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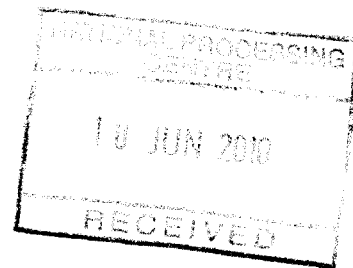


CHINA TAIPING INSURANCE (NEW ZEALAND) COMPANY LIMITED

(FORMERLY CHINA INSURANCE (NEW ZEALAND) COMPANY LIMITED)

ANNUAL REPORT

FOR THE YEAR ENDED 31 DECEMBER 2009



CHINA TAIPING INSURANCE (NEW ZEALAND) COMPANY LIMITED
(FORMERLY CHINA INSURANCE (NEW ZEALAND) COMPANY LIMITED)

REPORTS AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2009

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CHINA TAIPING INSURANCE (NEW ZEALAND) COMPANY LIMITED
(FORMERLY CHINA INSURANCE (NEW ZEALAND) COMPANY LIMITED)

DIRECTORS' REPORT

We are very pleased to be able to present the annual report for the year ended 31 December 2009 to shareholders and other interested parties.

RESULT: The profit of China Taiping Insurance (New Zealand) Company Limited for the year before tax was \$746,734.89 (2008: \$539,424).

DIVIDEND: The Directors recommend that no dividend be paid.

AUDITOR: In terms of the Companies Act 1993, Deloitte is to continue in office as the Company's auditor.

<u>APPROPRIATIONS:</u>		\$
	Profit before tax for the year	746,734
	Accumulated Loss brought forward	(1,772,153)
		<hr/>
	Accumulated Loss carried forward	\$ (1,025,419)
		<hr/>

ACTIVITIES: The principal activities during the year were those of insurance underwriting and investment.

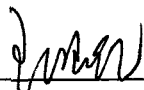
REGISTERED OFFICE: Level 10E
17 Albert Street
Auckland City
New Zealand

No disclosure has been made pursuant to Section 211(1) (a) and (e) to (j) of the Companies Act 1993 following an unanimous decision by the shareholders in accordance with Section 211 (3) of the Act.

The company is firmly committed to maintaining the highest levels of corporate governance and risk management process, and the company will continue to act promptly and proactively on any areas for improvement.

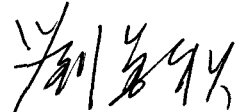
Finally we would like to express our sincerely thanks to our loyal and dedicated staff for the efforts in contributing to the overall success of the Company in the year 2009.

ON BEHALF OF THE BOARD



Director

4.30.2010 Date



Director

4.30.2010 Date

AUDIT REPORT TO THE SHAREHOLDERS OF CHINA TAIPING INSURANCE (NEW ZEALAND) COMPANY LIMITED

We have audited the financial statements on pages 4 to 20. The financial statements provide information about the past financial performance of China Taping Insurance (New Zealand) Company Limited and its financial position as at 31 December 2009. This information is stated in accordance with the accounting policies set out on pages 7 to 11.

This report is made solely to the company's shareholders, as a body, in accordance with Section 205(1) of the Companies Act 1993. Our audit has been undertaken so that we might state to the company's shareholders those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company's shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

Board of Directors' Responsibilities

The Board of Directors is responsible for the preparation, in accordance with New Zealand law and generally accepted accounting practice, of financial statements which give a true and fair view of the financial position of the company as at 31 December 2009 and the results of operations for the year ended on that date.

Auditors' Responsibilities

It is our responsibility to express to you an independent opinion on the financial statements presented by the Board of Directors.

Basis of Opinion

An audit includes examining, on a test basis, evidence relevant to the amounts and disclosures in the financial statements. It also includes assessing:

- the significant estimates and judgements made by the Board of Directors in the preparation of the financial statements, and
- Whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We conducted our audit in accordance with New Zealand Auditing Standards. We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to obtain reasonable assurance that the financial statements are free from material misstatements, whether caused by fraud or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Other than in our capacity as auditor and the provision of taxation advice, we have no relationship with or interests in China Taping Insurance (New Zealand) Company Limited.

Unqualified Opinion

We have obtained all the information and explanations we have required.

In our opinion:

- proper accounting records have been kept by China Taping Insurance (New Zealand) Company Limited as far as appears from our examination of those records; and
- the financial statements on pages 4 to 20:
 - comply with generally accepted accounting practice in New Zealand;
 - Give a true and fair view of the financial position of China Taping Insurance (New Zealand) Company Limited as at 31 December 2009 and the results of its operations for the year ended on that date.

Our audit was completed on 3 May 2010 and our unqualified opinion is expressed as at that date.



CHINA TAIPING INSURANCE (NEW ZEALAND) COMPANY LTD
(FORMERLY CHINA INSURANCE (NEW ZEALAND) COMPANY LIMITED)

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2009

	Notes	2009 \$	2008 \$
Gross Premium Revenue		8,608,344	8,528,612
Less: Transfer to provision for unearned premiums		(49,364)	379,232
Net reinsurance ceded	12	3,274,334	3,570,692
Earned Premiums		5,383,374	4,578,688
Less: Claims incurred		3,804,808	3,678,055
Reinsurance received		(1,580,831)	(1,919,731)
		2,223,977	1,758,324
Commission Expenses	11	844,996	750,904
		1,987,119	2,043,061
		2,832,115	2,793,965
Underwriting Profit/(Loss)		327,282	26,399
Investment revenue	8	427,750	513,025
Sundry expenses		(8,298)	0
Profit/(Loss) before income tax expense		746,734	539,424
Income tax expense	32	-	-
Profit/(Loss) attributable to members of the entity		746,734	539,424
Total comprehensive income for the year		746,734	539,424

The attached notes on pages 7 to 20 form part of and should be read in conjunction with these financial statements.

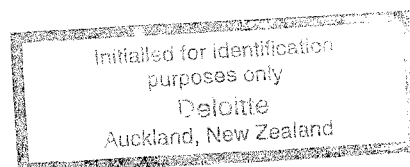
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 Deloitte
 Auckland, New Zealand

CHINA TAIPING INSURANCE (NEW ZEALAND) COMPANY LIMITED
(FORMERLY CHINA INSURANCE (NEW ZEALAND) COMPANY LIMITED)

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2009

	2009	2008
	\$	\$
Balance as at 1 January	5,218,828	4,679,404
Profit/(Loss) attributable to members of the entity	746,734	539,424
Total comprehensive income	<u>746,734</u>	<u>539,424</u>
Balance as at 31 December	<u>5,965,562</u>	<u>5,218,828</u>

The attached notes on pages 7 to 20 form part of and should be read in conjunction with these financial statements.




CHINA TAIPING INSURANCE (NEW ZEALAND) COMPANY LIMITED
(FORMERLY CHINA INSURANCE (NEW ZEALAND) COMPANY LIMITED)

BALANCE SHEET

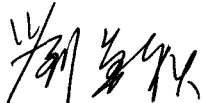
AS AT 31 DECEMBER 2009

	Notes	2009 \$	2008 \$
Current assets			
Cash and Cash Equivalents		1,018,860	851,468
Reinsurance and other recoveries claimed	24 & 6	723,159	2,065,851
Trade and Other Receivables	13	3,177,348	3,349,374
Tax Receivable		156,292	262,891
Inter-company receivables	6	-	151,096
Investment	18(a)	6,251,337	5,242,241
Deferred Acquisition Costs		390,216	393,948
		11,717,212	12,316,869
Current Liabilities			
Trade and Other Payables	16	3,514,371	4,290,230
Technical Reserves			
Net Unearned Premium Reserve	22	2,270,361	2,319,725
Claims Provision	21	995,341	1,545,672
		3,265,702	3,865,397
		6,780,073	8,155,627
Non Current Assets			
Investments	18(b)	536,123	536,123
Property, Plant & Equipment	14	490,318	515,176
Intangibles	15	1,982	6,287
		1,028,423	1,057,586
Net Assets		5,965,562	5,218,828
Represented By:			
Equity			
Share Capital	9	6,990,981	6,990,981
Accumulated deficit	10	(1,025,419)	(1,772,153)
Total Equity		5,965,562	5,218,828

For and on behalf of the board of directors, who authorized the issue of this financial report on the date signing:

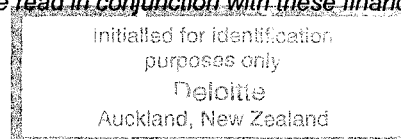
 Director

4.30.2010 Date

 Director

4.30.2010 Date

The attached notes on pages 7 to 20 form part of and should to be read in conjunction with these financial statements.



CHINA TAIPING INSURANCE (NEW ZEALAND) COMPANY LIMITED
(FORMERLY CHINA INSURANCE (NEW ZEALAND) COMPANY LIMITED)

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2009

1. STATEMENT OF ACCOUNTING POLICIES

Reporting Entity

The financial statements are for the reporting entity China Taiping Insurance (NZ) Company Limited. The company is registered under the Companies Act 1993.

Financial Reporting Framework

The financial statements have been prepared in accordance with the Companies Act 1993 and the Financial Reporting Act 1993.

Statement of Compliance

The financial report has been prepared in accordance with the New Zealand Equivalents to International Financial Reporting Standards (NZ IFRS) and other applicable Financial Reporting Standards as appropriate for profit oriented entities that qualify for and apply differential reporting concessions.

Basis of Preparation

The general accounting policies recognised as appropriate for the measurement and reporting of results, and the financial position have been followed in the preparation of these financial statements. The historical cost method as modified by the revaluation of certain assets has been followed. The reporting currency is New Zealand dollars.

In the application of NZ IFRS, management is required to make judgments, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstance, the results of which form the basis of making the judgments. It is possible, based on existing knowledge, that outcomes within the next financial year that are different from assumptions could require a material adjustment to the carrying amount of the asset or liability affected.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Judgments made by management in the application of NZ IFRS that have significant effects on the financial statements and estimates with a significant risk of material adjustments in the next year are disclosed, where applicable, in the relevant notes to the financial statements.

Significant Accounting Policies

Accounting policies are selected and applied in a manner which ensures that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events is reported.

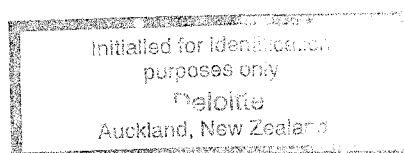
a) Property, Plant & Equipment

The cost of purchased property, plant & equipment is the value of the consideration given to acquire the assets and the value of other directly attributable costs which have been incurred in bringing the assets to the location and condition necessary for their intended service.

Depreciation of Property, Plant & Equipment

Property, plant & equipment are depreciated on a diminishing value basis so as to write off the cost less the estimated residual value of these assets over their estimated useful lives. Expenditures for maintenance and repairs are charged to the profit and loss account as incurred, expenditure incurred to major improvements is capitalised and depreciated. The diminishing rates are:

Motor Vehicles	26%-36%
Office Furniture	14%-18%
Office Equipment & others	11.4%-60%
Buildings	4%-14.4%
Computer hardware	48%



CHINA TAIPING INSURANCE (NEW ZEALAND) COMPANY LIMITED
(FORMERLY CHINA INSURANCE (NEW ZEALAND) COMPANY LIMITED)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2009

b) Intangible Assets

Software is finite life intangibles and is recorded at cost less accumulated amortisation and impairment. Amortisation is charged on a diminishing value basis so as to write off the cost less the estimated residual value of these assets over their estimated useful lives. Amortisation is included in expenses. The diminishing rates are 48%-60%.

c) Disposals of Tangible and Intangible Assets

The difference between the proceeds on disposal and net book value is recognised in the profit and loss account.

d) Revenue Recognition

General Insurance Revenue

Premium revenue for Fire & General Business comprises amounts charged to policyholders or other insurers. The earned portion of premium received and receivable, including unclosed business, is recognised as revenue. The pattern of recognition of revenue over the policy or indemnity periods is based on time, which closely approximates the pattern of risks underwritten.

Unearned premium is determined by apportioning the premiums written over the period of risk from the date of attachment of risk, based on the number of days of unexpired cover for each policy.

Investment Revenue

Investment revenue is shown before deduction of income tax and is included on an accrual basis and dividends are included to the extent declared before balance date.

e) Unearned Premium

Provisions in respect of the proportion of premiums relating to risk in future periods of account are calculated on the 365ths basis.

f) Deferred Acquisition Expenses

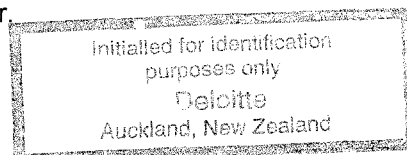
Acquisition expenses, principally comprising commissions and brokerage expenses incurred on obtaining insurance contracts, are deferred and expensed over the period in which the related premiums are earned. A portion of acquisition costs relating to unearned premium is deferred in recognition that it represents a future benefit. Deferred acquisition costs are an asset and are measured at the lower of cost and recoverable amount.

g) Claims

Reported claims have been assessed in the light of the information available at balance date and after taking account of expected trends in future settlements.

The Outstanding Claims provision comprises the estimated costs of claims incurred including indirect claims settlement costs, whether reported or not, and claims not settled at balance date. The provision for claims incurred but not reported has been evaluated and assessed by using standard actuarial techniques produced by China Insurance H.K. (Holdings) Co., Ltd as at 31 December 2009.

All claims expected to be settled within one year.



CHINA TAIPING INSURANCE (NEW ZEALAND) COMPANY LIMITED
(FORMERLY CHINA INSURANCE (NEW ZEALAND) COMPANY LIMITED)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2009

h) Income Tax

Income tax for the period is calculated by reference to the amount of income taxes payable or recoverable in respect of the taxable profit or tax loss for the period. It is calculated using tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date. Current tax for current and prior periods is recognised as a liability (or asset) to the extent that it is unpaid (or refundable).

i) Operating Leases

Operating lease rentals are recognised evenly over the expected period of benefit to the company.

j) Foreign Exchange Policy

Transactions denominated in foreign currencies are translated into the reporting currency using the exchange rate in effect at the transaction date. Monetary items receivable or payable in a foreign currency are translated at balance date at the closing rate. Exchange differences on foreign currency balances are recognised in the Statement of Comprehensive Income.

k) Outwards Reinsurance

Premiums ceded to reinsurers are recognised as an expense in accordance with the pattern of reinsurance service received.

l) Reinsurance and Other Recoveries Receivables

Reinsurance and other recoveries receivables on paid claims, reported claims not yet paid and claims incurred but not reported are recognised as revenue. Recoveries receivable on reported claims not yet paid and claims incurred but not reported are assessed in a manner similar to the assessment of outstanding claims. Recoveries receivable in relation to long-tail classes are measured as the present value of the expected future receipts, calculated on the same basis as the liability for outstanding claims.

m) Trade and Other Receivables

Accounts receivable are stated at their estimated net realisable value after allowance for bad or doubtful debts and credit notes due. An allowance is established when the entity will not be able to collect all amounts due to the original term of the receivable. Any decrease or increase of the allowance is recognized in the income statement within underwriting expenses.

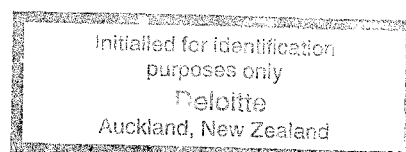
n) Payables

Trade payables and other accounts payable are recognised when the Company becomes obliged to make future payments resulting from the purchase of goods and services.

o) Employee Benefits

Provision is made for benefits accruing to employees in respect of wages and salaries, annual leave, long service leave and sick leave when it is probable that settlement will be required and they are capable of being measured reliably.

Provisions made in respect of employee benefits expected to be settled within 12 months are measured at their nominal values using the remuneration rate expected to apply at the time of settlement.



CHINA TAIPING INSURANCE (NEW ZEALAND) COMPANY LIMITED
(FORMERLY CHINA INSURANCE (NEW ZEALAND) COMPANY LIMITED)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2009

o) Employee Benefits (continued)

Provisions made in respect of employee benefits which are not expected to be settled within 12 months are measured as the present value of the estimated future cash outflows to be made by the Company in respect of services provided by employees up to the reporting date.

p) Financial Assets

Financial assets are classified into the following specified categories: financial assets 'at fair value through profit or loss', 'held-to-maturity investments', 'available-for-sale' financial assets, and 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. Currently the company has only classified financial assets in the 'Loans and receivables' and "At fair value through profit or loss' categories.

Loans and receivables

Trade receivables, loans, and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method less impairment.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are stated at fair value, with any resultant gain or loss recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset.

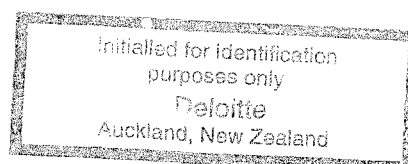
Impairment of financial assets

Financial assets, other than those at fair value through profit or loss, are assessed for indicators of impairment at each balance sheet date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted.

For certain categories of financial asset, such as trade receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the company's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period of 60 days, as well as observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account



CHINA TAIPING INSURANCE (NEW ZEALAND) COMPANY LIMITED
(FORMERLY CHINA INSURANCE (NEW ZEALAND) COMPANY LIMITED)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2009

p) Financial Assets (continued)

When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

q) Financial Liabilities

Trade and other payables are recognised when the company becomes obliged to make future payments resulting from the purchase of goods and services.

Trade and other payables are classified as 'other financial liabilities'. Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs. Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period to the net carrying amount of the liability.

2. DIFFERENTIAL REPORTING

The Company qualifies for differential reporting exemptions as described in the Framework for Differential Reporting issued by the New Zealand Institute of Chartered Accountants because the Company is not publicly accountable and there is no separation between the shareholders and the governing body. The Company has elected to apply all the available exemptions except for the exemption under NZ IAS 18 which allows revenue and expenses to be recognised inclusive of goods and services tax.

3. CHANGES IN ACCOUNTING POLICY

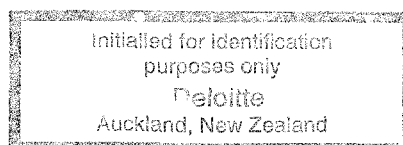
The accounting policies set out above have been applied consistently to all periods presented in these financial statements. Accordingly, there have been no changes in accounting policies from those contained in the last audited financial statements.

4. ULTIMATE HOLDING COMPANY

China Taiping Insurance Group Co. (previously named China Insurance (Holdings) Co., Ltd) incorporated in the People's Republic of China, is the Company's ultimate holding company.

5. PARENT COMPANY

China Taiping Insurance Group (HK) Company Limited (previously named China Insurance H.K. (Holdings) Co., Ltd), incorporated in Hong Kong, is the Company's immediate parent company.



CHINA TAIPING INSURANCE (NEW ZEALAND) COMPANY LIMITED
(FORMERLY CHINA INSURANCE (NEW ZEALAND) COMPANY LIMITED)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2009

6. RELATED PARTY TRANSACTIONS

Related Party Transactions

- (i) China Taiping Insurance Group (HK) Company Limited (previously named China Insurance H.K. (Holdings) Co., Ltd) provides management services to the Company. A management fee of \$83,000 was charged this year (2008: \$98,979).
- (ii) China Taiping Insurance Group Co. (previously named China Insurance (Holdings) Co., Ltd) training centre provide training to Company. A training fee of \$62,636 was charged this year (2008: \$24,229)
- (iii) Reinsurance inwards from Taiping Reinsurance Company Limited (previously named China International Reinsurance Co., Ltd, same ultimate shareholders with China Taiping Insurance (New Zealand) Company Limited) \$26,804 was accrued to this year (2008: \$85,395).
- (iv) Taiping Reinsurance Brokers Ltd. (previously named Sino-Re Reinsurance Brokers Co., Ltd, same ultimate shareholders with China Taiping Insurance (New Zealand) Co., Ltd) was acting as reinsurance agent for Company. All reinsurance outwards/inwards issues were dealt through this activity. Net reinsurance ceded was \$3,274,334 this year (2008: \$3,570,692). Reinsurance recovery was \$1,445,461 (2008: \$1,681,146).

Related Party Balances:

	<u>2009</u>	<u>2008</u>
	\$	\$
Inter-company Receivable		
- Taiping Reinsurance Company Limited	-	148,146
- Taiping Reinsurance Brokers Ltd	-	2,950
Reinsurance Recovery Receivable		
- Taiping Reinsurance Brokers Ltd	218,157	1,154,129
Reinsurance Account Payable		
- Taiping Reinsurance Brokers Ltd	649,469	1,887,294

The amounts outstanding are unsecured, on normal trade terms and will be settled in cash. No guarantees have been given or received. No expense has been recognised in the period for bad or doubtful debts in respect of the amounts owed by related parties.

7. PRINCIPAL ACTIVITY

The principal activities during the year were those of insurance underwriting and investment.

8. INVESTMENT REVENUE

	<u>2009</u>	<u>2008</u>
	\$	\$
Investment Revenue comprises:		
Interest on Government Stock	30,600	30,600
Interest on Short Term Deposits	339,785	407,283
Interest on Cash Account	38,366	41,649
Lease Investment Revenue	18,999	6,451
Other Investment Revenue (note 19(b))	-	27,042
	<u>427,750</u>	<u>513,025</u>

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 Deloitte
 Auckland, New Zealand

CHINA TAIPING INSURANCE (NEW ZEALAND) COMPANY LIMITED
(FORMERLY CHINA INSURANCE (NEW ZEALAND) COMPANY LIMITED)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2009

9. SHARE CAPITAL

	<u>2009</u>	<u>2008</u>
	\$	\$
Issued and fully paid ordinary capital 6,990,981 ordinary shares	6,990,981	6,990,981

All shares carry equal voting rights and share equally in any surplus upon winding up.

Changes to the Companies Act in 1993 abolished the authorised capital and par value concept in relation to share capital from 1 July 1994. Therefore, the company does not have a limited amount of authorised capital and issued shares do not have a par value.

10. ACCUMULATED DEFICIT

	<u>2009</u>	<u>2008</u>
	\$	\$
Opening balance	(1,772,153)	(2,311,577)
Profit for the year	746,734	539,424
Closing balance	(1,025,419)	(1,772,153)

11. EXPENSES

Expenses are made up of:

	<u>2009</u>	<u>2008</u>
	\$	\$
Employee Benefits Expenses	1,189,361	1,327,210
Defined Contribution Plans	7,349	204
Operating Lease Expenses	109,416	104,139
Advertising and Marketing	5,186	5,529
Depreciation and Amortization	41,150	56,011
Travel Expenses	34,464	31,454
Other Expenses	600,192	518,514
	1,987,118	2,043,061

	<u>2009</u>	<u>2008</u>
	\$	\$
Expenses included:		
Depreciation: Motor Vehicles	18,599	25,527
Buildings	10,491	10,855
Office Equipment & other	1,624	2,643
Computer hardware	4,306	7,445
Office furniture	2,857	2,512
Amortization of software	3,273	7,029
(Gain)/Loss on Disposal of Property, Plant and Equipment	-	-
Auditor Remuneration:		
Audit Fee	66,401	61,650

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CHINA TAIPING INSURANCE (NEW ZEALAND) COMPANY LIMITED
(FORMERLY CHINA INSURANCE (NEW ZEALAND) COMPANY LIMITED)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2009

12. REINSURANCE CEDED

	<u>2009</u>	<u>2008</u>
	\$	\$
Reinsurance Premiums Written	4,166,244	4,131,232
Reinsurance Commissions	(891,910)	(560,540)
	<u>3,274,334</u>	<u>3,570,692</u>

13. TRADE AND OTHER RECEIVABLES

	<u>2009</u>	<u>2008</u>
	\$	\$
Premium Debtors	3,070,209	3,044,330
Provision for bad debt	(30,000)	(35,000)
Sundry Debtors	137,139	340,044
	<u>3,177,348</u>	<u>3,349,374</u>

14. PROPERTY, PLANT AND EQUIPMENT

	<u>At Cost</u>	<u>Net Additions</u>	<u>Accumulated Depreciation</u>	<u>Net Book Value</u>
	\$	\$	\$	\$
2009				
Motor Vehicles	139,173	9,320	112,130	36,363
Office Furniture	55,639	2,667	43,754	14,552
Office Equipment & others	33,447	-	28,915	4,532
Buildings	618,824	-	188,278	430,546
Computer hardware	109,484	-	105,159	4,325
	<u>956,567</u>	<u>11,987</u>	<u>478,236</u>	<u>490,318</u>
2008				
Motor Vehicles	139,173	-	93,532	45,641
Office Furniture	52,793	2,846	40,897	14,742
Office Equipment & others	32,917	530	28,322	5,125
Buildings	612,974	5,850	177,787	441,037
Computer hardware	107,395	2,089	100,853	8,631
	<u>945,252</u>	<u>11,315</u>	<u>441,391</u>	<u>515,176</u>

15. INTANGIBLES

	<u>At Cost</u>	<u>Net Additions</u>	<u>Accumulated Depreciation</u>	<u>Net Book Value</u>
	\$	\$	\$	\$
2009				
Software	43,439	-	41,458	1,982
2008				
Software	43,439	-	37,152	6,287

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FOR THE YEAR ENDED 31 DECEMBER 2009

16. TRADE AND OTHER PAYABLE

	2009	2008
	\$	\$
Accounts payable	209,166	211,294
Brokerage & commission payable	798,656	674,599
Payable to Reinsurance Companies	1,051,017	2,424,260
Sundry Creditors and Accruals	1,455,532	980,077
	3,514,371	4,290,230

17. CAPITAL COMMITMENTS

There were no capital commitments (2008: \$Nil).

18. INVESTMENTS

	2009	2008
	\$	\$
<u>(a) Current</u>		
Short Term Deposits		
Fixed Interest maturing <12 months	6,251,337	5,242,241
	6,251,337	5,242,241
<u>(b) Non Current</u>		
Government Stock	536,123	536,123
	536,123	536,123
Total investments	6,787,460	5,778,364

19. FINANCIAL INSTRUMENTS

(a) Foreign Exchange

The Company undertakes transactions denominated in foreign currencies from time to time and resulting from these activities, exposures in foreign currency arise. The Company does not take out forward exchange contracts to manage these exposures and translates these transactions at the spot rate.

(b) Fair Value of Financial Instruments

The carrying value of all financial assets and liabilities reflect their fair value, with any resultant fair value gains or losses recognised in the Statement of Comprehensive Income.

The minimum exposure to credit risk of financial assets at fair value through profit or loss is \$536,123 (2008: \$536,123).

	2009	2008
	\$	\$
Changes in Fair Value		
Unrealized Gains/(Losses) on Investment	-	27,042
Total	-	27,042

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NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2009

20. SEGMENTAL DISCLOSURE

Except reinsurance inwards \$26,804 from Taiping Reinsurance Company Limited (Note 6), the Company operates wholly in the Insurance Industry within New Zealand.

21. CLAIMS PROVISIONS

	<u>2009</u>	<u>2008</u>
	\$	\$
Estimate of Expected Future Payments for Claims Reported including:		
Reported Claims	694,958	1,250,432
Indirect Claims Settlement Costs	50,000	69,000
Incurred But Not Reported	250,383	226,240
Gross Provision	995,341	1,545,672

The net claims incurred relating to a reassessment of risks borne in previous reporting periods is not significant.

There is no significant concentration of insurance risk due to the nature of the portfolio and the reinsurance programme.

The prior year reported claims have been amended to reflect the reinsurance receivable portion which has reclassified to make it comparable to current year amounts.

22. UNEARNED PREMIUM RESERVE

	<u>2009</u>	<u>2008</u>
	\$	\$
Gross Provision	4,044,195	4,143,173
Less:		
Unearned Reinsurance Premium	(1,773,834)	(1,823,448)
	2,270,361	2,319,725

<u>2009</u>	Gross	Reinsurance	Net
		\$	\$
As at 1 January	4,143,173	(1,823,448)	2,319,725
Premium on contracts written	8,608,344	(4,166,244)	4,442,100
Earnings of premium written	(8,707,322)	4,215,858	(4,491,464)
As at 31 December	4,044,195	1,773,834	2,270,361

<u>2008</u>	Gross	Reinsurance	Net
		\$	\$
As at 1 January	3,615,513	(1,675,020)	1,940,493
Premium on contracts written	8,528,612	(4,131,231)	4,397,381
Earnings of premium written	(8,000,952)	3,982,803	(4,018,149)
As at 31 December	4,143,173	(1,823,448)	2,319,725

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23. OPERATING LEASE OBLIGATIONS

Obligations payable after balance date on non-cancellable operating leases are as followings:

	<u>2009</u>	<u>2008</u>
	\$	\$
Not later than one year	31,378	34,230
Later than one year and not later than five years	-	31,378
Total	<u>31,378</u>	<u>65,608</u>

24. REINSURANCE AND OTHER RECOVERIES RECEIVABLE

	<u>2009</u>	<u>2008</u>
	\$	\$
Reinsurance Recovery Receivable	218,157	1,154,129
Other Recovery Receivable	179,935	88,447
Outstanding Claims Recovery Receivable	213,737	678,949
IBNR Claims Recovery Receivable	111,330	144,326
	<u>723,159</u>	<u>2,065,851</u>

The prior year reinsurance recovery receivable amount has been changed in accordance with Note 21.

25. LIABILITY ADEQUACY TEST

The liability adequacy test carried out on the portfolios in the current year, as well as the liability adequacy tests carried out in the prior year in accordance with NZ IFRS 4 identified a surplus, therefore no write downs of deferred acquisition costs or any provisions were deemed necessary.

26. REINSURANCE PROGRAMME

The Company's reinsurance program is structured to adequately protect the company's solvency and capital position. It covers per risk and event losses assessed as the worst possible scenario. Reinsurance is placed to cover losses in excess of the company's agreed retention for each class of business.

27. EQUITY RETAINED FOR THE PURPOSES OF FINANCIAL SOUNDNESS

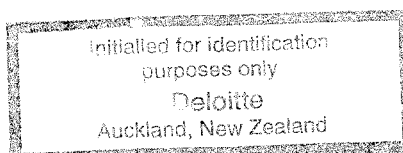
The company retains a level of share capital and retained reserves which enable it to maintain an adequate solvency margin for ongoing ability to pay clients.

28. CONTINGENT LIABILITIES

As at 31st December 2009, there were no contingent liabilities existing at balance date (2008: \$Nil) not otherwise provided for in these financial statements.

29. PROVISION FOR EMPLOYEE ENTITLEMENT

Annual leave and time off in lieu of overtime worked are recognised as they accrue to employees, based on current rates of pay. As at 31st December 2009, provision for annual leave is \$72,234.



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30. ACTUARIAL INFORMATION

The actuary who carried out the valuation of the IBNR reserve of the company is LIU WeiChen from the actuarial team in the Company's holding company.

Report Date: 18th March 2010

Qualification: FCAS – Fellow of the Casualty Actuarial Society
 SAS – Singapore Actuarial Society
 FCAS – Fellow of China Actuarial Association

The report relied on historical data and other qualitative and quantitative information provided by China Taiping Insurance (NZ) Company Limited. The actuary also reconciled the business data to the financial data which overall result is acceptable.

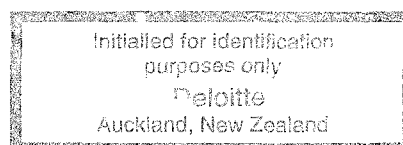
Key assumptions used in determining the outstanding claims liability:

- a) In forming estimates for outstanding claims, the methods mainly used are Incurred Chain Ladder (ICL), Paid Chain Ladder (PCL), Incurred Bornhuetter Ferguson (IBF) and Paid Bornhuetter Ferguson (PBF).
- b) Inflation rate: It does not make explicit allowance for future inflation; however, an implicit allowance is made because they project past development rates of claim inflation contained within the data's historical claim development.
- c) Discount rate: It does not apply discount rate for the unpaid claims. The business is short-tailed. Most of claims are settled within four quarters for motor line and six quarters for property line. So the risk of reserve deficient is small.
- d) Ultimate loss ratio: ultimate loss ratios have been used in assessing whether or not the unexpired risk reserves adequately cover the unexpired risks. Essentially, the best estimate ultimate loss ratio is applied to the unearned premium reserve for each line of business as at 31 December 2009 in order to obtain the best estimate of the unexpired risk reserve.

31. TAXATION

	<u>2009</u>	<u>2008</u>
	\$	\$
Reconciliation of effective tax rate:		
Profit / (Loss) before income tax expense	746,734	539,424
Non deductible items	(110,948)	90,073
Taxable income	<u>635,786</u>	<u>629,497</u>
Income tax calculated at 30%	190,736	188,849
Utilization of brought forward tax losses	<u>(190,736)</u>	<u>(188,849)</u>
Income tax expenses for the year	<u>0</u>	<u>0</u>
Tax loss not recognized for accounting	568,327	1,204,112

The 2008 disclosure have been amended to reflect the adjusted income tax return filed with the IRD for the 2008 tax year. Differences from prior year disclosures are immaterial.



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32. CATEGORIES OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

	Loans and receivable	Financial assets at fair value through profit or loss	Financial liabilities at amortized cost	Total
As at 31 December 2009	\$	\$	\$	\$
Assets				
Cash and cash equivalents	1,018,860			1,018,860
Trade and Other Receivables	3,177,348			3,177,348
Reinsurance and other recoveries claimed	723,159			723,159
Inter-company receivables	-			-
Investment in term deposit	6,251,337			6,251,337
Investment in government bond		536,123		536,123
Total financial assets	11,170,707	536,123		11,706,827
Non-financial assets				1,038,808
Total assets				12,745,635
Liabilities				
Trade and other payables			3,514,371	3,514,371
Total financial liabilities			3,514,371	3,514,371
Non-financial liabilities				3,265,702
Total liabilities				6,780,073
	Loans and receivable	Financial assets at fair value through profit or loss	Financial liabilities at amortized cost	Total
As at 31 December 2008	\$	\$	\$	\$
Assets				
Cash and cash equivalents	851,468			851,468
Trade and Other Receivables	3,349,374			3,349,374
Reinsurance and other recoveries claimed	2,065,851			2,065,851
Inter-company receivables	151,096			151,096
Investment in term deposit	5,242,241			5,242,241
Investment in government bond		536,123		536,123
Total financial assets	11,660,030	536,123		12,196,153
Non-financial assets				1,178,302
Total assets				13,374,455
Liabilities				
Trade and other payables			4,290,230	4,290,230
Total financial liabilities			4,290,230	4,290,230
Non-financial liabilities				3,865,397
Total liabilities				8,155,627

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NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2009

33. INSURER FINANCIAL STRENGTH RATING

China Insurance (NZ) Co., Ltd has a Credit Rating of BBB, and a Financial Strength Rating of B++ issued by A.M. BEST Company, an approved agency by the New Zealand Registrar of Companies.

34. SUBSEQUENT EVENTS

Up until the date of this report, there have been no significant events occurring after balance date which would give rise to a material impact on the state of affairs or the results for the period ended 31 December 2009.

