

董事局报告书

Report of the Directors

董事局欣然提呈董事局报告书及本公司及其附属公司(就本报告而言,包括用以发行按揭证券的特设公司)(统称「本集团」)截至二零一一年十二月三十一日止年度经审核的财务报表。

主要业务

本公司的一般主要业务包括：

- (1) 向有关批授人、发行人、拥有人或卖方购买在香港或其他地区的以物业或其他抵押品作抵押的按揭或贷款组合,及其他债权证、应收款项、金融资产及任何类别的据法权产；
- (2) 透过购买或其他方式向政府当局及机构及其相关组织、法定团体及公营机构收购任何资产,并持有、出售、转让、处置及处理任何该等已购买或收购回来的资产；
- (3) 向机构投资者或零售投资者发行债券或债务证券；
- (4) 透过特设公司向投资者发行按揭证券,将按揭组合证券化；
- (5) 就认可机构所批出的以住宅物业作抵押的按揭贷款及安老按揭贷款,提供按揭保险；
- (6) 就以下贷款向认可机构提供财务担保：
 - (a) 由认可机构所批出的以住宅物业作抵押的第二按揭贷款,用以向香港房屋委员会及香港房屋协会支付补价；及
 - (b) 由认可机构向在香港的中、小型企业及非上市公司批出的贷款。

本公司的附属公司、共同控制实体及用以发行按揭证券的特设公司的公司资料及主要业务分别载于财务报表附注22、23及33。

业绩及分配

本集团截至二零一一年十二月三十一日止年度的业绩连同拟派股息详情载于第95页的综合收益表。

The Directors have pleasure in presenting their report together with the audited financial statements of the Company and its subsidiaries (for the purpose of this report, including the special purpose entities used for issuing mortgage-backed securities) (together the “Group”) for the year ended 31 December 2011.

Principal Activities

The general principal activities of the Company are:

- (1) to purchase portfolios of mortgages or loans secured on properties or other collateral situated in Hong Kong or elsewhere and to acquire other debentures, receivables, financial assets and choses in action of all kinds from their originators, issuers, owners or vendors;
- (2) to acquire, by purchase or otherwise, any assets from government bodies and agencies and related organisations, statutory bodies and public bodies and to hold, sell, transfer, dispose of and deal in any such assets so purchased or acquired;
- (3) to issue notes or debt securities to institutional investors or retail investors;
- (4) to securitise mortgage portfolios through special purpose entities by way of issuing mortgage-backed securities to investors;
- (5) to provide mortgage insurance cover to Authorized Institutions (“AIs”) in respect of mortgage loans and reverse mortgage loans originated by such AIs and secured by residential properties;
- (6) to provide financial guarantee cover to AIs in respect of:
 - (a) second mortgage loans originated by such AIs and secured by residential properties for payment of premium to the Hong Kong Housing Authority and the Hong Kong Housing Society; and
 - (b) loans originated by such AIs to small and medium-sized enterprises and non-listed enterprises in Hong Kong.

The corporate information and principal activities of the subsidiaries, jointly controlled entity of the Company and special purpose entities used for issuing mortgage-backed securities are shown in Notes 22, 23 and 33 respectively to the financial statements.

Results and Appropriations

The results of the Group for the year ended 31 December 2011 are set out in the consolidated income statement on page 95 together with particulars of the proposed dividend.

储备

本集团于年内的储备变动情况载于第99页的综合权益变动表。

固定资产

本年度本集团及本公司的固定资产变动详情载于财务报表附注25。

债券发行

截至二零一一年十二月三十一日止的年度，本公司根据其总额400亿港元债务工具发行计划及总额60亿美元中期债券发行计划，向银行及机构投资者发行集资总额为285亿港元的债券，发行价合共约为285亿港元。发行债券的收入，被用以提供一般营运资金。本公司截至二零一一年十二月三十一日止的年度，并无根据零售债券发行计划发行任何债券。债券发行及赎回业务的概要载于财务报表附注28。

按揭证券发行

特设公司于二零一一年概无根据有担保按揭通递证券化计划或30亿美元Bauhinia按揭证券化计划发行任何按揭证券。按揭证券赎回活动的概要载于财务报表附注29。

董事

于年内出任董事的本公司董事局成员名单如下：

曾俊华先生，GBM，JP
主席兼执行董事

陈德霖先生，SBS，JP
副主席兼执行董事

彭醒棠先生，JP
执行董事

余伟文先生，JP
执行董事

陈家强教授，SBS，JP
董事

陈健波先生，JP
董事

陈淑庄女士
董事

Reserves

Movements in the reserves of the Group during the year are set out in the consolidated statement of changes in equity on page 99.

Fixed Assets

Details of the movements in fixed assets of the Group and of the Company during the year are set out in Note 25 to the financial statements.

Debt Securities Issued

The Company issued a total of HK\$28.5 billion notional values of notes to banks and institutional investors under its HK\$40 Billion Debt Issuance Programme and the US\$6 Billion Medium Term Note Programme for a consideration of around HK\$28.5 billion during the year ended 31 December 2011. The proceeds of the notes were used for the purposes of providing general working capital for the Company. The Company did not issue any debt securities under its Retail Bond Issuance Programme during the year ended 31 December 2011. A summary of the debt securities issuance and redemption activities is set out in Note 28 to the financial statements.

Mortgage-backed Securities Issued

The special purpose entities did not issue any mortgage-backed securities under its Guaranteed Mortgage-backed Pass-through Securitisation Programme or the US\$3 Billion Bauhinia Mortgage-backed Securitisation Programme in 2011. A summary of the mortgage-backed securities redemption activities is set out in Note 29 to the financial statements.

Directors

The Directors of the Company who served during the year were as follows:

The Hon. John TSANG Chun Wah, GBM, JP
Chairman and Executive Director

Mr. Norman T. L. CHAN, SBS, JP
Deputy Chairman and Executive Director

Mr. Peter PANG Sing Tong, JP
Executive Director

Mr. Eddie YUE Wai Man, JP
Executive Director

Professor the Hon. K. C. CHAN, SBS, JP
Director

The Hon. CHAN Kin Por, JP
Director

The Hon. Ms. Tanya CHAN
Director

陈占明先生

董事 (于二零一一年四月十二日退任)

郑汝桦女士，GBS，JP

董事

张炳良教授，GBS，BBS，JP

董事

方正先生，GBS，JP

董事

冯孝忠先生，JP

董事

冯钰龙先生

董事

黄嘉纯先生，JP

董事

李慧琼女士，JP

董事

梁君彦先生，GBS，SBS，JP

董事

李国宝博士，GBM，GBS，Hon. LLD (Cantab)，JP

董事

石礼谦先生，SBS，JP

董事

杨志威先生

董事 (于二零一一年四月十二日获委任)

按照本公司的公司组织章程细则第109条，全体非执行董事应于下届股东周年大会退任，惟可参选连任。

董事于交易及合约中的权益

本年度，本公司及/或其附属公司香港按揭管理有限公司(「按揭管理公司」)根据购买按揭贷款计划，向恒生银行有限公司(「恒生银行」)购买按揭贷款和其他贷款资产。本公司董事冯孝忠先生是恒生银行的执行董事兼财资业务及投资服务主管。

本年度，本公司及/或按揭管理公司根据购买按揭贷款计划，向中国银行(香港)有限公司(「中国银行」)购买按揭贷款。本公司亦根据其按揭保险计划，向中国银行提供保险保障。本公司董事杨志威先生是中国银行的副总裁。

Mr. Jammy CHEN

Director (retired on 12 April 2011)

The Hon. Ms. Eva CHENG，GBS，JP

Director

Professor the Hon. Anthony CHEUNG Bing Leung，GBS，BBS，JP

Director

Mr. Eddy FONG Ching，GBS，JP

Director

Mr. Andrew FUNG Hau Chung，JP

Director

Mr. Ryan FUNG Yuk Lung

Director

Mr. Lester Garson HUANG，JP

Director

The Hon. Ms. Starry LEE Wai King，JP

Director

The Hon. Andrew LEUNG Kwan Yuen，GBS，SBS，JP

Director

Dr. the Hon. David LI Kwok Po，GBM，GBS，Hon. LLD (Cantab)，JP

Director

The Hon. Abraham SHEK Lai Him，SBS，JP

Director

Mr. Jason YEUNG Chi Wai

Director (appointed on 12 April 2011)

In accordance with Article 109 of the Company's Articles of Association, all those Directors who are not Executive Directors shall retire but shall be eligible for re-election at the next annual general meeting.

Directors' Interests in Transactions and Contracts

During the year, the Company and/or its subsidiary, HKMC Mortgage Management Limited ("HMML"), purchased mortgage loans and other loan assets from Hang Seng Bank Limited ("Hang Seng Bank") under its Mortgage Purchase Programme ("MPP"). Mr. Andrew Fung Hau Chung, a director of the Company, is the Executive Director and Head of Treasury and Investment of Hang Seng Bank.

During the year, the Company and/or the HMML purchased mortgage loans from Bank of China (Hong Kong) Limited ("Bank of China") under the MPP. The Company also provided insurance cover to Bank of China under its Mortgage Insurance Programme. Mr. Jason Yeung Chi Wai, a director of the Company, is the Deputy Chief Executive of Bank of China.

除上述内容外，在本年度任何期间或年终，本公司或其任何附属公司再无就公司业务签订与任何董事有直接或间接重大利益的重要合约。

于本年度内本公司亦无作出任何安排，使任何董事或管理层成员能透过收购本公司或任何其他法人团体的股份或债券而获取利益。

遵照《保险公司条例》的规定额外作出的披露

本年度内，根据《保险公司条例》对控权人的定义，曾俊华先生及刘怡翔先生（本公司总裁）为本公司的控权人。于截至二零一一年十二月三十一日止的年度，刘先生对本公司所参与的交易或订立的合约没有任何权益。

本年度内，本公司经营的保险业务，并无涉及根据香港任何条例的规定须予投保的责任或风险。

本公司已与下列核准再保险公司订立再保险安排：亚洲保险有限公司、中银集团保险有限公司、恒生财险（香港）有限公司、昆士兰按揭保险（亚洲）有限公司（前称柏伟（亚洲）按揭保险有限公司）及美国国际集团联合保险（亚洲）有限公司。本年度内，本公司以风险分摊方式经营按揭保险业务。除部份没有做再保险安排的按揭保险外，本公司就按揭保险多达50%的风险向各核准再保险公司购买再保险，其馀风险则由本公司承担。本公司亦已经与一家核准再保险公司订立双方「超额损失」再保险安排。

核数师

财务报表已由罗兵咸永道会计师事务所审核，其任期届满，惟有资格并愿意参选连任。

承董事局命

曾俊华

主席兼执行董事

香港

二零一二年四月三十日

Save for the above, there was no contract of significance in relation to the Company's business to which the Company or any of its subsidiaries was a party and in which a Director had a material interest, either directly or indirectly, which subsisted at the end of the year or at any time during the year.

At no time during the year was the Company a party to any arrangement to enable any of its Directors or members of its management to acquire benefits by means of the acquisition of shares in, or debt securities of, the Company or any body corporate.

Additional Disclosures in Compliance with the Provisions of the Insurance Companies Ordinance ("ICO")

During the year, the "Controllers" of the Company (as defined in the ICO) were the Hon. John Tsang and Mr. James H. Lau Jr. (Chief Executive Officer of the Company). Mr. Lau did not have any interests in the transactions or the contracts which the Company had entered into during the year ended 31 December 2011.

During the year, the Company did not carry on insurance business relating to liabilities or risks in respect of which persons were required by any Ordinance to be insured.

There were in existence reinsurance arrangements between the Company and the following approved reinsurers: Asia Insurance Company, Limited, Bank of China Group Insurance Company Limited, Hang Seng General Insurance (Hong Kong) Company Limited, QBE Mortgage Insurance (Asia) Limited (formerly known as PMI Mortgage Insurance (Asia) Limited) and AIG United Guaranty Insurance (Asia) Limited. During the year, the Company operated its mortgage insurance business on a risk-sharing basis. Except for those mortgage insurance covers in respect of which no reinsurance arrangement had been made, the Company ceded up to 50% of the risk exposure under its mortgage insurance to each approved reinsurer, with the remaining risk exposure being retained by the Company. The Company had also entered into a bilateral "excess of loss" reinsurance agreement with an approved reinsurer.

Auditor

The financial statements have been audited by PricewaterhouseCoopers which retires and, being eligible, offers itself for re-appointment.

On behalf of the Board of Directors

John C Tsang

Chairman and Executive Director

Hong Kong

30 April 2012