

CHINA TAIPING INSURANCE HOLDINGS COMPANY LIMITED

2010 INTERIM RESULTS PRESENTATION

17 August 2010

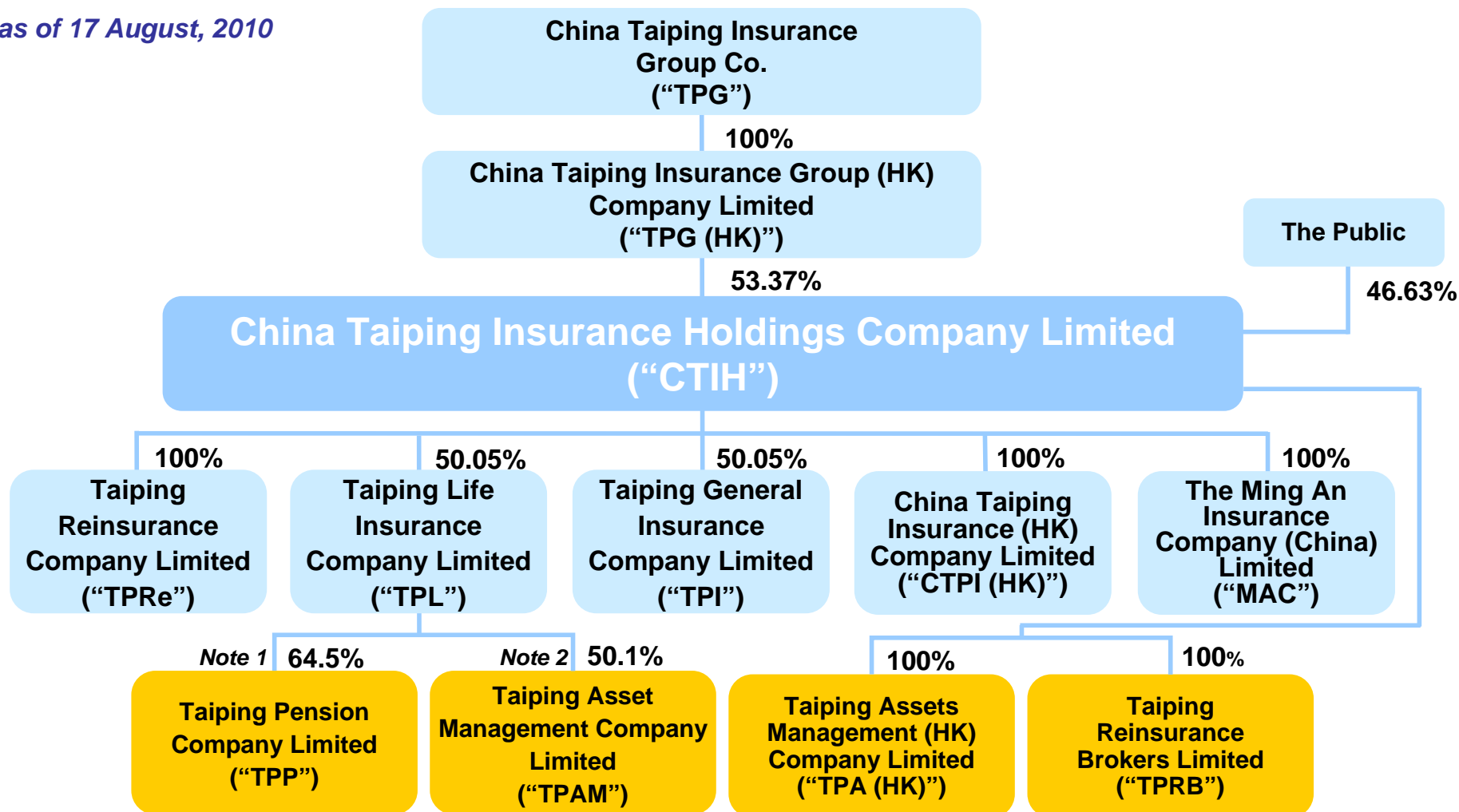


Forward-Looking Statements

This presentation and subsequent discussions may contain certain forward-looking statements with respect to the financial condition, results of operations and businesses of the Group. These forward-looking statements represent the Group's expectations or beliefs concerning future events and involve known and unknown risks and uncertainties that could cause actual results, performance or events to differ materially from those expressed or implied in such statements.

Corporate Structure

Updated as of 17 August, 2010



Note 1: Together with the 14% and 7.5% equity interests held by TPA (HK) and TPI, respectively, CTIH and its subsidiaries' effective interest in TPP is 50.03%. TPG and Fortis own the remaining 4% and 10% equity interests in TPP, respectively

Note 2: Together with the 12% and 9.9% equity interests held by TPA (HK) and TPI, respectively, CTIH and its subsidiaries' effective interest in TPAM is 42.03%. TPG and Fortis own the remaining 20% and 8% equity interests in TPAM, respectively

Chairman's Remarks

- ◆ Gross premiums written and policy fees increased by 89.6% to HK\$27,273.16 million
- ◆ Net profit attributable to the owners was HK\$603.00 million

	HK\$ million	
<u>Net Profit Attributable to Owners</u>	<u>1H2010</u>	<u>1H2009</u>
Reinsurance Business	173.58	273.81
Life Business	356.68	337.87 (restated)
Property & Casualty Business	191.86	19.30 (restated)

- ◆ The solid increase in profitability was primarily due to solid and healthy growth at the life insurance business, improvements in underwriting at the property and casualty insurance business and satisfactory results at the reinsurance operations
- ◆ Despite more difficult equity market conditions in the PRC and Hong Kong, investment returns were, for the most part, very positive at all of the businesses primarily due to higher net investment income

Group – Financial Highlights

HK\$ million

	1H2010	1H2009 (Restated)	Change
Gross premiums written, policy fees and premium deposits	27,791.33	17,636.00	57.6%
Less: Premium deposits of universal life products	140.43	2,876.75	(95.1%)
Premium deposits of unit-linked products	51.90	108.55	(52.2%)
Premium deposits of other products	325.84	263.65	23.6%
Gross premiums written and policy fees recognized in consolidated income statement	27,273.16	14,387.05	89.6%
Total investment income	2,479.01	2,115.00	17.2%
Net exchange (loss)/gain	(112.48)	25.78	-
Profit before taxation	974.36	1,105.44	(11.9%)
Profit after taxation	948.26	839.76	12.9%
Net profit attributable to the owners	603.00	549.63	9.7%
Basic earnings per share (HK cent)	35.5	35.3	0.2 cent

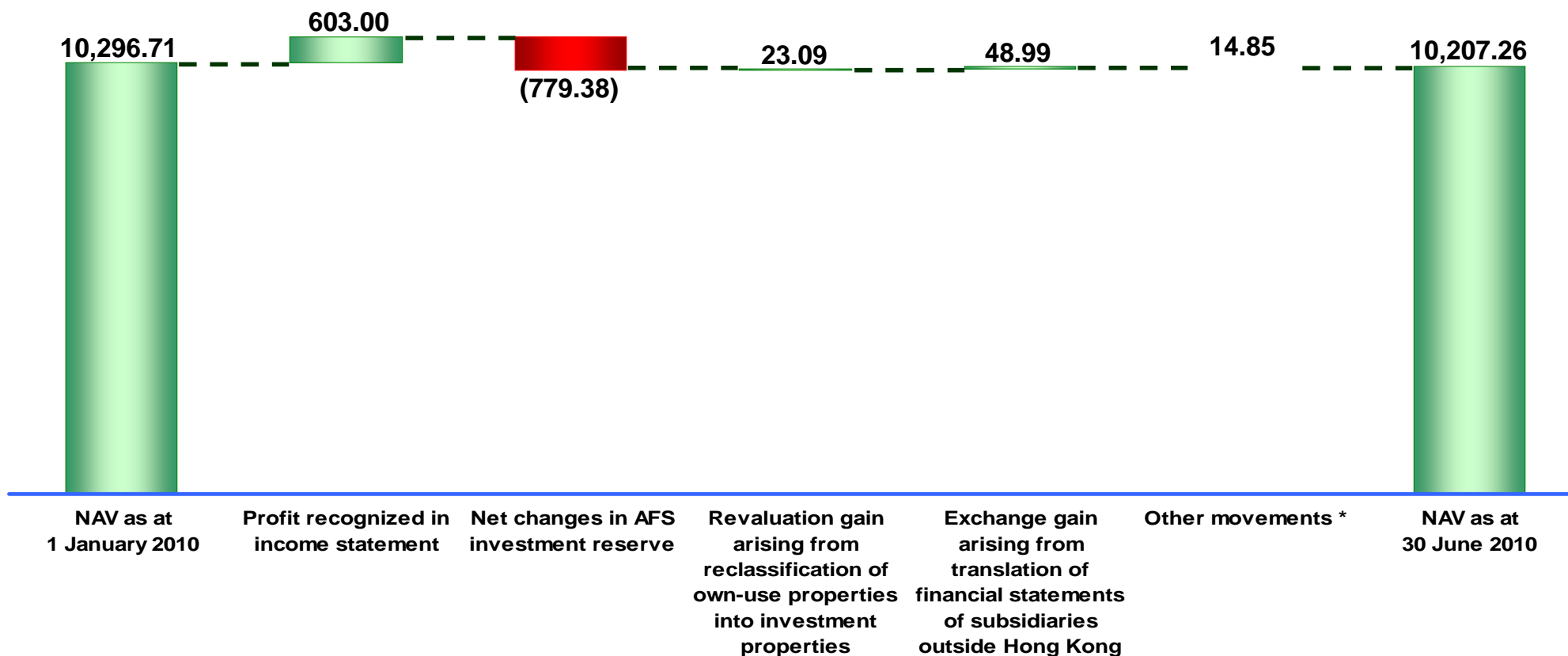
Group – Investment Income Highlights

HK\$ million	1H2010	1H2009 (Restated)	Change
Net investment income	2,065.81	1,503.27	37.4%
Net realized investment gains	546.02	640.06	(14.7%)
Net unrealized investment gains/(losses)	15.30	(13.33)	-
Net impairment loss on securities	(148.12)	(15.00)	8.9 times
Total investment income	2,479.01	2,115.00	17.2%

* The above-mentioned investment income figures do not include investment income from unit-linked products

Movement of the Net Assets Value Attributable to the Owners of The Company (“NAV”)

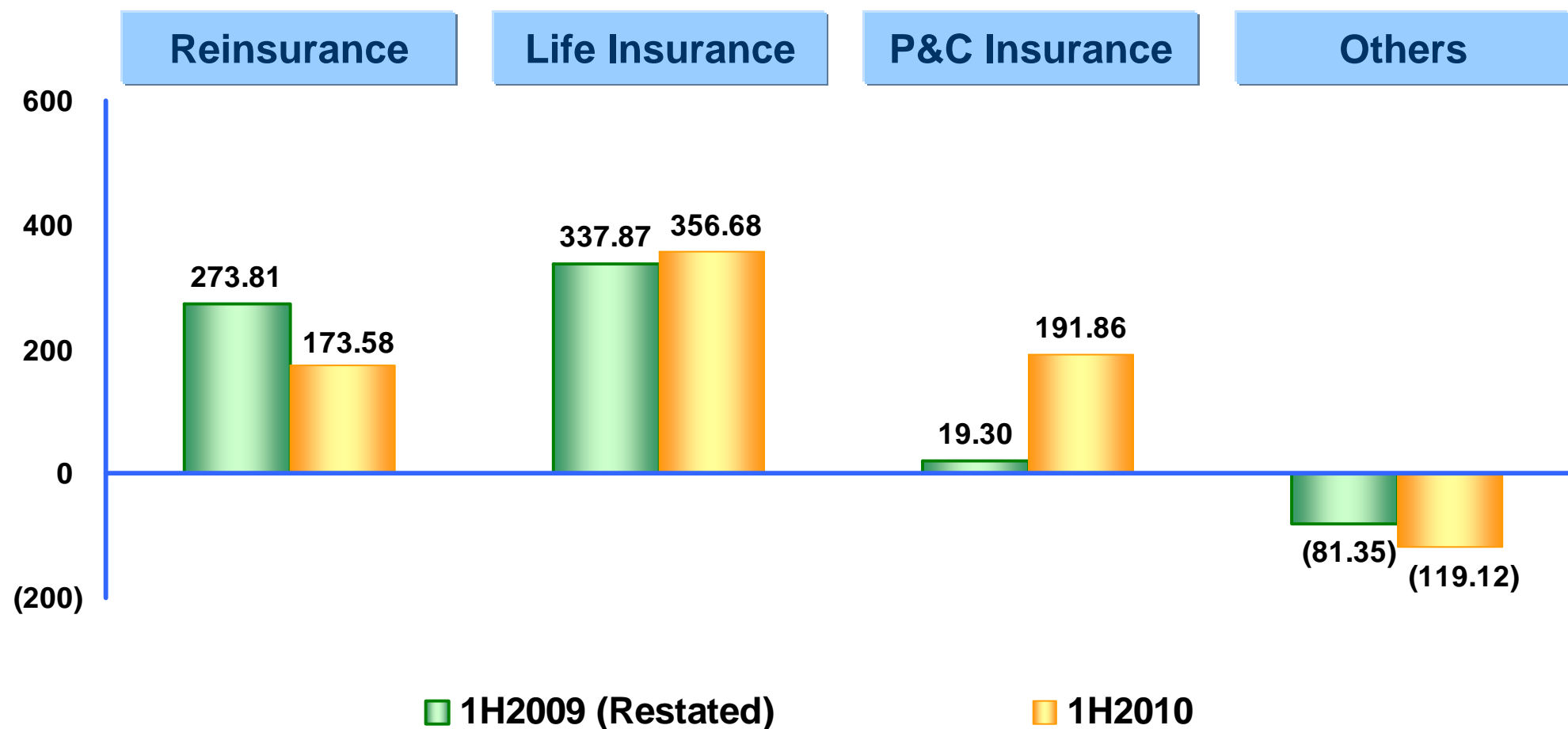
HK\$ million



* Other movements mainly include the amortization of the costs of Shares acquired under the Share Award Scheme and the net proceeds received for Shares issued under the Share Option Scheme

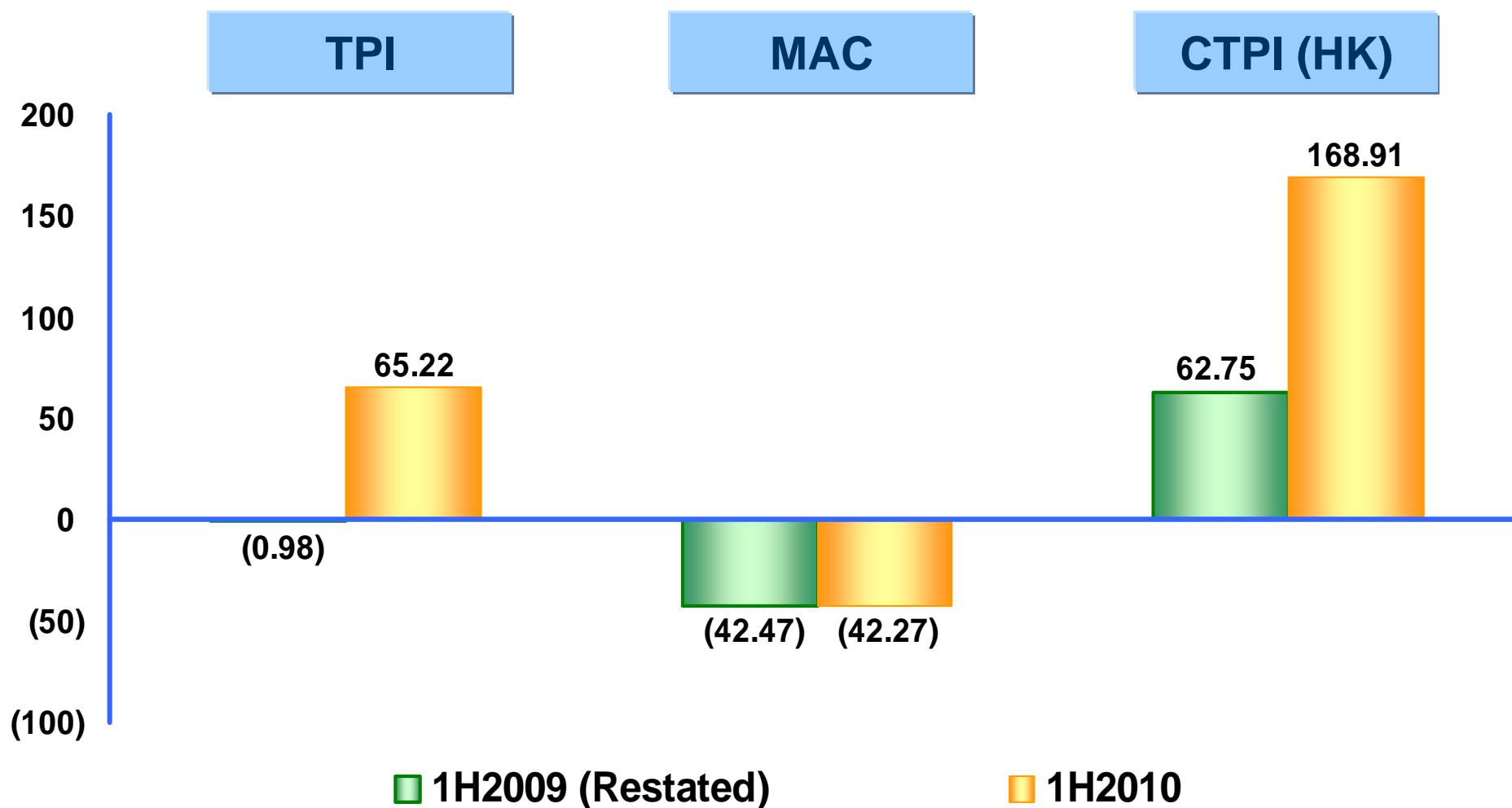
Net Profit/(Loss) by Business Segment

HK\$ million



Analysis of Profits/(Losses) in P&C Business

HK\$ million



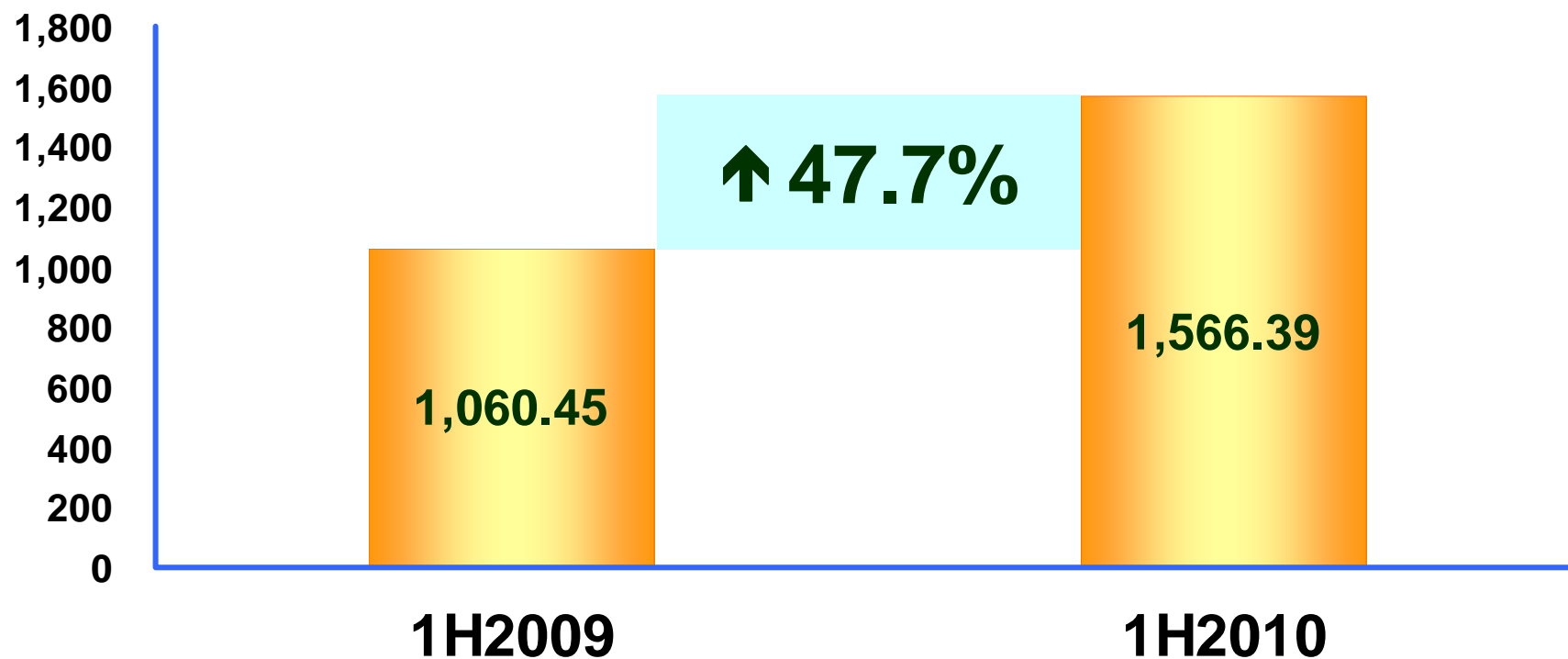
Analysis of Losses Incurred in Others Segment

HK\$ million	1H2010	1H2009 (Restated)	Change
Pension company operated by TPP	(58.22)	(43.74)	33.1%
Assets management companies operated by TPAM and TPA (HK)	(17.30)	(20.27)	(14.7%)
Holding company and other businesses	(43.60)	(17.34)	1.5 times
	(119.12)	(81.35)	46.4%

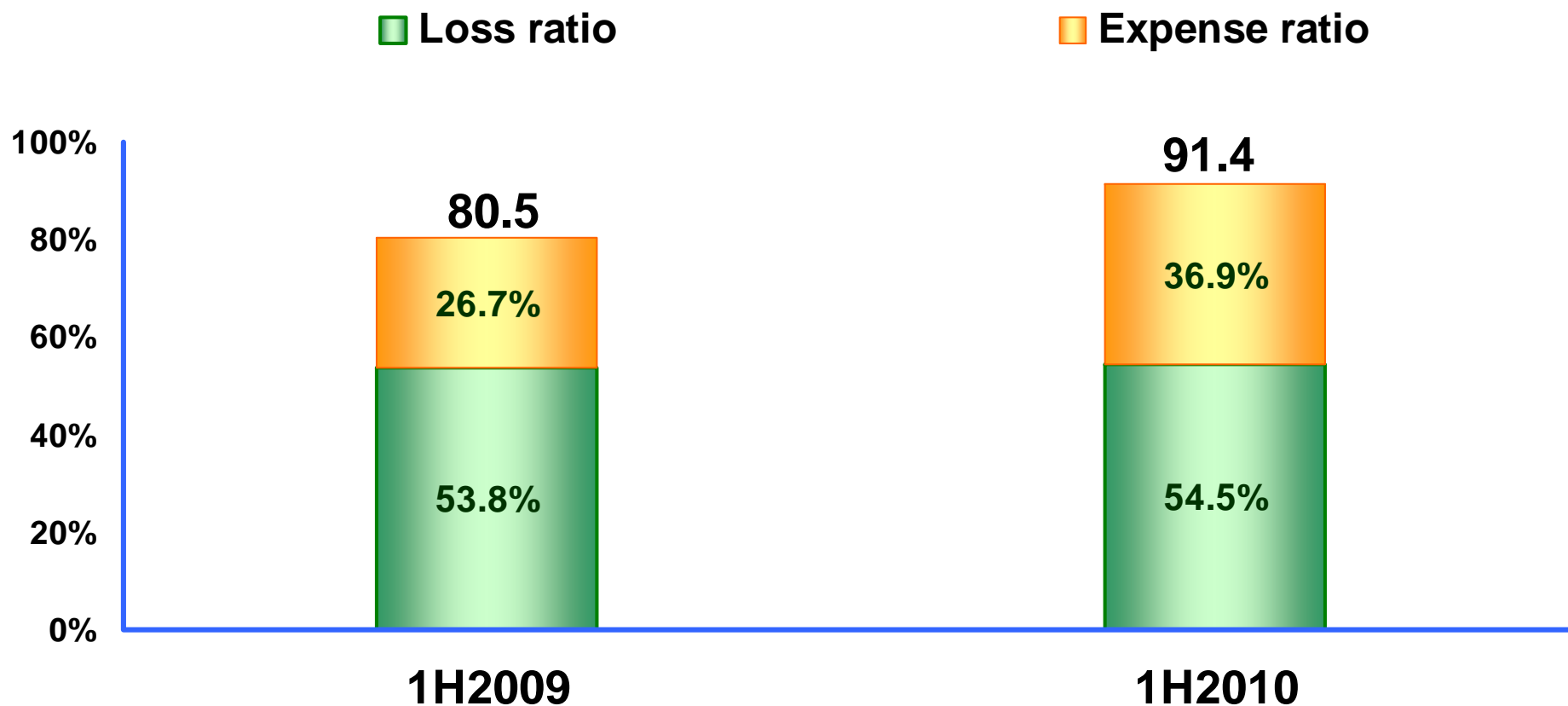
Reinsurance Business Review – TPRe

Reinsurance – Premium Growth

HK\$ million



Reinsurance – Combined Ratio



1. Both the loss ratio and expense ratio are based on net earned premiums
2. The combined ratio is the sum of the loss ratio and the expense ratio

Reinsurance – Investment Income and Yield

HK\$ million

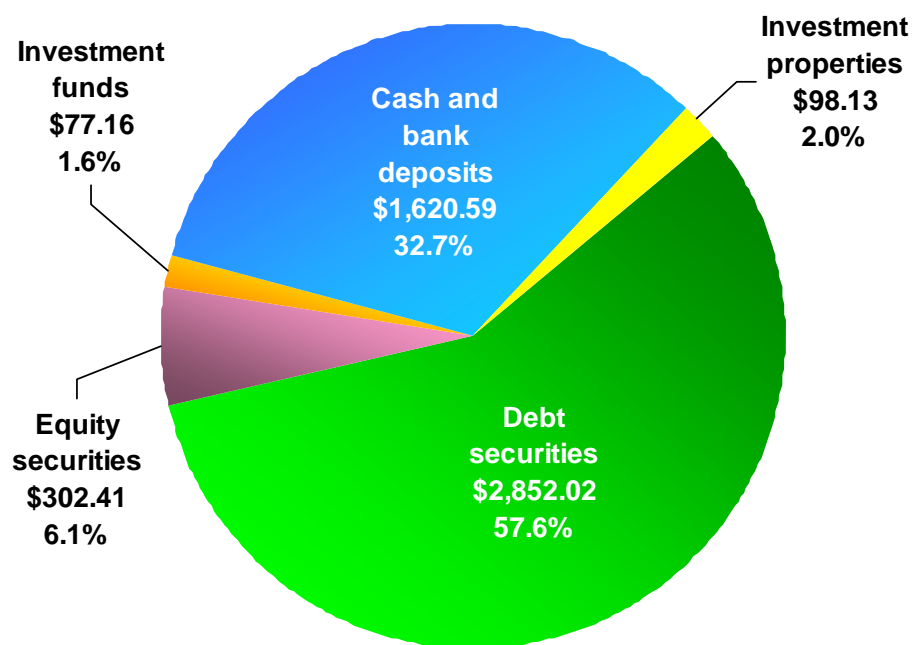
Income Recognized in the Consolidated Income Statement	1H2010	1H2009	Change
Net investment income	104.68	82.24	27.3%
Net realized investment gains	23.45	57.61	(59.3%)
Net unrealized investment gains	19.23	8.79	1.2 times
Net impairment loss on reversed/(recognized) securities	0.83	(15.00)	-
Total investment income	148.19	133.64	10.9%
Total investment yield (year-to-date)	2.9%	3.0%	(0.1 pt)
Unrealized (losses)/gains recognized in the fair value reserve	(71.94)	78.55	-

Reinsurance – Investment Composition

HK\$ million

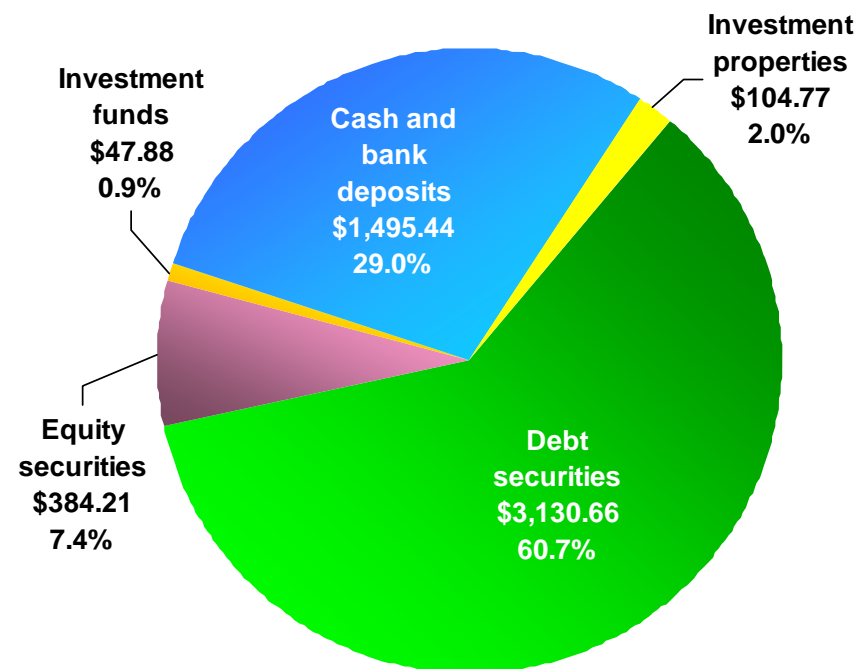
At 31 Dec 2009

Total Invested Assets: \$4,950.31



At 30 Jun 2010

Total Invested Assets: \$5,162.96



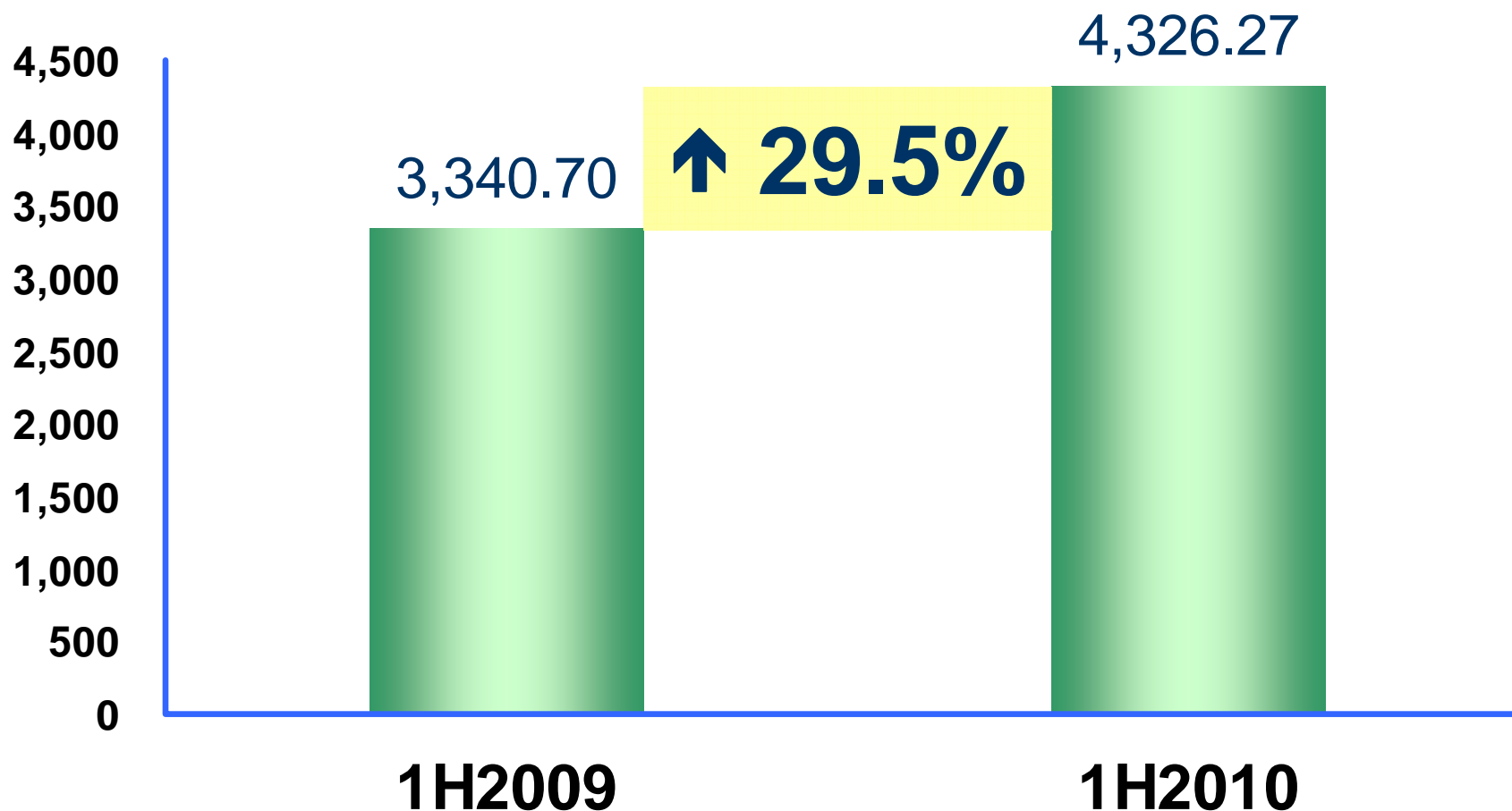
Life Insurance Business Review – TPL

Life Insurance – Gross Premium and Premium Deposits

HK\$ million	1H2010	1H2009 (Restated)	Change
Gross premiums written and premium deposits	21,750.83	12,700.75	71.3%
Less: Premium deposits of universal life products	140.43	2,876.75	(95.1%)
Premium deposits of unit-linked products	51.90	108.55	(52.2%)
Premium deposits of other products	325.84	263.65	23.6%
Gross premiums written recognized in income statement	21,232.66	9,451.80	1.2 times

Life Insurance – First Year Regular Premium Growth

HK\$ million



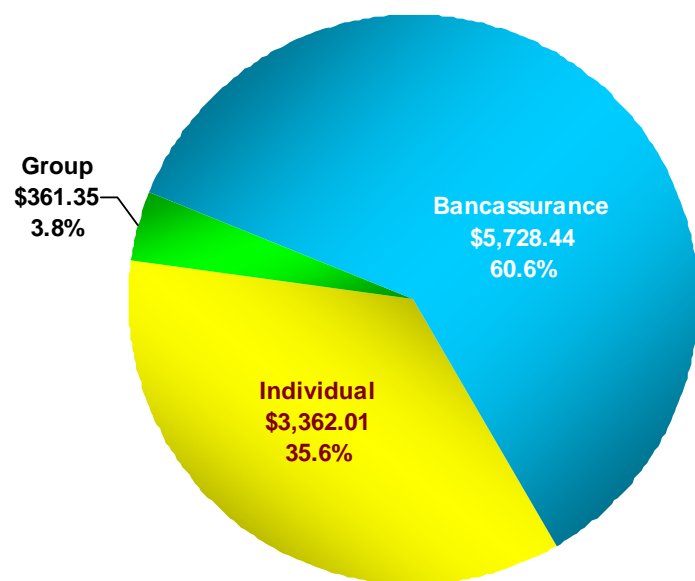
Life Insurance – Gross Premiums (Recognized in Consolidated Income Statement)

HK\$ million

By Distribution Channels

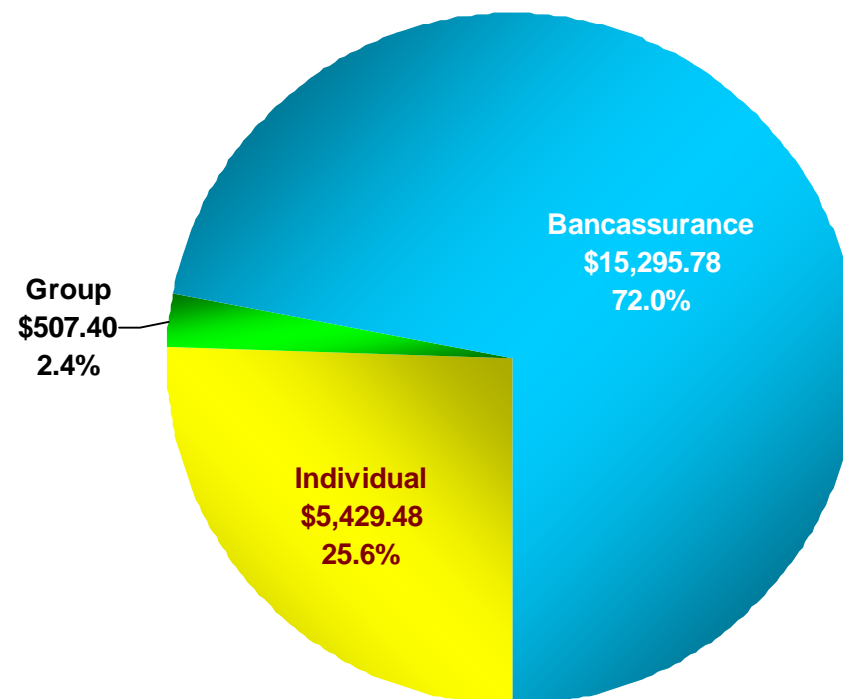
1H2009

Total: \$9,451.80



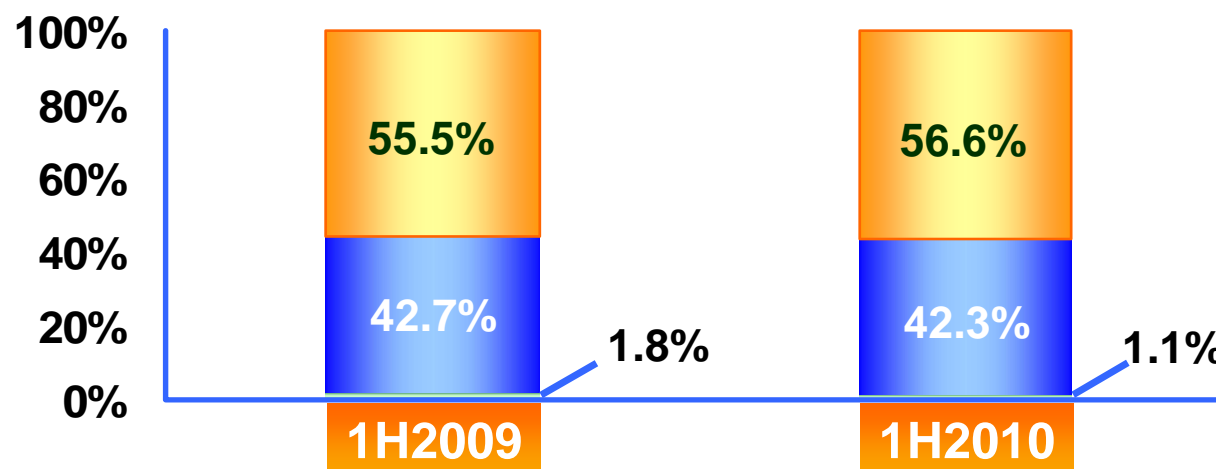
1H2010

Total: \$21,232.66



Life Insurance – Individual Gross Premium

HK\$ million



■ Regular Premium -
Renewal Year

■ Regular Premium -
First Year

■ Single Premium

1H2009
\$1,867.25

\$1,434.18

\$60.58

\$3,362.01

1H2010
\$3,073.88

\$2,296.69

\$58.91

\$5,429.48

+64.6%

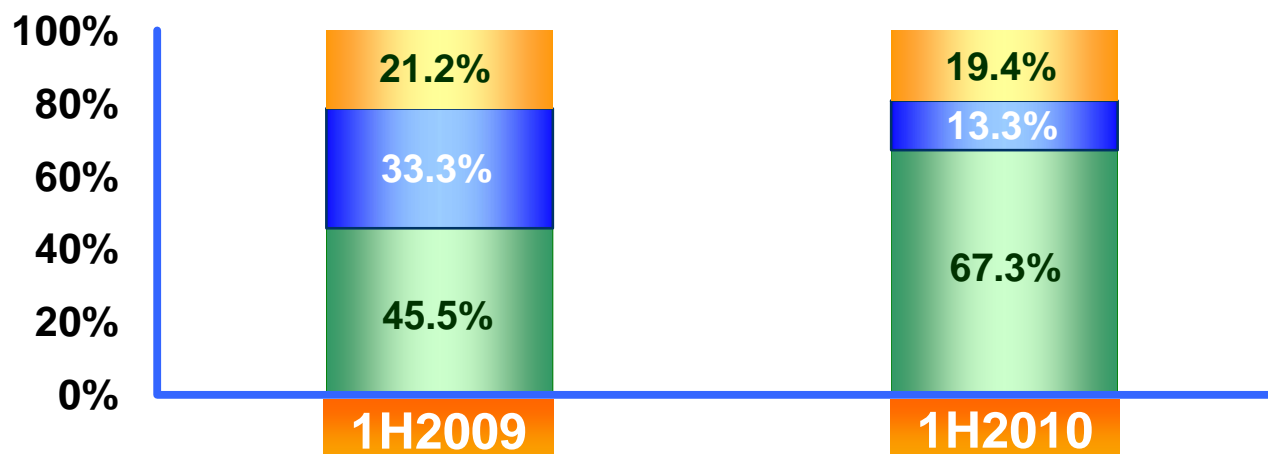
+60.1%

-2.8%

+61.5%

Life Insurance – Bancassurance Gross Premium

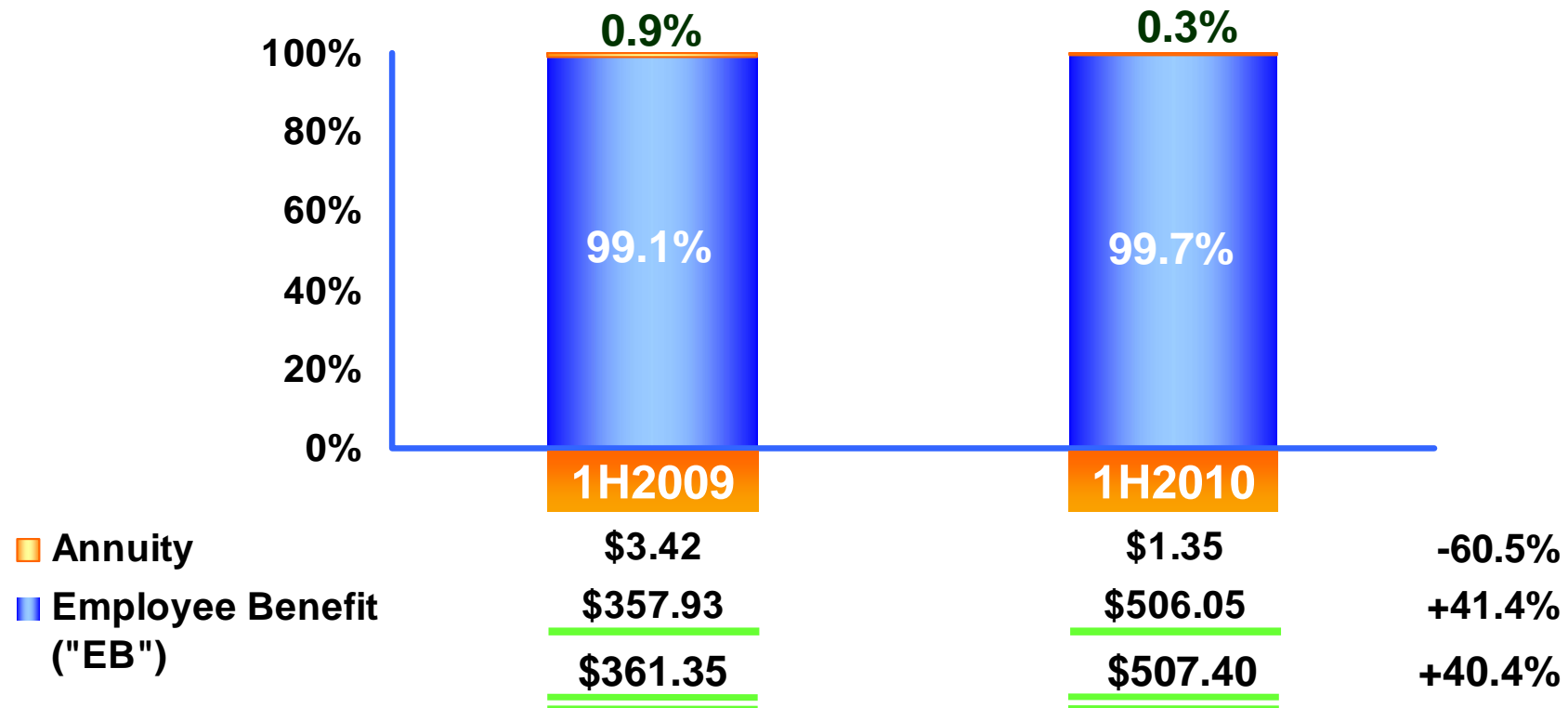
HK\$ million



Regular Premium - Renewal Year	\$1,213.66	\$2,968.35	+1.4 times
Regular Premium - First Year	\$1,906.52	\$2,029.58	+6.5%
Single Premium	\$2,608.26	\$10,297.85	+2.9 times
	<u>\$5,728.44</u>	<u>\$15,295.78</u>	+1.7 times

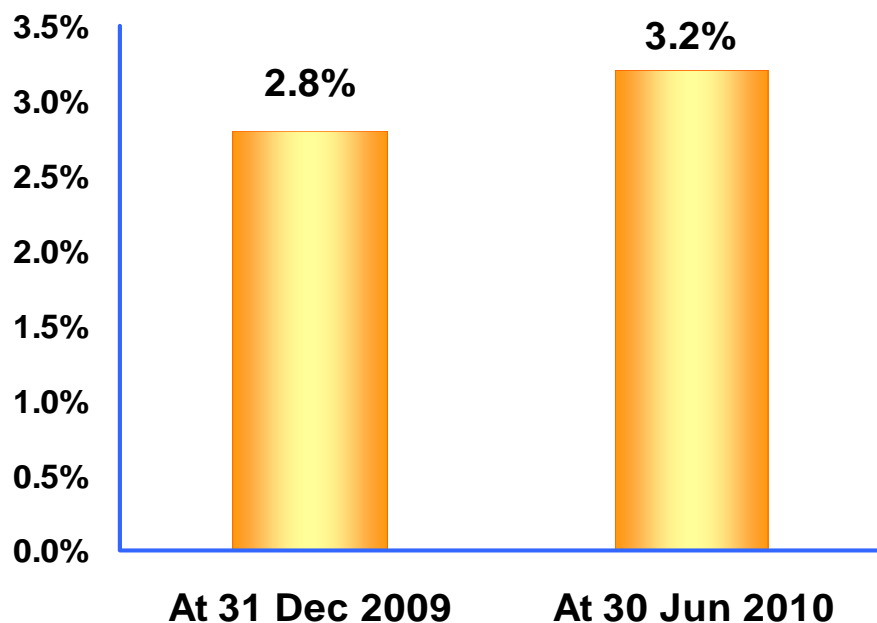
Life Insurance – Group Gross Premium

HK\$ million



Life Insurance – Key Operational Data (1/2)

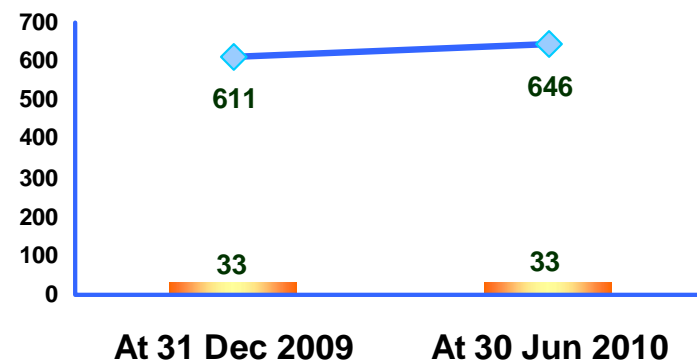
Market Share



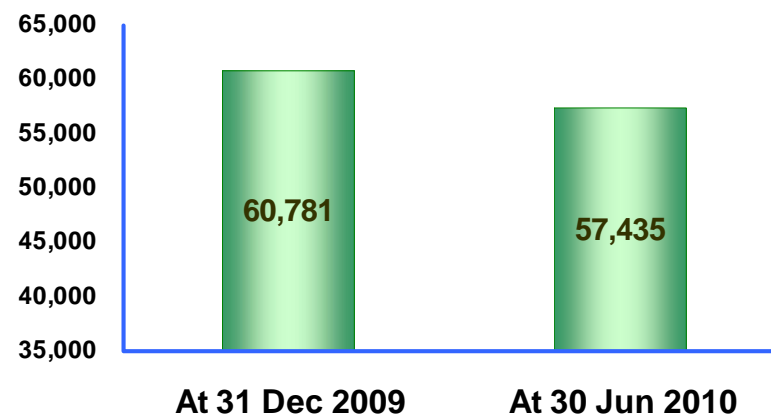
Based on premiums published by the CIRC

Number of Branches

■ Number of provincial branches
◆ Number of sub-branches and marketing centres

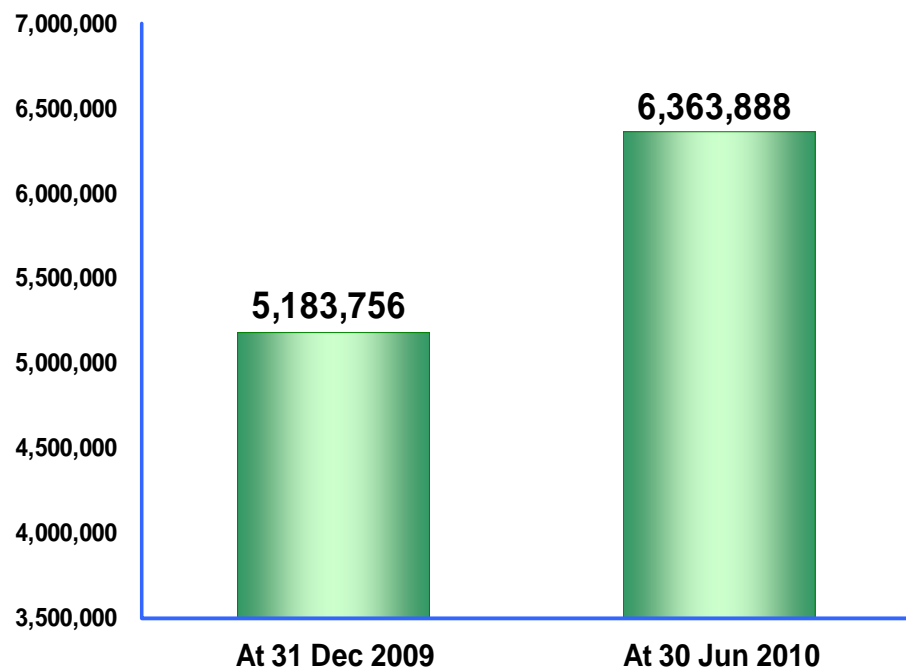


Number of Individual Agents



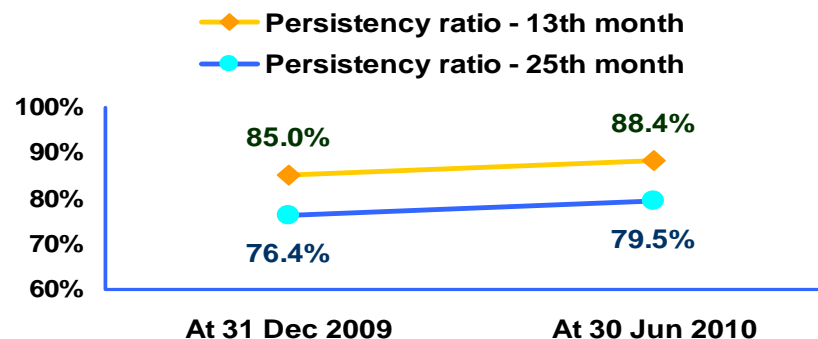
Life Insurance – Key Operational Data (2/2)

Number of In-Force Policies

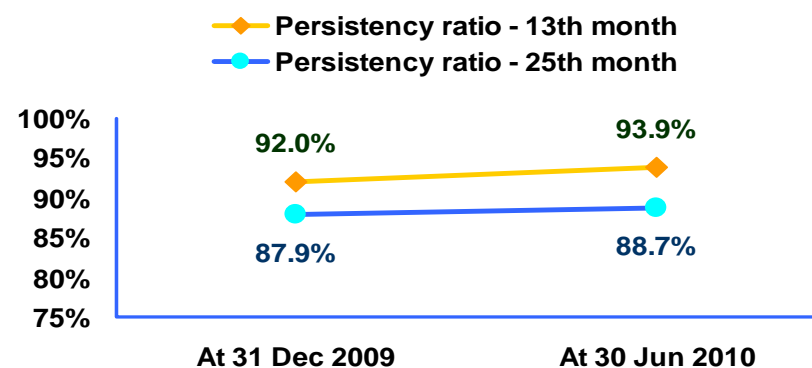


Compounded Persistency Ratio of Regular Premiums

Individual



Bancassurance



Based on the amount of premiums

Life Insurance – Investment Income and Yield

HK\$ million

Income Recognized in the Consolidated Income Statement	1H2010	1H2009	Change
Net investment income	1,725.33	1,227.24	40.6%
Net realized investment gains	389.35	500.53	(22.2%)
Net unrealized investment gains/(losses)	3.82	(34.91)	-
Net impairment loss on AFS equities	(148.04)	-	-
Total investment income	1,970.46	1,692.86	16.4%
Total investment yield (year-to-date)	2.4%	2.8%	(0.4 pt)
Unrealized (losses)/gains recognized in the fair value reserve	(1,378.81)	804.07	-

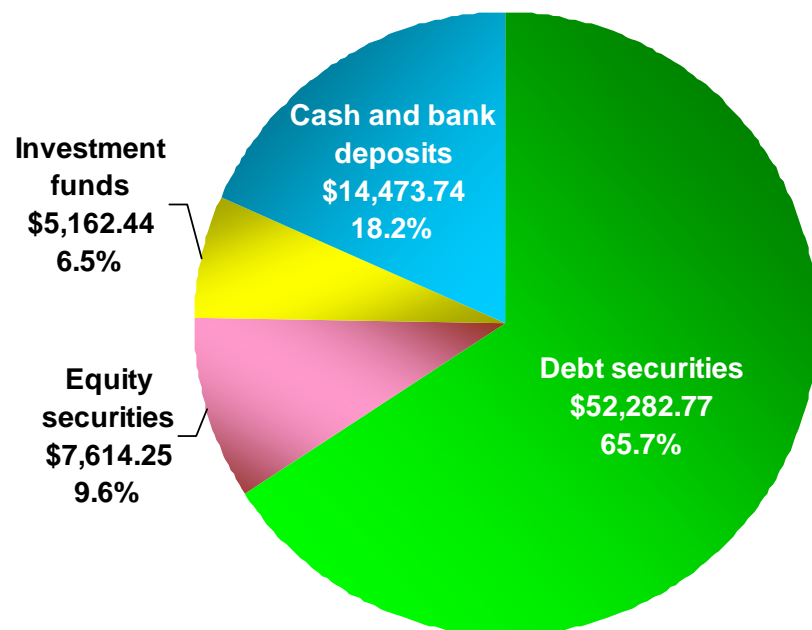
* The above-mentioned investment income and investment yield figures do not include investment income from unit-linked products

Life Insurance – Investment Composition

HK\$ million

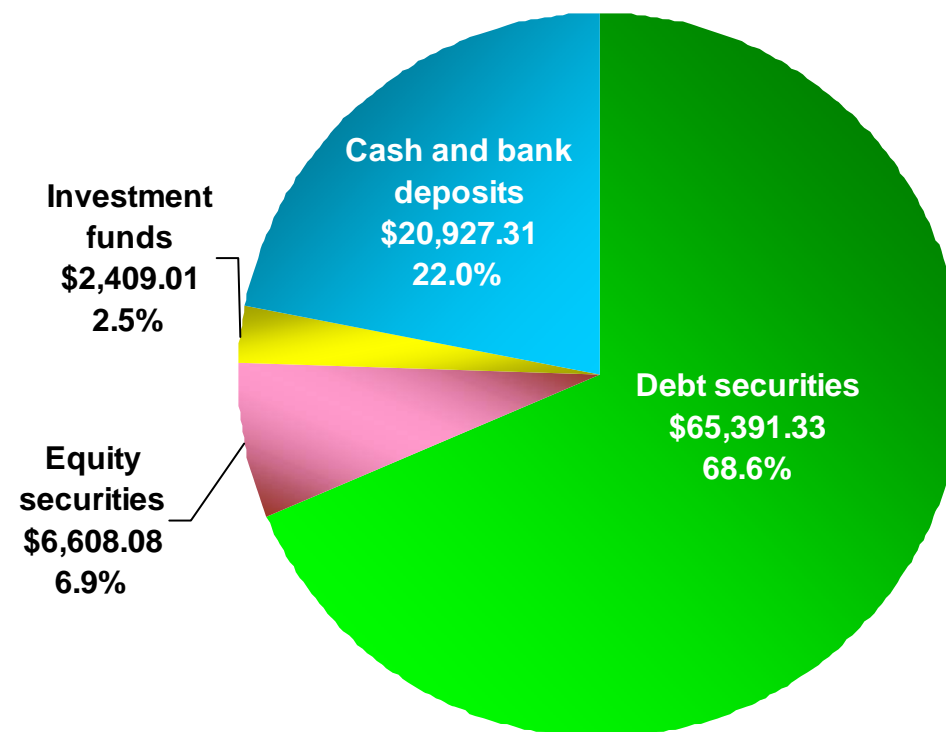
At 31 Dec 2009

Total Investment Assets: \$79,533.20



At 30 Jun 2010

Total Investment Assets: \$95,335.73



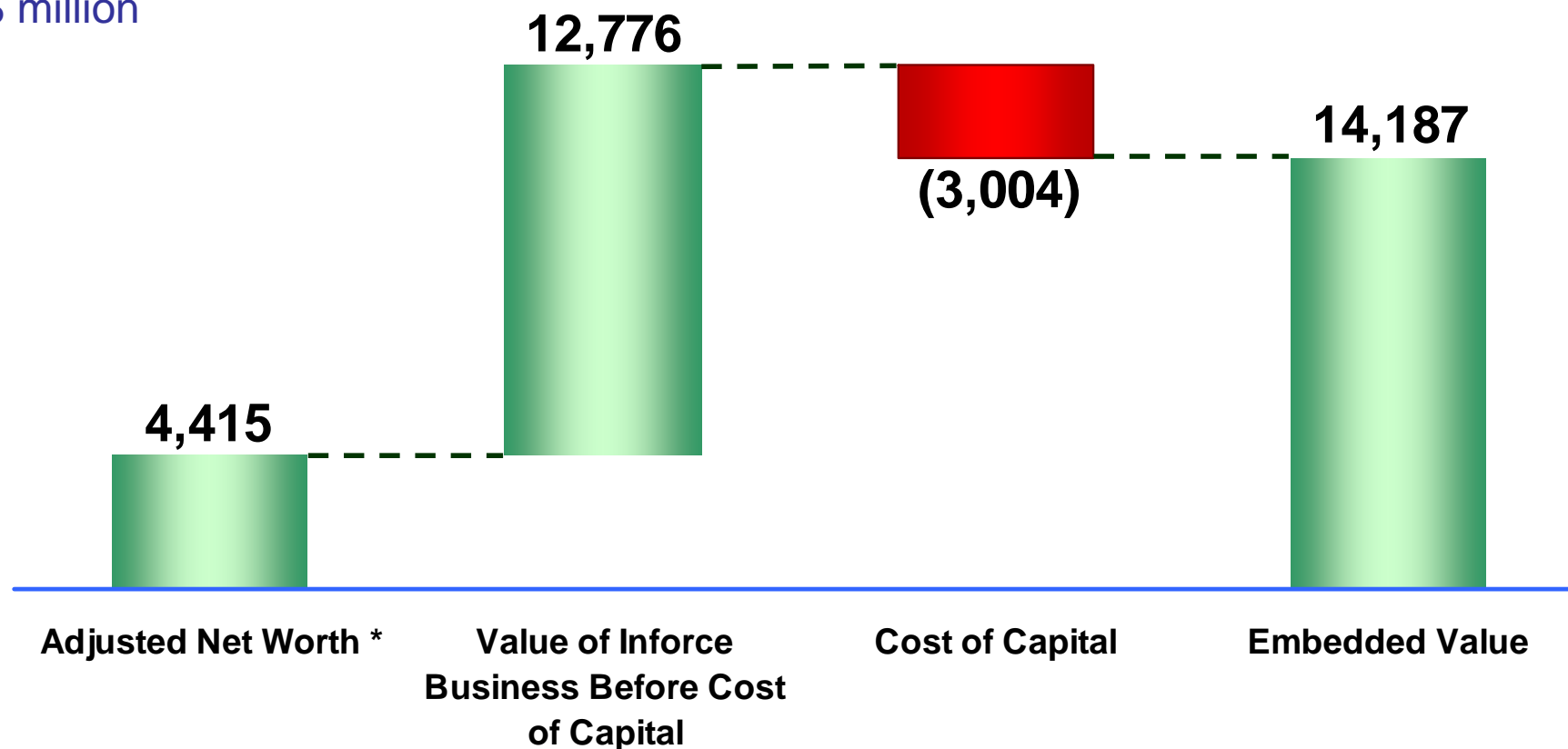
* Excluding unit-linked product assets

* Cash and bank deposits includes HK\$7,795 million in cash raised by securities sold under repurchase agreements (2009: HK\$6,606 million)

Embedded Value of TPL

Embedded Value of TPL – Key Components

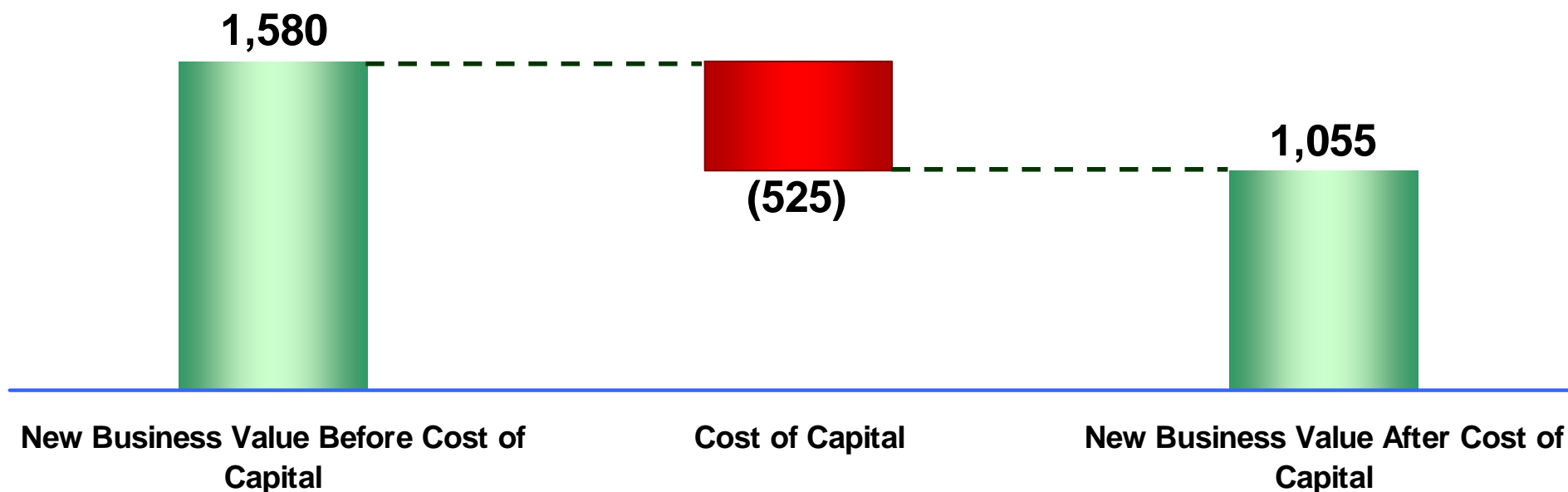
At 30 June, 2010
HK\$ million



* Adjusted net worth is the shareholders' net assets of TPL as measured on a PRC statutory basis, which is different from PRC accounting standards

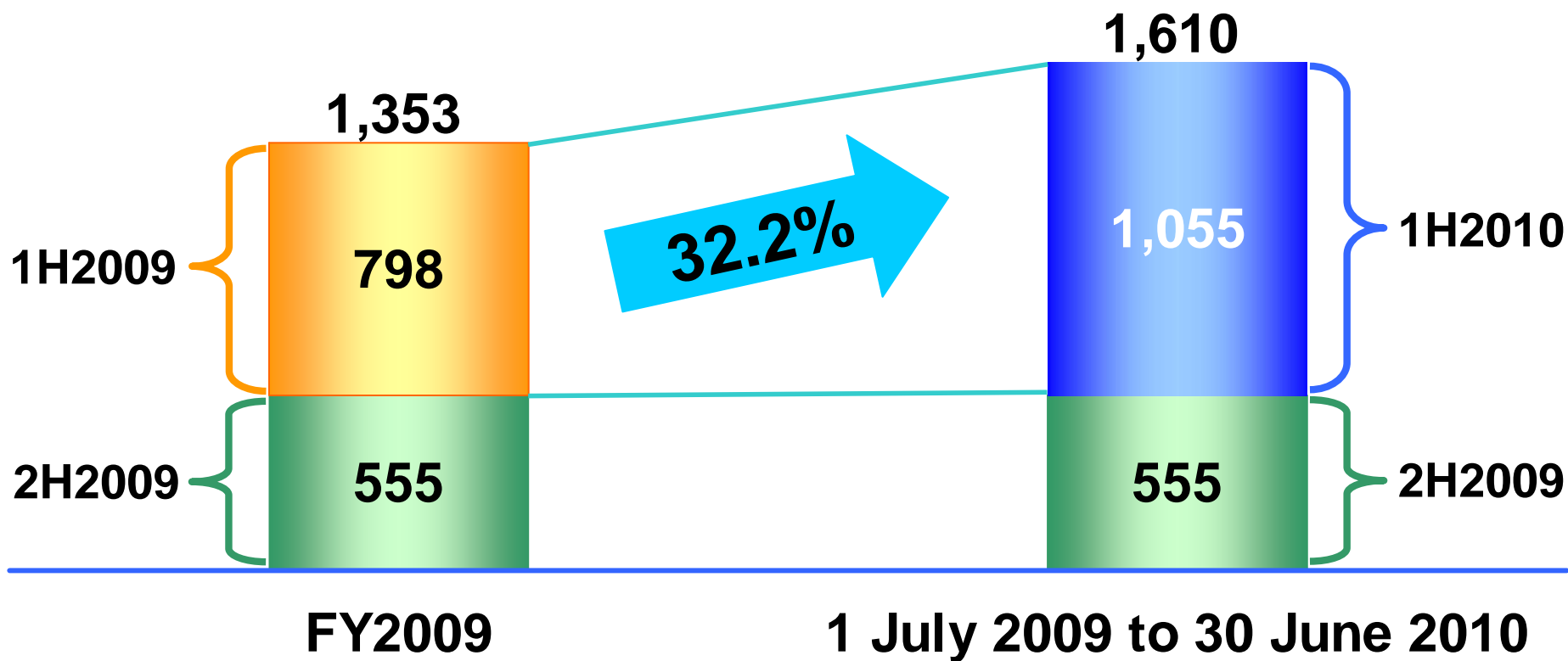
Embedded Value of TPL – Analysis of New Business Value

For the past 6 months as of 30 June, 2010
HK\$ million



Embedded Value of TPL – Trend of New Business Value

HK\$ million



Embedded Value of TPL – Key Assumptions

Assumptions	Description
Risk discount rate	11.5% for base case
Investment return	4.0% in 2010, increasing to 4.5% in 2020 and thereafter
Expenses	Expenses have been projected based on benchmark assumptions
Tax	The tax rate is assumed to be 25% according to the tax regulations of the PRC
Mortality	Based on 70% of the China Life (2000-2003) table for non-annuities, with a three-year selection period
Morbidity	Based on the Group's own pricing tables
Lapses	Based on TPL's actuarial pricing assumptions and adjusted to reflect the results of its recent experience studies
Required capital	Based on 120% of the minimum solvency margin

Property and Casualty Insurance Business Review

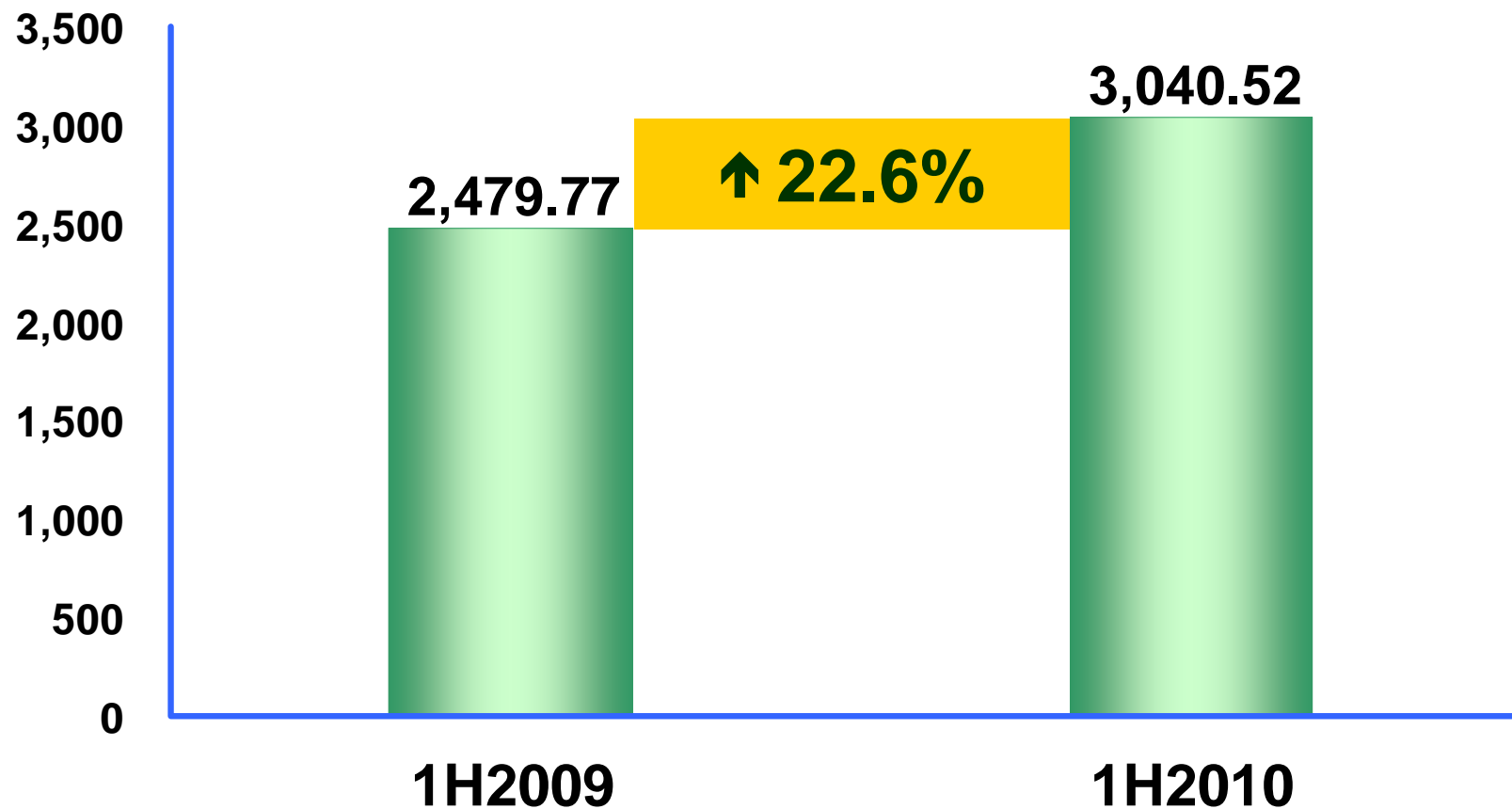
**PRC Operations – TPI
– MAC**

Hong Kong Operations – CTPI (HK)

PRC Operations – TPI

P&C Insurance – TPI Premium Growth

HK\$ million



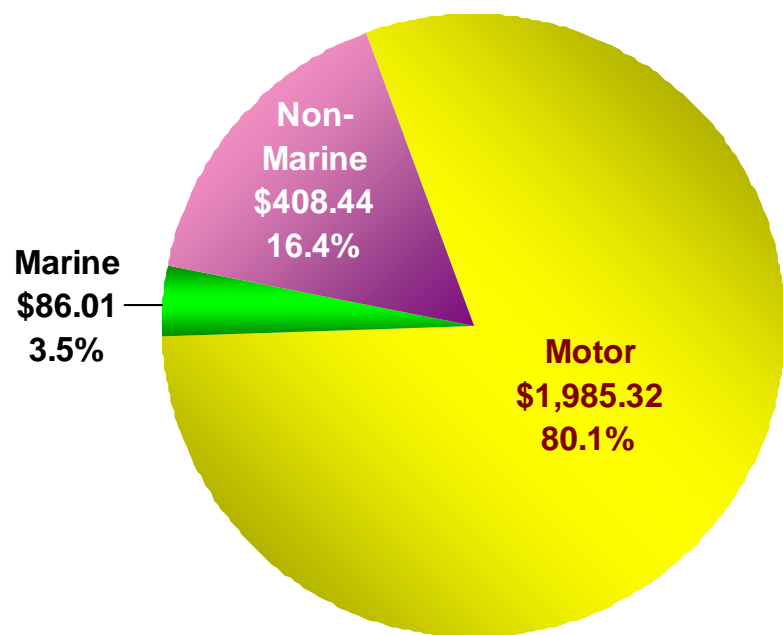
P&C Insurance – TPI Gross Premium

HK\$ million

By Product Lines

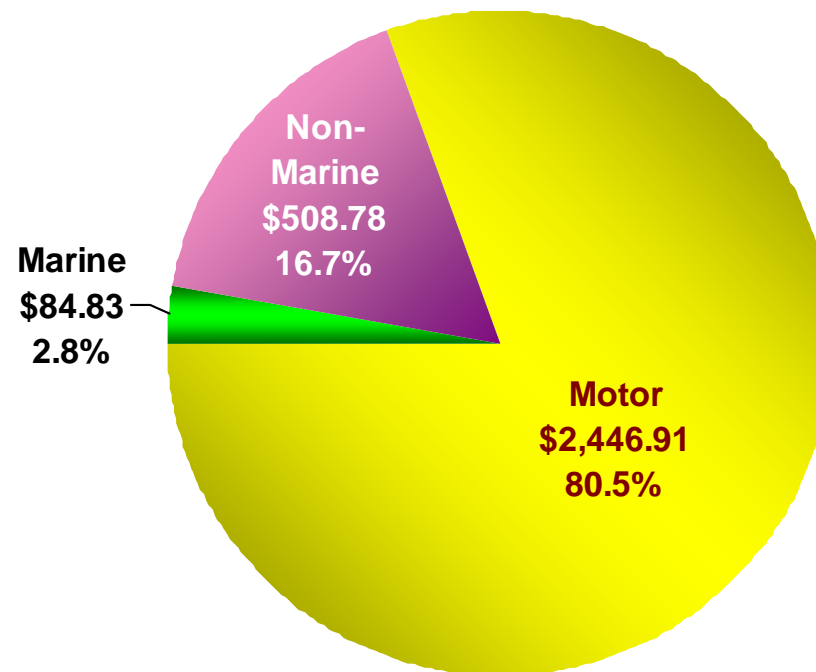
1H2009

Total: \$2,479.77

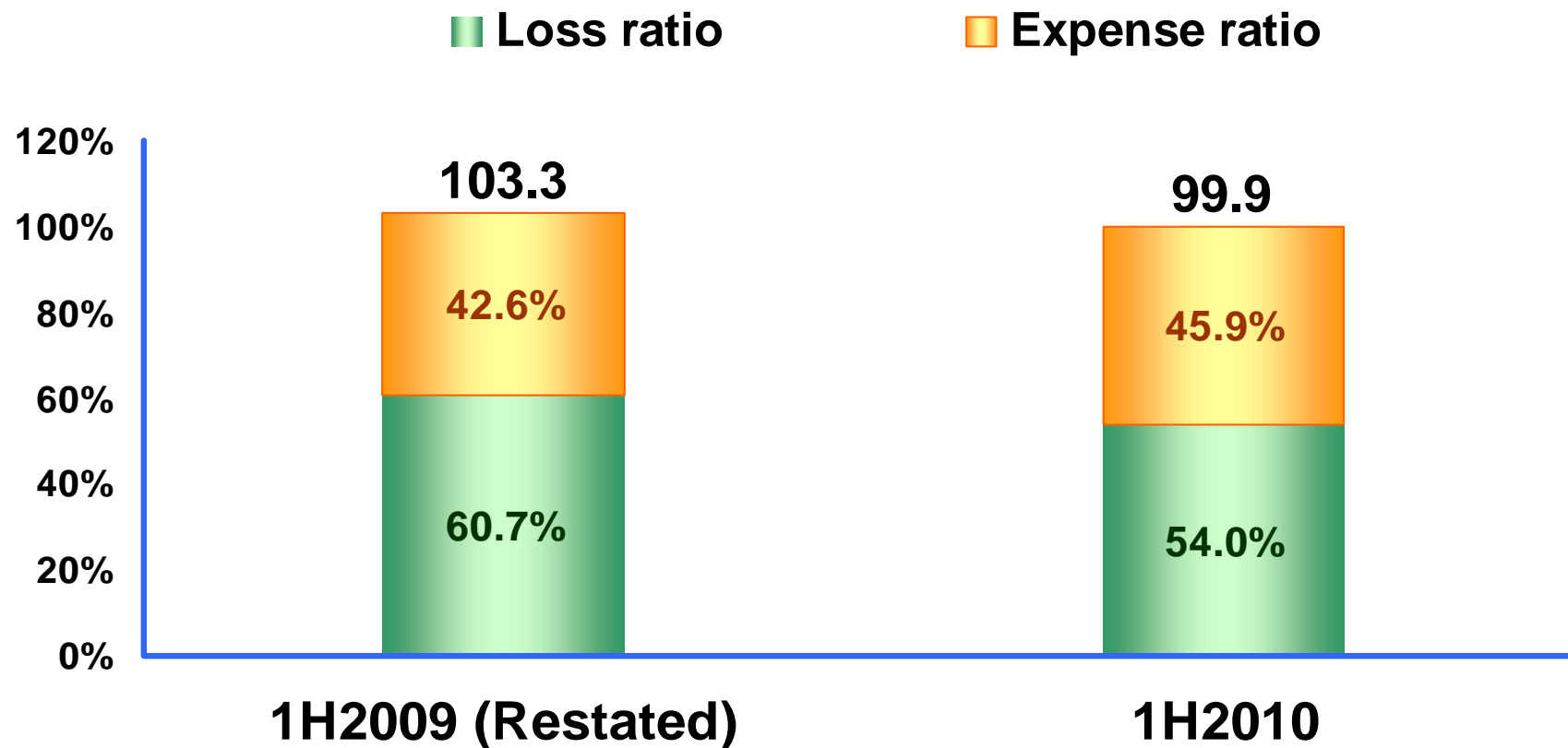


1H2010

Total: \$3,040.52



P&C Insurance – TPI Combined Ratio



1. Both the loss ratio and expense ratio are based on net earned premiums
2. The combined ratio is the sum of the loss ratio and the expense ratio

P&C Insurance – TPI Investment Income and Yield

HK\$ million

Income Recognized in the Consolidated Income Statement

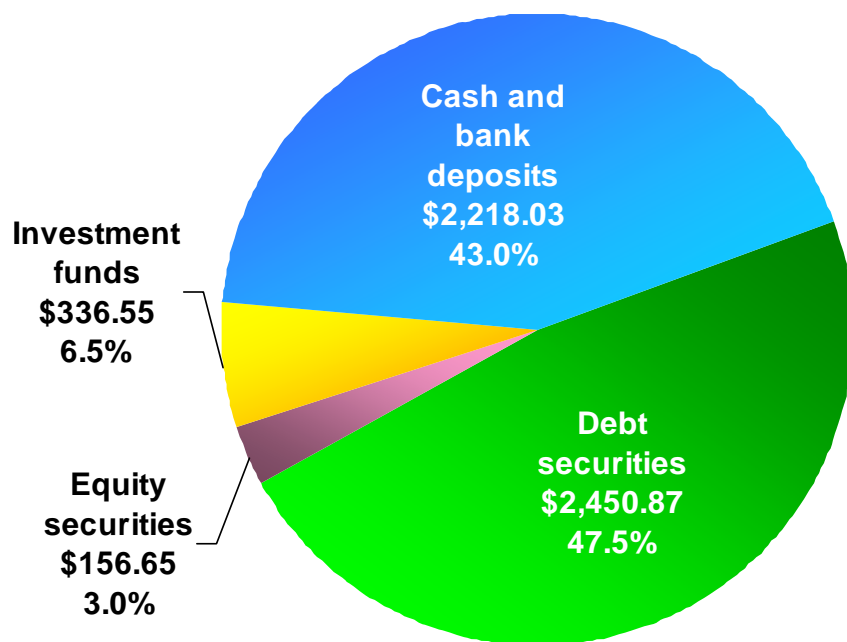
	1H2010	1H2009	Change
Net investment income	139.26	64.74	1.2 times
Net realized investment gains	22.53	20.14	11.9%
Total investment income	161.79	84.88	90.6%
Total investment yield (year-to-date)	3.0%	2.1%	0.9 pt
Unrealized (losses)/gains recognized in the fair value reserve	(121.95)	75.73	-

P&C Insurance – TPI Investment Composition

HK\$ million

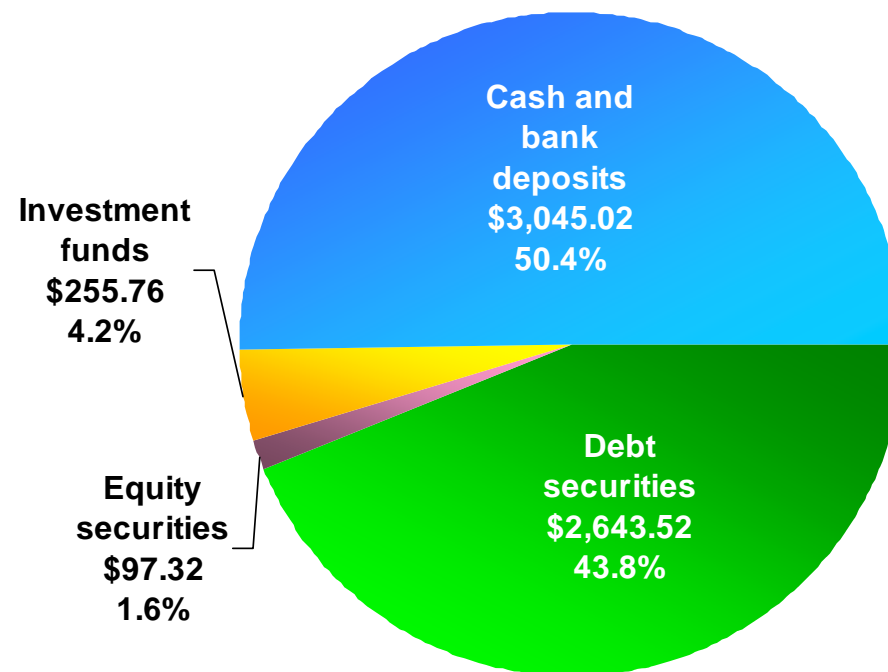
At 31 Dec 2009

Total Invested Assets: \$5,162.10



At 30 Jun 2010

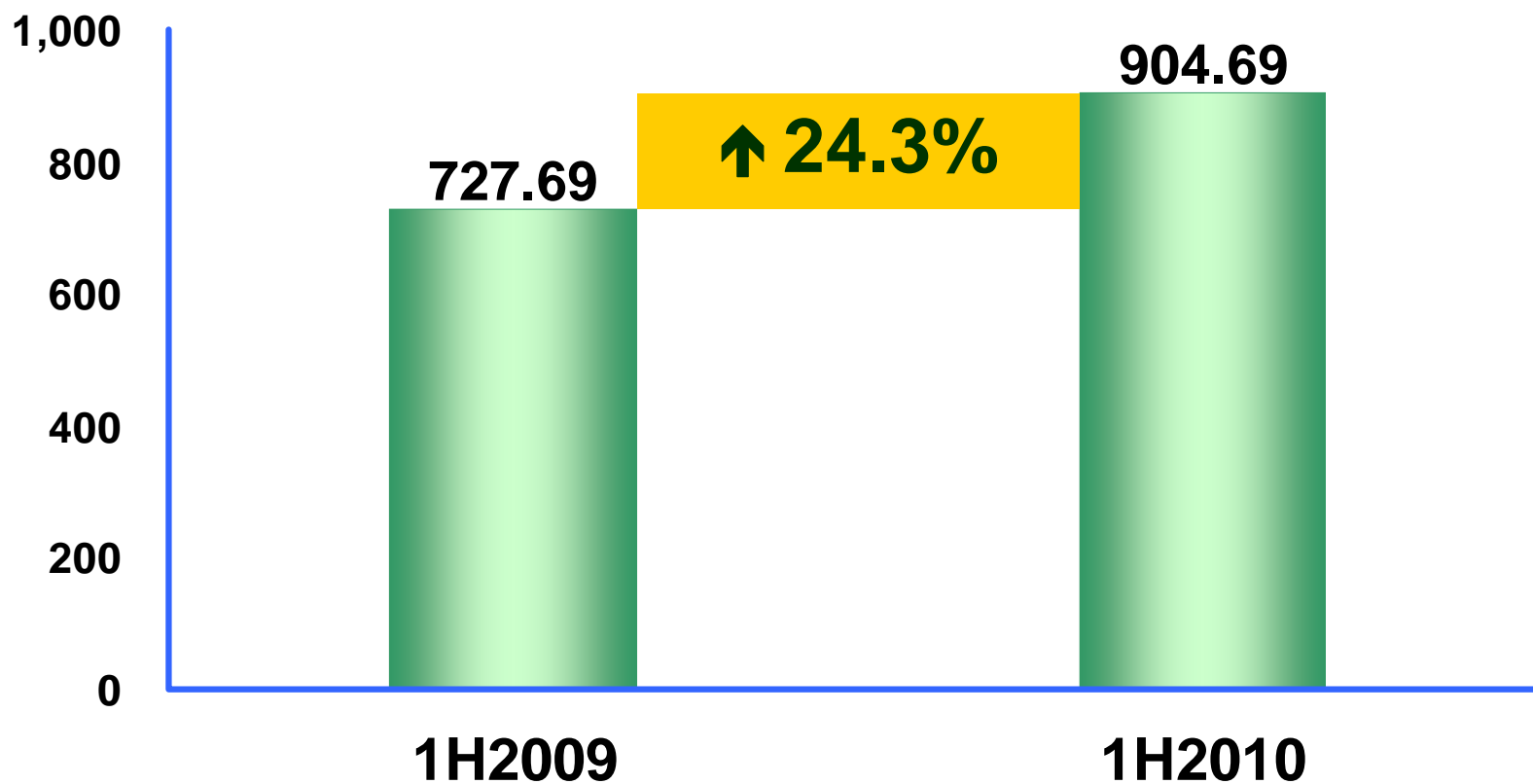
Total Invested Assets: \$6,041.62



PRC Operations – MAC

P&C Insurance – MAC Premium Growth

HK\$ million



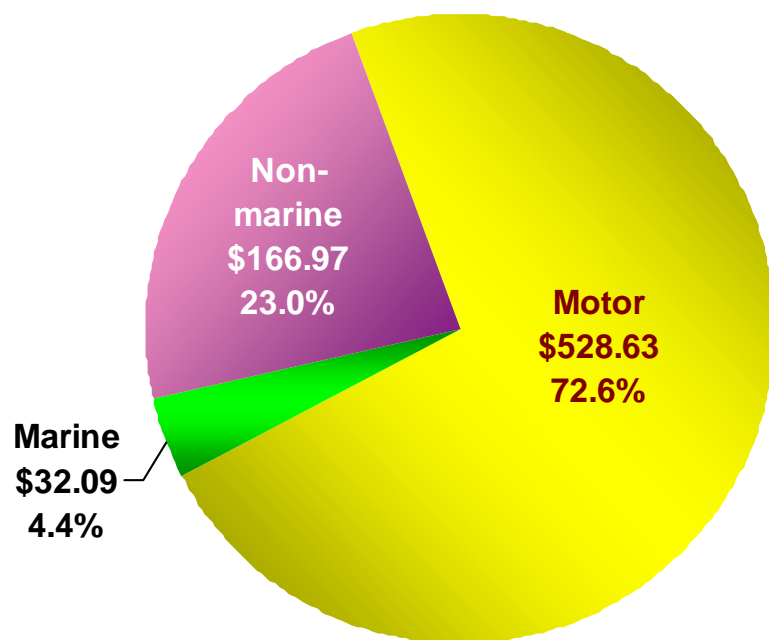
P&C Insurance – MAC Gross Premium

HK\$ million

By Product Lines

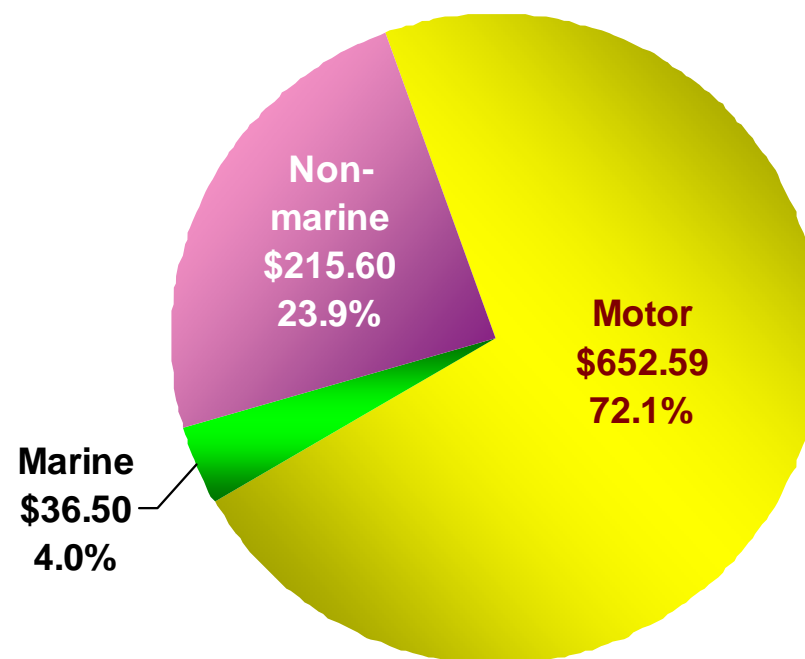
1H2009

Total: \$727.69

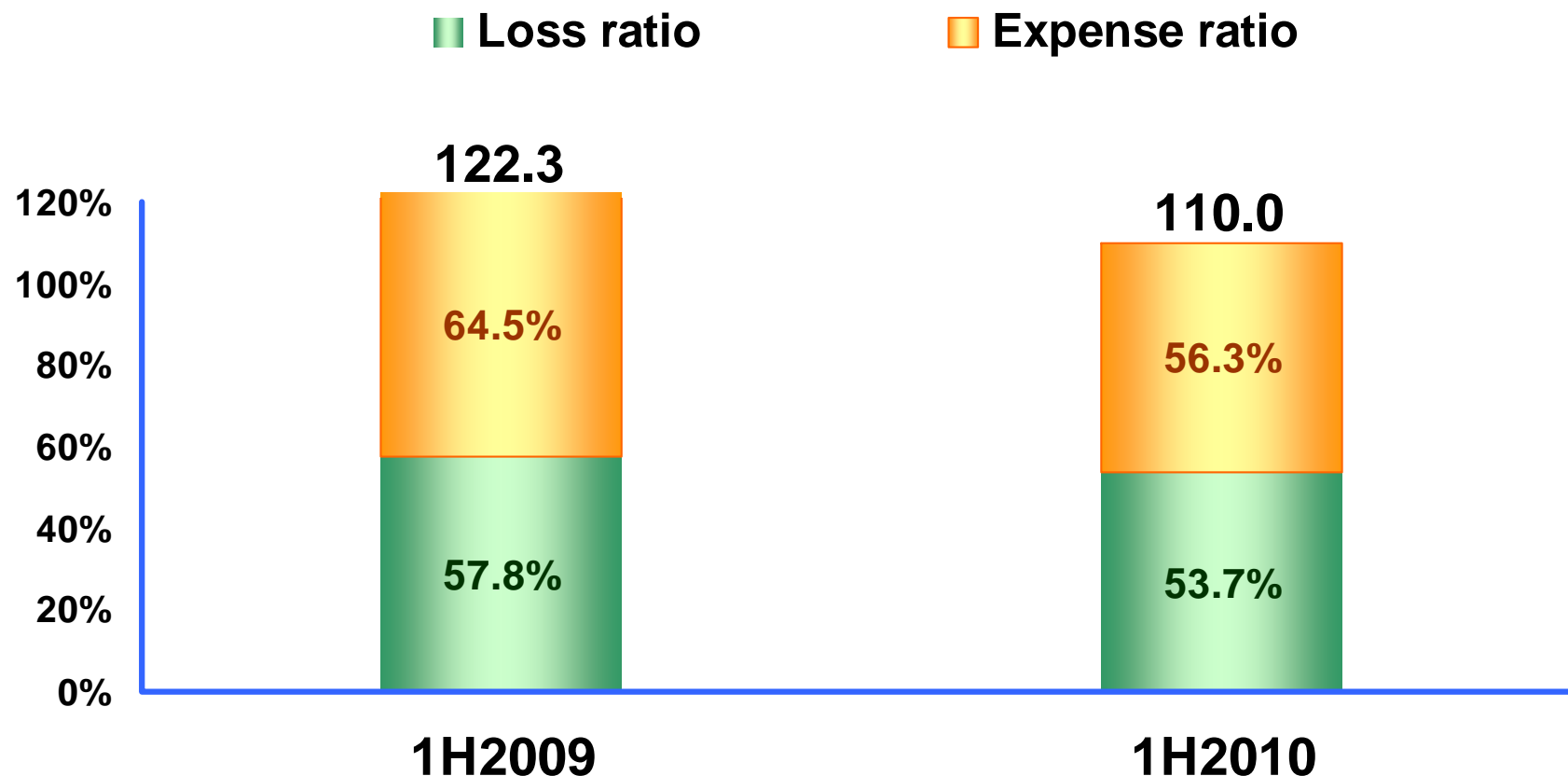


1H2010

Total: \$904.69



P&C Insurance – MAC Combined Ratio



1. Both the loss ratio and expense ratio are based on net earned premiums
2. The combined ratio is the sum of the loss ratio and the expense ratio

P&C Insurance – MAC Investment Income and Yield

HK\$ million

Income Recognized in the Consolidated Income Statement

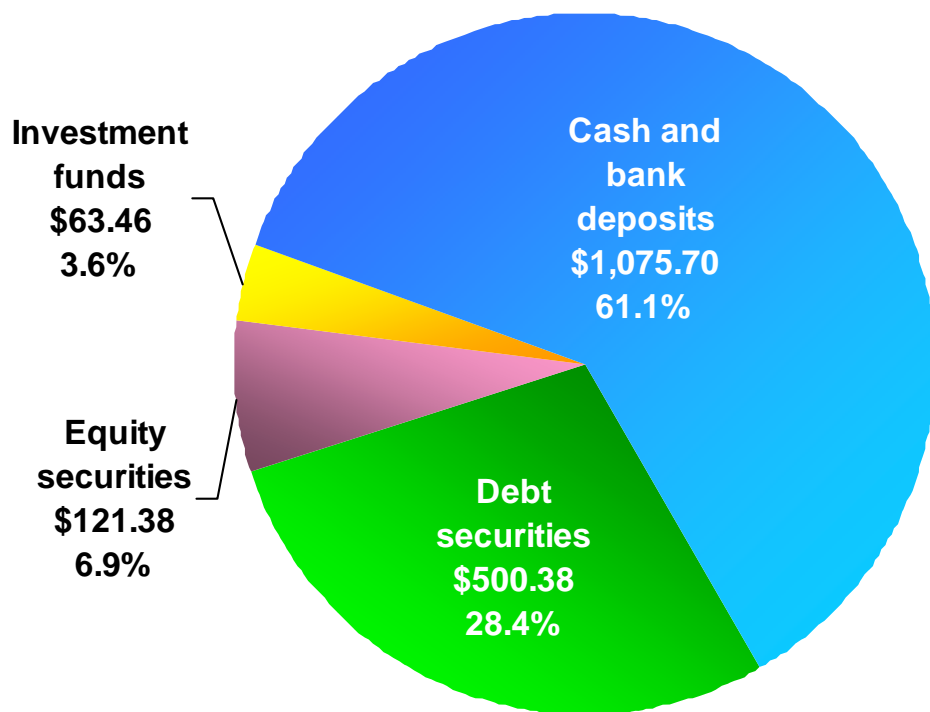
	1H2010	1H2009	Change
Net investment income	13.65	21.87	(37.6%)
Net realized investment gains	11.47	17.60	(34.8%)
Net impairment loss recognized on AFS equities	(0.91)	-	-
Total investment income	24.21	39.47	(38.7%)
Total investment yield (year-to-date)	1.5%	2.7%	(1.2 pts)
Unrealized (losses)/gains recognized in the fair value reserve	(36.00)	6.42	-

P&C Insurance – MAC Investment Composition

HK\$ million

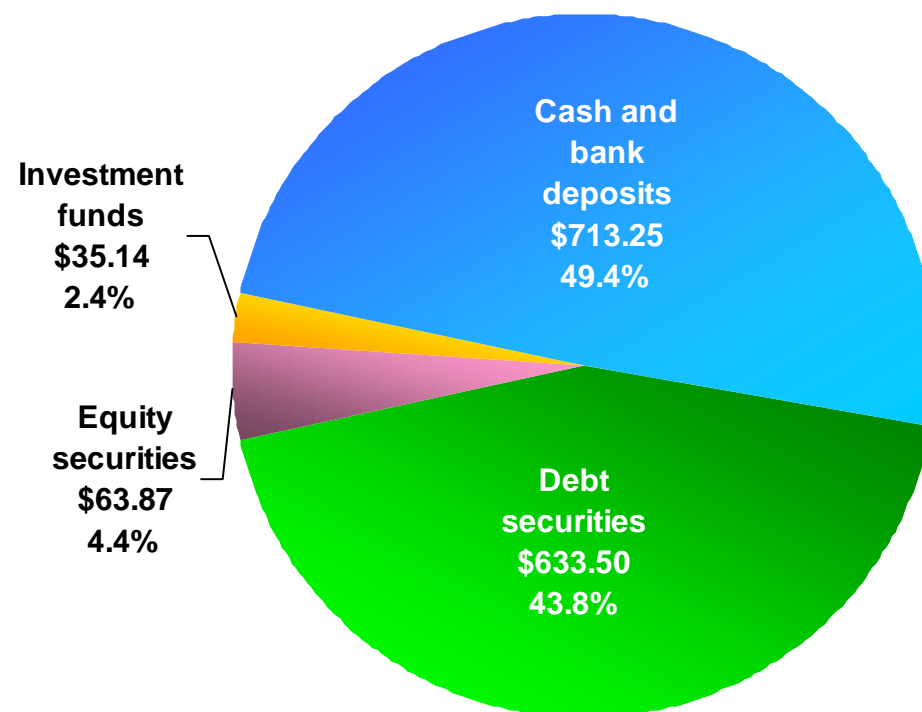
At 31 Dec 2009

Total Invested Assets: \$1,760.92



At 30 Jun 2010

Total Invested Assets: \$1,445.76

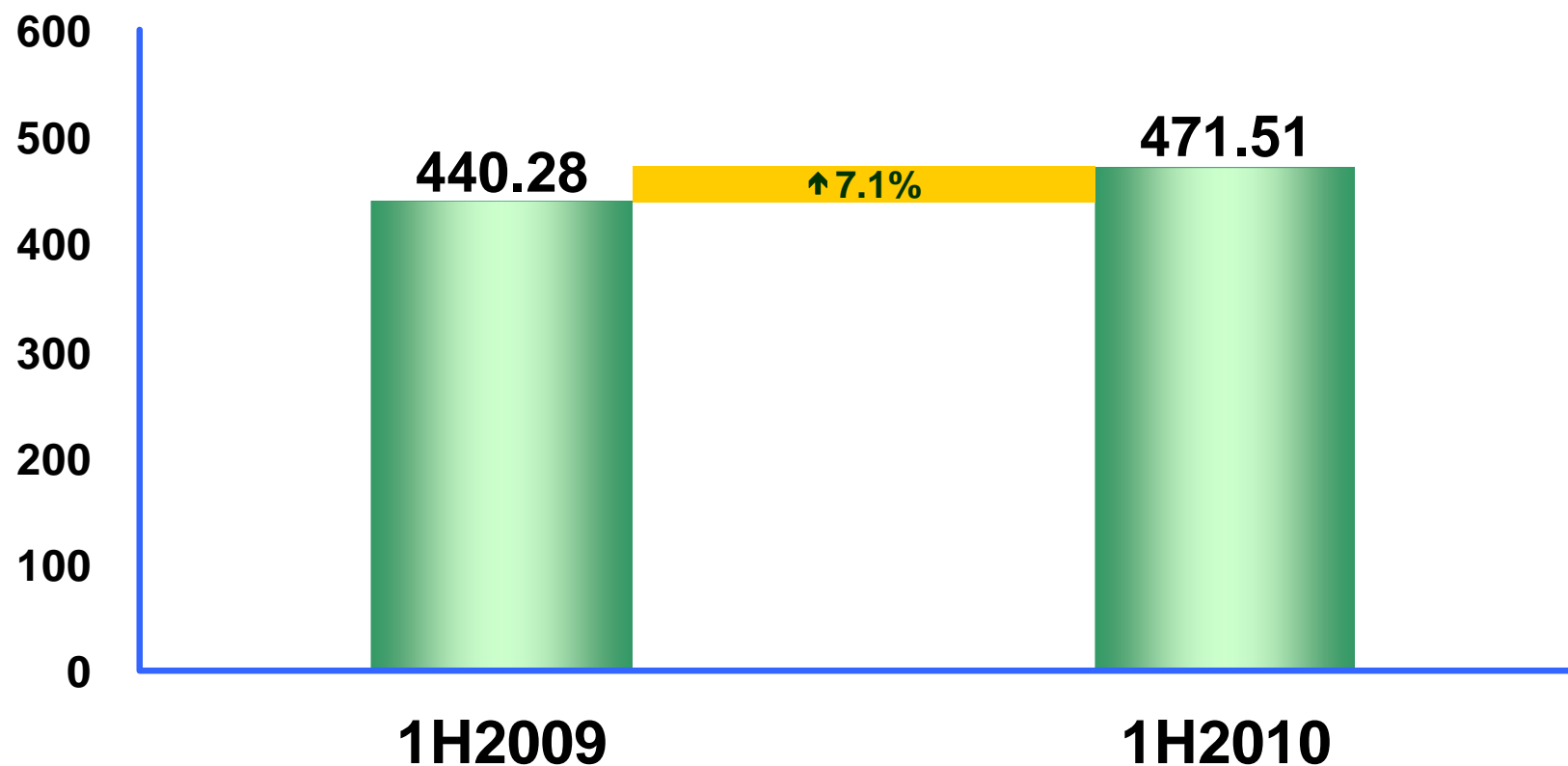


Hong Kong Operations – CTPI (HK)

Note: The figures include the financial results of MAH itself and the subsidiaries (other than MAC) of CTPI (HK)

P&C Insurance – CTPI (HK) Premium Growth

HK\$ million



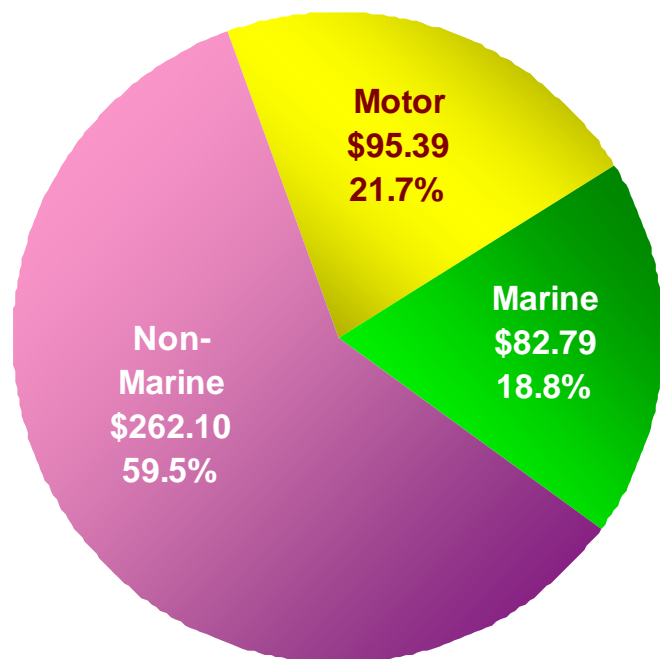
P&C Insurance – CTPI (HK) Gross Premium

By Product Lines

HK\$ million

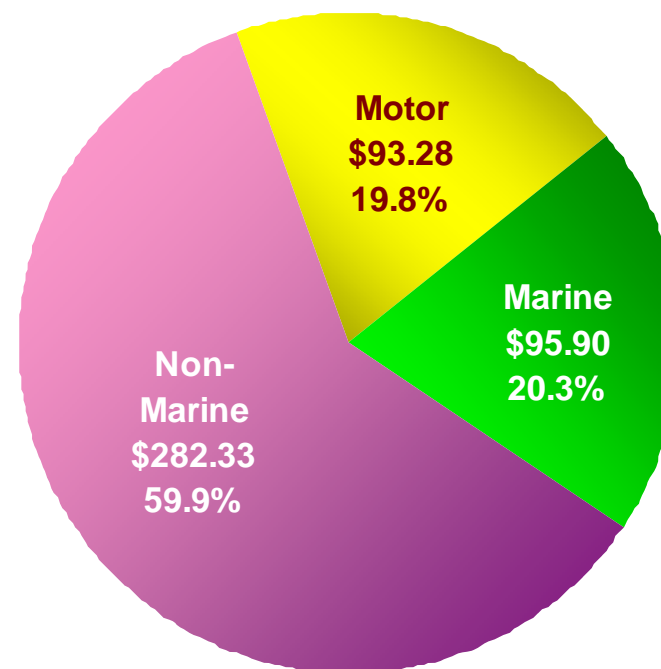
1H2009

Total: \$440.28

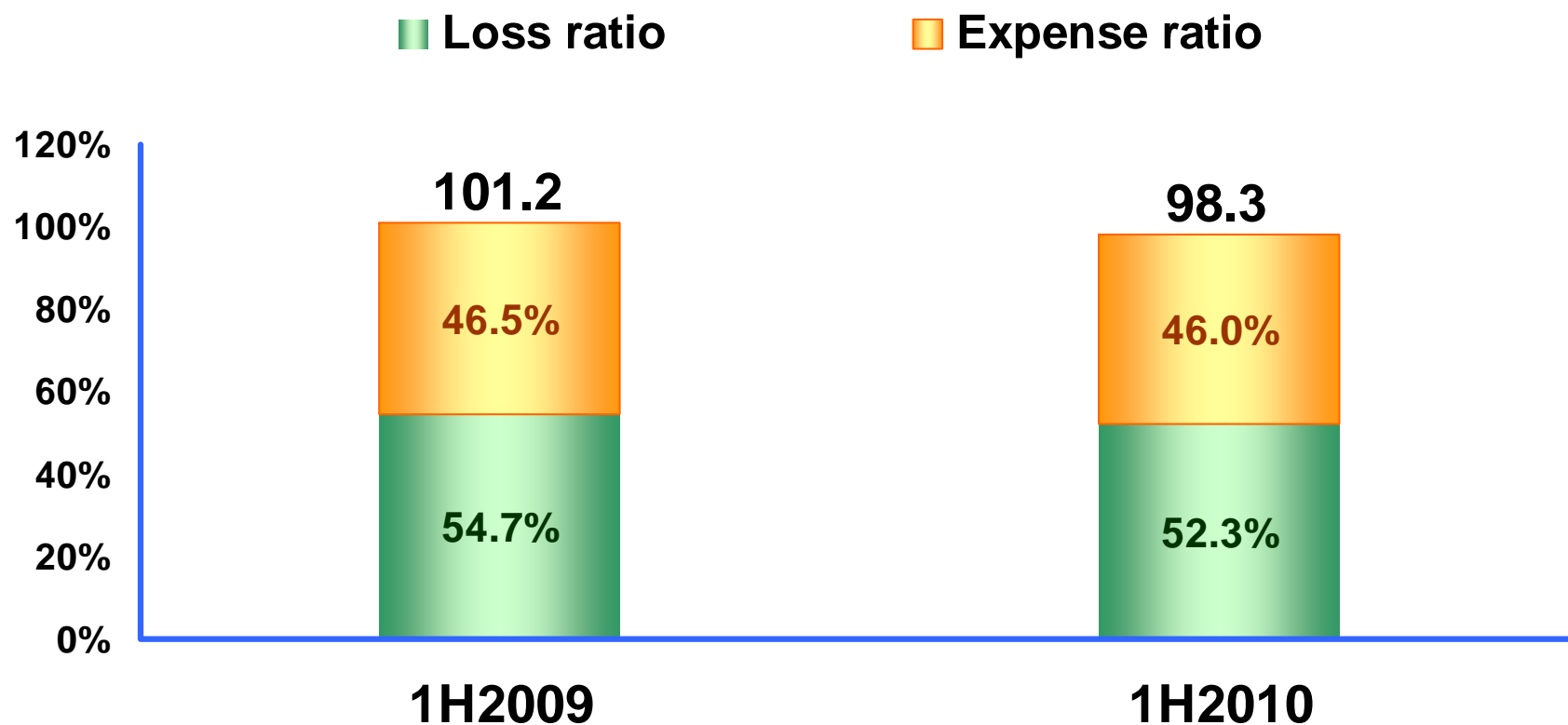


1H2010

Total: \$471.51



P&C Insurance – CTPI (HK) Combined Ratio



1. Both the loss ratio and expense ratio are based on net earned premiums
2. The combined ratio is the sum of the loss ratio and the expense ratio

P&C Insurance – CTPI (HK) Investment Income and Yield

HK\$ million

Income Recognized in the Consolidated Income Statement

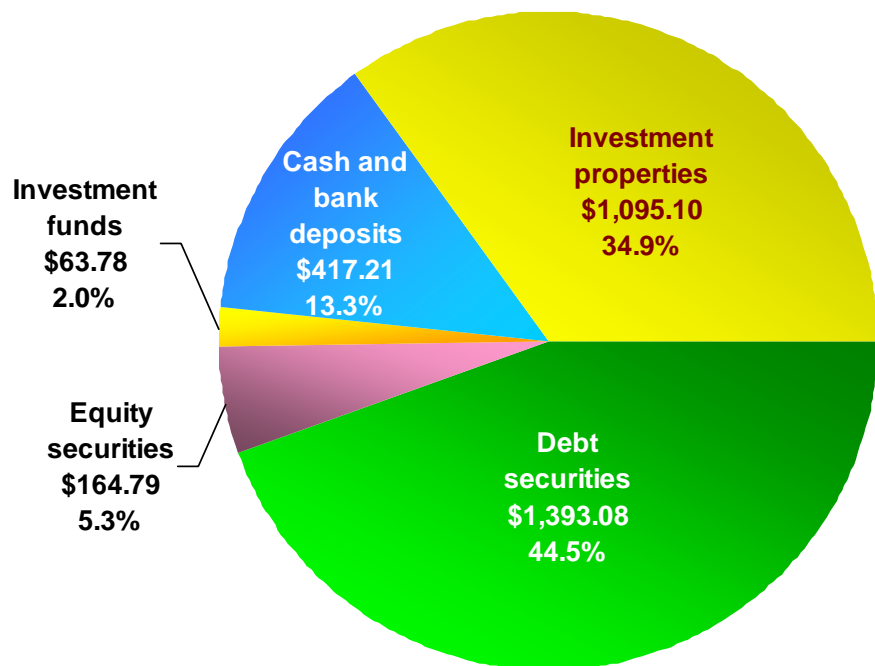
	1H2010	1H2009	Change
Net investment income	64.92	80.43	(19.3%)
Net realized investment gains	93.45	32.34	1.9 times
Net unrealized investment gains	-	10.50	-
Total investment income	158.37	123.27	28.5%
Total investment yield (year-to-date)	5.0%	3.4%	1.6 pts
Unrealized (losses)/gains recognized in the fair value reserve	(51.11)	64.77	-

P&C Insurance – CTPI (HK) Investment Composition

HK\$ million

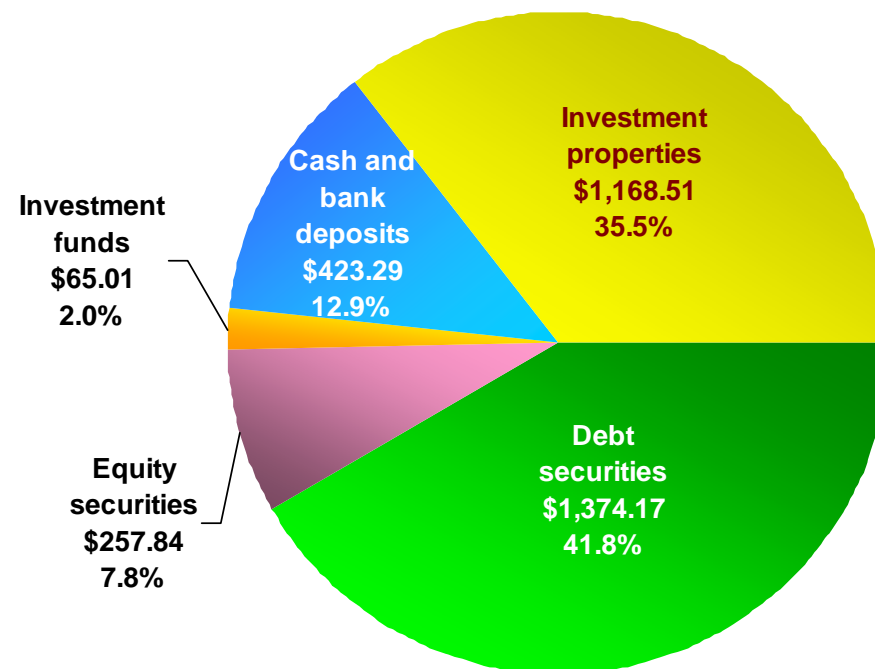
At 31 Dec 2009

Total Invested Assets: \$3,133.96



At 30 Jun 2010

Total Invested Assets: \$3,288.82



Outlook

Outlook

CTIH

- ✦ CTIH expects its core operating units to continue the positive momentum established in the first half of 2010
- ✦ Overall, CTIH believes that satisfactory consolidated results will be achieved for the full year of 2010

Outlook

Reinsurance

- ✦ As the reinsurance business in Mainland China now and in the future continues to grow rapidly, TPRe anticipates that its gross premiums written for the full year of 2010 will be higher than last year
- ✦ Barring major catastrophic claims and an upheaval of the global financial markets in the second half of year, it is anticipated that TPRe will have a satisfactory result for the full year of 2010

Outlook

Life Insurance

- ◆ In the ensuing months, TPL will continue to focus on its strategic objective of selling more traditional products with regular premium and long periodic payment features. This strategic prioritization is not just for 2010, but will continue for at least several more years, if not longer into the foreseeable future
- ◆ In order to further expand into the sizable insurance markets of Mainland China, TPL will continue to build scale and further spread its network throughout the country, with more than 150 new sub-branches and marketing centers being planned to be opened during the second half of 2010

Outlook

Property and Casualty

TPI

- ✦ The operating environment of the property and casualty insurance industry in Mainland China continues to improve
- ✦ TPI is optimistic that the good operating performance achieved in the first half of the year can be sustained throughout the full year of 2010

Outlook

Property and Casualty

MAC

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

Outlook

Property and Casualty

CTPI (HK)

- ✦ CTPI (HK)'s current initiatives at cost cutting and increasing productivity will also continue for the remainder of 2010
- ✦ With the economy stabilizing in Hong Kong, CTPI (HK) is confident that it will be able to achieve its goals and deliver acceptable returns to shareholders for the full year

Outlook

Investment

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

Appendix

- I. Consolidated and Segmental Income Statement
- II. Consolidated and Segmental Statement of Financial Position

Appendix I – Consolidated and Segmental Income Statement

Consolidated Income Statement

for the six months ended 30 June 2010 – unaudited
(Expressed in Hong Kong dollars)

	Six months ended 30 June	
	2010	2009
	\$'000	(Restated) \$'000
Revenue		
Gross premiums written and policy fees	27,273,163	14,387,046
Less: Premiums ceded to reinsurers and retrocessionaires	(1,063,121)	(845,539)
Net premiums written and policy fees	26,210,042	13,541,507
Change in unearned premium provisions, net of reinsurance	(914,864)	(352,935)
Net earned premiums and policy fees	25,295,178	13,188,572
Net investment income	2,065,811	1,503,268
Net realized investment gains	546,019	640,059
Net unrealized investment losses and impairment	(132,826)	(28,332)
Net exchange (loss)/gain	(112,480)	25,776
Other income	113,719	48,794
Total revenue	27,775,421	15,378,137
Benefits, losses and expenses		
Net policyholders' benefits	(4,626,622)	(3,601,638)
Net commission expenses	(2,300,938)	(1,886,981)
Administrative and other expenses	(3,934,283)	(2,981,558)
Change in life insurance contract liabilities, net of reinsurance	(15,777,082)	(5,644,608)
Total benefits, losses and expenses	(26,638,925)	(14,114,785)
Profit from operations	1,136,496	1,263,352
Share of gains/(losses) of associates	1,962	(1,134)
Finance costs	(164,100)	(156,776)
Profit before taxation	974,358	1,105,442
Income tax charge	(26,102)	(265,687)
Profit after taxation	948,256	839,755
Attributable to:		
Owners of the Company	603,001	549,626
Non-controlling interests	345,255	290,129
	948,256	839,755
	<i>cents</i>	<i>cents</i>
Earnings per share attributable to the owners of the Company		
Basic	35.5	35.3
Diluted	35.2	35.0

Appendix I – Consolidated and Segmental Income Statement *(Continued)*

Segmental income statement for the six months ended 30 June 2010

	Reinsurance	Life insurance	Property and casualty insurance	Other businesses	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Revenue					
Gross premiums written	1,566,392	21,232,659	4,416,723	-	27,215,774
Policy fees	-	57,389	-	-	57,389
	<u>1,566,392</u>	<u>21,290,048</u>	<u>4,416,723</u>	<u>-</u>	<u>27,273,163</u>
Less: Premiums ceded to reinsurers and retrocessionaires	(191,301)	(108,526)	(763,294)	-	(1,063,121)
Net premiums written and policy fees	1,375,091	21,181,522	3,653,429	-	26,210,042
Change in unearned premium provisions, net of reinsurance	(462,237)	(70,934)	(381,693)	-	(914,864)
Net earned premiums and policy fees	912,854	21,110,588	3,271,736	-	25,295,178
Net investment income <i>(note (i))</i>	104,675	1,725,327	217,831	17,978	2,065,811
Net realized investment gains <i>(note (ii))</i>	23,452	389,353	127,452	5,762	546,019
Net unrealized investment gains/ (losses) and impairment <i>(note (iii))</i>	20,060	(144,222)	(916)	(7,748)	(132,826)
Net exchange (loss)/gain	(28,833)	(78,812)	938	(5,773)	(112,480)
Other income	1,909	44,708	1,645	188,780	237,042
Inter-segment transactions	-	(25,938)	5,400	(102,785)	(123,323)
Segment revenue	<u>1,034,117</u>	<u>23,021,004</u>	<u>3,624,086</u>	<u>96,214</u>	<u>27,775,421</u>
Benefits, losses and expenses					
Net policyholders' benefits	(497,767)	(2,368,781)	(1,760,074)	-	(4,626,622)
Net commission expenses	(319,221)	(1,836,855)	(162,185)	-	(2,318,261)
Administrative and other expenses	(36,253)	(2,311,070)	(1,437,643)	(255,317)	(4,040,283)
Change in life insurance contract liabilities, net of reinsurance	-	(15,777,082)	-	-	(15,777,082)
Inter-segment transactions	4,804	94,238	21,001	3,280	123,323
	<u>(848,437)</u>	<u>(22,199,550)</u>	<u>(3,338,901)</u>	<u>(252,037)</u>	<u>(26,638,925)</u>
Profit/(loss) from operations	185,680	821,454	285,185	(155,823)	1,136,496
Share of losses of associates	-	23	-	1,939	1,962
Finance costs	-	(95,998)	(28,126)	(39,976)	(164,100)
Profit/(loss) before taxation	185,680	725,479	257,059	(193,860)	974,358
Income tax charge	(12,103)	(12,823)	(105)	(1,071)	(26,102)
Profit/(loss) after taxation	173,577	712,656	256,954	(194,931)	948,256
Non-controlling interests	-	(355,971)	(65,093)	75,809	(345,255)
Segment profit/(loss), representing profit/(loss) attributable to owners	<u>173,577</u>	<u>356,685</u>	<u>191,861</u>	<u>(119,122)</u>	<u>603,001</u>

Appendix I – Consolidated and Segmental Income Statement *(Continued)*

Segmental income statement for the six months ended 30 June 2010 *(continued)*

	Reinsurance \$'000	Life insurance \$'000	Property and casualty insurance \$'000	Other businesses \$'000	Total \$'000
Note (i): Net investment income					
Interest income from debt securities					
- Held-to-maturity	62,538	912,803	20,700	502	996,543
- Available-for-sale	24,501	301,968	64,872	10,486	401,827
- Held-for-trading	5,908	-	-	1,873	7,781
- Loans and receivables	-	88,366	6,241	-	94,607
Dividend income from equity securities					
- Available-for-sale	5,476	33,638	7,742	302	47,158
- Held-for-trading	-	-	-	307	307
Dividend income from investment funds					
- Available-for-sale	369	202,935	57,185	-	260,489
- Held-for-trading	1,365	72	133	139	1,709
Bank deposits and other interest income	3,840	219,555	38,970	4,392	266,757
Net rentals receivable from investment properties	678	-	25,260	-	25,938
Interest expenses on securities sold under repurchase agreements	-	(34,010)	(3,272)	(23)	(37,305)
	<u>104,675</u>	<u>1,725,327</u>	<u>217,831</u>	<u>17,978</u>	<u>2,065,811</u>
Note (ii): Net realized investment gains/(losses)					
Debt securities					
- Available-for-sale	(2,073)	(664)	87,368	4,138	88,769
- Held-for-trading	-	-	-	(192)	(192)
Equity securities					
- Available-for-sale	25,509	225,168	12,073	3,129	265,879
- Held-for-trading	-	2,231	-	1,110	3,341
Investment funds					
- Available-for-sale	16	162,618	28,011	-	190,645
- Held-for-trading	-	-	-	(2,423)	(2,423)
	<u>23,452</u>	<u>389,353</u>	<u>127,452</u>	<u>5,762</u>	<u>546,019</u>

Appendix I – Consolidated and Segmental Income Statement *(Continued)*

Segmental income statement for the six months ended 30 June 2010 *(continued)*

	Reinsurance \$'000	Life insurance \$'000	Property and casualty insurance \$'000	Other businesses \$'000	Total \$'000
Note (iii): Net unrealized investment gains/(losses) and impairment					
Debt securities					
- Held-for-trading	13,051	-	-	278	13,329
Equity securities					
- Held-for-trading	-	3,816	-	(7,317)	(3,501)
Investment funds					
- Held-for-trading	(465)	-	-	(709)	(1,174)
Surplus on revaluation of investment properties	6,640	-	-	-	6,640
Impairment reversed/(recognized) on:					
- Held-to-maturity debt securities	2,531	-	-	-	2,531
- Available-for-sale equity securities	(1,697)	(148,038)	(916)	-	(150,651)
	<u>20,060</u>	<u>(144,222)</u>	<u>(916)</u>	<u>(7,748)</u>	<u>(132,826)</u>

Appendix I – Consolidated and Segmental Income Statement (Continued)

Segmental income statement for the six months ended 30 June 2009 (Restated)

	Reinsurance \$'000	Life insurance \$'000	Property and casualty insurance \$'000	Other businesses \$'000	Total \$'000
Revenue					
Gross premiums written	1,060,446	9,451,804	3,647,736	-	14,159,986
Policy fees	-	227,060	-	-	227,060
	<u>1,060,446</u>	<u>9,678,864</u>	<u>3,647,736</u>	<u>-</u>	<u>14,387,046</u>
Less: Premiums ceded to reinsurers and retrocessionaires	<u>(140,432)</u>	<u>(71,762)</u>	<u>(633,345)</u>	<u>-</u>	<u>(845,539)</u>
Net premiums written and policy fees	920,014	9,607,102	3,014,391	-	13,541,507
Change in unearned premium provisions, net of reinsurance	<u>(168,369)</u>	<u>(55,321)</u>	<u>(129,245)</u>	<u>-</u>	<u>(352,935)</u>
Net earned premiums and policy fees	751,645	9,551,781	2,885,146	-	13,188,572
Net investment income (note (i))	82,245	1,227,247	167,051	26,725	1,503,268
Net realized investment gains (note (ii))	57,606	500,527	70,079	11,847	640,059
Net unrealized investment (losses)/ gains and impairment (note (iii))	(6,210)	(34,909)	10,504	2,283	(28,332)
Net exchange gain/(loss)	26,569	(516)	(779)	502	25,776
Other income	(2,378)	15,706	(8,498)	111,887	116,717
Inter-segment transactions	<u>-</u>	<u>(1,571)</u>	<u>(1,075)</u>	<u>(65,277)</u>	<u>(67,923)</u>
Segment revenue	<u>909,477</u>	<u>11,258,265</u>	<u>3,122,428</u>	<u>87,967</u>	<u>15,378,137</u>
Benefits, losses and expenses					
Net policyholders' benefits	(404,016)	(1,478,597)	(1,719,025)	-	(3,601,638)
Net commission expenses	(184,425)	(1,428,863)	(273,693)	-	(1,886,981)
Administrative and other expenses	(32,891)	(1,737,622)	(1,087,015)	(191,953)	(3,049,481)
Change in life insurance contract liabilities, net of reinsurance	-	(5,644,608)	-	-	(5,644,608)
Inter-segment transactions	4,450	57,768	4,098	1,607	67,923
	<u>(616,882)</u>	<u>(10,231,922)</u>	<u>(3,075,635)</u>	<u>(190,346)</u>	<u>(14,114,785)</u>
Profit/(loss) from operations	292,595	1,026,343	46,793	(102,379)	1,263,352
Share of losses of associates	-	(39)	(222)	(873)	(1,134)
Finance costs	<u>-</u>	<u>(91,943)</u>	<u>(24,983)</u>	<u>(39,850)</u>	<u>(156,776)</u>
Profit/(loss) before taxation	292,595	934,361	21,588	(143,102)	1,105,442
Income tax credit/(charge)	<u>(18,787)</u>	<u>(259,289)</u>	<u>15,960</u>	<u>(3,571)</u>	<u>(265,687)</u>
Profit/(loss) after taxation	273,808	675,072	37,548	(146,673)	839,755
Non-controlling interests	<u>-</u>	<u>(337,200)</u>	<u>(18,253)</u>	<u>65,324</u>	<u>(290,129)</u>
Segment profit/(loss), representing profit/(loss) attributable to owners	<u>273,808</u>	<u>337,872</u>	<u>19,295</u>	<u>(81,349)</u>	<u>549,626</u>

Appendix I – Consolidated and Segmental Income Statement *(Continued)*

Segmental income statement for the six months ended 30 June 2009 *(Restated) (continued)*

	Reinsurance \$'000	Life insurance \$'000	Property and casualty insurance \$'000	Other businesses \$'000	Total \$'000
Note (i): Net investment income					
Interest income from debt securities					
- Held-to-maturity	41,333	454,973	33,417	409	530,132
- Available-for-sale	17,122	462,109	65,414	15,104	559,749
- Held-for-trading	7,327	150	3,990	1,787	13,254
- Loans and receivables	-	62,121	4,171	-	66,292
Dividend income from equity securities					
- Available-for-sale	4,279	35,630	3,493	3,135	46,537
- Held-for-trading	1,562	-	-	211	1,773
Dividend income from investment funds					
- Available-for-sale	372	31,611	13,631	-	45,614
- Held-for-trading	1,358	201	466	87	2,112
Bank deposits and other interest income	7,710	241,194	22,397	5,992	277,293
Net rentals receivables from investment properties	1,182	-	22,299	-	23,481
Interest expenses on securities sold under repurchase agreements	-	(60,742)	(2,227)	-	(62,969)
	<u>82,245</u>	<u>1,227,247</u>	<u>167,051</u>	<u>26,725</u>	<u>1,503,268</u>
Note (ii): Net realized investment gains/(losses)					
Debt securities					
- Available-for-sale	-	97,373	10,061	10,819	118,253
- Held-for-trading	7,856	5,664	6,204	1,423	21,147
Equity securities					
- Available-for-sale	50,778	151,355	30,623	(4,270)	228,486
- Held-for-trading	(1,028)	44,928	4,158	3,380	51,438
Investment funds					
- Available-for-sale	-	157,066	19,032	-	176,098
- Held-for-trading	-	44,141	1	495	44,637
	<u>57,606</u>	<u>500,527</u>	<u>70,079</u>	<u>11,847</u>	<u>640,059</u>

Appendix I – Consolidated and Segmental Income Statement *(Continued)*

Segmental income statement for the six months ended 30 June 2009 *(Restated) (continued)*

	Reinsurance \$'000	Life insurance \$'000	Property and casualty insurance \$'000	Other businesses \$'000	Total \$'000
Note (iii): Net unrealized investment gains/(losses) and impairment					
Debt securities					
- Held-for-trading	624	1,101	534	(5,025)	(2,766)
Equity securities					
- Held-for-trading	-	(16,427)	3,140	3,724	(9,563)
Investment funds					
- Held-for-trading	1,741	(19,583)	-	3,584	(14,258)
Surplus on revaluation of investment properties	6,420	-	6,830	-	13,250
Impairment on held-to-maturity debt securities	(14,995)	-	-	-	(14,995)
	<u>(6,210)</u>	<u>(34,909)</u>	<u>10,504</u>	<u>2,283</u>	<u>(28,332)</u>

Appendix II – Consolidated and Segmental Statement of Financial Position

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

at 30 June 2010 – unaudited

(Expressed in Hong Kong dollars)

	At 30 June 2010 \$'000	At 31 December 2009 (Restated) \$'000
Assets		
Statutory deposits	1,443,231	1,350,037
Fixed assets		
- Property and equipment	3,052,515	3,189,521
- Investment properties	1,273,280	1,193,230
- Prepaid lease payments	580,789	681,439
	4,906,584	5,064,190
Deposit for the purchase of property	327,523	-
Goodwill	303,647	303,647
Intangible asset	261,408	261,408
Interest in associates	102,169	101,149
Deferred tax assets	105,943	96,210
Investments in debt and equity securities	83,217,525	74,089,895
Securities purchased under resale agreements	18,340	34,072
Amounts due from group companies	19,574	20,208
Insurance debtors	1,798,519	1,343,827
Reinsurers' share of insurance contract provisions	2,047,711	2,087,662
Policyholder account assets in respect of unit-linked products	4,469,667	5,078,319
Other debtors	3,324,757	2,575,684
Pledged deposits at banks	108,416	92,225
Deposits at banks with original maturity more than three months	7,611,935	6,534,677
Cash and cash equivalents	17,687,255	12,497,821
	127,754,204	111,531,031
Assets classified as held for sale	2,196,132	-
Total assets	129,950,336	111,531,031
Liabilities		
Life insurance contract liabilities	47,251,519	31,089,308
Unearned premium provisions	4,217,545	3,818,806
Provision for outstanding claims	6,827,034	6,982,756
Investment contract liabilities	35,951,880	36,381,937
Deferred tax liabilities	832,400	1,415,377
Interest-bearing notes	5,771,326	5,725,110
Securities sold under repurchase agreements	8,138,588	6,606,088
Amounts due to group companies	265	1,295
Insurance creditors	1,379,759	1,407,773
Other creditors	2,523,479	2,473,761
Current taxation	432,062	254,166
Insurance protection fund	39,616	36,825
	113,365,473	96,193,202
Liabilities directly associated with assets classified as held for sale	1,566,991	-
Total liabilities	114,932,464	96,193,202
Net assets	15,017,872	15,337,829

Appendix II – Consolidated and Segmental Statement of Financial Position (Continued)

Segmental statement of financial position as at 30 June 2010

	Reinsurance \$'000	Life insurance \$'000	Property and casualty insurance \$'000	Other businesses \$'000	Total \$'000
Statutory deposits	26,452	868,942	364,432	183,405	1,443,231
Property and equipment	54,210	2,201,451	759,328	37,526	3,052,515
Investment properties	104,770	-	1,168,510	-	1,273,280
Prepaid lease payments	-	481,002	99,787	-	580,789
Debt securities (note (i))	3,130,658	65,391,334	4,017,695	475,214	73,014,901
Equity securities (note (ii))	384,211	6,608,078	355,156	75,318	7,422,763
Investment funds (note (iii))	47,880	2,409,010	320,774	2,197	2,779,861
Cash and bank deposits	1,468,990	20,058,372	3,103,877	776,367	25,407,606
Goodwill	-	154,909	148,738	-	303,647
Intangible asset	-	-	261,408	-	261,408
Interest in associates	-	5,742	-	96,427	102,169
Reinsurers' share of insurance contract provisions	400,618	120,702	1,526,391	-	2,047,711
Policyholder account assets in respect of unit-linked products	-	4,469,667	-	-	4,469,667
Other segment assets	915,004	3,706,631	840,393	132,628	5,594,656
	6,532,793	106,475,840	12,966,489	1,779,082	127,754,204
Assets classified as held for sale	-	-	2,196,132	-	2,196,132
Segment assets	6,532,793	106,475,840	15,162,621	1,779,082	129,950,336
Life insurance contract liabilities	-	47,251,519	-	-	47,251,519
Unearned premium provisions	1,062,606	413,739	2,741,200	-	4,217,545
Provision for outstanding claims	2,744,938	177,895	3,904,201	-	6,827,034
Investment contract liabilities	-	35,951,880	-	-	35,951,880
Interest-bearing notes	-	3,610,782	802,396	1,358,148	5,771,326
Securities sold under repurchase agreements	-	7,794,704	343,884	-	8,138,588
Deferred tax liabilities	2,666	750,498	79,222	14	832,400
Other segment liabilities	278,252	2,230,216	1,694,985	171,728	4,375,181
	4,088,462	98,181,233	9,565,888	1,529,890	113,365,473
Liabilities directly associated with assets classified as held for sale	-	-	1,566,991	-	1,566,991
Segment liabilities	4,088,462	98,181,233	11,132,879	1,529,890	114,932,464
Non-controlling interests					(4,810,611)
Net assets attributable to the owners of the Company					10,207,261

Appendix II – Consolidated and Segmental Statement of Financial Position (Continued)

Segmental statement of financial position as at 30 June 2010 (continued)

	Reinsurance \$'000	Life insurance \$'000	Property and casualty insurance \$'000	Other businesses \$'000	Total \$'000
Note (i): Debt securities					
By category:					
- Held-to-maturity	2,162,629	47,454,649	889,695	26,171	50,533,144
- Available-for-sale	813,525	14,750,027	2,967,520	348,740	18,879,812
- Held-for-trading	154,504	-	-	94,572	249,076
- Loans and receivables	-	3,186,658	160,480	5,731	3,352,869
	<u>3,130,658</u>	<u>65,391,334</u>	<u>4,017,695</u>	<u>475,214</u>	<u>73,014,901</u>
By class:					
- Central governments and central banks	268,965	19,861,902	1,143,815	57,557	21,332,239
- Public sector entities	35,294	-	-	-	35,294
- Banks and other financial institutions	1,586,201	22,690,600	1,502,730	325,246	26,104,777
- Corporate entities	1,240,198	22,838,832	1,371,150	92,411	25,542,591
	<u>3,130,658</u>	<u>65,391,334</u>	<u>4,017,695</u>	<u>475,214</u>	<u>73,014,901</u>
Note (ii): Equity securities					
By category:					
- Available-for-sale	384,211	6,512,047	355,156	49,366	7,300,780
- Held-for-trading	-	96,031	-	25,952	121,983
	<u>384,211</u>	<u>6,608,078</u>	<u>355,156</u>	<u>75,318</u>	<u>7,422,763</u>
By class:					
- Public sector entities	735	-	97,315	-	98,050
- Banks and other financial institutions	104,651	519,157	79,666	17,316	720,790
- Corporate entities	278,825	6,088,921	178,175	58,002	6,603,923
	<u>384,211</u>	<u>6,608,078</u>	<u>355,156</u>	<u>75,318</u>	<u>7,422,763</u>

Appendix II – Consolidated and Segmental Statement of Financial Position

(Continued)

Segmental statement of financial position as at 30 June 2010 *(continued)*

	Reinsurance \$'000	Life insurance \$'000	Property and casualty insurance \$'000	Other businesses \$'000	Total \$'000
Note (iii): Investment funds					
By category:					
- Available-for-sale	14,817	2,409,010	320,774	-	2,744,601
- Held-for-trading	33,063	-	-	2,197	35,260
	<u>47,880</u>	<u>2,409,010</u>	<u>320,774</u>	<u>2,197</u>	<u>2,779,861</u>
By class:					
- Banks and other financial institutions	-	2,409,010	55,576	2,197	2,466,783
- Corporate entities	47,880	-	255,761	-	303,641
- Others	-	-	9,437	-	9,437
	<u>47,880</u>	<u>2,409,010</u>	<u>320,774</u>	<u>2,197</u>	<u>2,779,861</u>

Appendix II – Consolidated and Segmental Statement of Financial Position (Continued)

Segmental statement of financial position as at 31 December 2009

	Reinsurance \$'000	Life insurance \$'000	Property and casualty insurance \$'000	Other businesses \$'000	Total \$'000
Statutory deposits	23,250	567,870	577,198	181,719	1,350,037
Property and equipment	54,007	2,148,364	944,707	42,443	3,189,521
Investment properties	98,130	-	1,095,100	-	1,193,230
Prepaid lease payments	-	481,559	199,880	-	681,439
Debt securities (note (i))	2,852,023	52,282,773	4,344,335	461,076	59,940,207
Equity securities (note (ii))	302,407	7,614,251	442,817	74,079	8,433,554
Investment funds (note (iii))	77,162	5,162,437	463,793	12,742	5,716,134
Cash and bank deposits	1,597,343	13,905,867	3,133,748	487,765	19,124,723
Goodwill	-	154,909	148,738	-	303,647
Intangible asset	-	-	261,048	-	261,048
Interest in associates	-	5,667	-	95,482	101,149
Reinsurers' share of insurance contract provisions	328,633	148,378	1,610,651	-	2,087,662
Policyholder account assets in respect of unit-linked products	-	5,078,319	-	-	5,078,319
Other segment assets	523,857	2,600,767	847,723	98,014	4,070,361
Segment assets	5,856,812	90,151,161	14,069,738	1,453,320	111,531,031
Life insurance contract liabilities	-	31,089,308	-	-	31,089,308
Unearned premium provisions	547,881	369,190	2,901,735	-	3,818,806
Provision for outstanding claims	2,655,675	202,013	4,125,068	-	6,982,756
Investment contract liabilities	-	36,381,937	-	-	36,381,937
Interest-bearing notes	-	3,577,581	795,018	1,352,511	5,725,110
Securities sold under repurchase agreements	-	6,606,088	-	-	6,606,088
Deferred tax liabilities	5,481	1,310,500	98,930	466	1,415,377
Other segment liabilities	262,021	1,917,313	1,740,480	254,006	4,173,820
Segment liabilities	3,471,058	81,453,930	9,661,231	1,606,983	96,193,202
Non-controlling interests					(5,041,118)
Net assets attributable to the owners of the Company					10,296,711

Appendix II – Consolidated and Segmental Statement of Financial Position (Continued)

Segmental statement of financial position as at 31 December 2009 (continued)

	Reinsurance \$'000	Life insurance \$'000	Property and casualty insurance \$'000	Other businesses \$'000	Total \$'000
Note (i): Debt securities					
By category:					
- Held-to-maturity	2,000,863	35,961,153	1,357,561	13,519	39,333,096
- Available-for-sale	706,565	14,254,573	2,850,485	299,994	18,111,617
- Held-for-trading	144,595	-	-	141,884	286,479
- Loans and receivables	-	2,067,047	136,289	5,679	2,209,015
	<u>2,852,023</u>	<u>52,282,773</u>	<u>4,344,335</u>	<u>461,076</u>	<u>59,940,207</u>
By class:					
- Central governments and central banks	234,927	18,706,589	1,566,814	68,465	20,576,795
- Public sector entities	50,765	-	-	-	50,765
- Banks and other financial institutions	1,377,768	10,816,685	1,484,802	320,000	13,999,255
- Corporate entities	1,188,563	22,759,499	1,254,316	72,611	25,274,989
- Others	-	-	38,403	-	38,403
	<u>2,852,023</u>	<u>52,282,773</u>	<u>4,344,335</u>	<u>461,076</u>	<u>59,940,207</u>
Note (ii): Equity securities					
By category:					
- Available-for-sale	302,407	7,522,908	442,817	52,113	8,320,245
- Held-for-trading	-	91,343	-	21,966	113,309
	<u>302,407</u>	<u>7,614,251</u>	<u>442,817</u>	<u>74,079</u>	<u>8,433,554</u>
By class:					
- Public sector entities	9,626	-	156,649	-	166,275
- Banks and other financial institutions	89,517	-	41,002	13,976	144,495
- Corporate entities	203,264	7,614,251	245,166	60,103	8,122,784
	<u>302,407</u>	<u>7,614,251</u>	<u>442,817</u>	<u>74,079</u>	<u>8,433,554</u>

Appendix II – Consolidated and Segmental Statement of Financial Position (Continued)

Segmental statement of financial position as at 31 December 2009 (continued)

	Reinsurance \$'000	Life insurance \$'000	Property and casualty insurance \$'000	Other businesses \$'000	Total \$'000
Note (iii): Investment funds					
By category:					
- Available-for-sale	43,764	5,162,437	463,793	-	5,669,994
- Held-for-trading	33,398	-	-	12,742	46,140
	77,162	5,162,437	463,793	12,742	5,716,134
By class:					
- Banks and other financial institutions	-	-	-	3,636	3,636
- Corporate entities	77,162	5,162,437	336,554	9,106	5,585,259
- Others	-	-	127,239	-	127,239
	77,162	5,162,437	463,793	12,742	5,716,134

Questions & Answers