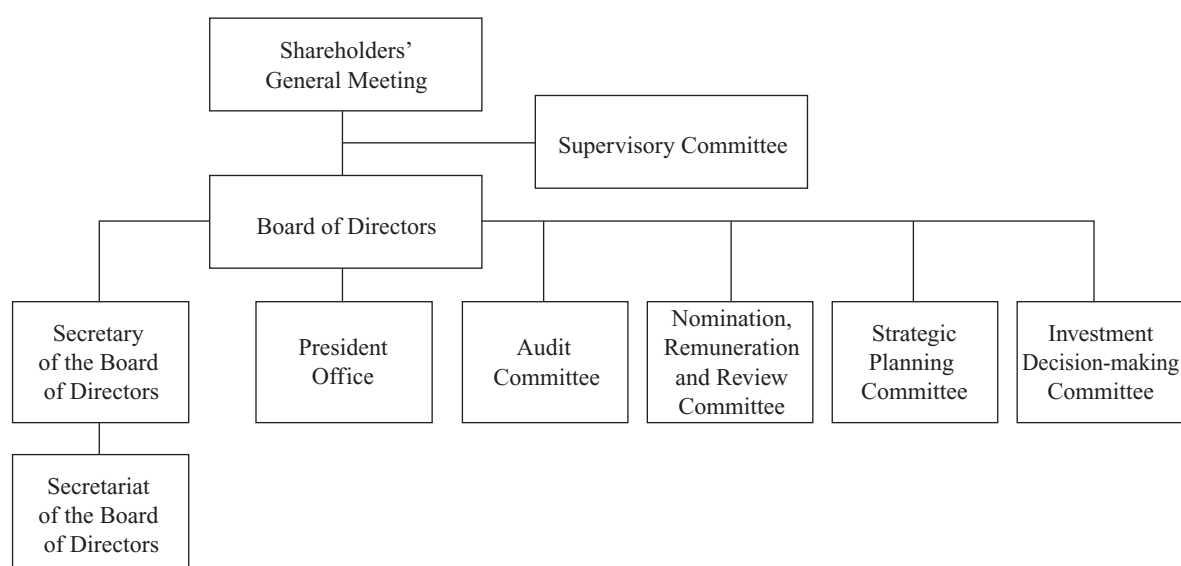


OVERVIEW

The Company believes that maintaining a sound corporate governance is in the interest of the Company, its shareholders and stakeholders. On the basis of the Company Law, the Special Regulations on the Overseas Offering and Listing of Shares by Joint Stock Limited Companies, the Mandatory Provisions for the Articles of Association of Companies Listing Overseas, the Listing Rules, the Articles of Association and other relevant laws and regulations, the Company has persisted in improving its corporate governance, with a view to establishing a proficient Board of Directors and an effective internal control system.

In 2005, the Company applied the principles and code provisions of the Code on Corporate Governance Practices as set out in Appendix 14 to the Listing Rules (“Code on Corporate Governance Practices”) through refining the duties and responsibilities as well as the operating mechanism of the Board of Directors and the board committees.



Save as the composition of the Nomination, Remuneration and Review Committee of the Company which did not meet the requirement under code provision B.1.1 of the Code on Corporate Governance Practices that the majority of the remuneration committee members shall be independent non-executive directors, the Company complied with all the other code provisions of the Code on Corporate Governance Practices in 2005. As at the date of this report, the composition of the Nomination, Remuneration and Review Committee of the Company has met the requirement under code provision B.1.1.

BOARD OF DIRECTORS

Overview

The Board of Directors is responsible for providing leadership for monitoring and controlling the operations of the Company, formulating the overall strategies and policies of the Company, determining the annual operational plans and investment plans of the Company, assessing the performance of the Company and supervising the work of the management. Four board committees are established under the Board of Directors, namely the Audit Committee, the Nomination, Remuneration and Review Committee, the Strategic Planning Committee and the Investment Decision-making Committee. The duties and responsibilities of and operating procedures for each of the above board committees are clearly defined. The board committees submit proposals to the Board of Directors on the matters within their respective scope of duties and responsibilities. The Board of Directors delegates the daily business operations and management of the Company to the management.

CORPORATE GOVERNANCE REPORT

The Board of Directors meets regularly at least four times a year, and holds special meetings when necessary. Notice and meeting materials for regular board meetings are given to the directors at least fourteen days and three days prior to the meetings, respectively. All the directors are entitled to submit proposals to be listed as part of the agenda of the board meetings. Detailed minutes of each board meeting are kept.

In 2005, in accordance with the principles and code provisions set out in A.1, A.3, A.4 and A.6 of the Code on Corporate Governance Practices, the Board of Directors continued to regulate its operations and enhance the corporate governance. The Board of Directors has complied with all the code provisions under A.1, A.3, A.4 and A.6.

Given that the Board of Directors had only two independent non-executive directors during the period from 18 January 2005 to 29 April 2005, the requirement under Rule 3.10 of the Listing Rules that the board must have a minimum of three independent non-executive directors was not complied with. The Company appointed two independent non-executive directors on 29 April 2005 and 18 January 2006, respectively and as a result, the Board of Directors currently has four independent non-executive directors, representing more than one-third of all the members of the Board.

Composition

In 2005, the Board of Directors comprised the following directors:

Name	Position	Term
Mr Tang Yunxiang	Chairman	From 6 July 2003 to 5 July 2006
Mr Wang Yi	Vice Chairman, Executive Director	From 6 July 2003 to 5 July 2006
Mr Wang Yincheng	Executive Director	From 6 July 2003 to 5 July 2006
Md Liu Zhenghuan	Executive Director, Secretary of the Board of Directors (current)	From 6 July 2003 to 5 July 2006
Mr Fu Zhu (resigned)	Executive Director, Secretary of the Board of Directors	Resigned on 29 November 2005
Mr Ding Yunzhou	Non-executive Director	From 6 July 2003 to 5 July 2006
Mr Zhou Shurui	Non-executive Director	From 6 July 2003 to 5 July 2006
Mr Tse Sze Wing, Edmund	Non-executive Director	From 15 June 2004 to 5 July 2006
Mr Cheng Wai Chee, Christopher	Independent Non-executive Director	From 30 July 2003 to 29 July 2006
Mr Wong Tung Shun, Peter (resigned)	Independent Non-executive Director	Resigned on 18 January 2005
Mr Lu Zhengfei	Independent Non-executive Director	From 24 February 2004 to 23 February 2007
Mr Luk Kin Yu, Peter	Independent Non-executive Director	From 29 April 2005 to 28 April 2008

Change of directors for the period from 1 January 2006 to the date of this report is as follow:

Mr Ding Ningning was appointed an independent non-executive director of the Company on 18 January 2006.

Duties and Responsibilities

- convene shareholders' general meetings, report its work to the shareholders' general meetings;
- implement the resolutions of the shareholders' general meetings;
- determine the annual business plans and annual investment plans of the Company;
- formulate the annual preliminary and final budget;
- formulate the Company's plan for distribution of profits and recovery of losses;
- formulate proposals for the increase in or reduction of the registered capital of the Company and the issue of corporate bonds;
- draw up plans for the merger, division or dissolution of the Company;
- determine the internal management structure of the Company;
- appoint or remove the Company's President and the Secretary of the Board of Directors; appoint or remove the vice president(s), Chief Financial Officer and the President's assistant(s) in accordance with the President's nominations, and determine their remuneration, rewards and disciplinary matters;
- approve the basic management system of the Company;
- formulate proposals for any amendment to the Articles of Association;
- elect members to the board committees;
- exercise other powers and duties conferred by the shareholders' general meetings and the Articles of Association.

Summary of Work Undertaken

In 2005, the Board of Directors convened five meetings and considered forty-nine proposals. The attendance rate of each director reached 100% and the attendance is recorded as follows:

Name	Number of meetings attended/ Number of meetings that require attendance	Attendance rate
Tang Yunxiang	4/4	100%
Wang Yi	4/4	100%
Wang Yincheng	4/4	100%
Liu Zhenghuan	4/4	100%
Fu Zhu	4/4	100%
Ding Yunzhou	4/4	100%
Zhou Shurui	4/4	100%
Tse Sze-Wing, Edmund	4/4	100%
Cheng Wai Chee, Christopher	4/4	100%
Wong Tung Shun, Peter	0/0	not applicable
Lu Zhengfei	4/4	100%
Luk Kin Yu, Peter	3/3	100%

Notes:

- (1) The board meeting held on September 2005 was convened by way of resolutions in writing.
- (2) Mr Wong Tung Shun, Peter resigned as an independent non-executive director of the Company on 18 January 2005.
- (3) Mr Luk Kin Yu, Peter was appointed as an independent non-executive director of the Company on 29 April 2005.

During 2005, the main tasks accomplished by the Board of Directors included:

- convened three shareholders' general meetings and submitted eight proposals to the shareholders' general meetings including the Directors' Report for 2004, audited financial statements for 2004, profit distribution plans and dividend recommendations for 2004 and for the interim period of 2005;
- considered and approved the business development plan, fixed asset investment plan, strategic allocation of and investment policies on custodian assets of the Company for 2005;
- established the Investment Decision-making Committee and formulated the Work Manual for the Investment Decision-making Committee. In accordance with the relevant regulations of the China Insurance Regulatory Commission, the Board of Directors set up the Investment Decision-making Committee in January 2005, which is responsible for considering the Company's fund utilisation strategies and investment policies, examining the establishment and implementation of the risk control system for insurance fund utilisation, and formulating strategic allocation plans for insurance fund utilisation. The Board elected seven directors as members of the Investment Decision-making Committee;
- appointed the current Secretary of the Board of Directors, and elected two independent non-executive directors as members of the Nomination, Remuneration and Review Committee. At the same time of the resignation of Mr Fu Zhu (the former Secretary of the Board of Directors) on 29 November 2005, appointed Md Liu Zhenghuan in due time as Secretary of the Board of Directors based on nomination of the Chairman of the Board;
- considered and approved the total amount of remuneration of the Company for 2005, amended the Measures on Linking Remuneration to Performance of the Management of the Company and conducted the annual performance appraisal on the Company's senior management including directors, President and vice presidents;
- considered and approved the guidance on trading of the Company's securities by employees which is formulated in accordance with the Model Code;
- amended the respective work manuals for the Audit Committee, the Nomination, Remuneration and Review Committee and the Strategic Planning Committee so that the duties and responsibilities of and operating procedures for all the board committees of the Company comply with the Code on Corporate Governance Practices;
- considered and authorised the President to exercise certain powers of the legal representative when dealing with external matters on behalf of the Company, with a view to enhancing the operational and management proficiency of the Company.

DIRECTORS

Responsibilities with respect to Financial Statements

Directors are responsible for the preparation of financial statements for every financial year and the interim period thereof which shall give a true and fair view of the business operations of the Company in accordance with the financial reporting standards issued by the Hong Kong Institute of Certified Public Accountants and through the adoption of appropriate accounting policies.

Securities Transactions

The Company has formulated guidelines on transactions of the Company's securities that are applicable to the directors and all the employees, and the terms of such guidelines are no less exacting than those set out in the Model Code. The Company has made enquiries with all the directors and they all have confirmed that they have complied with the requirements under the Model Code during the Year.

Independence of Independent Directors

The Company has received the annual confirmation letters pursuant to Rule 3.13 of the Listing Rules from Mr Cheng Wai Chee, Christopher, Mr Lu Zhengfei and Mr Luk Kin Yu, Peter, independent non-executive directors of the Company, in relation to their independence. Mr Ding Ningning, an independent non-executive director, provided to the Company a letter confirming his independence before his appointment in January 2006. As at the date of this report, the Company is of the view that all the independent non-executive directors are independent.

CHAIRMAN/PRESIDENT

The Chairman of the Board is Mr Tang Yunxiang, and the President is Mr Wang Yi. The Chairman is responsible for providing leadership for the Board of Directors and ensuring that the Board of Directors works effectively and discharges its responsibilities properly. The President is responsible for managing the daily business operations of the Company and implementing the resolutions passed by the Board of Directors.

Duties and Responsibilities of the Chairman

- preside over shareholders' general meetings and convene and preside over board meetings;
- monitor the implementation of Board resolutions;
- sign securities issued by the Company;
- perform other duties and powers conferred by the Board of Directors.

Duties and Responsibilities of the President

- administer the operations and management of the Company and implement the Board resolutions;
- implement the annual operational plans and annual investment plans of the Company;
- execute contracts and agreements and issue daily administrative documents on behalf of the Company;
- propose the plans for internal management organisation of the Company and determine general organisational restructuring based on the operating needs;
- propose the basic management system of the Company;
- formulate the basic rules and regulations of the Company;

- make recommendations to the Board of Directors on the appointment and removal of the Company's vice president(s), Chief Financial Officer and the President's assistant(s);
- appoint and remove management personnel other than those personnel whose appointments or removals are determined by the Board of Directors;
- formulate salaries, benefit and rewards and disciplinary plan for employees, determine or authorise heads of the subordinate departments to determine the employment and dismissal of the Company's employees;
- propose to convene special board meetings;
- perform other duties and powers conferred by the Articles of Association and the Board of Directors.

AUDIT COMMITTEE

Overview

During 2005, the Company continued to consolidate the establishment of the Audit Committee of the Board of Directors in accordance with the principles and code provisions under C.3 of the Code on Corporate Governance Practices. The Board of Directors passed a resolution in April 2005 to amend the Work Manual for the Audit Committee, thereby clarifying the Audit Committee's three aspects of its scope of responsibilities, namely its relations with the external auditors, its review of the financial information of the Company and its monitoring and inspection of the financial reporting procedures and internal control system of the Company. In 2005, the Audit Committee refined its management of external auditors and emphasised supervision over their audit process. The Audit Committee also reviewed the annual report and accounts for 2004 and the interim report for 2005. Furthermore, the Audit Committee reviewed the Management Letter for 2004 provided by the external auditors and the management's response.

Composition

Chairman: Lu Zhengfei

Members: Ding Yunzhou, Cheng Wai Chee, Christopher (resigned on 29 April 2005), Luk Kin Yu, Peter (appointed on 29 April 2005)

Duties and Responsibilities

- relations with the external auditors of the Company:
 - > make recommendations to the Board of Directors in relation to the appointment, removal or reappointment of the external auditors, and dealing with any matters concerning the resignation or removal of such auditors;
 - > consider the remuneration and terms of engagement of the external auditors;
 - > assess the independence of the external auditors and the effectiveness of their audit procedures, discuss with the external auditors the nature and scope of the audit and the relevant reporting obligations before commencement of the audit;

- > assess and ascertain the independence and objectivity of the external auditors in respect of providing non-audit services, decide whether to retain such auditors for non-audit services, and formulate relevant policies and monitor implementation of such policies;
- > meet at least once a year with the external auditors to discuss matters concerning the audit and the auditors' remuneration;
- examine the completeness of the Company's financial statements, annual reports and accounts, interim reports and, if prepared for publication, quarterly reports and review material opinions on financial reporting matters set out in such statements and reports:
 - > in examining the relevant statements and reports, the Audit Committee should focus on examining the changes in accounting policies and practices, material judgment, material audit adjustment, assumptions of going concern and qualified opinions (if any), and whether the Company has complied with the provisions relating to financial reporting under the applicable accounting standards, the Listing Rules and other laws and regulations;
 - > in examining the relevant statements, reports and accounts, the Audit Committee should consider the material or unusual matters that are reflected or should be reflected in such statements, reports and accounts, and consider appropriately the matters raised by the Company's qualified accountant or assistants, head of the finance and accounting department, head of the supervisory department, head of the internal audit department or the external auditors;
- monitor and inspect the financial reporting procedures and internal control system of the Company:
 - > examine the financial control, internal control and risk management systems of the Company;
 - > discuss with the management on the internal control system of the Company and ensure that the management establishes an effective internal control system;
 - > study major findings of investigations into matters relating to the internal control and the management's response;
 - > coordinate the work undertaken by the internal audit department and the external auditors;
 - > monitor the implementation of the internal audit system of the Company, examine the effectiveness of the internal audit, and ensure that the internal audit department is adequately resourced and has appropriate positioning within the Company;
 - > review the Management Letters issued by the external auditors to the management, any material queries raised by the external auditors to the management in respect of accounting records, accounts or the internal control system and the management's response in relation thereto, and ensure timely response by the Board of Directors to the matters raised in the Management Letters;
 - > examine and verify material connected transactions of the Company;
 - > evaluate the work of the personnel in charge of the finance and accounting department and internal audit department of the Company;
 - > monitor and provide guidance on the special audit projects carried out by the internal audit department;
- other matters authorised by the Board of Directors.

Remuneration of Auditors

In 2005, the Company paid RMB15.10 million to the auditors, including payment for the audit of the financial statements for 2004 and review of the interim report for 2005. In 2005, the Company did not engage the auditors in any non-audit services.

Summary of Work Undertaken

In accordance with the Work Manual for the Audit Committee, the Audit Committee should meet twice a year regularly and also hold special meetings subject to work commitment. During 2005, the Audit Committee held five meetings and considered nineteen proposals. The attendance rate of each committee member reached 100% and the attendance is recorded as follows:

Name	Lu Zhengfei	Ding Yunzhou	Cheng Wai Chee, Christopher	Luk Kin Yu, Peter
Number of meetings attended/ Number of meetings that require attendance	4/4	4/4	2/2	2/2
Attendance rate	100%	100%	100%	100%

Notes:

- (1) Mr Cheng Wai Chee, Christopher, an independent non-executive director, resigned as a member of the Audit Committee on 29 April 2005.
- (2) Mr Luk Kin Yu, Peter, an independent non-executive director, was appointed a member of the Audit Committee on 29 April 2005.
- (3) The fourth meeting of the Audit Committee in 2005 was convened by way of resolutions in writing.

In 2005, the Audit Committee amended the Work Manual for the Audit Committee, and duly performed its duties of and played an active role in the supervision and provision of guidance on internal and external audit, the monitoring of financial reporting procedures, the strengthening of internal control and risk management and the reviewing of financial reports. In 2005, the main tasks accomplished by the Audit Committee included:

- amended the Work Manual for the Audit Committee. After prudent consideration of the relevant principles and code provisions under the Code on Corporate Governance Practices, and taking into account the Company's own practical situations, the Audit Committee amended the Work Manual for the Audit Committee which was considered and approved by the Board of Directors. The amended Work Manual for the Audit Committee further defined the Audit Committee's duties and responsibilities in respect of its relations with the external auditors, supervision and control over the financial reporting procedures, strengthening internal control and risk management and reviewing financial reports, thereby laying down a solid foundation in terms of system for the effective operation of the Audit Committee;
- enhanced the monitoring of and guidance on the external audit of the Company. The Audit Committee emphasised its communications with the external auditors, fully considered the opinions of the external auditors and the Company's management on the annual audit and interim review fees, considered the engagement terms, and proposed to the Board of Directors on the continuous engagement of the auditors and the remuneration in relation thereto. The Audit Committee discussed with the external auditors in a timely manner regarding the

nature, scope and responsibilities of the audit, took the external auditors' report on the work arrangement of the audit, problems discovered during the audit process and the audit results into consideration and gave its opinions and suggestions on the requirements and quality of the audit. The Audit Committee also exchanged views with the external auditors on matters such as the changes in the accounting policies, material audit adjustment and internal control risks;

- monitored and inspected the financial reporting procedures of the Company, reviewed the financial statements, annual report and accounts, and interim report and accounts. The Audit Committee reviewed the financial statements for 2004 and for the interim period of 2005, and exchanged views with the management on the material matters such as changes in the accounting principles accepted in Hong Kong and the accounting policies, material audit adjustment and internal control risks;
- supervised and inspected the internal control risks of the Company. The Audit Committee reviewed the Management Letter for 2004 issued by the external auditors and the management's response, proposed requirements for improvement in certain matters such as premiums receivable, commission expenses, investment risk control and improvement of data accuracy, instructed the management to request the internal audit department of the Company to monitor the progress of improvement in a timely manner and submit the special report, thereby effectively enhancing the Company's internal risk control;
- provided effective guidance on the internal audit of the Company. The Audit Committee took the reports of the audit department of the Company on the work summary for 2004 and the work plan for 2005 into consideration and approved two special audit projects in relation to mortgage loan guarantee insurance and insurance certificate management.

THE NOMINATION, REMUNERATION AND REVIEW COMMITTEE

Overview

The Nomination, Remuneration and Review Committee is responsible for matters relating to the remuneration and nomination of directors. During 2005, pursuant to the principle and code provisions set out in B.1 of the Code on Corporate Governance Practices, the Company continued to reinforce the establishment of the Nomination, Remuneration and Review Committee. The Board of Directors passed a resolution in April 2005 to revise the Work Manual for the Nomination, Remuneration and Review Committee, thereby clarifying the scope of responsibilities of the Nomination, Remuneration and Review Committee. In 2005, the Nomination, Remuneration and Review Committee made constructive suggestions to the Board of Directors on various matters including the nomination of directors, the remuneration policy for senior management and the overall remuneration structure of the Company.

During 2005, the composition of the Nomination, Remuneration and Review Committee did not comply with the requirement set forth in code provision B.1.1 of the Code on Corporate Governance Practices that a majority of the members of the remuneration committee shall be independent non-executive directors. In 2005, two independent non-executive directors of the Company, namely Mr Luk Kin Yu, Peter and Mr Lu Zhengfei, were appointed by the Board as members of the Nomination, Remuneration and Review Committee, thereby increasing the proportion of independent non-executive directors in the committee to 50%. Since the appointment of Mr Ding Ningning (an independent non-executive director) on 18 January 2006, the composition of the Nomination, Remuneration and Review Committee has complied with code provision B.1.1 of the Code on Corporate Governance Practices.

Composition

Chairman: Cheng Wai Chee, Christopher

Members: Wang Yincheng, Liu Zhenghuan, Zhou Shurui, Luk Kin Yu, Peter (appointed on 29 April 2005), Lu Zhengfei (appointed on 29 November 2005) and Ding Ningning (appointed on 18 January 2006)

Duties and Responsibilities

- evaluate the structure of the Board, its size and composition (taking into account factors such as skills, knowledge and experiences) at regular intervals, and make corresponding proposals to the Board;
- recommend to the Board candidates for directorship;
- evaluate the independence of the independent non-executive directors;
- propose to the Board in respect of the overall policy and structure for the remuneration of directors, the President and other senior management and the procedures for formulating remuneration policy;
- evaluate and approve the compensation payable to executive directors and senior management in connection with any loss or termination of their office or appointment to ensure that such compensation is in accordance with relevant contractual terms or that such compensation is fair;
- evaluate and approve compensation arrangements relating to dismissal or removal of directors for misconduct to ensure that such arrangements are in accordance with relevant contractual terms or that such arrangements are fair;
- formulate appraisal standards for directors, the President and other senior management, conduct annual appraisals and make recommendations in relation thereto;
- other matters authorised by the Board.

Nomination of Directors

The Nomination, Remuneration and Review Committee shall first discuss the nomination of candidates as new directors, then propose the appointment of such candidates as directors to the Board. The Board shall then determine whether such candidates' appointments should be proposed for approval at the shareholders' general meeting. The major factors considered by the Nomination, Remuneration and Review Committee and the Board are the educational background, the management and research experience in the finance industry, especially in the insurance sector, of the candidates and the candidates' commitment to the Company. Regarding the nomination of the independent non-executive directors, the Nomination, Remuneration and Review Committee will also give special consideration to the independence of the relevant candidates.

Remuneration of Directors and Other Senior Management

The fixed salary of the executive directors and other senior management is determined in accordance with market levels and their respective positions, and the amount of their performance-related bonuses is determined according to the results of performance appraisal. The amount of directors' fees and supervisors' fees and the units granted to the directors and supervisors under the Share Appreciation Rights Scheme are determined with reference to market levels. Details of the remuneration of the directors and supervisors for 2005 are set out in note 12 to the financial statements.

Summary of Work Undertaken

Pursuant to the Work Manual for the Nomination, Remuneration and Review Committee, the committee shall hold two meetings at regular intervals each year and special meetings subject to work commitment. During 2005, the Nomination, Remuneration and Review Committee held four meetings, among which three meetings were held for discussing remuneration related matters, and fourteen resolutions were considered. The meeting attendance rate of each committee member reached 100%. Attendance record of the meetings is as follows:

Name	Cheng Wai Chee, Christopher	Wang Yincheng	Liu Zhenghuan	Zhou Shurui	Luk Kin Yu, Peter	Lu Zhengfei
Number of meetings attended/Number of meetings that require attendance	4/4	4/4	4/4	4/4	2/2	0/0
Attendance rate	100%	100%	100%	100%	100%	Not applicable

Note: Mr Lu Zhengfei, an independent non-executive director, was appointed as a member of the Nomination, Remuneration and Review Committee on 29 November 2005. For the period from 29 November 2005 to the end of 2005, no meeting of the Nomination, Remuneration and Review Committee was held.

During 2005, the Nomination, Remuneration and Review Committee revised the Work Manual for the Nomination, Remuneration and Review Committee, thereby clarifying the scope of its responsibilities. The Nomination, Remuneration and Review Committee made constructive suggestions to the Board of Directors on various matters including the nomination of directors, the remuneration policy for senior management, the overall remuneration structure of the Company and the appraisal of senior management. In 2005, the main tasks accomplished by the Nomination, Remuneration and Review Committee included:

- revised the Work Manual for the Nomination, Remuneration and Review Committee. The Nomination, Remuneration and Review Committee seriously studied the principles and code provisions contained in the Code on Corporate Governance Practices and, after taking into account the Company's own practical conditions, revised the Work Manual for the Nomination, Remuneration and Review Committee which was approved by the Board. The revised Work Manual for the Nomination, Remuneration and Review Committee clarified the scope of responsibilities of the Nomination, Remuneration and Review Committee, thereby laying a solid system foundation for the committee to proceed with its work effectively;
- proposed the appointment of two independent non-executive directors to the Board. The Nomination, Remuneration and Review Committee proposed the appointment of Mr Luk Kin Yu, Peter and Mr Ding Ningning as independent non-executive directors to the Board in the first and the fourth meeting of 2005, respectively. The nominations were submitted to and approved by the Board and the shareholders;
- made recommendations to the Board in respect of the fees of the directors and supervisors. The Nomination, Remuneration and Review Committee considered the level of salaries paid by comparable companies in the market and the Company's own practical conditions and made recommendations in respect of the fees of the directors and supervisors. These recommendations were considered and approved by the Board and the shareholders' general meetings;

- reviewed and approved the Company's overall remuneration plan for 2005 and made recommendations to the Board in respect thereof. Taking into account the change in the market environment, the Nomination, Remuneration and Review Committee agreed the overall remuneration plan of the Company for 2005 proposed by the President Office and proposed amendments to the plan which were approved by the Board;
- formulated the Implementation Plan for the Second Grant under the Share Appreciation Rights Scheme for the Senior Management of the Company. In accordance with the Share Appreciation Rights Scheme for the Senior Management of the Company as approved at the first special general meeting in 2003, the Nomination, Remuneration and Review Committee, after taking into account the Implementation Plan for the Initial Grant under the Share Appreciation Rights Scheme for the Senior Management of the Company and the Company's own practical conditions, formulated the Implementation Plan for the Second Grant under the Share Appreciation Rights Scheme for the Senior Management of the Company which was approved by the Board;
- reviewed the performance review and appraisal proposal for 2004 for the senior management of the Company and made recommendations to the Board in respect thereof. The Nomination, Remuneration and Review Committee carried out annual review and appraisal on the Chairman and the directors, and reviewed the quantitative indicators for evaluating the performance of the President and the vice presidents and made recommendations to the Board in respect thereof, which were approved by the Board.

STRATEGIC PLANNING COMMITTEE

Overview

In 2005, the Company continued to increase its efforts in improving the Strategic Planning Committee. In April 2005, the Board of Directors approved a resolution to revise the Work Manual for the Strategic Planning Committee, thereby clarifying the duties of the Strategic Planning Committee which include the formulation of strategy for medium and long term development, the reviewing of major investment and financing plans and the reviewing of the annual budget of the Company, and such amendments have eradicated the overlapping between its duties and those of the newly-established Investment Decision-making Committee. In 2005, the Strategic Planning Committee focused on the strengthening of the review of major investment, annual budget and development plans.

Composition

Chairman: Tang Yunxiang

Members: Wang Yi, Fu Zhu (resigned on 29 November 2005), Wong Tung Shun, Peter (resigned on 18 January 2005), Ding Ningning (appointed on 18 January 2006)

Duties and Responsibilities

- consider strategic development plans for the Company, formulate strategic objectives and strategic implementation measures;
- consider the Company's plans to make equity investments by acting as a promoter or by purchasing equity interest in a company;
- consider the Company's plans for mergers and acquisitions;
- consider the Company's business plans, annual budgets, financial reports, profit distribution plans and loss recovery plans;

- consider the Company's annual, medium-term and long-term investment plans in fixed assets;
- consider the Company's plans for the disposition of its material assets;
- consider the Company's plans for the issue of shares and bonds;
- consider the Company's plans to increase or reduce its registered capital and to repurchase its own shares;
- consider the Company's plans for mergers, divisions, dissolution and liquidation;
- consider the Company's plans for amendments to its Articles of Association;
- consider any delegation by the Board to the management;
- consider the Company's plans for material modification to its organisation structure;
- other matters authorised by the Board.

Summary of Work Undertaken

Pursuant to the Work Manual for the Strategic Planning Committee, meetings of the Strategic Planning Committee include regular meetings and special meetings, and regular meetings shall be convened at least once a year. In 2005, the Strategic Planning Committee held four meetings, all of which were convened by way of resolutions in writing, and considered thirteen proposals.

In 2005, the main tasks accomplished by the Strategic Planning Committee included:

- revised the Work Manual for the Strategic Planning Committee and refined its duties and work procedures;
- considered the development plans of the Company for the years from 2006 to 2010;
- considered the Company's business development plans for 2006, budget for 2006, profit distribution plans and dividend recommendations for 2004 and the interim period of 2005;
- considered the proposal regarding the modification to the organisation structure of the Company;
- considered the proposal regarding the Company's pilot project on exclusive agency.

INVESTMENT DECISION-MAKING COMMITTEE

Overview

In 2005, the Board of Directors established the Investment Decision-making Committee and formulated the Work Manual for the Investment Decision-making Committee in order to strengthen the management of fund application of the Company and to refine the risk control system for fund application. The main duties of the Investment Decision-making Committee include the determination of fund application strategies and major investment matters, the reviewing of the establishment and implementation of the risk control system for insurance fund application, and the determination of investment portfolio for insurance funds.

Composition

Chairman: Tang Yunxiang

Members: Wang Yi, Wang Yincheng, Liu Zhenghuan, Ding Yunzhou, Zhou Shurui, Luk Kin Yu, Peter (appointed on 29 April 2005)

Duties and Responsibilities

- examine the management of the use of insurance funds, and plans for the delegation and custody of insurance funds;
- examine regulations, decision-making procedures and delegation policies in respect of the use of insurance funds;
- examine the delegation by the Board to the management in respect of the use of insurance funds;
- formulate annual strategic plans on the allocation of assets and investment strategies, including targeted rate of return, investment principles, risk tolerance level together with the terms and indicators for selecting, restricting or abandoning certain kinds of assets;
- formulate investment strategies and plans for new investment products;
- review at regular intervals findings of the Company's risk control inspection on its use of funds, and understand at regular intervals the risks faced by the Company in its use of funds;
- review the Reports on Assets and Liabilities Matching of the Company;
- examine matters in respect of changes in the accounting policies regarding the use of insurance funds;
- other matters authorised by the Board.

Summary of Work Undertaken

Pursuant to the Work Manual for the Investment Decision-making Committee, the meetings of the Investment Decision-making Committee include regular meetings and special meetings, and regular meetings shall be convened at least once a year. In 2005, the Investment Decision-making Committee held three meetings, all of which were convened by way of resolutions in writing, and considered five proposals.

In 2005, the main tasks accomplished by the Investment Decision-making Committee included:

- formulated the Work Manual for the Investment Decision-making Committee which specifically laid down the duties of the Investment Decision-making Committee and its operating procedures;
- examined the proposals regarding the determination of the asset manager and custodian for the Company's overseas investment;
- examined the proposal regarding the Company's investment in the secondary stock market;
- examined the Report on the Strategic Allocation of and Investment Policies on Custodian Assets for 2006.

SUPERVISORY COMMITTEE

Overview

In 2005, the Supervisory Committee continued to discharge its supervisory duties and increased its efforts in supervision and inspection. The Supervisory Committee conducted specialised investigations and researches in respect of premium receivables and inspected the financial and operational conditions of certain branches, and made suggestions to the management regarding the strengthening of the control of premiums receivable, compliant operation and financial management.

Composition

Chairman: Deng Zhaoyu

Supervisors: Tang Wei, Liu Qilong

Duties and Responsibilities

- examine the financial affairs of the Company;
- take supervisory actions against the directors, the President and other senior management for breaching the laws, administrative regulations or the Articles of Association while carrying out their duties;
- request the directors, the President or other senior management to rectify their actions in the event that such actions infringe the interests of the Company;
- verify the financial information to be submitted by the Board of Directors at general meetings including financial reports, business reports and profit distribution plans, appointing registered accountants or practicing auditors to re-examine such information if such information is in doubt;
- make proposals to convene special general meetings;
- negotiate with or initiate proceedings against the directors on behalf of the Company;
- make recommendations in relation to the appointment of auditors of the Company and, if necessary, appoint another auditor in the name of the Company to conduct an independent audit of the financial affairs of the Company or report directly to the securities regulators and other relevant authorities;
- attend board meetings;
- report its supervisory work of the preceding year at annual general meetings, including:
 - > results of examination of the financial affairs of the Company;
 - > status of diligence of and compliance with laws, regulations and the Articles of Association by the directors, the President and other senior management;

- > other major events which the Supervisory Committee considers necessary to report at shareholders' general meetings;
- other duties conferred by the Articles of Association.

Summary of Work Undertaken

In 2005, the Supervisory Committee of the Company duly carried out its supervisory duties and protected the interests of the Company, its shareholders and its employees strictly in compliance with the relevant provisions of the Company Law and the Articles of Association. During the reporting period, the Supervisory Committee convened two meetings and held two hearings, considered and approved five proposals. The meeting attendance rate of each supervisor reached 100% and the record of their attendance is as follows:

Name	Deng Zhaoyu	Tang Wei	Liu Qilong
Number of meetings attended/ Number of meetings that require attendance	2/2	2/2	2/2
Attendance Rate	100%	100%	100%

In 2005, the main tasks accomplished by the Supervisory Committee included:

- attended four board meetings, two meetings of the Audit Committee and three shareholders' general meetings;
- organised an investigation and research team to conduct specialised investigations and researches in respect of premiums receivables of the Guangdong, Sichuan and Xiamen branches of the Company;
- organised an inspection team to inspect the financial conditions and operations of the Yunnan, Shaanxi and Tianjin branches of the Company, cover over twenty of their sub-branches;
- made pragmatic suggestions to the management of the Company to remedy the operational and management risks and deficiencies of the branches found during the investigations and researches, thereby played a positive role in ensuring the compliant operation and financial management, the due protection of the interests of shareholders, and the improvement of the operational and management capabilities of the Company.

RIGHTS OF SHAREHOLDERS

Methods of Convening Special General Meetings

According to the Articles of Association and the Rules of Conduct for General Meetings of the Company, any shareholder(s) holding 10% or more of the voting shares of the Company may request in writing to convene a special general meeting and such shareholder(s) shall submit the complete resolution(s) to the Board of Directors in writing. If the Board of Directors is satisfied that the resolution(s) complies with the requirements under the laws, regulations and the Articles of Association, it shall issue the notice of special general meeting within fifteen days of receipt of the written resolution(s).

Enquiry Procedures

According to the Articles of Association, shareholders may obtain the following information by contacting the Information Inquiry Department (whose contact details are set out in the “Corporate Information” section of this annual report):

- the Articles of Association (subject to the payment of its cost);
- subject to the payment of a reasonable fee, shareholders are entitled to review and make copies of:
 - > register of shareholders;
 - > personal details of directors, supervisors, the President and other senior management of the Company, including their present and former names and aliases, principal (residential) addresses, nationalities, positions held in the Company and their other concurrent occupations and positions held, identification documents and the numbers thereof;
 - > details of the Company’s share capital;
 - > report on repurchases of each class of shares by the Company (containing details of the total nominal value, quantity, the highest price and the lowest price of the repurchase, and the total amount paid by the Company therefor) since the previous accounting year;
 - > minutes of shareholders’ general meetings.

Procedures for Proposing Resolutions at Annual General Meetings

Any shareholder(s), whether individually or collectively, holding 5% or more of the voting shares of the Company is entitled to propose resolution(s) at annual general meetings in writing.

INVESTOR RELATIONS

The Company communicates its operating results timely with investors after the announcements of annual and interim results by way of results briefings and roadshows. Through attending visits of investors and major investment forums, making timely replies to enquiries made by telephone and electronic mail and providing relevant information to investors proactively through the Company’s website, the Company is strengthening its day-to-day communications with investors with a view to establishing and maintaining a good relationship with investors.

PARTICULARS OF THE LATEST SHAREHOLDERS’ GENERAL MEETING

The latest shareholders’ general meeting was the special general meeting held on 18 January 2006 at Wanchunyuan Villa, Beijing. The meeting considered the resolution regarding the appointment of Mr Ding Ningning as an independent non-executive director of the Company. The resolution was decided by a show of hands and was approved by 100% of the shareholders present with shares conferring a right to vote.