



## Company Report: CTIH (00966 HK)

公司报告: 中国太平 (00966 HK)

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# High Quality Life Premiums and Investment Results Leads Growth, Reiterate "Buy"

优质寿险保费和投资业绩引领增长, 重申“买入”

- CTIH's (00966 HK) subsidiary entered into an agreement to invest in GCL New Energy (00451 HK); we believe the transaction is fair. The agreement was made through Taiping Financial Holdings under its asset management segment. GCL New Energy is the largest privately-owned independent solar power producer in China. We believe that the transaction price is reasonable at 10% discount to the subscription price and 14.9% 2017F ROE of GCL New Energy.
- We expect premiums of both Taiping Life and Taiping General P&C to maintain fast growth. According to Taiping Life's 1-10M17 premiums, we expect growth to continue, whereas bancassurance channel premiums contribution should be further suppressed. We also believe that Taiping General P&C's premiums rebound in 10M17 should be sustainable.
- We increase target price to HKD35.50 and reiterate the investment rating of "Buy". Considering better market sentiment for the insurance sector, we decrease valuation discount and leave earnings forecasts unchanged.
- 中国太平 (00966 HK) 的子公司与协鑫新能源 (00451 HK) 签署了投资框架协议, 我们认为该交易是合理的。框架协议的签署是通过资产管理板块下的太平金融控股完成的。协鑫新能源是一家中国最大的民营光伏发电企业。基于 10% 的申购价折让和协鑫新能源 14.9% 的 2017 年预期权益回报率, 我们认为交易是合理的。
- 我们预计太平寿险和太平财险将会保持快速增长。根据太平寿险的 2017 年 1-10 月保费, 我们预计增长将会持续, 但是银保渠道的保费贡献将会进一步收窄。我们也相信太平财险在 2017 年 10 月的保费反弹是可持续的。
- 我们将目标价提升至 35.50 港元, 同时重申“买入”的投资评级。考虑到保险板块较好的市场情绪, 我们降低了估值的折让, 同时我们维持之前的盈利预测。

Rating:

**Buy**

Maintained

评级:

买入 (维持)

6-18m TP 目标价:

**HK\$35.50**

Revised from 原目标价:

HK\$29.00

Share price 股价:

HK\$28.800

### Stock performance

股价表现



Change in Share Price	1 M	3 M	1 Y
股价变动	1 个月	3 个月	1 年
Abs. % 绝对变动 %	(0.9)	26.9	69.8
Rel. % to HS Index 相对恒指变动 %	0.3	23.9	41.5
Avg. Share price(HK\$) 平均股价 (港币)	29.5	25.4	21.0

Source: Bloomberg, Guotai Junan International.

Year End	Turnover	Net Profit	EPS	EPS	PER	BPS	PBR	DPS	Yield	ROE
年结	收入	股东净利	每股净利	每股净利变动	市盈率	每股净资产	市净率	每股股息	股息率	净资产收益率
12/31	(HK\$ m)	(HK\$ m)	(HK\$)	(Δ %)	(x)	(HK\$)	(x)	(HK\$)	(%)	(%)
2015A	160,668	6,341	1.781	23.5	16.2	17.476	1.6	0.000	0.0	12.6
2016A	166,499	4,774	1.258	(29.4)	22.9	15.628	1.8	0.100	0.3	8.2
2017F	183,799	4,998	1.320	4.9	21.8	17.019	1.7	0.000	0.0	8.5
2018F	214,835	6,184	1.650	25.0	17.5	18.740	1.5	0.000	0.0	9.6
2019F	243,061	6,961	1.866	13.1	15.4	20.677	1.4	0.000	0.0	9.8
Shares in issue (m) 总股数 (m)				3,594.0	Major shareholder 大股东		China Taiping Group 59.6%			
Market cap. (HK\$ m) 市值 (HK\$ m)				103,507.2	Free float (%) 自由流通比率 (%)		40.4%			
3 month average vol. 3 个月平均成交股数 ('000)				13,309.2	FY17 Net gearing (%) FY17 净负债/股东资金 (%)		1.7			
52 Weeks high/low (HK\$) 52 周高/低 (HK\$)				32.950 / 15.540	FY17 Est. NAV (HK\$) FY17 每股估值 (港元)		50.7			

Source: the Company, Guotai Junan International.

See the last page for disclaimer

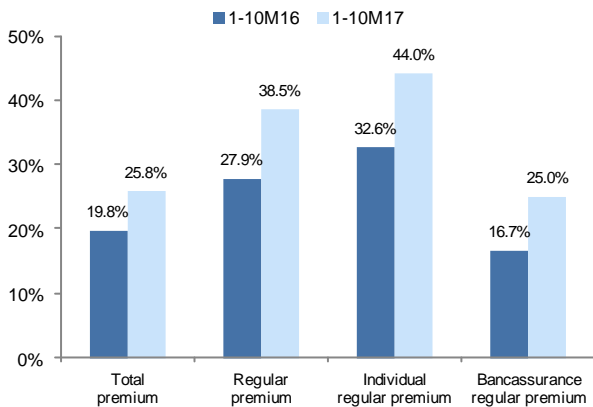
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**Operating Updates**

**Taiping Financial Holdings entered into an agreement to invest in GCL New Energy (00451 HK) on 20 Nov 2017 with fund size amounting to HKD8,000 mn; we believe the transaction is fair.** Taiping Financial Holdings is a wholly-owned subsidiary of CTIH (“the Company”) and is under the asset management segment. GCL New Energy (“GNE”) is the largest privately-owned independent solar power producer in China involved in development, construction, operations and management of solar power stations. The investment fund will be used to subscribe new GNE Shares and convertible bonds. The number of subscribed shares will represent less than 30% of GNE’s enlarged share. The subscription price of new shares will be 10% discount to the average closing price for the 10 trading days immediately preceding the Co-operation Framework Agreement. According to our estimation, HKD4,311 mn will be used to subscribe new shares while HKD3,689 mn will be invested in convertible bonds. Considering a 10% discount on subscription price and 14.9% of GNE’s 2017F ROE, we believe that the transaction price is reasonable, which is also good for CTIH’s investment portfolio diversification.

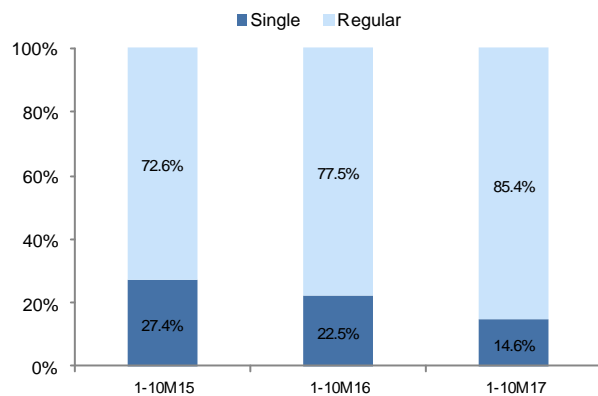
**We expect premiums of both Taiping Life (“TPL”) and Taiping General P&C (“TPI”) to maintain fast growth, according to 1-10M17 gross premium.** Driven by high margin regular premiums, TPL’s 1-10M17 premium increased by 25.8% YoY. Individual channels experienced 44.0% YoY increase in regular premiums, while bancassurance channels experienced 25.0% YoY growth. Product structure also saw significant improvement with proportion of regular premiums increasing each year. Besides, bancassurance channels still accounted for 34.2% of total premiums despite being on a downward trend. With ongoing transformation towards high-margin products and expansion in individual channels, we expect premiums to continue fast growth, whereas bancassurance channel premiums contribution should be further suppressed. After weak 3Q17 performance, TPI’s premiums growth rebounded in 10M17. We think the rebound should be sustainable, which might be a result of adjustments made to limit negative impacts of auto insurance pricing reform.

**Figure-1: TPL’s Premiums YoY Growth**



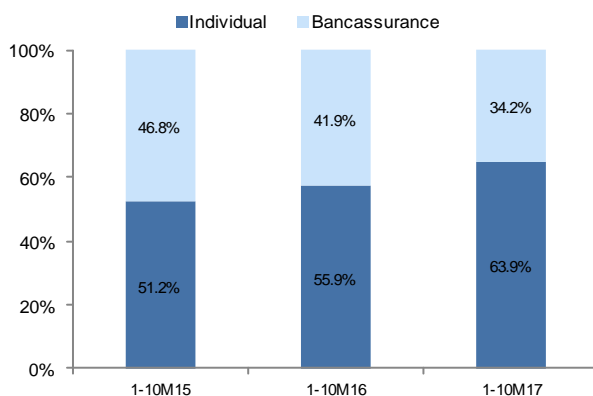
Source: the Company, Guotai Junan International.

**Figure-2: TPL’s Premiums by Payment**



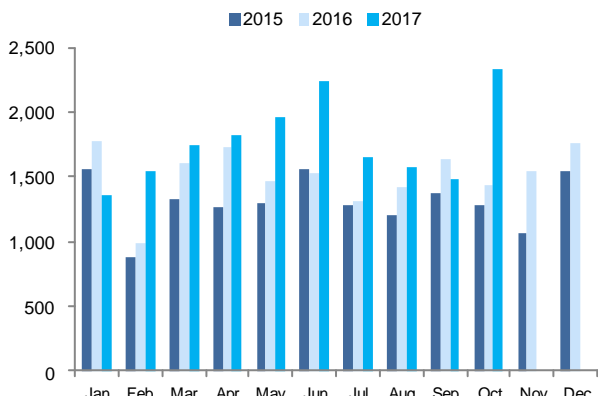
Source: the Company, Guotai Junan International.

**Figure-3: TPL’s Premiums by Channel**



Source: the Company, Guotai Junan International.

**Figure-4: TPI’s Monthly Premiums**



Source: the Company, Guotai Junan International.

### Outperforming capital markets and higher government bond yields are expected catalysts driving up 2017F results.

According to other issuers' 3Q17 results, we expect the whole sector to experience significant improvement in investment results benefiting from an outperforming China A-share market and Hong Kong stock market. Thus, we believe 2017F results of CTIH should also benefit from better capital market performance. Meanwhile, bond yield didn't fall in 3Q17, therefore, accelerating the rebound of 750-day government bond yields and releasing profit from insurance contract liability.

### Valuation

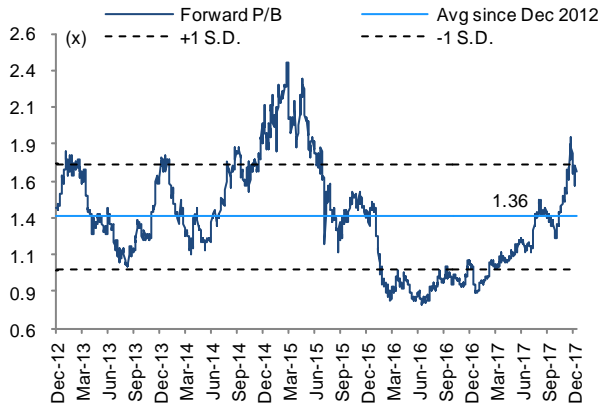
**Considering better market sentiment for the insurance sector, we decrease valuation discount on CTIH and increase target price to HKD35.50.** We leave our previous earnings forecasts unchanged. Meanwhile, SOTP valuation is applied to derive the target price. We have maintained most of our assumptions except from the COE of the life insurance sector. We switch market return and risk free rate from the China A-share market to Hong Kong stock market. Meanwhile, we have made some adjustments to NBV forecasts. Therefore, we derive 6.8x NBV multiple. Considering positive market sentiments towards the insurance sector, we lower discount on valuation from 45% to 30%. After all, we have arrived at the target price of HKD35.50, representing 2.09x 2017F P/B and 0.85x P/Group EV. Therefore, we reiterate our investment rating of "Buy".

**Table-1: SOTP Valuation**

(HKD mn)	2017F
<b>Life insurance</b>	
Embedded value	102,255
One-year's NBV after cost	11,246
Assumed NBV multiple	6.8 x
Valuation of new business	76,190
Appraisal value	178,445
Attributable appraisal value	134,012
<b>Mainland China P&amp;C</b>	
Net assets of P&C segment	6,989.0
Net profit attributable	502.2
P / B multiple	1.1 x
Attributable appraisal value	7,781
<b>Overseas P&amp;C</b>	
Net assets of P&C segment	6,864
Net profit attributable	506
P / B multiple	1.1 x
Attributable appraisal value	7,551
<b>Reinsurance</b>	
Net assets of reinsurance segment	7,703
Net profit attributable	847
P / B multiple	0.9 x
Attributable appraisal value	6,666
<b>Others</b>	
Net assets of other segment	26,243
Net profit attributable	368
P / B multiple	1.0 x
Attributable appraisal value	26,243
<b>Total attributable appraisal value</b>	<b>182,253</b>
<b>Number of shares (mn)</b>	<b>3,594</b>
<b>Appraisal value per share (HK\$)</b>	<b>50.71</b>

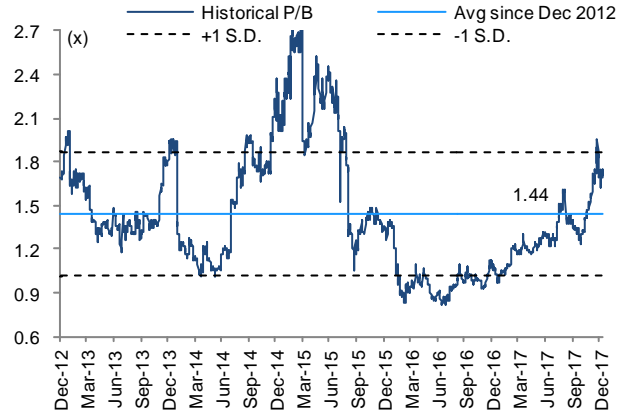
Source: Guotai Junan International.

**Figure-5: CTIH's 5-Year Forward P/B**



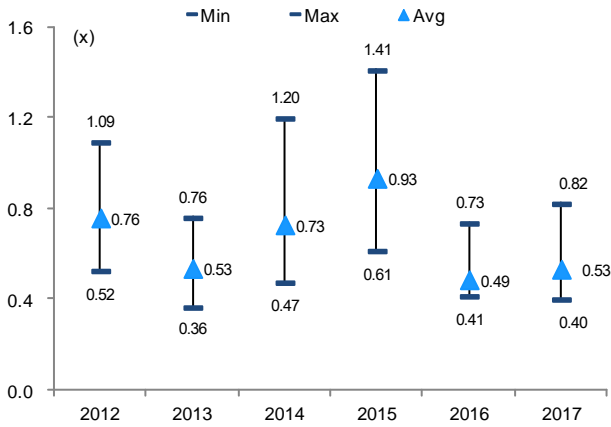
Source: Bloomberg, Guotai Junan International.

**Figure-6: CTIH's 5-Year Historical P/B**



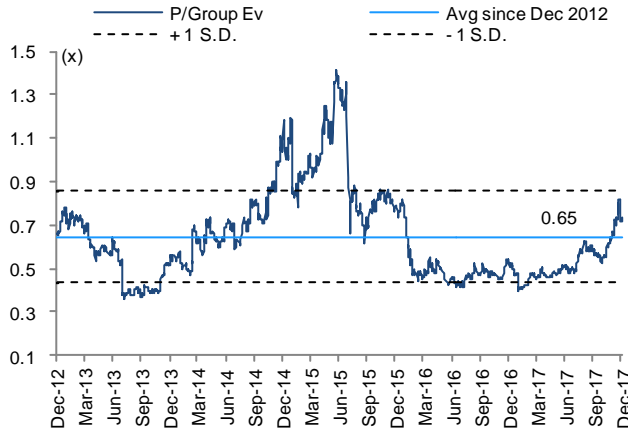
Source: Bloomberg, Guotai Junan International.

**Figure-7: CTIH's Historical P/Group EV Trading Average**



Source: Bloomberg, Guotai Junan International.

**Figure-8: CTIH's 5-Year Historical P/Group EV**



Source: Bloomberg, Guotai Junan International.

**Table-2: Peers Comparison**

Company	Stock Code	Currency	Last price (in local \$)	PE (fiscal year)				PB (fiscal year)				ROE(%)	D/Y(%)	Mkt Cap	
				16A	17F	18F	19F	16A	17F	18F	19F	17F	17F	HKD mn	
<b>HK - Listed companies</b>															
China Life Insurance Co-H	2628 HK	HKD	24.700	32.0	19.6	16.9	14.0	2.1	1.8	1.7	1.5	9.1	1.8	944,209	
Ping An Insurance Group Co-H	2318 HK	HKD	78.650	19.2	16.3	13.7	11.7	3.4	2.7	2.3	2.0	17.8	1.5	1,495,309	
Aia Group Ltd	1299 HK	HKD	63.200	23.4	18.7	18.1	16.2	2.8	2.5	2.3	2.1	13.8	1.6	763,111	
Prudential Plc	2378 HK	HKD	191.800	24.3	13.0	12.1	11.0	3.5	2.9	2.5	2.2	21.4	2.6	496,099	
Manulife Financial Corp	945 HK	HKD	162.400	19.5	12.3	10.9	9.8	1.5	1.3	1.2	1.1	10.8	3.1	321,362	
China Pacific Insurance Gr-H	2601 HK	HKD	38.400	24.7	20.4	15.9	13.5	2.4	2.1	1.9	1.8	10.7	2.5	418,350	
People's Insurance Co Grou-H	1339 HK	HKD	3.840	9.7	8.1	7.7	7.3	1.2	0.9	0.8	0.8	12.8	1.0	162,908	
Picc Property & Casualty-H	2328 HK	HKD	15.200	10.7	8.7	8.1	7.5	1.7	1.4	1.2	1.1	16.9	2.8	225,393	
New China Life Insurance C-H	1336 HK	HKD	52.350	28.3	21.9	16.1	13.5	2.5	2.1	1.9	1.7	9.9	1.3	211,533	
China Taiping Insurance Hold	966 HK	HKD	28.800	22.9	19.4	15.5	12.7	1.8	1.7	1.5	1.3	9.1	0.4	103,508	
China Reinsurance Group Co-H	1508 HK	HKD	1.660	11.8	10.0	8.6	7.7	0.9	0.8	0.7	0.7	7.9	3.7	69,964	
Zhongnan Online P&C Insuran-H	6060 HK	HKD	66.500	5,688.9	n.a.	210.4	68.1	10.8	4.3	4.3	4.0	(4.5)	n.a.	97,743	
Simple Average				493.0	15.3	29.5	16.1	2.9	2.0	1.9	1.7	11.3	2.0		
Weighted Average				127.1	16.6	18.0	13.5	2.8	2.2	2.0	1.8	13.8	1.9		
<b>China - Listed companies</b>															
China Life Insurance Co-A	601628 CH	CNY	30.97	46.9	30.6	24.6	20.2	2.9	2.7	2.5	2.3	9.3	1.2	944,209	
China Pacific Insurance Gr-A	601601 CH	CNY	42.06	31.6	26.0	21.4	17.6	2.9	2.7	2.4	2.2	10.7	1.9	418,350	
Ping An Insurance Group Co-A	601318 CH	CNY	71.21	20.3	17.4	14.5	12.2	3.4	2.9	2.5	2.1	18.3	1.4	1,495,309	
New China Life Insurance C-A	601336 CH	CNY	64.01	40.5	33.7	25.0	20.9	3.4	3.1	2.8	2.5	10.1	0.9	211,533	
Simple Average				34.9	26.9	21.4	17.7	3.1	2.8	2.5	2.3	12.1	1.4		
Weighted Average				31.4	23.7	19.2	16.0	3.2	2.8	2.5	2.2	13.9	1.4		
<b>Other APAC - Listed companies</b>															
Tokio Marine Holdings Inc	8766 JT	JPY	5,131.00	15.2	14.1	13.5	12.3	1.1	1.1	1.0	0.9	7.8	3.0	264,095	
Ms&Ad Insurance Group Holdin	8725 JT	JPY	3,693.00	12.4	10.5	10.7	8.7	0.8	0.8	0.8	0.7	7.8	3.4	150,761	
Dai-ichi Life Holdings Inc	8750 JT	JPY	2,369.50	15.7	12.1	13.3	13.5	1.0	0.9	0.8	0.8	7.6	2.2	195,328	
Samsung Life Insurance Co Lt	032830	KRW	124,000.00	10.9	15.6	13.7	12.9	0.8	0.7	0.7	0.7	5.0	1.6	177,324	
Samsung Fire & Marine Ins	000810	KRW	265,000.00	13.1	10.5	10.6	9.6	1.0	1.0	0.9	0.9	9.8	2.9	89,766	
Hanwha Life Insurance Co Ltd	088350	KRW	7,020.00	6.6	8.7	8.3	7.9	0.6	0.6	0.6	0.5	7.6	2.2	43,595	
Dongbu Insurance Co Ltd	005830	KRW	68,200.00	8.2	7.3	7.0	6.5	1.0	1.0	0.9	0.8	15.0	3.0	34,525	
Cathay Financial Holding Co	2882 TT	TWD	53.00	14.0	12.3	12.2	11.1	1.3	1.2	1.2	1.1	10.1	4.0	173,125	
Shin Kong Financial Holding	2888 TT	TWD	10.30	21.5	9.8	10.1	9.4	0.9	0.8	0.7	0.7	8.6	1.7	27,392	
Great Eastern Holdings Ltd	GE SP	SGD	27.17	21.7	13.9	16.1	15.4	2.0	n.a.	n.a.	n.a.	n.a.	2.0	74,315	
Qbe Insurance Group Ltd	QBE AU	AUD	10.71	12.9	36.8	11.7	10.6	1.0	1.1	1.0	1.0	2.2	3.3	85,833	
Amp Ltd	AMP AU	AUD	5.23	n.a.	15.0	14.6	14.1	2.1	2.1	2.1	2.0	13.5	5.5	89,940	
Simple Average				13.8	13.9	11.8	11.0	1.1	1.0	1.0	0.9	8.6	2.9		
Weighted Average				14.0	14.2	12.6	11.7	1.1	1.0	1.0	0.9	8.0	2.9		
<b>USA - Listed companies</b>															
American International Group	AIG US	USD	59.79	n.a.	22.0	12.0	11.0	0.8	0.7	0.7	0.7	3.7	2.1	419,654	
Metlife Inc	MET US	USD	53.64	85.1	11.9	11.3	10.4	0.9	1.1	1.0	0.9	9.0	3.0	440,708	
Prudential Financial Inc	PRU US	USD	116.26	11.8	11.1	10.2	9.7	1.1	1.0	1.0	0.9	12.0	2.6	384,875	
Travelers Cos Inc/The	TRV US	USD	133.16	12.8	19.0	14.0	13.5	1.6	1.5	1.5	1.4	7.4	2.1	284,554	
Marsh & McLennan Cos	MMC US	USD	83.93	24.6	22.0	20.1	18.3	7.0	5.8	6.1	4.4	28.5	1.7	334,437	
Allstate Corp	ALL US	USD	102.37	21.7	16.3	14.0	13.7	2.0	1.8	1.7	1.6	11.3	1.4	287,739	
Aflac Inc	AFL US	USD	88.48	13.7	13.1	13.0	12.4	1.8	1.6	1.5	1.4	14.1	2.8	271,598	
Aon Plc	AON US	USD	138.30	26.5	21.2	17.2	15.1	6.6	8.1	7.3	6.6	31.1	1.0	269,841	
Chubb Ltd	CB US	USD	150.24	16.8	20.6	14.0	13.2	1.5	1.4	1.3	1.2	7.3	1.9	544,546	
Hartford Financial Svcs Grp	HIG US	USD	55.42	24.0	17.2	13.3	11.9	1.2	1.3	1.2	1.2	7.4	1.7	154,353	
Loews Corp	L US	USD	50.05	25.9	17.9	16.4	15.1	0.9	0.9	0.8	0.8	5.5	0.5	131,547	
Progressive Corp	PGR US	USD	54.88	31.0	23.4	19.0	17.2	4.0	3.4	3.1	2.8	16.0	1.4	249,208	
Principal Financial Group	PFG US	USD	71.53	15.7	13.7	12.8	11.9	2.0	1.7	1.6	1.4	13.8	2.6	161,265	
Lincoln National Corp	LNC US	USD	77.17	15.2	10.0	9.9	9.1	1.2	1.1	1.0	0.9	12.1	1.5	131,849	
Simple Average				25.0	17.1	14.1	13.0	2.3	2.2	2.1	1.9	12.8	1.9		
Weighted Average				27.3	17.5	13.9	13.0	2.3	2.2	2.1	1.9	12.5	2.0		
<b>Europe - Listed companies</b>															
Axa Sa	CS FP	EUR	25.43	11.1	10.3	9.8	9.4	0.9	0.9	0.8	0.8	9.1	4.9	571,974	
Prudential Plc	PRU LN	GBp	1,839.00	24.5	13.0	12.1	11.0	3.2	2.9	2.5	2.2	21.4	2.6	495,837	
Zurich Insurance Group Ag	ZURN VX	CHF	296.40	14.0	15.1	12.4	11.3	1.4	1.4	1.4	1.4	9.5	5.9	353,161	
Swiss Re Ag	SREN VX	CHF	90.50	8.6	59.6	10.5	9.9	0.8	0.9	0.9	0.9	2.5	5.3	248,988	
Legal & General Group Plc	LGEM LN	GBp	264.70	12.5	10.5	10.8	10.1	2.3	1.9	1.7	1.6	20.2	5.8	164,406	
Old Mutual Plc	OML LN	GBp	200.30	16.8	9.5	8.9	8.9	1.2	1.2	1.1	1.1	11.8	3.5	102,988	
Aviva Plc	AVI LN	GBp	510.50	33.4	9.6	9.1	8.5	1.2	1.2	1.2	1.1	11.6	5.2	213,459	
Standard Life Aberdeen Plc	SLA LN	GBp	417.40	22.3	13.9	12.9	11.6	1.9	2.0	1.9	1.8	13.8	5.2	129,611	
Simple Average				17.9	17.7	10.8	10.1	1.6	1.5	1.5	1.4	12.5	4.8		
Weighted Average				17.3	17.1	10.9	10.2	1.7	1.6	1.5	1.4	12.5	4.7		

Source: Bloomberg, Guotai Junan International. Prices as at December 12, 2017.

**Financial Statements and Ratios**

Income Statement					
Year end 31 Dec (HKD m)	2015A	2016A	2017F	2018F	2019F
Gross written premiums	138,432	149,265	167,568	194,820	220,617
Premium ceded	(6,718)	(4,615)	(5,040)	(4,887)	(5,361)
Change in unearned premium reserves	(1,056)	(1,082)	(2,646)	(3,567)	(3,928)
Net premiums earned	130,657	143,569	159,882	186,366	211,329
Investment income	16,525	17,656	20,310	22,180	24,970
Net realised gains and FV gains	11,627	2,362	(349)	2,159	2,391
Other income	1,860	2,912	3,957	4,130	4,371
Total revenue	160,668	166,499	183,799	214,835	243,061
Insurance benefits and claims expenses	(112,344)	(116,476)	(128,941)	(147,649)	(166,273)
Costs and other expenses	(36,264)	(39,385)	(44,421)	(48,088)	(55,697)
Total benefits, claims and expenses	(148,608)	(155,861)	(173,363)	(195,737)	(221,970)
Finance costs	(1,049)	(1,377)	(1,478)	(1,416)	(1,383)
Share of profit of associates	(2)	(10)	367	440	528
Profit before tax	11,008	9,250	9,062	11,388	12,877
Income tax	(2,840)	(2,948)	(2,464)	(3,225)	(3,687)
Profit after tax	8,168	6,302	6,598	8,163	9,190
Non-controlling interest	(1,827)	(1,528)	(1,600)	(1,979)	(2,228)
Shareholders' profit / loss	6,341	4,774	4,998	6,184	6,961
Basic EPS	1.781	1.258	1.320	1.650	1.866
Diluted EPS	1.781	1.258	1.320	1.650	1.866

Cash Flow Statement					
Year end 31 Dec (HKD m)	2015A	2016A	2017F	2018F	2019F
Profit before taxation	11,008	9,250	9,062	11,388	12,877
Depreciation and amortisation	554	611	620	638	657
Revaluation of investment properties	(797)	(919)	(292)	(274)	(333)
Finance costs	1,049	1,377	1,478	1,416	1,383
Dividend income	(850)	(1,945)	(2,147)	(2,623)	(2,903)
Interest income	(14,926)	(14,998)	(17,494)	(19,023)	(21,384)
Share of results of associates and JV	2	10	(367)	(440)	(528)
Other operating loss	(10,236)	(1,018)	(1,120)	(1,232)	(1,355)
Operating loss before changes in working	(14,194)	(7,632)	(10,259)	(10,150)	(11,585)
Increase in life insurance contract	44,845	56,218	56,163	52,307	47,033
Others	(5,180)	(2,166)	(2,382)	(2,621)	(2,883)
Cash from operating activities	25,470	46,420	43,521	39,537	32,566
Investing activities					
Interest income received	15,025	15,807	21,932	24,208	21,565
Dividend income received	850	1,945	3,286	3,327	3,882
Net change in investment properties	56	(862)	960	(396)	(294)
Net change in HTM debt securities	(10,998)	(26,101)	(42,940)	(40,164)	(34,915)
Net change in AFS debt securities	4,194	(7,561)	3,396	2,198	2,511
Others	(26,027)	(32,682)	(16,341)	(17,975)	(21,570)
Cash from investing activities	(16,901)	(49,454)	(29,707)	(28,802)	(28,822)
Financing activities					
Net proceeds from share issued	13,480	0	0	0	0
Net change in borrowing	(525)	385	(769)	466	(3,133)
Others	(5,956)	(2,913)	(3,178)	(3,471)	(2,345)
effect of forex	(1,922)	(3,513)	(3,583)	(3,655)	(4,020)
Cash from financing activities	5,077	(6,041)	(7,531)	(6,659)	(9,498)
Net changes in cash	13,647	(9,075)	6,284	4,076	(5,754)
Cash at Beg of year	33,972	47,619	38,544	44,828	48,905
Cash at End of year	47,619	38,544	44,828	48,905	43,151

Source: the Company, Guotai Junan International.

Balance Sheet					
Year end 31 Dec (HKD m)	2015A	2016A	2017F	2018F	2019F
Cash & term deposits	69,163	82,512	48,683	54,768	67,776
Investment funds	12,704	12,211	8,763	19,169	14,171
Bonds securities	237,368	266,605	346,623	386,118	431,302
Equity securities	41,057	44,514	73,025	73,937	86,260
Other investment assets	12,375	19,338	9,737	13,692	16,636
Total investment assets	372,667	425,180	486,831	547,685	616,145
Other assets	115,364	80,226	82,633	85,112	87,665
Total assets	488,031	505,406	569,464	632,796	703,810
Insurance contracts liabilities	281,142	303,659	376,157	421,000	544,184
Investment contracts liabilities	18,763	18,167	18,465	18,316	18,390
Interest-bearing payables	6,270	5,835	6,090	6,000	5,911
Other liabilities	110,058	110,741	95,151	106,310	45,634
Total liabilities	416,233	438,403	495,863	551,626	614,118
Total shareholders' equity	59,728	56,169	61,167	67,351	74,313
Minority interest	12,071	10,834	12,434	13,819	15,379
Total equity	71,799	67,003	73,601	81,171	89,692

Financial Ratios					
Year end 31 Dec (HKD m, except %)	2015A	2016A	2017F	2018F	2019F
Insurance operation					
Life FYP	43,809	48,435	54,859	57,458	59,247
Life FYP yoy	6.0%	10.6%	13.3%	4.7%	3.1%
Mainland P&C premiums	19,447	21,269	23,235	25,390	27,745
Mainland P&C combined ratio	99.9%	99.8%	99.5%	99.6%	99.6%
Investments					
Investment income yoy	17.2%	6.8%	15.0%	9.2%	12.6%
Investment assets yoy	4.3%	14.1%	14.5%	12.5%	12.5%
Embedded value					
Group embedded value	122,973	128,847	150,375	164,526	174,763
Group EV yoy	49.9%	4.8%	16.7%	9.4%	6.2%
Life New business value	7,075	9,115	11,246	12,641	13,627
NBV yoy	63.5%	28.8%	23.4%	12.4%	7.8%
New business margin (FYP)	16.1%	18.8%	20.5%	22.0%	23.0%
New business margin (APE)	31.6%	32.1%	29.2%	28.5%	27.2%
Profitability					
ROAE	12.6%	8.2%	8.5%	9.6%	9.8%
ROAA	1.3%	0.9%	0.8%	0.9%	1.0%
Per share data					
Group EV per share (HKD)	35.980	35.850	41.840	45.778	48.626
NBV per share (HKD)	2.070	2.536	3.129	3.517	3.792
Basic EPS (HKD)	1.781	1.258	1.320	1.650	1.866
BPS (HKD)	17.476	15.628	17.019	18.740	20.677
DPS (HKD)	0.000	0.100	0.000	0.000	0.000
Dividend payout ratio	0.0%	8.0%	0.0%	0.0%	0.0%
Valuation metrics					
Current P/BPS (x)	1.648	1.843	1.733	1.574	1.427
Current P/EV (x)	0.800	0.803	0.688	0.629	0.592
Current P/NBV (x)	13.9	11.4	9.2	8.2	7.6
TP P/BPS (x)	2.0	2.3	2.1	1.9	1.7
TP P/EV (x)	1.0	1.0	0.8	0.8	0.7
TP P/NBV (x)	17.1	14.0	11.3	10.1	9.4

### Company Rating Definition

The Benchmark: Hong Kong Hang Seng Index

Time Horizon: 6 to 18 months

Rating		Definition
Buy	买入	Relative Performance > 15%; or the fundamental outlook of the company or sector is favorable.
Accumulate	收集	Relative Performance is 5% to 15%; or the fundamental outlook of the company or sector is favorable.
Neutral	中性	Relative Performance is -5% to 5%; or the fundamental outlook of the company or sector is neutral.
Reduce	减持	Relative Performance is -5% to -15%; or the fundamental outlook of the company or sector is unfavorable.
Sell	卖出	Relative Performance < -15%; or the fundamental outlook of the company or sector is unfavorable.

### Sector Rating Definition

The Benchmark: Hong Kong Hang Seng Index

Time Horizon: 6 to 18 months

Rating		Definition
Outperform	跑赢大市	Relative Performance > 5%; or the fundamental outlook of the sector is favorable.
Neutral	中性	Relative Performance is -5% to 5%; or the fundamental outlook of the sector is neutral.
Underperform	跑输大市	Relative Performance < -5%; Or the fundamental outlook of the sector is unfavorable.

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