

Report of the Directors

The directors respectfully submit their annual report together with the audited financial statements for the year ended 31 December 2009.

PRINCIPAL ACTIVITIES

The principal activity of Company is investment holding. The principal activities of the Company's subsidiaries are the underwriting of all classes of global reinsurance business, direct life insurance business in the PRC and direct property and casualty insurance business in the PRC and in Hong Kong. Apart from these core businesses, the Group also carries on operations in assets management, insurance intermediaries and pensions, and to support its insurance activities, holds money market, fixed income and equity. The principal activities and other particulars of the subsidiaries are set out in note 17 of the consolidated financial statements.

The analysis of the principal activities and geographical locations of the operations of the Company and its subsidiaries during the financial year are set out in note 3 of the consolidated financial statements.

The only information which the Company has maintained relating to its operating results by geographical area is the geographical analysis of its turnover. The directors believe that an analysis of the profit contributions from each geographical area is not required for a proper appraisal of its businesses.

MAJOR INSURANCE CUSTOMERS

The information in respect of the Group's gross premiums written and policy fees attributable to major insurance customers during the financial year is as follows:

	Percentage of the Group's total gross premiums written and policy fees
The largest insurance customer	0.5%
Five largest insurance customers in aggregate	1.5%

In the five largest insurance customers in aggregate, no gross premiums written and policy fees were connected parties of which the shareholder of the Company (which to the knowledge of the directors own more than 5.0% of the Company's share capital) had an interest.

Other than as disclosed above, at no time during the Year have the directors, their associates or any shareholder of the Company (which to the knowledge of the directors own more than 5.0% of the Company's share capital) had any interest in these major insurance customers.

董事會報告書

董事會全人謹將截至二零零九年十二月三十一日止年度的年報及經審核財務報表呈覽。

主要業務

本公司的主要業務是投資控股。本公司之附屬公司的主要業務是承接各類全球再保險業務、於中國的直接人壽保險業務及於中國及香港的直接財產保險業務。除了此等核心業務外，本集團也從事資產管理、保險仲介及養老保險業務，並為配合保險業務而持有各類貨幣、固定收入證券及股票。附屬公司的主要業務及其他資料載於綜合財務報表附註17。

本公司及其附屬公司於本財政年度的主要業務及經營地區分析載於綜合財務報表附註3。

本公司唯一有關按地區劃分的經營業績資料為營業額地區分析。董事相信毋須分析各地區之溢利貢獻亦可對其業務作合理評估。

主要保險客戶

主要保險客戶於本財政年度佔本集團的毛承保保費及保單費收入的資料臚列如下：

	佔本集團毛承保 保費及保單費收入 總額的百分比
最大保險客戶	0.5%
五大保險客戶合計	1.5%

在五大保險客戶的總額內並無從本公司的聯繫人士收取之毛承保保費及保單費收入。本公司聯繫人士是本公司股東(據董事所知持有本公司股本5.0%以上)擁有權益。

除此之外，本公司的董事，其聯繫人士或任何股東(據董事所知持有本公司股本5.0%以上)均沒有於年內任何時間擁有這些主要保險客戶的任何權益。

Report of the Directors

CONSOLIDATED FINANCIAL STATEMENTS

The profit of the Group for the year ended 31 December 2009 and the state of the Company's and the Group's affairs at that date are set out in the consolidated financial statements on pages 184 to 375.

No interim dividend was declared during the Year (2008: Nil). The directors did not recommend the payment of a final dividend in respect of the year ended 31 December 2009 (2008: Nil).

FIXED ASSETS

Details of the movements in fixed assets are set out in note 15 of the consolidated financial statements.

SHARE CAPITAL

During the Year, shares were issued as consideration for the acquisition and privatization of MAH. There was no share issued upon the exercise of options under the Company's share option scheme. Details of the movements in share capital of the Company during the Year are set out in note 37 of the consolidated financial statements.

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

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

RESERVES

Details of the movements in reserves of the Company and the Group during the Year are set out in note 38 of the consolidated financial statements.

DISTRIBUTABLE RESERVES

As at 31 December 2009, the Company's did not have any distributable reserves available for distribution (2008: Nil). In addition, the Company's share premium account of HK\$9,042.56 million (2008: HK\$2,218.25 million) as at 31 December 2009 may be distributed in the form of fully paid bonus shares.

董事會報告書

綜合財務報表

本集團截至二零零九年十二月三十一日止年度的溢利和本公司及本集團於該日的財政狀況載於第184至375頁的綜合財務報表內。

本年度內並無宣派中期股息(二零零八年：無)。董事會不建議派發截至二零零九年十二月三十一日止年度末期股息(二零零八年：無)。

固定資產

固定資產的變動詳情載於綜合財務報表附註15。

股本

於年內本公司發行股份作為購入及全面收購民安之代價。本公司並沒有根據本公司認股權計劃所行使之認股權發行股份。有關本公司於年內股本變動的詳情載於綜合財務報表附註37。

購買、出售或贖回本公司的上市證券

本公司或任何其附屬公司於年內概無購入、出售或贖回任何本公司的上市證券。

儲備

本公司及本集團於年內儲備變動的詳情載於綜合財務報表附註38。

可分配儲備

於二零零九年十二月三十一日，本公司沒有可供分配的儲備(二零零八年：無)。此外，本公司於二零零九年十二月三十一日有為數90.4256億港元(二零零八年：22.1825億港元)的股本溢價賬可以繳足紅股的形式作出分配。

Report of the Directors

DIRECTORS

The directors during the Year and up to the date of this annual report were:

Executive directors

Lin Fan
Song Shuguang
Xie Yiqun
Peng Wei (*appointed on 24 February 2010*)
He Zhiguang (*resigned on 12 March 2010*)
Ng Yu Lam Kenneth
Shen Koping Michael
Lau Siu Mun Sammy

Non-executive directors

Li Tao
Wu Jiesi*
Che Shujian*
Lee Kong Wai Conway* (*appointed on 19 October 2009*)
Lau Wai Kit* (*resigned on 20 July 2009*)

* *Independent*

In accordance with Article 93 and 97 of the Company's articles of association, Messrs. Lin Fan, Song Shuguang, Peng Wei, Shen Koping Michael and Che Shujian, shall retire and, being eligible, offer themselves for re-election at the forthcoming Annual General Meeting.

The proposed appointments will not have any specific term, but will be subject to retirement by rotation and re-election at the Company's Annual General Meeting in accordance with the Company's articles of association.

Subject to the approval of the shareholders at the Company's Annual General Meeting, the emoluments of the directors will be determined by the Remuneration Committee and the Board of Directors of the Company.

CONFIRMATION OF INDEPENDENCE

The Company has received annual confirmation from each of the independent non-executive directors in regards to their independence from the Company and considers that each of the independent non-executive directors is independent from the Company.

DIRECTORS' SERVICE CONTRACTS

Messrs. Ng Yu Lam Kenneth and Lau Siu Mun Sammy have entered into service contracts with the Company on 29 May 2000 for an initial period of three years commencing from 1 April 2000. Mr. Shen Koping Michael has entered into a service contract with the Company on 23 July 2002 for an initial period of two years commencing from 15 July 2002. The respective contracts shall continue after their respective initial periods unless and until terminated by either party to such contracts by giving three months' written notice to the other party.

No director proposed for re-election at the forthcoming Annual General Meeting has an unexpired service contract which is not determinable by the Company or any of its subsidiaries within one year without payment of compensation, other than normal statutory obligations.

董事會報告書

董事會

於本年度及截至本年報之日的董事如下：

執行董事

林帆
宋曙光
謝一群
彭偉 (於二零一零年二月二十四日委任)
何志光 (已於二零一零年三月十二日請辭)
吳俞霖
沈可平
劉少文

非執行董事

李濤
武捷思*
車書劍*
李港衛* (於二零零九年十月十九日委任)
劉偉傑* (已於二零零九年七月二十日請辭)

* 獨立

根據本公司的組織章程細則條文第93及97條，林帆先生、宋曙光先生、彭偉先生、沈可平先生及車書劍先生將於即將召開的股東周年大會退任，而他們均符合資格及願膺選連任。

以上所建議的委任均無指定期限，但須按本公司的組織章程細則，在本公司股東周年大會輪值告退及膺選連任。

董事酬金將由本公司的薪酬委員會及董事會訂定，惟仍需股東在本公司股東周年大會上批准。

獨立性的確認

本公司已取得各獨立非執行董事每年確認其獨立性的確認函。本公司亦認為每位獨立非執行董事，確屬獨立於本公司的人士。

董事的服務合約

吳俞霖先生及劉少文先生已於二零零零年五月二十九日跟本公司簽訂服務合約，任期由二零零零年四月一日開始，初步為期三年。沈可平先生於二零零二年七月二十三日與本公司訂立服務合約，任期由二零零二年七月十五日開始，初步為期二年。除非及直至上述合約的任何一方透過向其他方發出三個月的書面通知而終止合約，否則，相關服務合約會在其各自的初步任期結束後獲得續期。

擬於即將召開的股東周年大會中候選連任的董事概無與本公司或任何其附屬公司訂立於一年內不可在不予賠款(一般法定賠款除外)的情況下終止尚未屆滿的服務合約。

Report of the Directors

DIRECTORS' AND CHIEF EXECUTIVE'S INTEREST AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 31 December 2009, the interests or short positions of the directors and chief executive in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies were as follows:

Long Positions in shares and underlying shares of the Company:

Name of directors	Shares		Underlying shares pursuant to share options (Note 1)	Awarded shares (Note 2)	Total interests	Percentage of issued share capital %
	Personal interests	Family interests				
Lin Fan	1,140,000	—	3,200,000	—	4,340,000	0.25
Song Shuguang	10,000	—	800,000	—	810,000	0.05
Xie Yiqun	—	—	500,000	—	500,000	0.03
Peng Wei (appointed on 24 February 2010)	70,000	—	400,000	—	470,000	0.03
He Zhiguang (resigned on 12 March 2010)	—	—	800,000	240,000	1,040,000	0.06
Ng Yu Lam, Kenneth	2,166,000	693,000	1,400,000	82,000	4,341,000	0.26
Shen Koping, Michael	4,279,000	—	1,225,000	22,000	5,526,000	0.32
Lau Siu Mun, Sammy	857,000	—	1,150,000	67,000	2,074,000	0.12
Li Tao	—	—	—	130,000	130,000	0.01

Notes:

- (1) These figures represent interests of options granted to the directors under the Share Option Scheme of the Company adopted on 23 January 2003 to acquire shares of the Company, further details of which are set out in the section "Share Option Scheme".
- (2) These figures represent interests of awarded shares granted to the directors under the Employees' Share Award Scheme of the Company adopted on 10 September 2007, details of which are set out in the section "Share Award Scheme".

Save as disclosed above:

- (A) none of the directors of the Company had any interest or short position in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO); and
- (B) during the Year, no directors of the Company nor any of their spouses or children under the age of 18 years held any rights to subscribe for equity or debt securities of the Company nor had there been any exercise of any such rights by any of them.

董事會報告書

董事及最高行政人員的股份、相關股份及債權證的權益及淡倉

於二零零九年十二月三十一日，按證券及期貨條例第352條規定存置登記冊的記錄所載，或按上市公司董事進行證券交易的標準守則要求，已經知會本公司及聯交所，董事及最高行政人員在本公司及其相聯法團（根據證券及期貨條例第XV段的釋義）的股份、相關股份或債權證中擁有的權益及淡倉如下：

本公司的股份及相關股份的好倉情況：

董事名稱	股份		根據認股權的 相關股份 (註1)	獎授股份 (註2)	總權益	佔已發行 股份 %
	個人權益	家族權益				
林帆	1,140,000	—	3,200,000	—	4,340,000	0.25
宋曙光	10,000	—	800,000	—	810,000	0.05
謝一群	—	—	500,000	—	500,000	0.03
彭偉(於二零一零年 二月二十四日委任)	70,000	—	400,000	—	470,000	0.03
何志光(已於二零一零年 三月十二日請辭)	—	—	800,000	240,000	1,040,000	0.06
吳俞霖	2,166,000	693,000	1,400,000	82,000	4,341,000	0.26
沈可平	4,279,000	—	1,225,000	22,000	5,526,000	0.32
劉少文	857,000	—	1,150,000	67,000	2,074,000	0.12
李濤	—	—	—	130,000	130,000	0.01

註：

(1) 此乃根據於本公司二零零三年一月二十三日採納之認股權計劃授予董事的認股權可認購本公司的股份份數，詳情載於「認股權計劃」文內。

(2) 此乃根據於本公司二零零七年九月十日採納之僱員股份獎勵計劃授予董事的獎授股份，詳情載於「股份獎勵計劃」文內。

除上述者外：

- (A) 並無任何董事擁有本公司或任何相聯法團（根據證券及期貨條例第XV段的釋義）任何股份、相關股份或債權證的權益或淡倉；與及
- (B) 在本年度，並無任何董事或任何他們的配偶或未滿十八歲的子女擁有權利認購本公司的股本或債務證券，亦並無任何上述人士行使任何此等權利。

Report of the Directors

SHARE OPTION SCHEME

The Company adopted the Old Scheme on 24 May 2000 whereby the directors of the Company were authorized, at their discretion, to invite employees of the Group, including directors of any company in the Group, to take up options to subscribe for shares of the Company. The exercise price of options was determined by the board of directors and would not be less than the nominal value of the shares or 80.0% of the average of the closing prices of the shares on the Stock Exchange for the five business days immediately preceding the date on which an option is offered. The options are exercisable for a period of ten years commencing from the date on which an option is accepted.

No employee shall be granted an option, which, if exercised in full, would result in such employee becoming entitled to subscribe for such number of shares as, when aggregated with the total number of shares already issued to him under all options previously granted to him which have been exercised and issuable to him under all the options previously granted to him which are for the time being subsisting and unexercised, would exceed 25.0% of the aggregate number of shares for the time being issued and issuable under the Old Scheme.

The maximum number of shares in respect of which options may be granted under the Old Scheme may not (when aggregated with shares subject to any other employee share option scheme) exceed in nominal 10.0% of the issued share capital of the Company from time to time, excluding for this purpose any shares which have been duly allotted and issued pursuant to the Old Scheme.

At the extraordinary general meeting of the Company held on 7 January 2003, the shareholders of the Company approved the adoption of the New Scheme and the termination of the Old Scheme. The New Scheme is in line with the prevailing requirements of Chapter 17 of the Listing Rules in relation to share option schemes. All options granted under the Old Scheme shall continue to be valid and exercisable in accordance with the terms of the Old Scheme.

The purpose of the New Scheme is for the Company to attract, retain and motivate participants to strive for the future development and expansion of the Group and to provide the Company with a flexible means of giving incentive to, rewarding, remunerating, compensating and/or providing benefits to the eligible participants and for such other purposes as may be approved from time to time.

Eligible participants of the New Scheme include any executive or non-executive directors of the Group or any employees (whether full-time or part-time) of the Group; any discretionary objects of a discretionary trust established by any employees, executive or non-executive directors of the Group; any consultants and professional advisers to the Group; any chief executives or substantial shareholders of the Company; any associates of director, chief executive or substantial shareholder of the Company; and any employees of substantial shareholders of the Company, as absolutely determined by the Board of Directors.

The New Scheme shall be valid and effective for a period of 10 years commencing on the Adoption Date, after which period no further options will be granted but in respect of all options which remain exercisable at the end of the period, the provisions of the New Scheme shall remain in full force and effect. The remaining life of the New Scheme as at 31 December 2009 was 3 years.

董事會報告書

認股權計劃

本公司於二零零零年五月二十四日採納舊計劃。根據舊計劃，本公司董事有權酌情邀請本集團僱員（包括本集團內任何公司的董事）接納可認購本公司股份的認股權。認股權行使價由董事會釐定，惟不會低於股份面值或授出認股權日期前五個交易日股份在聯交所的平均收市價80.0%。認股權可於接納當日起計十年內行使。

倘賦予僱員認股權，而其全數行使該等認股權後可認購的股份數量，連同已行使其先前獲賦予的所有認股權而已向其發行的股份，以及根據先前授出而當時仍有效及未行使的認股權可向其發行的股份合計，超過當時根據舊計劃已發行及可發行的股份總數25.0%，則不得再賦予該僱員認股權。

根據舊計劃授出的認股權所涉及股份面值，連同根據任何其他僱員認股權計劃所涉及股份合計，不得超過本公司不時的已發行股本10.0%（就此而言，不包括根據舊計劃正式配發及發行的任何股份）。

於本公司在二零零三年一月七日舉行的股東特別大會上，本公司股東批准採納新計劃，並終止舊計劃。新計劃符合上市規則第十七章有關認股權計劃當時的規定。根據舊計劃授出的所有認股權將繼續有效，並可根據舊計劃的條款行使。

新計劃旨在吸引、挽留及激勵合資格的參與者，致力推動本集團日後的發展及擴充，並為本公司提供靈活的方法，以鼓勵、獎賞、酬謝、補償合資格的參與者及／或為合資格的參與者提供利益，以及為不時批准的其他目的而設。

新計劃之合資格參與者包括董事會可全權決定之本集團之任何執行或非執行董事或任何僱員（不論全職或兼職）；為本集團任何僱員、執行或非執行董事所設立之全權信託之全權受益人；本集團之任何顧問及專業顧問；本公司任何行政總裁或主要股東；本公司董事、行政總裁或主要股東之任何聯繫人士；及本公司主要股東之僱員。

新計劃的有效期限從採納日期起計為期十年，在該期間後，將不會再授出任何認股權，惟就於期限結束之時所有仍可行使的認股權而言，新計劃的條文將繼續全面有效。於二零零九年十二月三十一日，新計劃的餘下年期為三年。

Report of the Directors

The total number of shares which may be issued upon exercise of all options to be granted under the New Scheme and any other share option schemes of the Company shall not in aggregate exceed 10.0% of the total number of Shares in issue as at the Adoption Date, which was 132,533,159 Shares. As at the date of this annual report, a total of 76,144,159 Shares (representing approximately 4.5 % of the issued share capital of the Company as at the date of this annual report) are available for grant under the New Scheme. Together with the outstanding share options granted under the New Scheme of 14,952,000 Shares as at the date of this annual report, a total of 91,096,159 Shares (representing approximately 5.4 % of the issued share capital of the Company as at the date of this annual report) are available for issue.

The maximum number of Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the New Scheme and any other share option schemes of the Company must not exceed 30.0% of the total number of Shares in issue from time to time (or such higher percentage as may be allowed under the Listing Rules).

The total number of shares issued and to be issued upon exercise of the options granted to each participant in any 12-month period up to and including the Grant Date shall not exceed 1.0% of the total number of Shares in issue. Where any further grant of options to a participant would result in the Shares issued and to be issued upon exercise of all options granted and to be granted to such participant in the 12-month period up to and including the date of such further grant to be in aggregate over 1.0% of the Shares in issue, such further grant must be separately approved by the shareholders of the Company in a general meeting with such participant and his associates abstaining from voting.

The period under which an option may be exercised will be determined by the board of directors at its discretion, save that the period shall commence on the date of acceptance by the Grantee and expire not later than 10 years after the date of acceptance. The amount payable on acceptance of an option is HK\$1.00. The full amount of the Subscription Price shall be paid on exercise of an option.

The Subscription Price in respect of each Share issued pursuant to the exercise of options granted under the New Scheme shall be determined by the board of directors with a price at least the highest of:

- (a) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the Offer Date, which must be a Business Day;
- (b) a price being the average of the closing prices of the Shares as stated in the Stock Exchange's daily quotations sheets for the 5 Business Days immediately preceding the Offer Date; and
- (c) the nominal value of a Share.

董事會報告書

根據新計劃及本公司任何其他認股權計劃授出的所有認股權在行使時可予發行的股份總數，合共不得超過於採納日期已發行股份總數的10.0%，即132,533,159股股份。於本年報日期，合共76,144,159股股份（於本年報日期佔本公司已發行股本約4.5%）可按新計劃授出。連同於本年報日期根據新計劃仍未行使已授出認股權之14,952,000股股份，合共91,096,159股股份（於本年報日期佔本公司已發行股本約5.4%）可供發行。

根據新計劃及本公司任何其他認股權計劃已授出但仍未行使的所有認股權於行使時可予發行的股份最高數目，不得超過不時已發行股份總數的30%（或上市規則可能允許的較高百分率）。

在任何十二個月期間（直至及包括授出日期）所授予每位參與者的認股權在行使時已發行及將發行的股份總數，不得超過已發行股份總數的1%。倘進一步授出認股權予一名參與者將導致任何十二個月期間（直至及包括進一步授出該等認股權的日期），已授予及將授予該參與者的所有的認股權在行使時，已發行及將發行的股份超過已發行股份總數1%，則進一步授出的認股權必須獲本公司股東於股東大會上另行批准，而該參與者及其聯繫人士須放棄投票。

可行使認股權的期限將由董事會酌情決定，惟該期限應於承授人接納日期開始，而到期日不得多於從接納日期起計之十年期。接納一份認股權應付的款項為1.00港元。行使價的全數款項需於行使認股權時支付。

根據新計劃授出的認股權在行使時發行的每股股份的行使價由董事會釐定，而該價格最少應為（以最高者為準）：

- (a) 於提呈日期（必須為營業日）股份在聯交所每日報表所報的收市價；
- (b) 緊接提呈日期前五個營業日股份在聯交所每日報表所報的平均收市價；及
- (c) 股份的面值。

Report of the Directors

As of 31 December 2009, the directors and employees of the Company had the following interests in options to subscribe for shares of the Company (market value per share at 31 December 2009 was HK\$25.10) granted at nominal consideration under the Old Scheme and the New Scheme, respectively. Each unit of option gives the holder the right to subscribe for one share.

Directors	No. of options outstanding at the beginning of the Year	No. of options outstanding at the end of the Year	Date granted	Period during which options exercisable	No. of options granted during the Year	No. of shares acquired in exercise of options during the Year	No. of options cancelled/reclassified during the Year	Price per share to be paid on exercise of options	¹ Market value per share at date of grant of options during the Year	² Market value per share on exercise of options during the Year
Lin Fan	700,000	700,000	12 September 2002	12 September 2002 to 11 September 2012	—	—	—	HK\$3.225	—	—
	2,500,000	2,500,000	2 November 2005	23 November 2005 to 22 November 2015	—	—	—	HK\$2.875	—	—
Song Shuguang	800,000	800,000	2 November 2005	23 November 2005 to 22 November 2015	—	—	—	HK\$2.875	—	—
Xie Yiqun	500,000	500,000	2 November 2005	23 November 2005 to 22 November 2015	—	—	—	HK\$2.875	—	—
Peng Wei (appointed on 24 February 2010)	—	400,000	2 November 2005	23 November 2005 to 22 November 2015	—	—	³ 400,000	HK\$2.875	—	—
He Zhiguang (appointed on 12 March 2009 and resigned on 12 March 2010)	800,000	—	26 February 2007	26 February 2007 to 25 February 2017	—	—	⁴ 800,000	HK\$9.490	—	—
Ng Yu Lam, Kenneth	400,000	400,000	12 September 2002	12 September 2002 to 11 September 2012	—	—	—	HK\$3.225	—	—
	1,000,000	1,000,000	2 November 2005	23 November 2005 to 22 November 2015	—	—	—	HK\$2.875	—	—
Shen Koping, Michael	175,000	175,000	29 December 2006	29 December 2006 to 28 December 2016	—	—	—	HK\$9.800	—	—
	175,000	175,000	29 June 2007	29 June 2007 to 28 June 2017	—	—	—	HK\$14.220	—	—
	175,000	175,000	31 December 2007	31 December 2007 to 30 December 2017	—	—	—	HK\$21.400	—	—
	175,000	175,000	30 June 2008	30 June 2008 to 29 June 2018	—	—	—	HK\$19.316	—	—
	175,000	175,000	31 December 2008	31 December 2008 to 30 December 2018	—	—	—	HK\$11.920	—	—
	—	350,000	31 December 2009	31 December 2009 to 30 December 2019	350,000	—	—	HK\$25.100	HK\$25.100	—
Lau Siu Mun, Sammy	150,000	150,000	27 September 2000	27 September 2000 to 26 September 2010	—	—	—	HK\$1.110	—	—
	400,000	400,000	12 February 2001	12 February 2001 to 11 February 2011	—	—	—	HK\$0.950	—	—
	600,000	600,000	2 November 2005	23 November 2005 to 22 November 2015	—	—	—	HK\$2.875	—	—
Employees	100,000	100,000	9 February 2001 to 17 February 2001	9 February 2001 to 16 February 2011	—	—	—	HK\$0.950	—	—
	100,000	100,000	12 September 2002 to 23 September 2002	12 September 2002 to 22 September 2012	—	—	—	HK\$3.225	—	—
	5,677,000	5,277,000	2 November 2005	23 November 2005 to 27 November 2015	—	—	³ 400,000	HK\$2.875	—	—
	—	800,000	26 February 2007	26 February 2007 to 25 February 2017	—	—	⁴ 800,000	HK\$9.490	—	—

董事會報告書

於二零零九年十二月三十一日，本公司的董事及僱員分別根據舊計劃及新計劃以名義價款獲賦予可認購本公司股份（於二零零九年十二月三十一日每股市價為25.10港元）的認股權中擁有以下權益。每份認股權賦予持有人認購一股股份的權利。

董事	於年初 未行使的 認股權數目	於年末 未行使的 認股權數目	賦予日期	可行使認股權期間	年內 已授出的 認股權數目	年內行使 認股權 購入的 股份數目	年內取消/ 重新分類 認股權數目	行使 認股權時 應付的 每股股價	¹ 於年內 認股權 授出日期的 每股價格	² 於年內 行使認股 權日期的 每股價格
林帆	700,000	700,000	2002年9月12日	2002年9月12日 至2012年9月11日	—	—	—	3.225港元	—	—
	2,500,000	2,500,000	2005年11月2日	2005年11月23日 至2015年11月22日	—	—	—	2.875港元	—	—
宋曙光	800,000	800,000	2005年11月2日	2005年11月23日 至2015年11月22日	—	—	—	2.875港元	—	—
謝一群	500,000	500,000	2005年11月2日	2005年11月23日 至2015年11月22日	—	—	—	2.875港元	—	—
彭偉 (於2010年 2月24日委任)	—	400,000	2005年11月2日	2005年11月23日 至2015年11月22日	—	—	³ 400,000	2.875港元	—	—
何志光 (於2009年 3月12日委任及 於2010年 3月12日請辭)	800,000	—	2007年2月26日	2007年2月26日 至2017年2月25日	—	—	⁴ 800,000	9.490港元	—	—
吳俞霖	400,000	400,000	2002年9月12日	2002年9月12日 至2012年9月11日	—	—	—	3.225港元	—	—
	1,000,000	1,000,000	2005年11月2日	2005年11月23日 至2015年11月22日	—	—	—	2.875港元	—	—
沈可平	175,000	175,000	2006年12月29日	2006年12月29日 至2016年12月28日	—	—	—	9.800港元	—	—
	175,000	175,000	2007年6月29日	2007年6月29日 至2017年6月28日	—	—	—	14.220港元	—	—
	175,000	175,000	2007年12月31日	2007年12月31日 至2017年12月30日	—	—	—	21.400港元	—	—
	175,000	175,000	2008年6月30日	2008年6月30日 至2018年6月29日	—	—	—	19.316港元	—	—
	175,000	175,000	2008年12月31日	2008年12月31日 至2018年12月30日	—	—	—	11.920港元	—	—
	—	350,000	2009年12月31日	2009年12月31日 至2019年12月30日	350,000	—	—	25.100港元	25.100港元	—
劉少文	150,000	150,000	2000年9月27日	2000年9月27日 至2010年9月26日	—	—	—	1.110港元	—	—
	400,000	400,000	2001年2月12日	2001年2月12日 至2011年2月11日	—	—	—	0.950港元	—	—
	600,000	600,000	2005年11月2日	2005年11月23日 至2015年11月22日	—	—	—	2.875港元	—	—
僱員	100,000	100,000	2001年2月9日 至2001年2月17日	2001年2月9日 至2011年2月16日	—	—	—	0.950港元	—	—
	100,000	100,000	2002年9月12日 至2002年9月23日	2002年9月12日 至2012年9月22日	—	—	—	3.225港元	—	—
	5,677,000	5,277,000	2005年11月2日	2005年11月23日 至2015年11月27日	—	—	³ 400,000	2.875港元	—	—
	—	800,000	2007年2月26日	2007年2月26日 至2017年2月25日	—	—	⁴ 800,000	9.490港元	—	—

Report of the Directors

Notes:

- 1 *Being the closing price quoted on the Stock Exchange immediately before the dates on which the options were granted during the Year.*
- 2 *Being the weighted average closing price quoted on the Stock Exchange immediately before the dates on which the options were exercised during the Year.*
- 3 *Mr. Peng Wei had been appointed as a Director of the Company on 24 February 2010. The share options that he was entitled to was reclassified from the employee category.*
- 4 *Mr. He Zhiguang resigned as a Director of the Company on 12 March 2010. The share options that he was entitled to was reclassified to the employee category, according to the Share Options Scheme of the Company.*

The assumptions used in estimating the fair value of the Company's share options granted during the Year are provided in note 40(a)(v) to the consolidated financial statements.

Share options were granted as part of a service condition. This service condition does not take into account the fair value measurement of the share options to be granted. There were no market conditions associated with the share options granted.

Apart from the foregoing, at no time during the Year was the Company, any of its holding companies, subsidiaries or fellow subsidiaries a party to any arrangement to enable the directors or chief executives of the Company or any of their spouses or children under eighteen years of age to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

SHARE AWARD SCHEME

- (A) The Share Award Scheme of the Company was adopted by the board of directors (the "Board") on 10 September 2007 ("Adoption Date"). Unless terminated earlier by the Board, the Share Award Scheme shall be valid and effective for a term of 10 years commencing from the Adoption Date, and after such period no new award of Shares shall be granted. A summary of some of the principal terms of the Share Award Scheme is set out in section (B) below.
- (B) The purpose of the Share Award Scheme is to recognize and reward certain employees (including without limitation an employee who is also a director) of the Group and TPG and its subsidiaries for their contributions to the Group and to give long-term incentives for retaining them for the continued operations and development of the Group. The Share Award Scheme intends to provide long-term compensation and incentives such that current employees are incentivized to remain in the Group and TPG and its subsidiaries, and suitable professional recruits are attracted to join the Group and TPG and its subsidiaries, to further assist in the development of the Group.

Under the Share Award Scheme, the Board or a committee (which consists of at least the chief executive officer and a director of the Company) delegated with the power of the Board may, from time to time, at its absolute discretion and subject to such terms and conditions as it may think fit select an employee for participation in the Share Award Scheme and determine the number of shares to be awarded. The Board shall not grant any award of shares which would result in the total number of shares which are the subject of awards of shares granted by the Board under the Share Award Scheme (but not counting any which have lapsed or have been forfeited) to represent in aggregate over 10% of the issued share capital of the Company as at the date of such grant. No award shall be granted to any selected employee which would result in the maximum number of awarded shares which are the subject of the awards of shares granted to such selected employee (including any which have lapsed or have been forfeited) under the Share Award Scheme in the 12-month period up to and including the date of such grant to represent in aggregate over 1% of the issued share capital of the Company as at the date of such grant.

董事會報告書

註：

- 1 緊接認股權授出日期前於聯交所所報的收市價。
- 2 年內緊接認股權行使日期前於聯交所所報的加權平均收市價。
- 3 彭偉先生於二零一零年二月二十四日被委任為本公司董事。其未行使的認股權已由僱員類別重新分類。
- 4 何志光先生已於二零一零年三月十二日辭任本公司董事。根據本公司認股權計劃，其未行使的認股權已由董事類別重新分類為僱員。

有關於年度內授出本公司認股權的公允價值及假設載於綜合財務報表附註40(a)(v)。

認股權的授予為服務條件之一。該服務條件並未納入計算授出認股權的公允價值。並無市場條件與授予認股權有關。

除上述者外，本公司、任何其控股公司、附屬公司或同系附屬公司均沒有在本年度任何時間參與任何安排，致使本公司董事或最高行政人員或任何他們的配偶或未滿十八歲的子女，可以透過收購本公司或任何其他法團的股份或債權證而獲益。

股份獎勵計劃

- (A) 董事會已於於二零零七年九月十日（「採納日」）採納本公司的股份獎勵計劃。除非董事會提早終止該計劃，否則，該計劃由採納日期起十年內有效，於該期間後不得獎授新股份。以下(B)點總結股份獎勵計劃的主要條款。
- (B) 該計劃旨在肯定及表揚本集團及中國太平集團及其附屬公司若干僱員（包括身為董事的僱員）的貢獻，並給予長期鼓勵，讓他們繼續為本集團的持續營運及發展效力。現擬根據該計劃提供長期薪酬及鼓勵，藉此吸引現有僱員留效本集團及中國太平集團及其附屬公司，並招徠合適的專業人才加盟本集團及中國太平集團及其附屬公司，進一步協助本集團的發展。

根據該計劃條款，董事會或獲授予董事會權力的委員會（最少包含行政總裁及本公司一名董事）可不時全權酌情按照其認為合適的該等條款及條件，揀選僱員參與該計劃作為入選僱員，並釐定將予獎授的股份數目。倘獎授將導致董事會根據該計劃授出的股份（但不計任何已失效或已沒收的股份）合計超過本公司在有關授出日期當日已發行股本的10%，董事會將不會進行有關獎授。倘向任何入選僱員獎授股份，將導致該入選僱員於截至及包括有關授出日期止十二個月內根據該計劃獲授出的獎授股份（包括任何已失效或已沒收的股份）數目上限超過授出日期本公司已發行股本的1%，則不得進行有關獎授。

Report of the Directors

(C) As at 31 December 2009, the net total number of shares acquired under Share Award Scheme is 4,720,000 shares (2008: 4,720,000 shares). As at 31 December 2009, 3,304,000 shares were awarded to selected employees (2008: 3,323,500 shares) subject to the terms of the Share Award Scheme, but have not yet vested in such selected employees.

Details of the Shares awarded to the Directors are set out below:

Name of Directors	Date of award (Note 1)	Number of awarded shares	Historical acquisition cost	Average fair value per share (Note 2)	Number of shares		Vesting date
					Lapsed during the Year	As at 31 December 2009	
He Zhiguang (resigned on 12 March 2010)	31 December 2007	240,000	HK\$20.68	HK\$21.60	—	240,000	31 December 2010
Ng Yu Lam, Kenneth	16 November 2007	27,000	HK\$18.75	HK\$22.00	—	27,000	31 December 2009
	20 May 2008	55,000	HK\$18.01	HK\$22.40	—	55,000	31 December 2010
Shen Koping, Michael	16 November 2007	10,000	HK\$18.75	HK\$22.00	—	10,000	31 December 2009
	20 May 2008	12,000	HK\$18.75	HK\$22.40	—	12,000	31 December 2010
Lau Siu Mun, Sammy	16 November 2007	22,000	HK\$18.75	HK\$22.00	—	22,000	31 December 2009
	20 May 2008	45,000	HK\$18.01	HK\$22.40	—	45,000	31 December 2010
Li Tao	31 December 2007	130,000	HK\$20.68	HK\$21.60	—	130,000	31 December 2010

Notes:

- (1) The date of award refers to the date on which the selected employees agree to undertake to hold the awarded shares on the terms on which they are granted and agree to be bound by the rules of the Share Award Scheme.
- (2) The average fair value of the awarded shares is based on the closing price at the date of award and any directly attributable incremental costs.

董事會報告書

(C) 於二零零九年十二月三十一日，根據股份獎勵計劃購入之股份淨額為4,720,000股(二零零八年：4,720,000股)。於二零零九年十二月三十一日，當中3,304,000股已根據股份獎勵計劃的條款獎授但未歸屬予選定僱員(二零零八年：3,323,500股)。

董事獲獎授股份的資料臚列如下：

董事名稱	獎授日期 (註1)	獎授股份數目	歷史購入成本	每股平均 公允價值 (註2)	股份數目		歸屬日期
					於本年度 內失效	於二零零九年 十二月三十一日	
何志光 (已於二零一零年 三月十二日請辭)	2007年12月31日	240,000	20.68港元	21.60港元	—	240,000	2010年12月31日
吳俞霖	2007年11月16日	27,000	18.75港元	22.00港元	—	27,000	2009年12月31日
	2008年5月20日	55,000	18.01港元	22.40港元	—	55,000	2010年12月31日
沈可平	2007年11月16日	10,000	18.75港元	22.00港元	—	10,000	2009年12月31日
	2008年5月20日	12,000	18.75港元	22.40港元	—	12,000	2010年12月31日
劉少文	2007年11月16日	22,000	18.75港元	22.00港元	—	22,000	2009年12月31日
	2008年5月20日	45,000	18.01港元	22.40港元	—	45,000	2010年12月31日
李濤	2007年12月31日	130,000	20.68港元	21.60港元	—	130,000	2010年12月31日

註：

- (1) 獎授日是指選定僱員同意承擔持有根據股份獎勵計劃獎授的股份，並受到該等條款約束當日。
- (2) 獎授股份每股平均公允價值是根據授出日的收市價及所有直接有關增量成本。

Report of the Directors

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As of 31 December 2009, the interests and short positions of the shareholders, other than a director or chief executive of the Company, in the Shares and underlying Shares of the Company as recorded in the register required to be kept by the Company under Section 336 of SFO were as follows:

Substantial shareholders	Capacity	Number of ordinary shares (corporate interests)	Long position/ short position	Percentage of issued share capital
TPG	Interest of controlled corporation	908,689,405 (Note 1)	Long Position	53.39
TPG (HK)	643,425,705 shares as beneficial owner and 265,263,700 shares (Note 2) as interest of controlled corporation	908,689,405	Long Position	53.39
JP Morgan Chase & Co.	769,900 shares as beneficial owner, 4,974,800 shares as investment manager and 128,992,660 shares as custodian corporation/ approved lending agent	134,737,360	Long Position	7.92
	Beneficial owner	60,500	Short Position	0.003

Notes:

- (1) TPG's interest in the Company is held by TPG (HK), Easiwell Limited ("Easiwell"), Golden Win Development Limited ("Golden Win"), Ming Lee Investment Limited ("Ming Lee"), Manhold, China Insurance Group Finance Company Limited ("CIGFCL"), Panbillion Finance Company Limited ("Panbillion") and China Insurance Group Investment Company Limited ("CIGICL"), all of which are wholly-owned subsidiaries of TPG.
- (2) 138,924,700 shares are held by Easiwell, 71,544,000 shares are held by Golden Win, 18,672,000 shares are held by Ming Lee, 10,768,000 shares are held by Manhold, 9,793,000 shares are held by CIGFCL, 14,597,000 shares are held by Panbillion and 965,000 shares are held by CIGICL.

Save as disclosed above, the register required to be kept under section 336 of the SFO showed that the Company had not been notified of any interests or short positions in the Shares and underlying Shares of the Company as at 31 December 2009.

董事會報告書

主要股東及其他人事的股份及相關股份的權益及淡倉

於二零零九年十二月三十一日，按證券及期貨條例第336條規定存置之登記冊的記錄所載不屬於本公司董事或最高行政人員的股東在本公司的股份及相關股份中擁有的權益及淡倉如下：

主要股東	身份	普通股股數 (公司權益)	好倉／淡倉	佔已發行股份 百分比
中國太平集團	控股公司權益	908,689,405 (註1)	好倉	53.39
中國太平集團(香港)	643,425,705股為 實益擁有人及 265,263,700股(註2) 為控股公司權益	908,689,405	好倉	53.39
摩根大通	769,900股為實益擁有人， 4,974,800股為投資經理 及128,992,660股為 保管人—法團／ 核准借出代理人	134,737,360	好倉	7.92
	實益擁有人	60,500	淡倉	0.003

註:

- (1) 中國太平集團於本公司之權益由中國太平集團(香港)、易和有限公司(「易和」)、金和發展有限公司(「金和」)、民利投資有限公司(「民利」)、汶豪、中國保險集團財務有限公司(「中保財務」)、億茂財務有限公司(「億茂」)及中國保險集團投資有限公司(「中保投資」)持有，各公司均為中國太平集團之全資附屬公司。
- (2) 138,924,700股股份由易和持有，71,544,000股股份由金和持有，18,672,000股股份由民利持有，10,768,000股股份由汶豪持有，9,793,000股股份由中保投資持有，14,597,000股股份由億茂持有，而965,000股股份由中保投資持有。

除前述者外，按《證券及期貨條例》第336條規定存置之登記冊的記錄所示，本公司並無接獲通知任何有關於二零零九年十二月三十一日在本公司的股份及相關股份中擁有的權益及淡倉。

Report of the Directors

DIRECTORS' INTEREST IN CONTRACTS

No contract of significance to which the Company, any of its holding companies, subsidiaries or fellow subsidiaries was a party in which a director of the Company had a material interest subsisted at the end of the Year or at any time during the Year.

CONNECTED TRANSACTIONS

During the Year, the Group entered into the following connected transactions with TPG and its subsidiaries (“TPG Group”).

Acquisition of MAH

On 22 May 2009, TPG (HK) and Manhold as vendors and CTIH as purchaser entered into a conditional sale and purchase agreement in relation to the acquisition of an aggregate of 1,389,247,000 ordinary shares of MAH, representing approximately 47.80% of the issued share capital of MAH (the “Stake Acquisition”). The consideration for the Stake Acquisition was payable by CTIH through the issue and allotment of an aggregate amount of 138,924,700 new ordinary shares of CTIH to TPG (HK) upon completion of the sale and purchase agreement on the basis of 1 CTIH share for every 10 MAH shares. Subject to the satisfaction of certain pre-conditions, CTIH requested the board of MAH to put forward a proposal to privatize MAH (the “Privatization Proposal”) by way of a scheme of arrangement (the “Scheme”) under Section 86 of the Companies Law of the Cayman Islands. The details of this transaction were set out in the circular of the Company dated 19 June 2009. On 16 July 2009, CTIH shareholders passed resolutions approving, ratifying and confirming the Stake Acquisition and the Privatization Proposal, and their related connected transactions by way of poll at an extraordinary general meeting of CTIH. On 30 July 2009, the Stake Acquisition was completed, and CTIH became the controlling shareholder of MAH.

Acquisition of TPR

On 23 November 2009, TPL entered into an acquisition agreement with TPIH (the “Acquisition Agreement”) pursuant to which TPL agreed to acquire a 39% equity interest in TPR for a consideration of RMB924,001,140 and to take an assignment of 39% of the loans of TPR in the amount of RMB168,446,000. The details of this transaction were set out in the circular of the Company dated 3 December 2009.

Acquisition of Taiping Financial Tower

On 23 November 2009, TPL entered into an acquisition agreement with TPR (the “Property Acquisition Framework Agreement”) pursuant to which TPL agreed to acquire from TPR certain property consisting of approximately 16,108 square meters of gross floor area of Taiping Financial Tower, involving six floors (from the 24th to 29th floors, or such other floors as shall be agreed to by the parties in writing) for a consideration of RMB595,996,000. The consideration will be adjusted in accordance with the actual gross floor area of the completed Property to be delivered to TPL at a sum of RMB37,000 per square meter. The Company believes that the consideration will not exceed RMB613,875,880 after the adjustments. The details of this transaction were set out in the circular of the Company dated 3 December 2009.

董事會報告書

董事在合約擁有的權益

本公司、任何其控股公司、附屬公司或同系附屬公司於年結時或本年度任何時間，均沒有訂立任何本公司董事擁有重大權益的重要合約。

關連交易

本集團於年內與中國太平集團及其附屬公司（「中國太平集團系」）訂立以下關連交易。

收購民安控股

於二零零九年五月二十二日，中國太平集團（香港）及汶豪作為賣方與中國太平控股作為買方訂立有條件買賣協議，內容有關收購合共1,389,247,000股民安控股股份，相當於民安控股現有已發行股本約47.80%（「股權收購」）。中國太平控股須於完成買賣協議時透過按每10股民安控股股份可換1股中國太平控股股份之基準向中國太平集團（香港）發行及配發合共138,924,700股新中國太平控股股份，藉以作為支付股權收購之代價。中國太平控股已要求民安控股董事會，待達成若干先決條件後，提出根據開曼群島公司法第86條，建議以協議安排（「該協議」）的方式全面收購民安控股（「全面收購建議」）。請參閱本公司於二零零九年六月十九日之通函。於二零零九年七月十六日，中國太平控股股東於中國太平控股股東特別大會上以投票表決方式正式通過有關批准、追認及確認股權收購、全面收購關連交易之決議案。於二零零九年七月三十日，完成股權收購及中國太平控股成為民安控股之控股股東。

購入太平置業

於二零零九年十一月二十三日，太平人壽與太平投資控股訂立收購協議（「收購協議」），據此，太平人壽同意以人民幣924,001,140元之代價購入太平置業39%權益，及以人民幣168,446,000元之代價轉授太平置業貸款39%。此交易之詳情請參閱本公司於二零零九年十二月三日之通函。

購入太平金融大廈

於二零零九年十一月二十三日，太平人壽與太平置業訂立收購協議（「物業收購框架協議」），據此，太平人壽同意向太平置業收購太平金融大廈中約16,108平方米之若干建築面積，當中將包括太平金融大廈中之六個樓層（第24至29層或訂約方可能書面議定之其他樓層），代價為人民幣595,996,000元。代價將可按照已建成該物業向太平人壽交付之實際建築面積，按每平方米人民幣37,000元予以調整。本公司相信調整後之代價將不超過人民幣613,875,880元。此交易之詳情請參閱本公司於二零零九年十二月三日之通函。

Report of the Directors

Capital Contribution to TPI

On 23 December 2009, CTIH entered into a conditional agreement in respect of capital contributions into TPI (the “Capital Contribution Agreement”) with TPG, TPI and ICBC (Asia). The Capital Contribution Agreement proposed that the registered capital of TPI be increased from RMB1,570,000,000 to RMB2,070,000,000 through additional registered capital of RMB500,000,000 to be contributed by TPG, the Company and ICBC (Asia) in proportion to their respective shareholdings in TPI. As at the date of this report, ICBC (Asia) has yet to decide whether it will participate in this capital contribution. Pursuant to the Capital Contribution Agreement, TPG and CTIH have conditionally agreed to contribute to the registered capital of TPI, in cash, (i) RMB187,500,000 and RMB250,250,000, respectively; and (ii) if ICBC (Asia) does not participate in the capital contribution, additional amounts of RMB26,663,335 and RMB35,586,665, respectively, the aggregate of which is equal to the amount of ICBC (Asia)’s proportion of the contribution, such that the registered capital of TPI will be increased by RMB500,000,000 in total. The details of this transaction were set out in the announcement of the Company dated 23 December 2009.

Sharing of Back Office Services and Sharing of Internal Audit Services

On 23 November 2009, CTIH entered into the Back Office Services Framework Agreement with TPFSC (Shanghai) pursuant to which the TPFSC (Shanghai) Group agreed to provide and the Group agreed to obtain the Back Office Services at a consideration determined on a cost sharing basis for 3 years from 1 January 2010 to 31 December 2012.

On 23 November 2009, CTIH entered into the Internal Audit Services Framework Agreement with TPG pursuant to which the TPG Group agreed to provide and the Group agreed to obtain the Internal Audit Services at a consideration determined on a cost sharing basis for 3 years from 1 January 2010 to 31 December 2012.

CONTINUING CONNECTED TRANSACTIONS

During the Year, the Group entered into the Continuing Connected Transactions Agreements with TPG and its subsidiaries (“TPG Group”). Details of these connected transactions are set out in the following paragraphs A to C.

A. Reinsurance Transaction

On 23 December 2008, TPre and TPG entered into a supplemental agreement to renew the term of the Reinsurance Agreement for three years from 1 January 2009 to 31 December 2011. Pursuant to the Reinsurance Agreement, TPre agrees, and TPG agrees to procure its subsidiaries, to enter into various reinsurance contracts with members of the TPG Group. Pursuant to the said reinsurance contracts, TPre acts as reinsurer and accepts risks in return for premium from such members of the TPG Group. The Reinsurance Transactions consist of both treaty and facultative business and the range of risks covered includes all lines of general reinsurance risks and certain classes of long term reinsurance risks on both a proportional and non-proportional basis. TPre will enter into the reinsurance contracts on the same basis as it accepts reinsurance business from other independent customers, and the terms and conditions of the reinsurance contracts, in which other independent third party reinsurers may also participate, will be negotiated on an arm’s length basis and will be entered into on normal commercial terms. Under the reinsurance contracts, the Group will receive the agreed premiums on a quarterly basis or such other basis as may be agreed by the parties to the reinsurance contracts and pay commission to the TPG Group on a quarterly basis or such other basis as may be agreed by the parties to the reinsurance contracts. The premiums to be received by the Group and the commission payable to the TPG Group will be settled on a net basis.

董事會報告書

向太平財險增資

於二零零九年十二月二十三日，中國太平控股與中國太平集團、太平財險及工銀(亞洲)訂立有關向太平財險增資之有條件協議(「增資協議」)。增資協議建議太平財險之註冊資本由人民幣1,570,000,000元，增加額外註冊資本人民幣500,000,000元至人民幣2,070,000,000元，並由中國太平集團、本公司及工銀(亞洲)根據各自於太平財險之持股比例增資。於本報告日期，工銀(亞洲)仍未決定其是否參與增資。根據增資協議，中國太平集團及本公司已有條件同意以現金向太平財險新增註冊資本，(i)分別為人民幣187,500,000元及人民幣250,250,000元；及(ii)(如工銀(亞洲)不參與增資)額外金額分別人民幣26,663,335元及人民幣35,586,665元，合計等於工銀(亞洲)增資之金額，而使太平財險之註冊資本合計增加人民幣500,000,000元。此交易之詳情請參閱本公司於二零零九年十二月二十三日之通函。

共享後援運營服務及共享內部審計服務

於二零零九年十一月二十三日，中國太平控股與太平共用服務中心(上海)訂立後援運營服務框架協議，據此，太平共享服務中心(上海)集團同意提供而本集團同意接受後援運營服務，作價按成本共享基準釐定，有效期為二零一零年一月一日起至二零一二年十二月三十一日止三年。

於二零零九年十一月二十三日，中國太平控股與中國太平集團訂立內部審計服務框架協議，據此，中國太平集團系同意提供而本集團同意接受內部審計服務，作價按成本共享基準釐定，有效期為二零一零年一月一日起至二零一二年十二月三十一日止三年。

持續關連交易

本集團於年內與中國太平集團及其附屬公司(「中國太平集團系」)訂立持續關連交易協議。此等關連交易詳情載於以下A至C段。

A. 再保險交易

於二零零八年十二月二十三日，太平再保險與中國太平集團簽訂補充協議，藉以更新再保險協議內之條款為期三年，由二零零九年一月一日起至二零一一年十二月三十一日止。根據再保險協議，太平再保險同意(而中國太平集團同意促使其附屬公司)與中國太平集團系的成員訂定各種的再保險合約。根據此等再保險合約，通過收取協定的保費，太平再保險會以再保人的身份承擔中國太平集團系成員的風險。再保險交易包括合約及臨時性再保險業務，而承保範圍包括全線一般再保險業務按比例及非比例的風險，亦包括某類別的長期再承保風險。太平再保險接納此等再承保業務的合約條款及條件與其他獨立第三者的再承保業務條款相同。而再保險合約的條款及條件(其他獨立第三者亦可據此參與)，均經過正常基礎協商及按一般商業條款達成。根據再保險合約，本集團將每季(或再保險合約各訂約方同意的其他基準)收取已同意之保費及每季(或再保險合約各訂約方同意的其他基準)繳付佣金予中國太平集團系。本集團所收取的保費及應付中國太平集團系之佣金將會以淨額結算。

Report of the Directors

It is expected that the amount of gross premium income ceded by TPG Group and underwritten by TPR and the commission expenses payable by the Group in respect of the Reinsurance Transactions for each of the financial year ended 31 December from 2009 to 2011 will not exceed HK\$300 million and HK\$100 million, respectively (2006-2008: HK\$504 million and HK\$154.37 million respectively).

The proposed cap of the amount of gross premium income and commission expenses described above are determined by reference to the historical value of such transactions and the projected value on new business that are likely to be procured.

Since the applicable percentage ratios are, on an annual basis, more than 0.1% but less than 2.5%, the Continuing Connected Transactions are only subject to reporting and announcement requirements and are exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

During the Year, the gross premiums written and the commission expenses paid in respect of business ceded by related companies was HK\$236.64 million (2008: HK\$266.04 million) and HK\$72.61 million (2008: HK\$86.18 million) respectively.

B. Investment Management Services

On 23 December 2008, TPA (HK) and TPG entered into a supplemental agreement to renew the term of the Master Investment Management Services Agreement for three years from 1 January 2009 to 31 December 2011. Pursuant to the Master Investment Management Agreement, TPA (HK) agrees, and TPG agrees to procure its subsidiaries, to enter into various investment management agreements with the TPG Group. Pursuant to the investment management agreements, TPA (HK) provides investment advice and investment management services to relevant members of the TPG Group in managing the Trust Fund. TPA (HK) will receive from the TPG Group management fees, performance bonus fees and other fees for its investment management services per annum for each investment management agreement (together, the “**Management Fees**”) in cash and such Management Fees will be calculated on the basis of (a) a certain percentage, to be fixed by reference to market standards, of the net asset value of the Trust Fund; and/or (b) a performance bonus fee representing a certain percentage, to be fixed by reference to market standards, of the amount of net investment return at the end of the relevant calendar year in excess of an amount equivalent to a certain percentage of the daily average balance of the settler's subscription monies or the increase in the net asset value of the relevant Trust Fund managed by TPA (HK); and/or (c) such other bases as may be agreed by the parties to the investment management agreement.

It is expected that the Management Fees to be received by the Group for each of the financial years ending 31 December from the financial years ended 31 December 2009, 2010 and 2011 will not exceed HK\$30.50 million, HK\$35.10 million and HK\$40.30 million respectively (2006-2008: HK\$4.80 million). The proposed cap is determined by reference to the historical values of such transactions and the projected values on new business to be procured.

Since the applicable percentage ratios are, on an annual basis, more than 0.1% but less than 2.5%, the Continuing Connected Transactions are only subject to reporting and announcement requirements and are exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

During the Year, the Management Fees to be received by the Group was HK\$9.94 million (2008: HK\$7.89 million).

董事會報告書

預計由二零零九年至二零一一年截至十二月三十一日止的每個財政年度由中國太平集團系分入並由太平再保險承保的再保險交易保費總收入及由本集團支付有關再保險交易的佣金支出將分別不會超過3.00億港元及1.00億港元(二零零六年至二零零八年：分別為5.04億港元及1.5437億港元)。

上述建議的保費總收入及佣金支出上限是參考過以往交易所產生的金額及計入可能獲得的新業務將會帶來的預計金額。

由於適用的百份比率，逐年計算會多於0.1%但少於2.5%，根據上市規則第14A，有關該等持續關連交易，只需要遵守申報及公告的規定，惟可獲豁免獨立股東批准的規定。

於年內關連公司分出業務的毛承保保費總額佣金支出分別為2.3664億萬港元(二零零八年：2.6604億港元)及7,261萬港元(二零零八年：8,618萬港元)。

B. 投資管理服務

於二零零八年十二月二十三日，太平資產(香港)與中國太平集團簽訂補充協議，藉以更新投資管理服務協議內之條款為期三年，由二零零九年一月一日起至二零一一年十二月三十一日止。根據投資管理主協議，太平資產(香港)同意(而中國太平集團同意促使其附屬公司)與中國太平集團系訂定各種投資管理服務協議。根據投資管理服務協議，太平資產(香港)向中國太平集團系相關成員為其信託基金提供投資意見及投資管理服務。太平資產(香港)為中國太平集團系提供投資管理服務，每年會以現金按每一份投資管理協議收取管理費、表現花紅及其他收費(統稱「管理費」)。管理費的收取及將會收取是(a)參考市場標準釐訂，按每項信託基金資產淨值之若干比率來計算；及/或(b)表現花紅，參考市場標準釐訂，根據太平資產(香港)所管理的有關信託基金於每個曆年結束時之投資回報淨值之若干比率，高出相當於創立人認購款項每日平均結餘之若干比率或有關信託基金之資產淨值增加；及/或(c)經投資管理協議的訂約方同意的其他基準。

預計由二零零九年、二零一零年及二零一一年截至十二月三十一日止的每個財政年度本集團將可以收到的管理費不會分別超過3,050萬港元、3,510萬港元及4,030萬港元(二零零六年至二零零八年：480萬元)。此建議的上限是參考過以往交易所產生的金額及計入可能獲得的新業務將會帶來的預計金額。

由於適用的百份比率，逐年計算會多於0.1%但少於2.5%，根據上市規則第14A，有關該等持續關連交易，只需要遵守申報及公告的規定，惟可獲豁免獨立股東批准的規定。

本集團於年內收取的管理費為994萬港元(二零零八年：789萬港元)。

Report of the Directors

C. Provision of Training Fees

On 23 December 2008, the Company and TPG entered into a supplemental agreement to renew the term of the Training Services Agreement for three years from 1 January 2009 to 31 December 2011. The training department of the TPG Group will provide training services to directors, employees, agents and sales representatives of members of the Group. Such training services include the provision of training to staff, training materials and information and organization of training-related seminars and activities on basic insurance knowledge, risk management, presentation skills, and other areas. The Group will pay training fees to TPG in respect of the training services provided (the “**Training Fees**”) in cash. At the commencement of each financial year, TPG will notify the Group on the projected amount of Training Fees payable by the Group by reference to the planned training activities to be conducted in that financial year and the proportion to be shared by the Group. Prior to 31 March of each financial year, the Group shall pay to TPG the Training Fees in advance (the “**Advance Payment**”). At the end of the relevant financial year, if the Advance Payment is insufficient to cover the actual Training Fees incurred during that financial year, the Group will pay the shortfall within 90 days from the end of the respective financial year. On the other hand, if the Advance Payment is more than the actual Training Fees incurred, the surplus will, at the discretion of TPG, be refunded to the Company or be brought forward to the next financial year as part of the Advance Payment for the next financial year. The Training Fees to be charged by the TPG Group will be based on the number of persons from the Group who receive the training services as a proportion to the total number of persons who receive the training services and/or other reasonable bases as may be determined by the Company and TPG.

It is expected that the Training Fees to be paid by the Group pursuant to the Training Services Agreement for each of the financial year ending 31 December 2009 to 2011 will not exceed HK\$16 million (2006-2008: HK\$5.08 million). The proposed cap is determined by reference to the historical values of such transactions and the projected increase of the number of directors, employees, agents and sales representatives of the members of the Group who will receive the training services.

Since the applicable percentage ratios are, on an annual basis, more than 0.1% but less than 2.5%, the Continuing Connected Transactions are only subject to reporting and announcement requirements and are exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

During the Year, the fees paid to the TPG Group in respect of the training services was HK\$12.03 million (2008: HK\$4.95 million).

The independent non-executive directors of the Company have reviewed and confirmed that the continuing connected transactions in paragraphs A to C above were conducted in following manner:

- (i) entered into by the Group in the ordinary and usual course of its business;
- (ii) entered into on normal commercial terms or on terms no less favourable than terms available to or from independent third parties;
- (iii) entered into in accordance with the terms of the relevant agreements governing such transactions and on terms that are fair and reasonable so far as the shareholders of the Company as a whole are concerned.

董事會報告書

C. 提供培訓服務

於二零零八年十二月二十三日，本公司與中國太平集團簽訂補充協議，藉以更新培訓服務協議內之條款為期三年，由二零零九年一月一日起至二零一一年十二月三十一日止。中國太平集團系的培訓部將會為本集團成員之董事、僱員、代理人及營業代表提供培訓服務。培訓服務包括提供員工培訓、培訓教材、培訓信息與及組織相關的培訓會議和活動。培訓內容將包括基本保險知識、風險管理、表達技巧及其他範圍。本集團會按得的培訓服務以現金繳付培訓費予中國太平集團（「培訓費」）。中國太平集團會在每個財政年度期初，通知本集團需預付的培訓服務預付款。此筆預付款項是根據該年度計劃舉行的培訓活動及本集團將要分攤的比例。在每年三月三十一日之前，本集團需預繳培訓費（「預付款」）。如在該財政年度期末，預付款不夠支付當年實際發生數，本集團需在90日內繳付差額。若預付款多於實際發生數，中國太平集團可以選擇把餘額退回，或轉為下一個財政年度預付款的一部份。中國太平集團系的培訓費的收取，將按本集團參與人數佔接受培訓的總人數的比例及／或其他經本公司及中國太平集團確定為合理的基準釐定。

預計由二零零九年至二零一一年截至十二月三十一日止的每個財政年度本集團根據培訓服務協議將要支付的培訓費不會超過1,600萬港元（二零零六至二零零八年：508萬港元）。此建議的上限是參考過以往交易所支付的金額及預計本集團成員的董事、僱員，代理人及營業代表等接受培訓服務的人數將會有所增加。

由於適用的百份比率，逐年計算會多於0.1%但少於2.5%，根據上市規則第14A，有關該等持續關連交易，祇需要遵守申報及公告的規定，惟可獲豁免獨立股東批准的規定。

於年內支付給中國太平集團系的培訓服務費用為1,203萬港元（二零零八年：495萬港元）。

獨立非執行董事已作出檢討，並確認載於以上A至C段的持續關連交易乃按以下方式進行：

- (i) 本集團於日常及一般業務當中訂立；
- (ii) 按一般商業條款進行，或根據不遜於給予或獲自獨立第三方的條款；
- (iii) 根據規管該等交易的協議條款訂立及訂立條款對本公司股東整體而言乃屬公平合理。

Report of the Directors

In accordance with rule 14A.38 of the Listing Rules, the Board engaged the auditor of the Company to perform certain procedures on the above continuing connected transactions on a sample basis in accordance with Hong Kong Standard on Related Services 4400 “Engagements to Perform Agreed-Upon Procedures Regarding Financial Information” issued by the HKICPA. The auditor has reported their factual findings to the Board concerning the matters stated in rule 14A.38.

Based on the work performed, the external auditor of the Company has reported that the aforesaid continuing connected transactions (a) have been approved by the Board of the Company; (b) are in accordance with the pricing policies if the transactions involve provision of goods or services; (c) have been entered into in accordance with the terms of the relevant agreements governing the transactions, and (d) have not exceeded the caps disclosed in the announcement dated 23 December 2008.

INTEREST BEARING NOTES

Particulars of the interest bearing notes of the Company and the Group as at 31 December 2009 are set out in note 32 to the consolidated financial statements.

FIVE YEAR SUMMARY

A summary of the results and of the assets and liabilities of the Group for the last five financial years is set out on pages 380 to 381.

RETIREMENT SCHEMES

Particulars of the retirement schemes are set out in note 39 to the consolidated financial statements.

CORPORATE GOVERNANCE

Information on the Company's corporate governance practices during the Year under review is set out in the “Corporate Governance Report” of the Company's 2009 annual report.

AUDIT COMMITTEE

Further information on the composition of the Audit Committee and the work performed by the Audit Committee during the Year under review is set out in the Company's 2009 annual report under the section headed “Audit Committee” in the Corporate Governance Report.

PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of its directors, as at the date of this report, there is sufficient public float, as not less than 25.0% of the Company's issued shares are held by the public.

AUDITOR

Messrs. Deloitte Touche Tohmatsu shall retire and, being eligible, offer themselves for re-appointment. A resolution for the re-appointment of Messrs. Deloitte Touche Tohmatsu as auditor of the Company is to be proposed at the forthcoming annual general meeting.

By order of the Board
Lin Fan
Chairman

Hong Kong, 30 March 2010

董事會報告書

按照香港聯合交易所有限公司證券上市規則第14A.38段之規定，董事會委聘本公司核數師根據香港會計師公會頒佈之香港審計相關服務準則第4400號「就財務資料執行協定程式之委聘」之基準，抽樣就上述持續關連交易進行若干程式。核數師就上市規則14A.38所述的事項，已向董事會匯報據實調查結果。

根據其進行的工作，本公司外部核數師已確認上述持續關連交易乃：(a)獲得本公司董事會批准；(b)若交易涉及提供貨品或服務乃按照定價政策而進行；(c)根據規管該等交易的有關協議的條款而訂立；(d)並無超出於二零零八年十二月二十三日之公告所披露的上限。

需付息票據

本集團及本公司於二零零九年十二月三十一日有關需付息票據的摘要載於綜合財務報表附註32。

五年概要

本集團於過去五個財務年度的業績及資產與負債概要載於第380至381頁。

退休計劃

有關該等退休計劃的摘要載於綜合財務報表附註39。

企業管治

有關本年度的本公司企業管治常規的資料載於本公司二零零九年年報「企業管治報告」之內文。

審核委員會

有關審核委員會的成員組合及本年度的工作詳載於本公司二零零九年年報企業管治報告書標題「審核委員會」一段之內文。

公眾持股量

在本報告刊發之日，根據本公司取得的公開資料及就董事所知悉，本公司的公眾持股量是足夠的，此乃因為公眾持股量並不少於本公司已發行股本的25.0%。

核數師

德勤·關黃陳方會計師行即將告退，並符合資產及願膺選續聘。由德勤·關黃陳方會計師行續聘為本公司核數師的決議，將於即將召開的股東周年大會上提出。

承董事會命
林帆
董事長

香港，二零一零年三月三十日