

董事局報告書

Report of the Directors

董事局欣然提呈董事局報告書及本公司及其附屬公司(就本報告而言，包括用以發行按揭證券的特設公司)(統稱「本集團」)截至二零一一年十二月三十一日止年度經審核的財務報表。

主要業務

本公司的一般主要業務包括：

- (1) 向有關批授人、發行人、擁有人或賣方購買在香港或其他地區的以物業或其他抵押品作抵押的按揭或貸款組合，及其他債權證、應收款項、金融資產及任何類別的據法權產；
- (2) 透過購買或其他方式向政府當局及機構及其相關組織、法定團體及公營機構收購任何資產，並持有、出售、轉讓、處置及處理任何該等已購買或收購回來的資產；
- (3) 向機構投資者或零售投資者發行債券或債務證券；
- (4) 透過特設公司向投資者發行按揭證券，將按揭組合證券化；
- (5) 就認可機構所批出的以住宅物業作抵押的按揭貸款及安老按揭貸款，提供按揭保險；
- (6) 就以下貸款向認可機構提供財務擔保：
 - (a) 由認可機構所批出的以住宅物業作抵押的第二按揭貸款，用以向香港房屋委員會及香港房屋協會支付補償；及
 - (b) 由認可機構向在香港的中、小型企業及非上市公司批出的貸款。

本公司的附屬公司、共同控制實體及用以發行按揭證券的特設公司的公司資料及主要業務分別載於財務報表附註22、23及33。

業績及分配

本集團截至二零一一年十二月三十一日止年度的業績連同擬派股息詳情載於第95頁的綜合收益表。

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.

儲備

本集團於年內的儲備變動情況載於第99頁的綜合權益變動表。

固定資產

本年度本集團及本公司的固定資產變動詳情載於財務報表附註25。

債券發行

截至二零一一年十二月三十一日止的年度，本公司根據其總額400億港元債務工具發行計劃及總額60億美元中期債券發行計劃，向銀行及機構投資者發行集資總額為285億港元的債券，發行價合共約為285億港元。發行債券的收入，被用以提供一般營運資金。本公司截至二零一一年十二月三十一日止的年度，並無根據零售債券發行計劃發行任何債券。債券發行及贖回業務的概要載於財務報表附註28。

按揭證券發行

特設公司於二零一一年概無根據有擔保按揭通遞證券化計劃或30億美元Bauhinia按揭證券化計劃發行任何按揭證券。按揭證券贖回活動的概要載於財務報表附註29。

董事

於年內出任董事的本公司董事局成員名單如下：

曾俊華先生，GBM，JP
主席兼執行董事

陳德霖先生，SBS，JP
副主席兼執行董事

彭醒棠先生，JP
執行董事

余偉文先生，JP
執行董事

陳家強教授，SBS，JP
董事

陳健波先生，JP
董事

陳淑莊女士
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

陳占明先生

董事 (於二零一一年四月十二日退任)

鄭汝樺女士，GBS，JP

董事

張炳良教授，GBS，BBS，JP

董事

方正先生，GBS，JP

董事

馮孝忠先生，JP

董事

馮鈺龍先生

董事

黃嘉純先生，JP

董事

李慧琮女士，JP

董事

梁君彥先生，GBS，SBS，JP

董事

李國寶博士，GBM，GBS，Hon. LLD (Cantab)，JP

董事

石禮謙先生，SBS，JP

董事

楊志威先生

董事 (於二零一一年四月十二日獲委任)

按照本公司的公司組織章程細則第109條，全體非執行董事應於下屆股東週年大會退任，惟可參選連任。

董事於交易及合約中的權益

本年度，本公司及/或其附屬公司香港按揭管理有限公司(「按揭管理公司」)根據購買按揭貸款計劃，向恒生銀行有限公司(「恒生銀行」)購買按揭貸款和其他貸款資產。本公司董事馮孝忠先生是恒生銀行的執行董事兼財資業務及投資服務主管。

本年度，本公司及/或按揭管理公司根據購買按揭貸款計劃，向中國銀行(香港)有限公司(「中國銀行」)購買按揭貸款。本公司亦根據其按揭保險計劃，向中國銀行提供保險保障。本公司董事楊志威先生是中國銀行的副總裁。

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.

除上述內容外，在本年度任何期間或年終，本公司或其任何附屬公司再無就公司業務簽訂與任何董事有直接或間接重大利益的重要合約。

於本年度內本公司亦無作出任何安排，使任何董事或管理層成員能透過收購本公司或任何其他法人團體的股份或債券而獲取利益。

遵照《保險公司條例》的規定額外作出的披露

本年度內，根據《保險公司條例》對控權人的定義，曾俊華先生及劉怡翔先生（本公司總裁）為本公司的控權人。於截至二零一一年十二月三十一日止的年度，劉先生對本公司所參與的交易或訂立的合約沒有任何權益。

本年度內，本公司經營的保險業務，並無涉及根據香港任何條例的規定須予投保的責任或風險。

本公司已與下列核准再保險公司訂立再保險安排：亞洲保險有限公司、中銀集團保險有限公司、恒生財險（香港）有限公司、昆士蘭按揭保險（亞洲）有限公司（前稱柏偉（亞洲）按揭保險有限公司）及美國國際集團聯合保險（亞洲）有限公司。本年度內，本公司以風險分攤方式經營按揭保險業務。除部份沒有做再保險安排的按揭保險外，本公司就按揭保險多達50%的風險向各核准再保險公司購買再保險，其餘風險則由本公司承擔。本公司亦已經與一家核准再保險公司訂立雙方「超額損失」再保險安排。

核數師

財務報表已由羅兵咸永道會計師事務所審核，其任期屆滿，惟有資格並願意參選連任。

承董事局命

曾俊華

主席兼執行董事

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