,753.27	6,961.95	68.8%
已賺取保費及保單費收入淨額	11,715.92	6,961.15	68.3%
投資收入總額	244.16	2,061.37	(88.2%)
匯兌虧損淨額	(78.82)	(34.35)	2.3 倍
保單持有人利益	(2,140.29)	(1,470.45)	45.6%
佣金支出淨額	(1,088.42)	(632.99)	72.0%
壽險責任準備金變化，減再保險	(6,678.75)	(5,699.57)	17.2%
行政及其他費用	(1,163.33)	(735.31)	58.2%
財務費用	(36.87)	(33.77)	9.2%
除稅前溢利	836.83	427.67	95.7%
除稅後溢利	981.04	306.76	3.2 倍
股東應佔溢利	491.01	153.53	3.2 倍

人壽保險業務之主要經營數據概述如下：

	於二零零八年 六月三十日	於二零零七年 十二月三十一日	變化
市場份額 <sup>1</sup>	2.5%	3.2%	(0.7點)
省級分公司數目	32	29	3
支公司及市場推廣中心數目	428	317	111
有效之保單數目	5,850,083	5,016,857	833,226
個人銷售代理數目	44,284	41,140	3,144
第13個月之保費繼續率 <sup>2</sup>	83.3%	83.0%	0.3點
第25個月之保費繼續率 <sup>2</sup>	90.7%	92.1%	(1.4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。

# MANAGEMENT DISCUSSION AND ANALYSIS

## Profit Attributable to the Equity Holders

The life insurance business contributed net profit to the equity holders of HK\$491.01 million (2007: HK\$153.53 million).

## Gross Premiums Written

TPL's gross premiums written increased by 68.8% to HK\$11,802.81 million from HK\$6,993.53 million in the Last Period. TPL's gross premiums written, by line of business, were as follows:

*For the six months ended 30 June 2008, HK\$ million*

	Non unit-linked products	Unit-linked products	Total	% of Total
Individual	2,130.44	285.59	2,416.03	20.5%
Group	603.76	—	603.76	5.1%
Bancassurance	7,126.92	1,656.10	8,783.02	74.4%
	<b>9,861.12</b>	<b>1,941.69</b>	<b>11,802.81</b>	<b>100.0%</b>

*For the six months ended 30 June 2007, HK\$ million*

	Non unit-linked products	Unit-linked products	Total	% of Total
Individual	1,116.73	805.52	1,922.25	27.5%
Group	732.78	1.68	734.46	10.5%
Bancassurance	4,146.26	190.56	4,336.82	62.0%
	<b>5,995.77</b>	<b>997.76</b>	<b>6,993.53</b>	<b>100.0%</b>

During the Period, the entire PRC life insurance industry grew at a rapid pace amidst continuing strong economic growth in Mainland China. During the Period, TPL produced strong premium growth across its various business and product lines in comparison to the Last Period. Because of the sharp losses in the A-share equity markets in the PRC during the Period, TPL's unit-linked product sales slowed relative to that of the second half of 2007. TPL's unit-linked product sales increased relative to that of the Last Period, but this is because the bulk of TPL's unit-linked sales in 2007 occurred during the second half of the year.

## 管理層討論和分析

### 股東應佔溢利

人壽保險業務為股東帶來之溢利淨額為4.9101億港元(二零零七年：1.5353億港元)。

### 毛承保保費

太平人壽之毛承保保費由去年同期之69.9353億港元上升68.8%至118.0281億港元。太平人壽按業務劃分之毛承保保費如下：

截至二零零八年六月三十日止六個月，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	2,130.44	285.59	2,416.03	20.5%
團體	603.76	—	603.76	5.1%
銀行保險	7,126.92	1,656.10	8,783.02	74.4%
	<b>9,861.12</b>	<b>1,941.69</b>	<b>11,802.81</b>	<b>100.0%</b>

截至二零零七年六月三十日止六個月，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	1,116.73	805.52	1,922.25	27.5%
團體	732.78	1.68	734.46	10.5%
銀行保險	4,146.26	190.56	4,336.82	62.0%
	<b>5,995.77</b>	<b>997.76</b>	<b>6,993.53</b>	<b>100.0%</b>

於本財務期內，中國大陸經濟維持強勁增長，中國整體人壽保險業也快速發展。期內，太平人壽來自各業務及產品種類之保費較去年同期大幅增長。由於期內中國A股市場急劇下挫，太平人壽的投資連結產品銷售較二零零七年下半年放緩。太平人壽的投資連結產品銷售較去年同期有所增長，惟該增長乃由於二零零七年太平人壽的大量投資連結產品銷售皆於下半年產生所致。

## MANAGEMENT DISCUSSION AND ANALYSIS

During the Period, TPL's premiums from non unit-linked products increased by 64.5% to HK\$9,861.12 million from HK\$5,995.77 million in the Last Period. TPL's non unit-linked product sales benefited substantially from its larger individual agency force, which reached 44,284 agents as of 30 June 2008 (30 June 2007: 30,051). Premiums distributed through individual agents increased substantially by 90.8% to HK\$2,130.44 million from HK\$1,116.73 million in the Last Period. Bancassurance sales also surged during the Period, as TPL continued to make inroads in this important and attractive line of business. Premiums distributed through the bank channel grew sharply by 71.9% to HK\$7,126.92 million from HK\$4,146.26 million in the Last Period.

During the Period, TPL continued to increase within its non unit-linked products the sales proportion of its products with regular premium. TPL's continued emphasis on regular premium products was maintained even as single premium products, such as Universal Life, experienced a resurgence of interest amongst policyholders in Mainland China and thereby experienced significant growth during the Period. The detailed breakdown of TPL's single premium products and regular premium products by line of business is summarised as follows:

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

#### Individual

	2008	% of Total	2007	% of Total
Single Premium	15.26	0.7%	24.63	2.2%
Regular Premium — First Year	1,156.22	54.3%	485.68	43.5%
Regular Premium — Renewal Year	958.96	45.0%	606.42	54.3%
	<b>2,130.44</b>	<b>100.0%</b>	1,116.73	100.0%

#### Group

	2008	% of Total	2007	% of Total
Employee Benefit ("EB")	353.00	58.5%	316.51	43.2%
Annuity	250.76	41.5%	416.27	56.8%
	<b>603.76</b>	<b>100.0%</b>	732.78	100.0%

#### Bancassurance

	2008	% of Total	2007	% of Total
Single Premium	5,864.41	82.3%	3,424.10	82.6%
Regular Premium — First Year	567.76	8.0%	346.52	8.4%
Regular Premium — Renewal Year	694.75	9.7%	375.64	9.0%
	<b>7,126.92</b>	<b>100.0%</b>	4,146.26	100.0%

## 管理層討論和分析

於本財務期內，太平人壽的非投資連結產品保費由去年同期之59.9577億港元增加64.5%至98.6112億港元。太平人壽的非投資連結產品銷售主要受惠於其日漸擴大的個人代理隊伍，於二零零八年六月三十日，代理數目達44,284人(二零零七年六月三十日：30,051人)。通過個人代理分銷的保費亦由去年同期之11.1673億港元大幅上升90.8%至21.3044億港元。於本財務期內，太平人壽通過銀行渠道之銷售額也顯著增加，這具吸引力的重要業務分類繼續取得進展。通過銀行渠道分銷的保費由去年同期之41.4626億港元急劇上升71.9%至71.2692億港元。

於本財務期內，太平人壽致力拓大非投資連結產品及期繳保費產品銷售比例。儘管中國大陸保單持有人重燃對躉繳保費產品例如萬能壽險保單的興趣，導致期內躉繳保費產品銷售明顯增加，惟太平人壽繼續重視期繳保費產品銷售的策略不變。以下概述太平人壽按業務劃分的躉繳保費產品及期繳保費產品的詳細分析：

截至六月三十日止六個月，百萬港元

### 個人

	二零零八年	佔總額百分比	二零零七年	佔總額百分比
躉繳保費	15.26	0.7%	24.63	2.2%
期繳保費 — 首年	1,156.22	54.3%	485.68	43.5%
期繳保費 — 續年	958.96	45.0%	606.42	54.3%
	<b>2,130.44</b>	<b>100.0%</b>	1,116.73	100.0%

### 團體

	二零零八年	佔總額百分比	二零零七年	佔總額百分比
僱員福利	353.00	58.5%	316.51	43.2%
年金	250.76	41.5%	416.27	56.8%
	<b>603.76</b>	<b>100.0%</b>	732.78	100.0%

### 銀行保險

	二零零八年	佔總額百分比	二零零七年	佔總額百分比
躉繳保費	5,864.41	82.3%	3,424.10	82.6%
期繳保費 — 首年	567.76	8.0%	346.52	8.4%
期繳保費 — 續年	694.75	9.7%	375.64	9.0%
	<b>7,126.92</b>	<b>100.0%</b>	4,146.26	100.0%

## MANAGEMENT DISCUSSION AND ANALYSIS

During the Period, regular premium products accounted for 99.3% (Last Period: 97.8%/full year of 2007: 98.5%) and 17.7% (Last Period: 17.4%/full year of 2007: 17.6%) of the total non unit-linked product 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.

### Investment Performance

The composition of investments held by TPL was as follows:

*At 30 June 2008, HK\$ million*

	Investment assets (excluding Unit-linked product assets)		Unit-linked product assets		Total
	HK\$ million	% of Total	HK\$ million	% of Total	
Debt securities	34,515.32	74.3%	268.43	5.8%	34,783.75
Direct equity securities	1,512.14	3.3%	806.01	17.4%	2,318.15
Equity investment funds	2,523.46	5.4%	2,749.96	59.2%	5,273.42
Cash and bank deposits	7,888.29	17.0%	817.79	17.6%	8,706.08
<b>Total invested assets</b>	<b>46,439.21</b>	<b>100.0%</b>	<b>4,642.19</b>	<b>100.0%</b>	<b>51,081.40</b>

*At 31 December 2007, HK\$ million*

	Investment assets (excluding Unit-linked product assets)		Unit-linked product assets		Total
	HK\$ million	% of Total	HK\$ million	% of Total	
Debt securities	25,205.63	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>

The investments in debt securities and cash and bank deposits represented approximately 91.3% of total invested assets (excluding unit-linked product assets) as at 30 June 2008 (31 December 2007: 81.8%).

## 管理層討論和分析

於本財務期內，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99.3%（去年同期：97.8%/二零零七年全年：98.5%）及17.7%（去年同期：17.4%/二零零七年全年：17.6%）。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。

### 投資表現

太平人壽所持之投資組合如下：

於二零零八年六月三十日，百萬港元

	投資資產 (不含投資連結產品資產)		投資連結產品資產		總額
	百萬港元	佔總額百分比	百萬港元	佔總額百分比	
債務證券	34,515.32	74.3%	268.43	5.8%	34,783.75
直接股本證券	1,512.14	3.3%	806.01	17.4%	2,318.15
股本投資基金	2,523.46	5.4%	2,749.96	59.2%	5,273.42
現金及銀行存款	7,888.29	17.0%	817.79	17.6%	8,706.08
投資總額	46,439.21	100.0%	4,642.19	100.0%	51,081.40

於二零零七年十二月三十一日，百萬港元

	投資資產 (不含投資連結產品資產)		投資連結產品資產		總額
	百萬港元	佔總額百分比	百萬港元	佔總額百分比	
債務證券	25,205.63	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

截至二零零八年六月三十日，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（不含投資連結產品資產）91.3%（二零零七年十二月三十一日：81.8%）。

## MANAGEMENT DISCUSSION AND ANALYSIS

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

*At 30 June 2008, HK\$ million*

	HTM	AFS	DTPL	Total
Debt securities	9,842.44	24,672.89	268.42	34,783.75
Direct equity securities	—	1,512.14	806.01	2,318.15
Equity investment funds	—	2,377.52	2,895.90	5,273.42
	<b>9,842.44</b>	<b>28,562.55</b>	<b>3,970.33</b>	<b>42,375.32</b>

*At 31 December 2007, HK\$ million*

	HTM	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>

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

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

	2008	2007	Change
Net investment income	<b>1,889.08</b>	836.95	2.3 times
Net realised investment gains	<b>1,006.74</b>	942.20	6.9%
Net unrealised investment (losses)/gains	<b>(2,559.56)</b>	282.22	—
Impairment on AFS equities	<b>(92.10)</b>	—	—
Total investment income	<b>244.16</b>	2,061.37	(88.2%)
Less: Investment (losses)/gains attributable to unit-linked products	<b>(1,755.91)</b>	54.19	—
Total investment income excluding unit-linked products income	<b>2,000.07</b>	2,007.18	(0.4%)
Total investment yield (year-to-date) excluding unit-linked products income	<b>4.5%</b>	6.7%	(2.2 pts)

## 管理層討論和分析

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：

於二零零八年六月三十日，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	9,842.44	24,672.89	268.42	34,783.75
直接股本證券	—	1,512.14	806.01	2,318.15
股本投資基金	—	2,377.52	2,895.90	5,273.42
	9,842.44	28,562.55	3,970.33	42,375.32

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	—	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
	—	31,483.57	5,277.44	36,761.01

太平人壽確認在綜合損益表內之稅前投資收入總額及稅前投資收益率概述如下：

截至六月三十日止六個月，百萬港元

	二零零八年	二零零七年	變化
投資收入淨額	1,889.08	836.95	2.3 倍
已實現投資收益淨額	1,006.74	942.20	6.9%
未實現投資(虧損)/收益淨額	(2,559.56)	282.22	—
可供出售股本投資減值	(92.10)	—	—
投資收入總額	244.16	2,061.37	(88.2%)
減：屬於投資連結產品 之投資(虧損)/收益	(1,755.91)	54.19	—
不含投資連結產品之投資收益	2,000.07	2,007.18	(0.4%)
不含投資連結產品之總投資收益率(本期)	4.5%	6.7%	(2.2點)

## MANAGEMENT DISCUSSION AND ANALYSIS

The investment income (excluding unit-linked products income) marginally decreased as compared with that of the Last Period. During the Period, TPL recorded higher interest income on its cash and fixed income investments, as well as on the cash flows generated by its rapid growth of premiums written. In addition, during the Period, TPL sold a significant portion of its investments in equities, most of which were acquired in previous years and accounted for under AFS, and which had accumulated significant unrealized gains. The gains released from the sale of such securities in the AFS equities portfolio partially offset the losses which resulted from the poor performance of the A-share markets during the Period. Overall, the investment yield of 4.5% for the Period is satisfactory given prevailing, adverse investment market conditions in the PRC and globally. The above-mentioned investment income and investment yield figures do not include a net exchange loss of HK\$78.82 million (2007: HK\$34.35 million).

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

*For the six months ended 30 June 2008, 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/ (losses)	Unrealised losses	Impairment			
<b>Debt securities</b>								
HTM	119.61	—	—	—	—	119.61	—	119.61
AFS	569.47	—	33.29	—	—	602.76	995.38	1,598.14
DTPL	4.06	—	(31.43)	(15.04)	—	(42.41)	—	(42.41)
<b>Direct equity securities</b>								
AFS	—	20.07	863.33	—	—	883.40	(2,146.45)	(1,263.05)
DTPL	—	5.26	24.35	(801.06)	—	(771.45)	—	(771.45)
<b>Equity investment funds</b>								
AFS	—	296.94	116.20	—	(92.10)	321.04	(1,147.20)	(826.16)
DTPL	—	761.19	1.00	(1,743.46)	—	(981.27)	—	(981.27)
<b>Cash and bank deposits and other</b>								
	179.52	—	—	—	—	179.52	—	179.52
<b>Securities sold under repurchase agreements</b>								
	(67.04)	—	—	—	—	(67.04)	—	(67.04)
	805.62	1,083.46	1,006.74	(2,559.56)	(92.10)	244.16	(2,298.27)	(2,054.11)

## 管理層討論和分析

與去年同期相比，投資收入(不含投資連結產品收入)僅輕微減少。期內，太平人壽之現金及固定收入投資，以及由承保保費快速增長所產生的現金流入所獲得之利息收入均錄得增長。此外，太平人壽於期內出售了其所持有的大部份股本投資。該等股票大部份均為以往年度所購買及被歸類為可供出售，且已累積一定的未變現收益。出售該等股份所得收益抵銷了期內A股市場下挫所造成的部分損失。總體而言，面對於本期內中國及全球惡劣的投資環境，4.5%投資回報率尚屬理想。上述之投資收入及投資收益率不含7,882萬港元的匯兌虧損淨額(二零零七年：3,435萬港元)。

太平人壽稅前投資收入之詳細分析如下：

截至二零零八年六月三十日止六個月，百萬港元

	利息 收入/ (支出)	股息收入	於綜合損益表內確認			於公允價值 儲備內確認之 未實現收益/ (虧損)	小計	總額
			已實現 收益/ (虧損)	未實現虧損	減值			
<b>債務證券</b>								
持有至到期日	119.61	—	—	—	—	119.61	119.61	
可供出售	569.47	—	33.29	—	—	602.76	1,598.14	
指定為通過損益以反映公允價值	4.06	—	(31.43)	(15.04)	—	(42.41)	(42.41)	
<b>直接股本證券</b>								
可供出售	—	20.07	863.33	—	—	883.40	(1,263.05)	
指定為通過損益以反映公允價值	—	5.26	24.35	(801.06)	—	(771.45)	(771.45)	
<b>股本投資基金</b>								
可供出售	—	296.94	116.20	—	(92.10)	321.04	(826.16)	
指定為通過損益以反映公允價值	—	761.19	1.00	(1,743.46)	—	(981.27)	(981.27)	
現金及銀行存款及其他	179.52	—	—	—	—	179.52	179.52	
賣出回購證券	(67.04)	—	—	—	—	(67.04)	(67.04)	
	805.62	1,083.46	1,006.74	(2,559.56)	(92.10)	244.16	(2,054.11)	

# MANAGEMENT DISCUSSION AND ANALYSIS

For the six months ended 30 June 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 losses	Impairment			
<b>Debt securities</b>								
AFS	363.82	—	(0.53)	—	—	363.29	(809.44)	(446.15)
DTPL	1.29	—	18.86	79.47	—	99.62	—	99.62
<b>Direct equity securities</b>								
AFS	—	5.73	184.99	—	—	190.72	253.47	444.19
DTPL	—	1.86	212.01	72.22	—	286.09	—	286.09
<b>Equity investment funds</b>								
AFS	—	182.37	333.85	—	—	516.22	302.22	818.44
DTPL	—	214.48	193.02	130.53	—	538.03	—	538.03
<b>Cash and bank deposits</b>	130.76	—	—	—	—	130.76	—	130.76
<b>Securities sold under repurchase agreements</b>	(63.36)	—	—	—	—	(63.36)	—	(63.36)
	432.51	404.44	942.20	282.22	—	2,061.37	(253.75)	1,807.62

## Policyholders' Benefits

The policyholders' benefits of TPL are summarised as follows:

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

	2008	2007	Change
Net claims	276.57	182.97	51.2%
Surrenders	1,777.12	1,228.00	44.7%
Annuity and maturity payments	49.98	42.13	18.6%
Policy dividends	36.62	17.35	2.1 times
	2,140.29	1,470.45	45.6%

## 管理層討論和分析

截至二零零七年六月三十日止六個月，百萬港元

	於綜合損益表內確認					小計	於公允價值 儲備內確認之	總額
	利息收入/ (支出)	股息收入	已實現收益/ (虧損)	未實現虧損	減值		未實現 (虧損)/ 收益	
<b>債務證券</b>								
可供出售	363.82	—	(0.53)	—	—	363.29	(809.44)	(446.15)
指定為通過損益以反映公允價值	1.29	—	18.86	79.47	—	99.62	—	99.62
<b>直接股本證券</b>								
可供出售	—	5.73	184.99	—	—	190.72	253.47	444.19
指定為通過損益以反映公允價值	—	1.86	212.01	72.22	—	286.09	—	286.09
<b>股本投資基金</b>								
可供出售	—	182.37	333.85	—	—	516.22	302.22	818.44
指定為通過損益以反映公允價值	—	214.48	193.02	130.53	—	538.03	—	538.03
現金及銀行存款	130.76	—	—	—	—	130.76	—	130.76
賣出回購證券	(63.36)	—	—	—	—	(63.36)	—	(63.36)
	432.51	404.44	942.20	282.22	—	2,061.37	(253.75)	1,807.62

### 保單持有人利益

太平人壽之保單持有人利益概述如下：

截至六月三十日止六個月，百萬港元

	二零零八年	二零零七年	變化
賠償淨額	<b>276.57</b>	182.97	51.2%
退保額	<b>1,777.12</b>	1,228.00	44.7%
年金及到期付款	<b>49.98</b>	42.13	18.6%
保單分紅	<b>36.62</b>	17.35	2.1倍
	<b>2,140.29</b>	1,470.45	45.6%

# MANAGEMENT DISCUSSION AND ANALYSIS

## Net Commission Expenses

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

	2008	2007	Change
Net commission expenses	1,088.42	632.99	72.0%
Ratio of net commission expenses to gross premiums written	9.2%	9.1%	0.1 pt

## Administrative and Other Expenses

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

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

	2008	2007	Change
Staff costs	626.17	360.02	73.9%
Rental expenses	66.66	43.28	54.0%
Others	470.50	332.01	41.7%
	1,163.33	735.31	58.2%

## 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 at 30 June 2008, TPI was an associate of the Company and was consolidated under the equity accounting method. As TPI is not consolidated into the Group on a line-by-line basis, 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.

Subsequent to 30 June 2008, the Company contributed additional capital of RMB265,460,000 into TPI. With this capital contribution, the Company's stake in TPI increased from 40.025% to 50.05%, allowing the Company to become the controlling shareholder of TPI. TPI will be consolidated into the Company's accounts on a line-by-line basis for the year ending 31 December 2008.

## 管理層討論和分析

### 佣金支出淨額

截至六月三十日止六個月，百萬港元

	二零零八年	二零零七年	變化
佣金支出淨額	<b>1,088.42</b>	632.99	72.0%
佣金支出淨額佔毛承保保費	<b>9.2%</b>	9.1%	0.1點

### 行政及其他費用

太平人壽之行政及其他費用概述如下：

截至六月三十日止六個月，百萬港元

	二零零八年	二零零七年	變化
員工成本	<b>626.17</b>	360.02	73.9%
租賃開支	<b>66.66</b>	43.28	54.0%
其他	<b>470.50</b>	332.01	41.7%
	<b>1,163.33</b>	735.31	58.2%

### 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。

於二零零八年六月三十日，太平保險為本公司的聯營公司，並以權益會計法綜合。由於太平保險並沒有按分項方法綜合於本集團之財務報表內，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。

於二零零八年六月三十日過後，本公司向太平保險注入額外資本人民幣265,460,000元。此次增資，本公司對太平保險的權益由40.025%上升至50.05%，令本公司成為太平保險的控股股東。太平保險將會以分項總計方法綜合於本公司截至二零零八年十二月三十一日止之年度賬目內。

# MANAGEMENT DISCUSSION AND ANALYSIS

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

	2008	2007	Change
Gross premiums written	<b>2,456.11</b>	1,787.74	37.4%
Net premiums written	<b>2,075.79</b>	1,510.62	37.4%
Net earned premiums	<b>1,731.33</b>	999.98	73.1%
Total investment income	<b>131.75</b>	172.47	(23.6%)
(Loss)/profit after taxation	<b>(104.56)</b>	6.01	—
(Loss)/profit attributable to the equity holders	<b>(41.85)</b>	2.40	—
Technical reserves ratio	<b>173.1%</b>	201.8%	(28.7 pts)
Retained ratio	<b>84.5%</b>	84.5%	—
Earned premiums ratio	<b>70.5%</b>	55.9%	14.6 pts
Loss ratio <sup>1</sup>	<b>57.3%</b>	52.7%	4.6 pts
Expense ratio <sup>2</sup>	<b>44.7%</b>	41.9%	2.8 pts
Combined ratio <sup>3</sup>	<b>102.0</b>	94.6	7.4 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. The Management believes that calculating the expense ratio under net premiums written is a fairer indicator and better reflects the underwriting performance of TPI. If the net earned premium basis is applied, then the expense ratio would be 53.6% for the Period (2007: 63.2%).

<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 110.9 for the Period (2007: 115.9).

## Profit Attributable to the Equity Holders

TPI incurred a net loss to the equity holders of HK\$41.85 million during the Period (2007: profit of HK\$2.40 million). The loss was mainly due to the rapid expansion of its premium income and network during the Period. Because of TPI's relatively small operation, its current lack of sufficient economies of scale has resulted in higher unit costs and expenses. During the Period, TPI's results were also negatively affected by the losses from the snowstorm in Southern China and earthquake in Sichuan Province, as well as equity investment losses in its investment portfolio from the A-share markets in the PRC.

## 管理層討論和分析

截至六月三十日止六個月，百萬港元

	二零零八年	二零零七年	變化
毛承保保費	<b>2,456.11</b>	1,787.74	37.4%
淨承保保費	<b>2,075.79</b>	1,510.62	37.4%
已賺取保費淨額	<b>1,731.33</b>	999.98	73.1%
投資收入總額	<b>131.75</b>	172.47	(23.6%)
除稅後(虧損)/溢利	<b>(104.56)</b>	6.01	—
股東應佔(虧損)/溢利	<b>(41.85)</b>	2.40	—
技術性儲備比率	<b>173.1%</b>	201.8%	(28.7點)
自留比率	<b>84.5%</b>	84.5%	—
已賺取保費率	<b>70.5%</b>	55.9%	14.6點
賠付率 <sup>1</sup>	<b>57.3%</b>	52.7%	4.6點
費用率 <sup>2</sup>	<b>44.7%</b>	41.9%	2.8點
綜合成本率 <sup>3</sup>	<b>102.0</b>	94.6	7.4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。管理層相信，按照淨承保保費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，則本財務期之費用率將為53.6% (二零零七年：63.2%)。

<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，則本財務期之綜合成本率將為110.9 (二零零七年：115.9)。

### 股東應佔溢利

於本財務期內，太平保險為本集團股東帶來淨虧損4,185萬港元(二零零七年：溢利240萬港元)。虧損的主因是本財務期內其保費收入及網絡快速擴張。由於太平保險規模較小，目前缺乏足夠的規模經濟效應引致較高的單位成本及費用。於本財務期內，太平保險的業績亦受到中國南部雪暴及四川省地震的賠付及其投資組合於中國A股市場的股本投資虧損的負面影響。

# MANAGEMENT DISCUSSION AND ANALYSIS

## Gross Premiums Written

TPI's gross premiums written increased by 37.4% to HK\$2,456.11 million from HK\$1,787.74 million in the Last Period. The detailed breakdown of TPI's gross premiums written was as follows:

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

Business Line	2008	% of Total	2007	% of Total
Motor	1,879.53	76.5%	1,364.93	76.4%
Marine	95.96	3.9%	77.54	4.3%
Non-marine	480.62	19.6%	345.27	19.3%
	<b>2,456.11</b>	<b>100.0%</b>	1,787.74	100.0%

## Combined Ratio

TPI's loss ratio increased to 57.3% during the Period from 52.7% in the Last Period. TPI's expense ratio, calculated based on net premiums written, has increased to 44.7% from 41.9% in the Last Period. The combined ratio is one of the key performance indicators of the property and casualty insurance business. TPI's combined ratio of 102.0 during the Period is higher than the 94.6 of the Last Period and is not optimal. TPI's loss ratios, expense ratios and combined ratios over the past few years were as follows:

*For the six months ended 30 June*

	2008	2007	2006
Loss ratio	57.3%	52.7%	57.5%
Expense ratio	44.7%	41.9%	36.5%
Combined ratio	102.0	94.6	94.0

## 管理層討論和分析

### 毛承保保費

太平保險之毛承保保費由去年同期之17.8774億港元上升37.4%至24.5611億港元。太平保險毛承保保費詳細分析如下：

截至六月三十日止六個月，百萬港元

業務種類	二零零八年	佔總額百分比	二零零七年	佔總額百分比
車險	1,879.53	76.5%	1,364.93	76.4%
水險	95.96	3.9%	77.54	4.3%
非水險	480.62	19.6%	345.27	19.3%
	2,456.11	100.0%	1,787.74	100.0%

### 綜合成本率

於本財務期內，太平保險之賠付率由去年同期的52.7%上升至57.3%。其按淨承保保費為基準計算之費用率由去年的41.9%上升至44.7%。綜合成本率乃財產保險業務主要表現指標之一。期內，太平保險之綜合成本率為102.0，略高於去年同期之94.6，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：

截至六月三十日止六個月

	二零零八年	二零零七年	二零零六年
賠付率	57.3%	52.7%	57.5%
費用率	44.7%	41.9%	36.5%
綜合成本率	102.0	94.6	94.0

# MANAGEMENT DISCUSSION AND ANALYSIS

## OUTLOOK

### Reinsurance business – CIRe

After two years of no major catastrophes, the global reinsurance market has experienced heightened loss activity in most major markets in the world over the past six months. At the same time, global investment markets remain highly volatile and unpredictable, with market uncertainty likely to persist well into 2009. As such, CIRe is applying even more emphasis on proper risk management of its operations and investment portfolio in preparation for possible continued financial and economic turmoil in the major global economies.

CIRe will continue its strategy of selective growth in its key markets. In Mainland China, CIRe has made the strategic decision to enter the market by applying to open a branch in Beijing, which hopefully will begin operations in late 2008. In Mainland China, CIRe continues to be optimistic about the long-term potential demand for reinsurance. In Hong Kong and Macau, CIRe will closely monitor the current trends and developments, which thus far has brought fierce competition and a general concern about the adequacy of original premium pricing across many lines of businesses. CIRe is well-positioned in its local, “home” markets, and is confident to maintain its leading position at acceptable terms and conditions. In other parts of Asia and elsewhere, CIRe maintains constant contact and dialogue with its core clients and business intermediaries, and is well-positioned to maintain its market share. Recently, CIRe received an upgrade of its A- rating to a Positive outlook by Fitch Ratings, while its A- insurer financial strength rating with S&P and A.M. Best were reaffirmed with a Stable outlook. Such ratings reconfirm the strong commitment and excellent security offered by CIRe to its clients, which reinforces CIRe’s confidence in its operating outlook, despite the challenging financial and economic environment.

CIRe has experienced and gone through numerous catastrophes and calamities throughout its history, as well as numerous periods of turmoil in financial and investment markets. By being steadfast to its major disciplines of underwriting for a combined ratio of less than 100, investing for long term recurrent, stable investment income, and strictly adhering to prudent yet progressive strategies, CIRe strongly believes that it will be able to successfully operate through the current difficult period. Although CIRe’s net profit in 2008 will probably not be at the same level as that achieved in 2007, CIRe continues to be confident of a satisfactory result for the whole year of 2008.

### Life insurance business – TPL

With the PRC economy and life insurance industry likely to continue growing well in the remaining part of 2008, TPL is highly confident of achieving its operational benchmarks for 2008. In the second half of the year, TPL will continue to focus on building a solid foundation for sustainable and profitable growth into the future. TPL has opened new branch offices in Xinjiang, Guizhou and Gansu during the Period, with another new branch in Inner Mongolia opened after June 2008. Following the opening of these four branches, TPL will have a presence in every province and major city in Mainland China, except for Tibet, Qinghai, Ningxia and Hainan Island. Such a widespread, nationwide network provides TPL with vast opportunities for premium growth, and gives TPL the breadth and depth necessary to achieve scale economies. Thus far in the Period, TPL has opened up 111 new sub-branches and marketing centres throughout Mainland China, bringing its total number of sub-branches and marketing centres to 428. TPL plans to open more than 100 new sub-branches and marketing centres in the second half of the year.

### 展望

#### 再保險業務 — 中再國際

繼過去兩年未發生重大災害後，過去六個月，全球大部份再保險市場賠案有所增加。同時，全球投資市場仍將劇烈波動及難以預測，因此，市場不明朗因素極可能持續至二零零九年。因此，中再國際進一步強調對其營運及投資組合進行適當的風險管理，以防范主要全球經濟體可能出現的金融及經濟波動。

中再國際將繼續於主要市場進行策略性的擴張。在中國大陸，中再國際已經作出策略決定在北京申請開設分公司以進入市場，預期北京分公司有望於二零零八年年底開始運營。中再國際繼續對中國大陸再保險的長期發展潛力保持樂觀。在香港及澳門，中再國際將密切注視保險業的現行的趨勢及動向，目前香港及澳門的競爭十分激烈，市場普遍關注各類型業務的原保單定價的充足性。中再國際在本地的市場或「母體市場」具有良好定位，並對其以適當的條款及條件維持優先地位深具信心。在亞洲及其他地區，中再國際與其核心客戶及業務中介人保持密切聯繫及對話，並具備良好定位可繼續維持其市場地位。最近，中再國際獲惠譽國際將其A-評級調高至樂觀前景，而標準普爾及A.M. Best對其金融實力評級再次確定為A-級，前景穩定。該等評級再次證實中再國際對其客戶的強大承諾及卓越保障。儘管面臨金融及經濟環境的挑戰，中再國際對其營運前景仍抱滿信心。

中再國際在其歷史上已經歷無數次的災難及災禍，以及金融及投資市場的動盪。通過堅守其基本原則：即承保方面致力於綜合成本率低於100，投資方面致力於穩定可持續的投資收益，以及嚴格遵循穩健而又積極的經營策略；中再國際堅信有能力成功走出目前的困境。中再國際二零零八年度淨利潤或難以達到二零零七年度水平，然而，中再國際仍然相信二零零八年全年將取得令人滿意的業績。

#### 人壽保險業務 — 太平人壽

二零零八年下半年，中國經濟及人壽保險業繼續保持良好增長勢頭，太平人壽對實現二零零八年的經營目標非常樂觀。今年下半年，太平人壽繼續專注於建立穩固的基礎，實現未來可持續及可獲利的發展。上半年，太平人壽在新疆、貴州及甘肅開設了新分公司，而內蒙的新分公司亦已於二零零八年六月後開業。待上述四家分公司建成後，太平人壽將在中國大陸的每個省份的各主要城市（西藏、青海、寧夏以及海南島除外）均設有營業網點。如此龐大的全國性網絡將為太平人壽提供實現盈利增長的巨大機會，令其具備規模經濟的深度和廣度。至本財務期為止，太平人壽已經在中國大陸開設了111家新的支公司及市場推廣中心，令其支公司及市場推廣中心的總數達至428家。太平人壽計劃在下半年再開設超過100家新的支公司及市場推廣中心。

## MANAGEMENT DISCUSSION AND ANALYSIS

For its investment portfolio, TPL will continue to adopt a prudent and conservative policy whereby most of its assets are allocated to fixed income securities or bank deposits. During the Period, TPL sold a significant portion of its equity portfolio and maintained a reduced allocation to equities in response to the sharp downturn and continued uncertainty of the A-share markets of the PRC. For the remainder of 2008, TPL will continue to adopt a very conservative posture with its equity allocation. Greater focus will be given to risk management and procedures, in order to ensure the proper safeguarding of the overall investment portfolio.

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 place TPL in a strong position to continue its profitable expansion in the years to come.

### Property and casualty insurance business – TPI

TPI's planned expansion in 2008 will continue during the second half of the Year. Although TPI will likely again produce operational losses in 2008, the planned expansion and premium growth will allow TPI to eventually achieve the economies of scale necessary for sustainable profitability into the future. TPI hopes to be able to achieve this objective and the scale necessary to consistently achieve combined ratios of below 100 sometime within the next 3 to 5 years.

In the near term, however, the fundamentals and competitive conditions of the PRC property and casualty insurance industry continue to be difficult. Nevertheless, the CIRC's recent, strong emphasis on insurers' solvency margin supervision, if applied effectively, may inevitably lead to a much healthier market environment, which would be beneficial to TPI and the entire industry. TPI expects a net operating loss again in 2008, which is expected, but not optimal.

### LIQUIDITY AND FINANCIAL RESOURCES

The Group's cash and bank deposits as at 30 June 2008 amounted to HK\$11,069.16 million (31 December 2007: HK\$10,520.27 million). There was no bank borrowing during the Period except for certain temporary bank overdrafts for insignificant amounts. The interest-bearing notes as at 30 June 2008 amounted to HK\$3,065.28 million (31 December 2007: HK\$2,960.38 million). The gearing ratio, which represents interest-bearing notes issued divided by the total assets of the Group, was 4.8% as at 30 June 2008 (31 December 2007: 5.3%).

### CAPITAL STRUCTURE

During the Period, the Company issued 3,881,000 new shares (31 December 2007: 9,021,000 shares) for cash under the Company's employee share option scheme. Net proceeds received for the shares issued for cash in aggregate amounted to HK\$12.17 million (31 December 2007: HK\$22.35 million).

## 管理層討論和分析

在其投資組合中，太平人壽繼續採取審慎而保守的策略，將其大部份資產分配於固定收入證券或銀行存款。期內，在中國A股市場大幅下挫及不確定因素持續存在的情況下，太平人壽出售其大部份的股票投資組合，並減少股票配置。二零零八年後半段，太平人壽繼續對其股票配置採取十分審慎的策略。太平人壽將加大對風險管理及流程的關注，確保適當保護整體投資組合的安全。

由於中國股市二零零七年的巨大投資收益很難於二零零八年再現，太平人壽二零零八年度淨利潤也很難達至二零零七年的水平。然而，太平人壽仍預期二零零八年度的保費收入及盈利取得令人滿意的表現，為太平人壽未來幾年實現利潤可持續增長打下良好基礎。

### 財產保險業務 — 太平保險

太平保險將按計劃繼續於下半年擴張。雖然太平保險可能於二零零八年再次出現經營虧損，但按計劃的擴張及保費增長，可令太平保險達至具備可持續盈利能力所必需的規模經濟。太平保險期望能達到此目標及於未來三至五年達至綜合成本率可持續低於100的必須規模。

但近期而言，中國財產保險業的基本面及競爭環境仍然艱辛。然而，中國保監會近期強調保險公司償付能力的監督，如有效實施，必然令市場環境更健康，並有利於太平保險及整個行業。太平保險預期二零零八年將再次錄得經營淨虧損，這是可以預期的，雖然這並非是我們所願見的。

### 流動資金及財務資源

於二零零八年六月三十日，本集團的現金及銀行存款為110.6916億港元(二零零七年十二月三十一日：105.2027億港元)。除若干小額臨時銀行透支外，本財務期內並無任何銀行借貸。二零零八年六月三十日須付息票據總額為30.6528億港元(二零零七年十二月三十一日：29.6038億港元)。二零零八年六月三十日已發行須付息票據除以本集團總資產所得出的槓桿比率為4.8%(二零零七年十二月三十一日：5.3%)。

### 資本結構

本財務期根據本公司僱員認股權計劃，本公司以現金為代價發行3,881,000股新股(二零零七年十二月三十一日：9,021,000股)。發行新股換取現金的總代價淨額為1,217萬港元(二零零七年十二月三十一日：2,235萬港元)。

# MANAGEMENT DISCUSSION AND ANALYSIS

## STAFF AND STAFF REMUNERATION

As at 30 June 2008, the Group had a total of 12,715 employees (2007: 7,508 employees), an increase of 5,207 employees. Total remuneration for the Period amounted to HK\$744.93 million (2007: HK\$431.82 million), an increase of 72.5%. Bonuses are linked to both the performance of the Group and the performance of each individual.

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

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

## DONATIONS

During the Period, the Group made charitable donations of HK\$5.48 million, most of which were donated to the relief aid efforts for the snowstorm in Southern China and the earthquake in Sichuan Province. In addition, during the Period, the staff of the Group made charitable donations of HK\$5.34 million to the relief aid efforts of the earthquake in Sichuan Province.

## 管理層討論和分析

### 員工及員工酬金

於二零零八年六月三十日，本集團的僱員總人數達12,715人(二零零七年：7,508人)，增加5,207人。本財務期總酬金為7.4493億港元(二零零七年：4.3182億港元)，增加72.5%。花紅與本集團的業績及員工的個人表現掛鉤。

### 購買、出售或贖回本公司的上市證券

於本財務期內本公司或任何其附屬公司概無購入、出售或贖回任何本公司的上市證券。

### 捐款

於本財務期內，本集團作出548萬港元的慈善捐款，其中大部份為賑濟中國南方雪暴及四川省地震災民之捐款。此外，於本財務期內，本集團員工為賑濟四川省地震災民捐出534萬港元。