



2002 ANNUAL RESULTS PRESENTATION

Execution of Plans: Ongoing and On Track

25 March 2003

China Insurance International Holdings Company Limited

Agenda

- **Financial Summary**
- **Reinsurance Business Review and Outlook**
- **China Insurance Group Assets Management Limited (“CIGAML”)**
- **PRC Business Review and Outlook**
- **Investment Portfolio Review and Outlook**
- **Conclusion**



Financial Summary

2002 Annual Results

	For the year ended 31 Dec		
	2002	2001	%
	HK\$'000	HK\$'000	Change
Turnover	2,763,647	830,392	232.8
Reinsurance Underwriting Result	84,220	726	N/A
Life Insurance Result	(33,284)	1,689	N/A
Income from Asset Management Business	27,316	-	N/A
Income from Insurance Intermediaries	15,324	11,618	31.9
Other Revenue & Income	94,387	313,308	- 69.9
Pre-tax Operating Profit	81,329	268,079	- 69.7
After-tax Profit Attributable to Shareholders	115,422	230,229	- 49.9
Earnings Per Share	9 cents	23 cents	N/A
Dividend Per Share	3 cents	5 cents	N/A

Breakdown by Line of Business - 2002

	Reinsurance \$'000	Life Insurance \$'000	Asset Management \$'000	Insurance Intermediaries Business \$'000	Unallocated \$'000	Total \$'000
Turnover	1,164,518	1,556,489	27,316	15,324	0	2,763,647
Segment results	84,220	(33,284)	27,316	15,324	0	93,576
Other revenue	96,733	25,804	8,082	1,028	17,827	149,474
Other net income/(loss)	(48,226)	(6,998)	(1,053)	(600)	1,790	(55,087)
Administrative expenses	(13,127)	(84,748)	(12,737)	(3,946)	(13,825)	(128,383)
Net exchange gains/(losses)	8,639	152	0	(25)	251	9,017
Profit/(loss) from operations	128,239	(99,074)	21,608	11,781	6,043	68,597
Share of (losses)/profits of associates (TPI)						(29,260)
Finance costs						(3,161)
Profit from ordinary activities before taxation						36,176
Taxation						34,093
Profit from ordinary activities after taxation						70,269
Minority interests (TPL)						45,153
Profit attributable to shareholders						115,422

Key Factors Behind Results

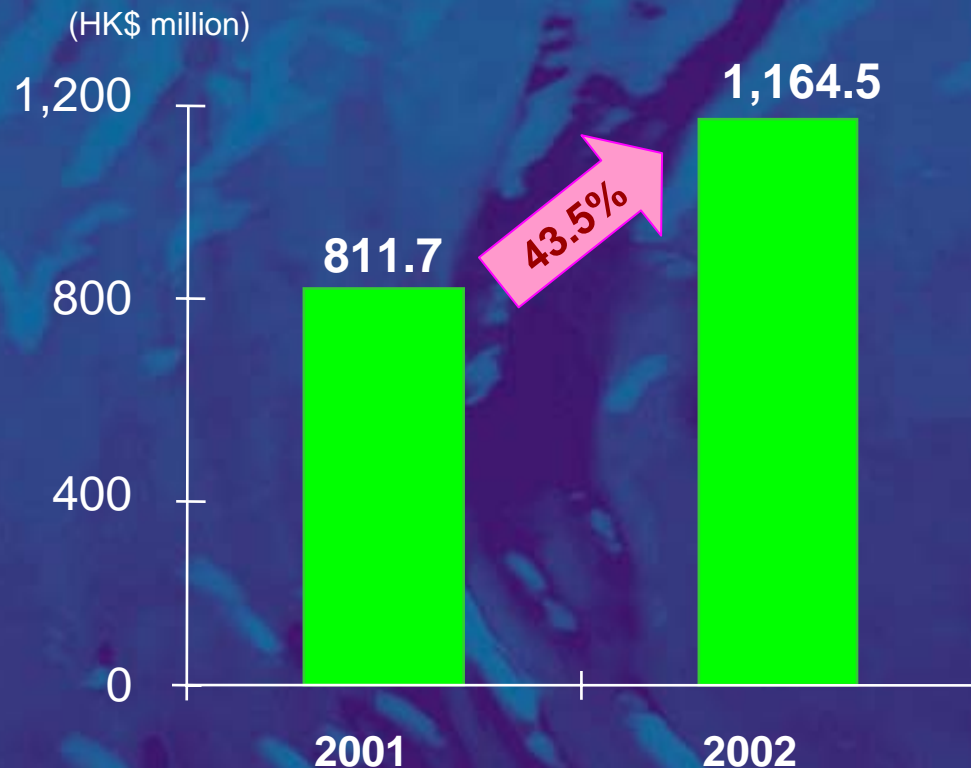
- Reinsurance business experiencing strong growth and profitability
- Satisfactory Performance from Asset Management and Reinsurance Intermediaries
- As expected, TPL and TPI contributed net operating losses in line with experience of all start-up insurers – major factor behind fall in profit



Reinsurance Business Review and Outlook

Favorable Market Conditions

CIRe Reinsurance Premium Income



- Positive upswing in reinsurance cycle will continue
- Reinsurance markets in all sectors hardened and decreased capacity => higher premium rates, tighter terms
- Both non-proportional and proportional reinsurance business experienced strong growth
- Underwriting cash flows substantially higher than last year
- No major claims reported during the year
- Higher profit margin expected

Features of 2002 Reinsurance Account

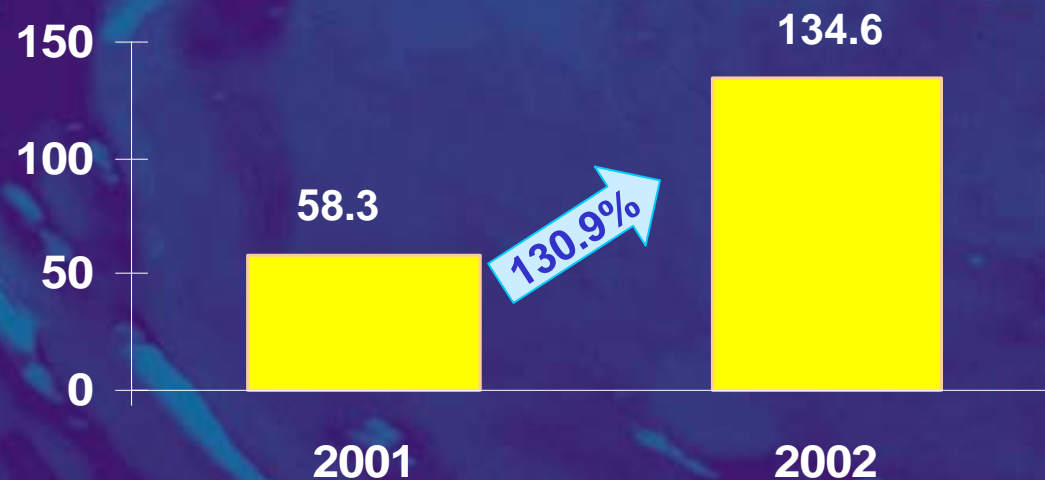
- Three-year fund accounting policy still applied but will change to Annual Accounting policy in 2003
- CIRE's strong premium growth in 2002 has not yet been transferred from the revenue account to underwriting profit
- Underwriting profits recognized reflect increase in premium rates in 2000 and savings in claims of 2000 and prior underwriting years
- Favourable underwriting cash flow in 2002 will translate into underwriting profit in 2003 year's account subject to adequate loss reserving and satisfactory run-off

Encouraging Profitability of CIRe

- CIRe underwriting profit increased substantially to HK\$84.22 million, from HK\$0.73 million of previous years
- Conservative investment portfolio shielded CIRe from investment turbulence in 2002

Reinsurance Profit from Operations

(HK\$ million)



CIRe Underwriting Performance

General and Life

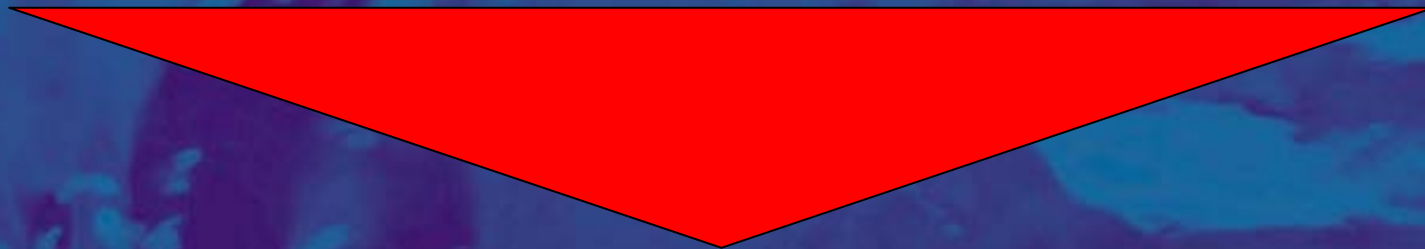
Reinsurance combined (HKD)

	A/C Year			
	2002	2001	2000	1999
Gross premium	1,164,518,084	818,629,699	683,452,557	640,130,975
Retained premium (NWP)	971,850,238	668,896,863	535,981,167	483,748,462
Retained ratio	83.5%	81.7%	78.4%	75.6%
Net claims	420,598,323	414,335,258	362,081,796	319,013,363
Increase/(decrease) in insurance fund	225,829,698	67,439,302	-60,092,292	7,734,329
Total loss	646,428,021	481,774,560	301,989,504	326,747,692
Net U/W expenses	223,411,074	169,594,067	146,322,054	131,730,750
Management expenses	19,650,191	16,593,108	15,958,255	15,541,020
Total expenses	243,061,265	186,187,175	162,280,309	147,271,770
Loss ratio	66.5%	72.0%	56.3%	67.5%
Expenses ratio	25.0%	27.8%	30.3%	30.4%
Combined ratio	91.5%	99.9%	86.6%	98.0%
Insurance fund	747,210,897	521,381,199	453,941,897	514,034,189
Outstanding claims provision	566,177,157	623,118,002	633,199,338	686,148,474
Technical reserve	1,313,388,054	1,144,499,201	1,087,141,235	1,200,182,663
Shareholders Funds (SF)	1,026,691,261	910,770,580	854,486,551	600,751,964
Solvency Ratio - NWP/SF	94.7%	73.4%	62.7%	80.5%

Remarks: general reinsurance - 3-year fund accounting basis
 life reinsurance - annual accrual basis

Stable Result at Insurance Intermediaries Business

- Brokerage turnover at SINO-RE increased 31.9% to HK\$15.3 million from HK\$11.6 million in 2001
- Profit contribution was HK\$10.4 million, an increase of 15.6% from HK\$9.0 million in 2001



- Benefited from higher premium charged on reinsurance contracts handled
- Strong support from in-house clients of the China Insurance Group
- Lower interest rates earned on investment portfolio

Outlook on Reinsurance Underwriting

- Prevailing positive global reinsurance market conditions persisting despite the trend of rate increase slowing down in 2003
- CIRe's satisfactory performance expected to continue in next two years
- CIRe will focus on prudent underwriting disciplines
- Expansion of reinsurance business will be pursued in areas with promising growth potential, but only where it is profitable to do so
- Improved ratings from S&P of "A- (Stable)" and AM Best "A- (Excellent)" provide CIRe better access to quality business



**China Insurance Group
Assets Management Limited
("CIGAML")**

CIGAML - Future Opportunities for a New Business Line

- **CIIH acquired 100% of CIGAML in July 2002**
- **Acquisition of asset management operations complements core insurance businesses**
- **Investment expertise for management of accumulated insurance premiums**
- **Expansion opportunities into Mainland China will be pursued in time - provision of third-party asset management services (e.g., mutual funds, institutional accounts)**

CIGAML - Immediate Financial Contribution to CIH

- Total revenue for the year 2002 was HK\$67.22 million, and the revenue from date of acquisition (8 July, 2002) to end of year was HK\$35.70 million; net profit for the year amounted to HK\$45.41 million, and net contribution to the Group amounted to HK\$14.96 million
- 77% of revenue was derived from management fees and performance bonus fees from the provision of asset management services; 22% was interest income from principal investments in fixed income securities
- Assets under management of CIGAML amounted to HK\$3.53 billion as of 31 December, 2002



PRC Business Review and Outlook

Strong Start in Building a Foundation

- Both TPL and TPI have made major inroads into the PRC life insurance and general insurance markets, respectively
- PRC insurance industry growth continues to be strong, and TPL and TPI have generated substantial premiums and revenue
- As expected, both PRC operations experienced net operating losses due to start-up costs
- Losses attributable to the Group from TPL and TPI were HK\$54.54 million and HK\$29.63 million, respectively

A blue-toned photograph of a large crowd of people, possibly at a public event or protest, with the text 'PRC Life Insurance Operations' overlaid in the center.

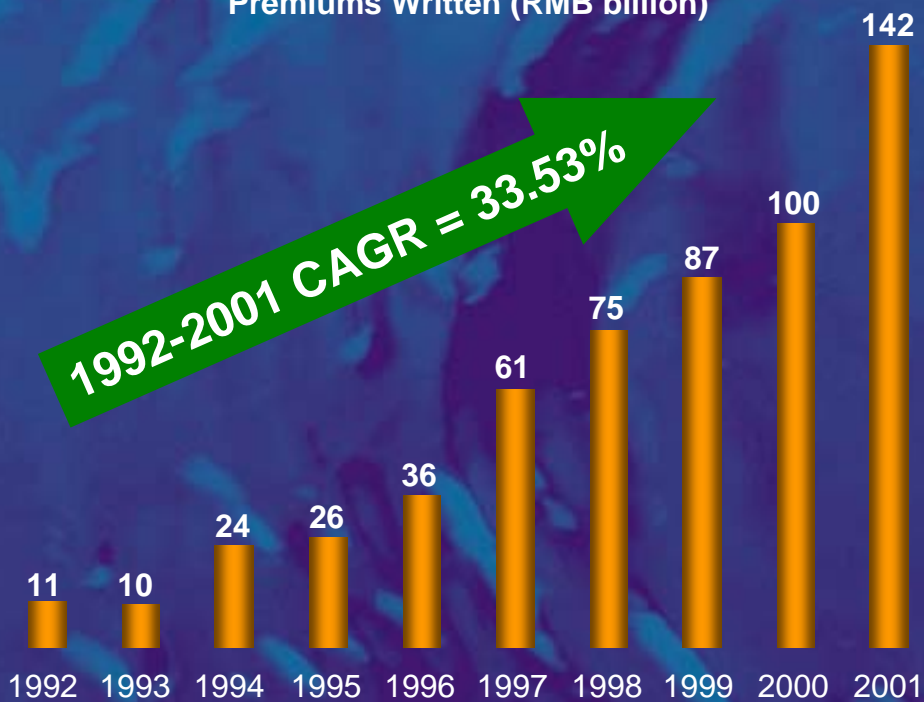
PRC Life Insurance Operations

PRC Life Insurance Industry Growth Continues Unabated

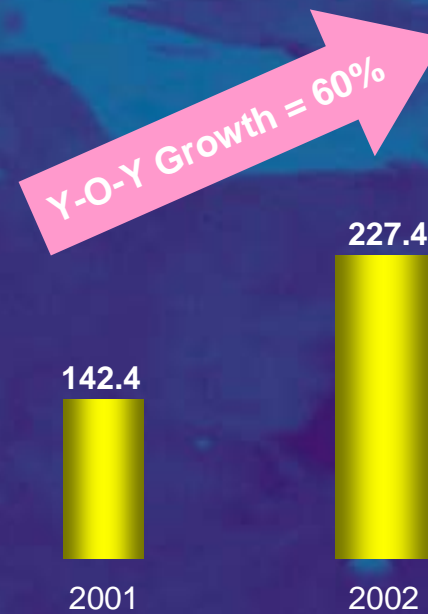
PRC Life Insurance Industry Growth Has Been Staggering this Past Decade...

...The Fast Growth Continued Last Year

China Life Insurance Industry Premiums Written (RMB billion)



China Life Insurance Industry Premiums Written (RMB billion)



Source: CIRC

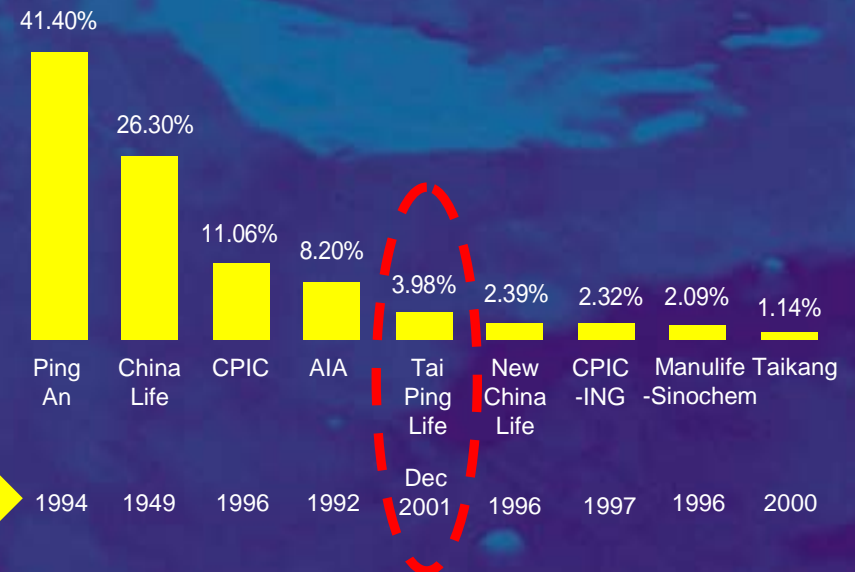
TPL Experienced Strong Growth in 2002, Establishing a Beachhead for Further Development

TPL Premium Income by Branch

Branch	2002 Premium (RMB m)	%	Branch Opening	Fully Operational
Shanghai	765.32	46.2%	Nov 2001	Dec 2001
Beijing	532.6	32.1%	Dec 2001	Mar 2002
Guangzhou	225.8	13.6%	Dec 2001	Mar 2002
Chengdu	134.8	8.1%	Dec 2001	Mar 2002
Total	1,655	100%		

Shanghai Life Insurance Market Share

Total Premium for 2002 in Shanghai: RMB19.24 billion

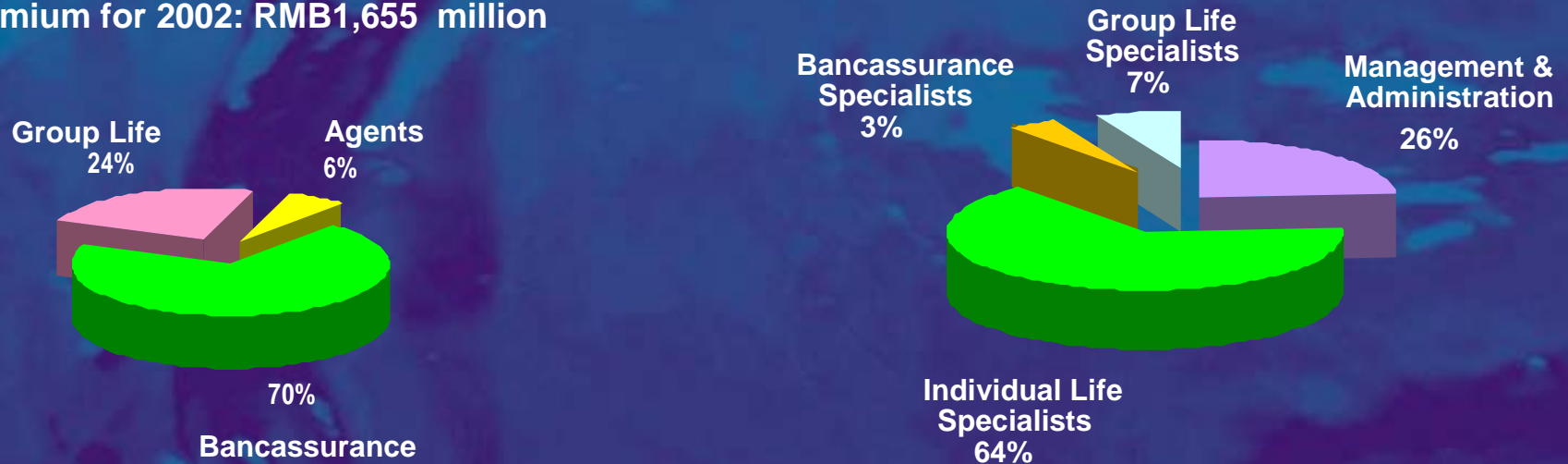


Intense Focus on Building Distribution

Bancassurance has been the Primary Driver of Growth...

...TPL, however, Intends to have Diversified Distribution Channels

Total Premium for 2002: RMB1,655 million



- Bancassurance partnerships, which provided more than 60% of revenues, lowers the costs of business acquisition

- 74% of our staff are focused on sales
- 1,442 individual life agents or 64% of employees

TPL Underwriting Result

(HK\$'000)	2002	2001
Gross premiums written	1,556,488.7	7,095.7
Net premiums written (less R/I premium)	1,532,468.3	6,366.1
Life assurance funds B/F	2,604.1	1,854.1
Net claims	(6,759.2)	(3,238.8)
Net commission expenses	(65,482.8)	(552.6)
Underwriting expenses	(88,166.5)	(136.1)
Life assurance funds C/F	(1,407,706.0)	(2,604.1)
Transfer to insurance protection fund	(242.0)	-
U/W profit	(33,284.2)	1,689.2



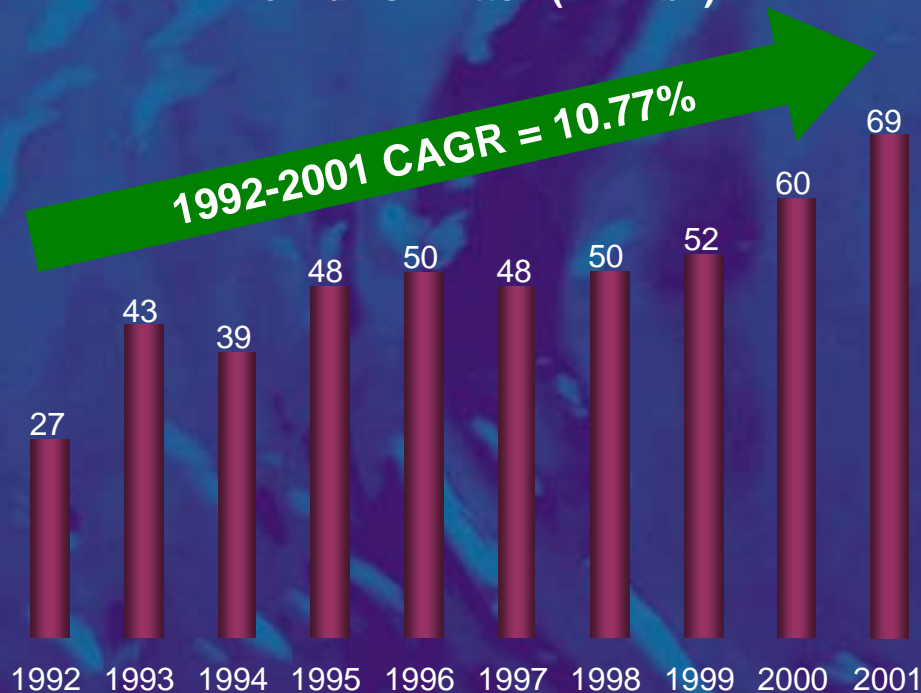
PRC General Insurance Operations

PRC General Insurance Industry Continues to Exhibit Stable and Solid Growth

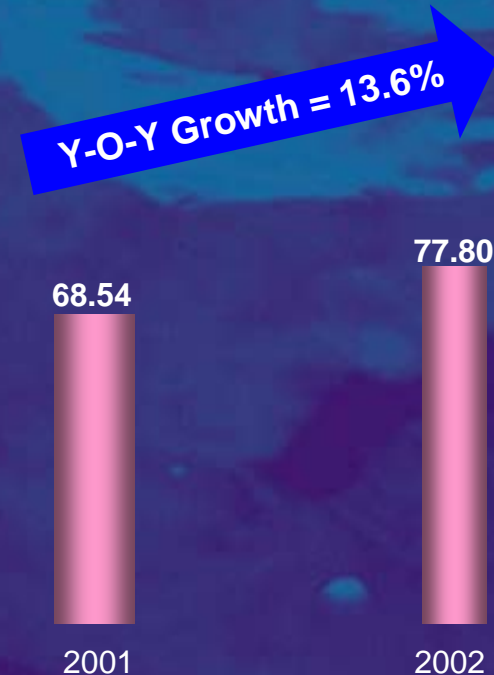
PRC Non-Life Insurance Industry Growth Has Been Strong this Past Decade...

...This Year, the Solid Development Continues

China Non-Life Insurance Industry Premiums Written (RMB bn)



China Non-Life Insurance Industry Premiums Written (RMB bn)



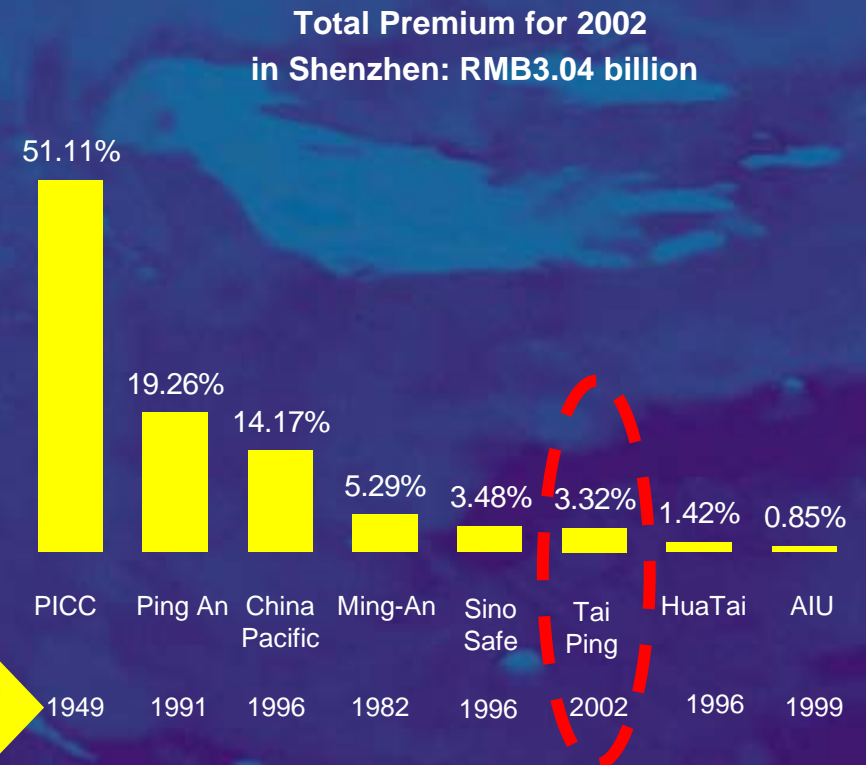
Source: CIRC

Pursuing Rapid Development, TPI Made Significant Strides into the PRC Market

TPI Premium Income by Branch

Branch	2002 Premium (RMB m)	%	Branch Opening
Shenzhen	100.85	40.95%	Dec 2001
Guangzhou	43.97	17.85%	Apr 2002
Beijing	32.23	13.09%	Apr 2002
Shanghai	69.25	28.11%	Apr 2002
Total	246.30	100%	

Shenzhen General Insurance Market Share

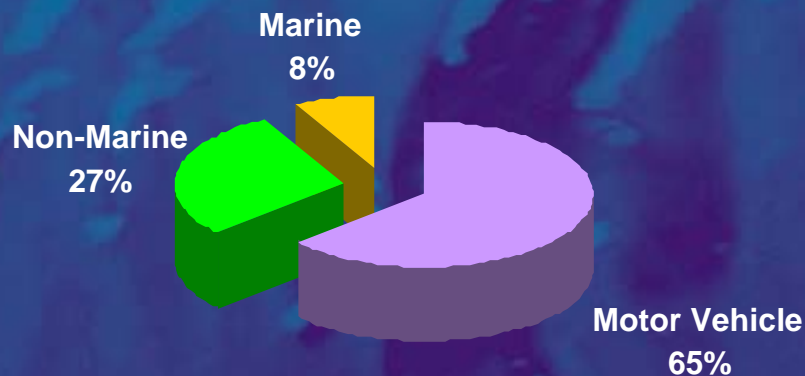


TPI Business Composition

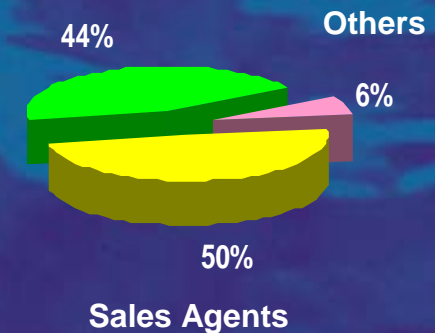
Motor Business has been a Large Share of TPI's Business Mix...

...TPI Continues to Develop its Sales and Distribution Capabilities

Total Premium for 2002: RMB246.3 million



Management & Administration



Total Staff: 612

- Growing private ownership of motor vehicles has been key driver to TPI's premium income
- Non-marine coverage includes fire, natural perils and other property damage

- 50% or 306 front line sales agents
- 50% or 306 staff in management, underwriting, IT and finance related areas



PRC Business Outlook

Continued Expansion in World's Fastest Growing Insurance Market

- **No signs of growth slowing for PRC insurance markets, driven by an economy that has proven immune from less sanguine global economic conditions**
- **PRC insurance operations will continue to experience net operating losses during their initial years of operation**
- **Over the long term, TPL and TPI will be significant profit contributors to the Group**

TPL will open 10 New Branches and 10 New Sub-Branches Towards the Second Half of This Year



Key figures in new branch cities - 2001

	(RMB: 100m) GDP	Insurance Density	Penetration Rate
Nanjing	1,150	487.73	2.34
Hangzhou	1,568	434.17	1.74
Shenyang	1,238	277.39	1.61
Jinan	1,067	193.15	1.02
Zhengzhou	822	158.06	1.20
Shijiazhuang	1,085	124.66	1.02
Qingdao	1,316	405.49	2.19
Dalian	1,236	452.36	2.03
Shenzhen	1,954	567.62	1.36
Ningbo	1,311	316.72	1.31
Foshan	1,079	445.00	1.30

TPI will open 8 branches and 9 sub-branches towards the second half of this year





Investment Portfolio Review and Outlook

Our Conservative Investment Portfolio (Hong Kong Fund)

	As 31 December 2002 HK\$million	% of Total
Bonds & Fixed Income Securities	1,452.1	47.3%
Cash & Bank Deposits	1,042.8	34.0%
Listed Equities	220.3	7.2%
Listed Unit Trust and Mutual Funds	18.0	0.6%
Investment Properties	110.4	3.6%
Interest in Associates	188.3	6.1%
Unlisted Equities	11.2	0.4%
Loan	24.7	0.8%
Total	3,067.8	100.0%

Investment Portfolio Review and Outlook (TPL)

	At 31 December 2002 HK\$million	% of Total
Bonds & Fixed Income Securities	831.0	49.4%
Cash & Bank Deposits	801.3	47.6%
Listed Equities	0.0	0.0%
Listed Unit Trust and Mutual Funds	50.7	3.0%
Investment Properties	0.0	0.0%
Interest in Associates	0.0	0.0%
Unlisted Equities	0.0	0.0%
Loan	0.2	0.0%
Total	1,683.2	100.0%

...Has Produced Positive Results in a Difficult Capital Markets Environment

- Investment income amounted to HK\$94.5 million in 2002 representing an average return of 2.3% p.a.
- No significant losses in the investment portfolio during the period



**Prudent Investment Strategy Provides
Steady Cash Flows During Unfavorable and
Uncertain Investment Conditions**

Investment Outlook for 2003

- There are no definitive signs that the current, difficult global market conditions will turn around
- Group will continue to have a high percentage of investment portfolio in high quality, long-term fixed income securities held to maturity
- Prevailing uncertainty in capital markets should not have a significant, adverse impact on investment performance
- Acquisition of CIGAML should further strengthen the Group's investment capabilities

Conclusion

- Strong earnings from reinsurance operations should continue
- Great start in executing PRC strategy: enormous growth and profit potential well justify the initial start-up losses
- Prudent investment philosophy safeguards financial soundness and provides stable cash flows

CIIH: The Insured Path to China