



2002 INTERIM RESULTS PRESENTATION

Execution of Plans: Ongoing and On Track

29 August 2002

China Insurance International Holdings Company Limited

Agenda

- Financial Summary
- Reinsurance Business Review and Outlook
- PRC Business Review and Outlook
- Investment Portfolio Review and Outlook
- Conclusion



Financial Summary

1H 2002 Interim Results

	Six months ended 30 June		
	2002	2001	%
	HK\$'000	HK\$'000	Change
Turnover	877,847	410,608	113.8
Reinsurance Underwriting Result	18,750	3,448	443.8
Income from Insurance Intermediaries	5,655	6,555	- 13.7
Other Revenue & Income	68,918	68,608	0.5
Pre-tax Operating Profit	33,056	60,560	- 45.4
After-tax Profit Attributable to Shareholders	80,689	57,442	40.5
Earnings Per Share	6.34 cents	6.32 cents	
Dividend Per Share	1.50 cents	1.50 cents	

Breakdown by Line of Business

	Reinsurance \$'000	Life Insurance \$'000	Insurance Intermediaries Business \$'000	Unallocated \$'000	Total \$'000
Turnover	597,777	272,895	7,175	—	877,847
Amount transferred from/(to) revenue account	18,750	(13,111)	5,655	—	11,294
Other revenue	47,791	6,076	456	8,611	62,934
Other net income/(loss)	1,820	(17)	97	4,084	5,984
Administrative expenses	(4,517)	(29,371)	(250)	(7,113)	(41,251)
Net exchange gains	4,779	11	36	228	5,054
Profit/(loss) from operations	68,623	(36,412)	5,994	5,810	44,015
Share of (losses)/profits of associates (TPI)					(10,958)
Finance costs					(1)
Profit from ordinary activities before taxation					33,056
Taxation					31,766
Profit from ordinary activities after taxation					64,822
Minority interests (TPL)					15,867
Profit attributable to shareholders					80,689

Key Factors Behind Results

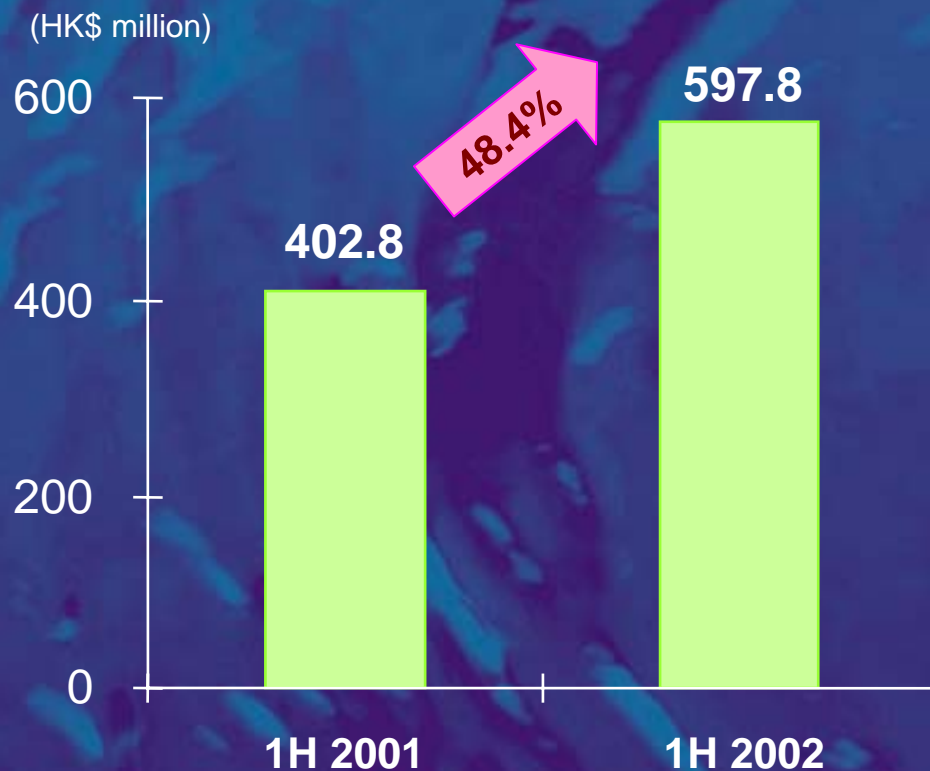
- Reinsurance business experiencing strong growth and profitability
- PRC operations – Tai Ping Life (“TPL”) and Tai Ping Insurance (“TPI”) – off to fast start
- As expected, TPL and TPI contributed net operating losses in line with experience of all start-up insurers – major factor behind fall in pre-tax operating profit
- After-tax profit increased primarily because of write-back of overprovision in Hong Kong Profits Tax in prior years



Reinsurance Business Review and Outlook

Favorable Market Conditions

CIRe Reinsurance Premium Income



- Positive upswing in reinsurance cycle continued in 1H 2002
- Events of September 11 further hardened reinsurance markets and decreased capacity – higher premium rates, tighter terms
- Both non-proportional and proportional reinsurance businesses experienced strong growth
- Underwriting cash flows substantially higher than last year
- No major claims reported during this period

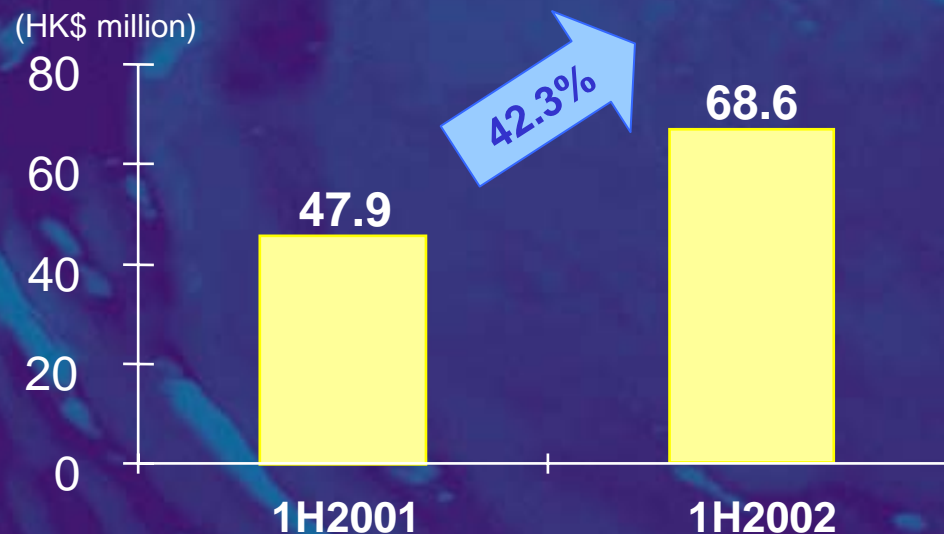
Conservative Accounting Still Being Applied...

- Three-year fund accounting policy is still the standard
- CIRe's recent strong premium growth has not yet been transferred from the revenue account to underwriting profits
- Underwriting profits recognized this 1st half year reflect savings in claims of 1999 and prior underwriting years
- Tremendous rise in premiums recently will translate into underwriting profit growth in the years to come

...Current Year Profits, However, are Still Satisfactory

- CIRE 1H 2002 underwriting profit increased by 443.8% to HK\$18.75 million, from HK\$3.45 million in 1H 2001
- Consistent investment portfolio performance has led to strong overall profit growth of reinsurance business line

Reinsurance Profit from Operations



Stable Result at Insurance Intermediaries Business

- Brokerage turnover at SINO-RE decreased 8.7% to HK\$7.2 million from HK\$7.9 million last year
- Profit contribution was HK\$6.0 million, a reduction of 29.1% from HK\$8.5 million in 1H 2001



**Tighter Market
Conditions**

- Higher pricing decreased demand for reinsurance coverage
- Amalgamation of certain major clients
- Lower interest rates for investment portfolio

Outlook for the Second Half

- Prevailing positive global reinsurance market conditions will be present in the next six months
- CIRe's satisfactory performance in 1H 2002 should continue in 2H 2002
- CIRe will focus on applying its prudent underwriting discipline
- Expansion of reinsurance business will be pursued in areas with promising growth potential, but only where it is profitable to do so



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 for TPL and TPI were HK\$(20.6) million and HK\$(11.2) million, respectively**



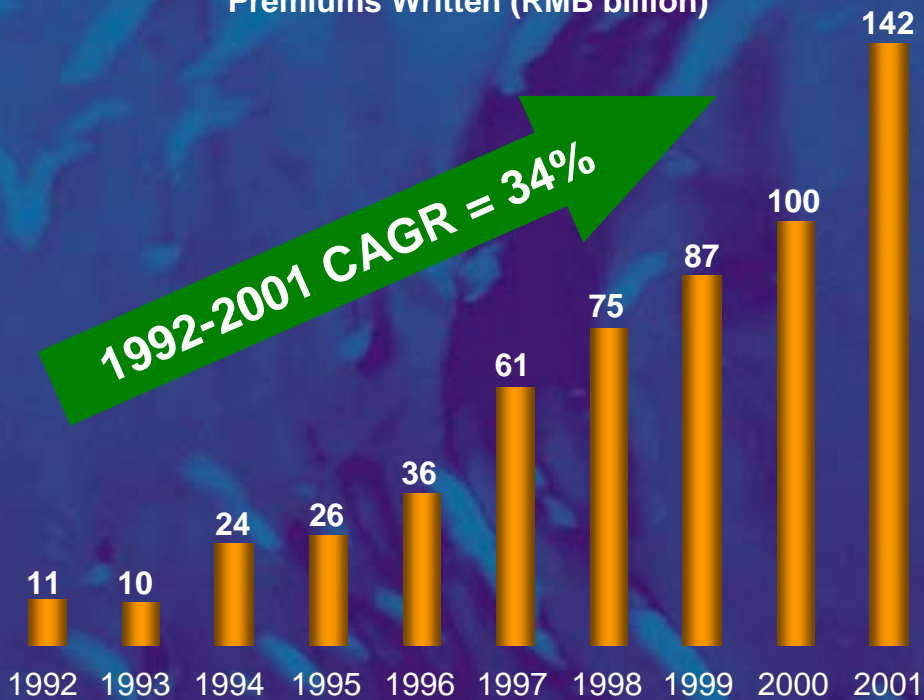
PRC Life Insurance Operations

PRC Life Insurance Industry Growth Continues Unabated

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

...The Fast Growth Has Continued This Year

China Life Insurance Industry Premiums Written (RMB billion)



China Life Insurance Industry Premiums Written (RMB billion)



Source: CIRC

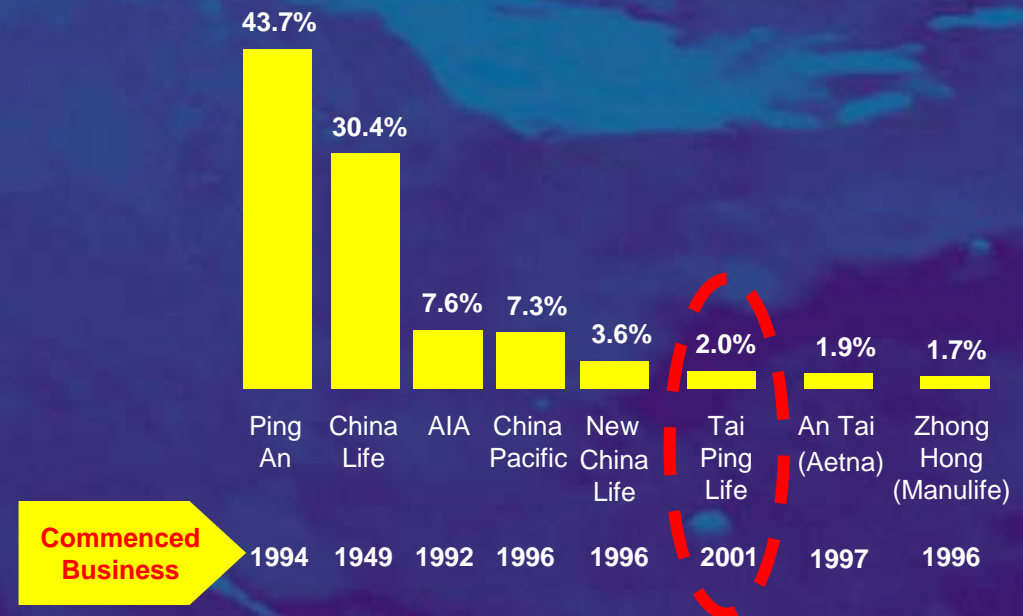
TPL Experienced Strong Growth in 1H 2002, Establishing a Beachhead for Further Development

TPL Premium Income by Branch

Branch	1H02 Premium (RMB m)	%	Branch Opening	Fully Operational
Shanghai	192.2	65.8%	Nov 2001	Dec 2001
Beijing	31.5	10.8%	Dec 2001	Mar 2002
Guangzhou	32.7	11.2%	Dec 2001	Mar 2002
Chengdu	35.5	12.2%	Dec 2001	Mar 2002
Total	291.9	100%		

Shanghai Life Insurance Market Share

Total Premium for Jan-Jun 2002 in Shanghai: RMB10 billion

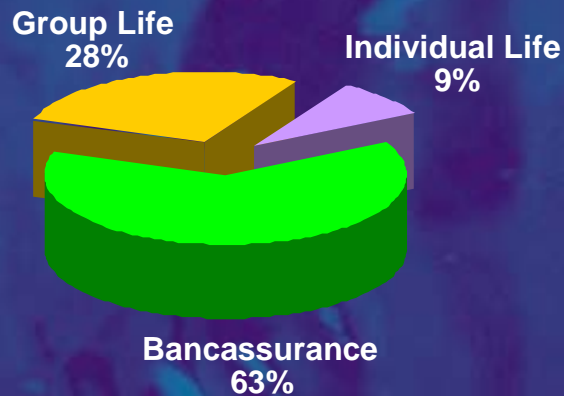


Intense Focus on Building Distribution

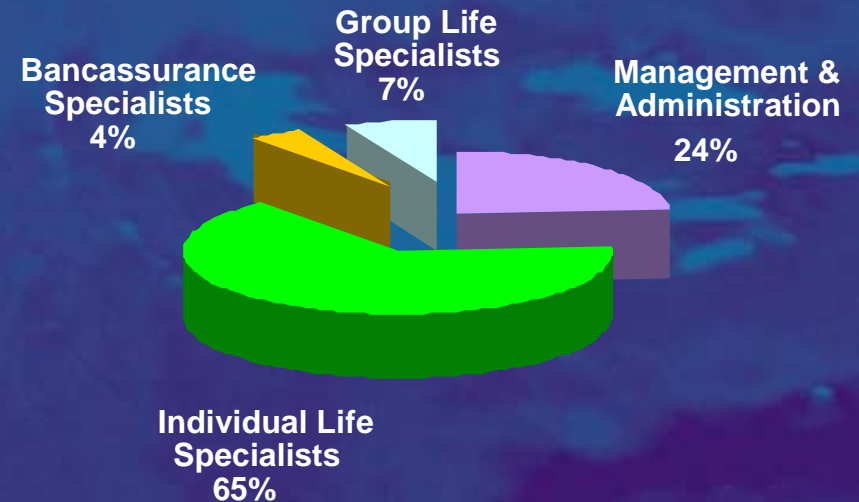
Bancassurance has been the Primary Driver of Growth...

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

Total Premium for 1H02: RMB291.9 million



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



Total Staff: 1,653

- 76% of our staff are focused on sales
- 1,100 individual life agents or 65% of employees



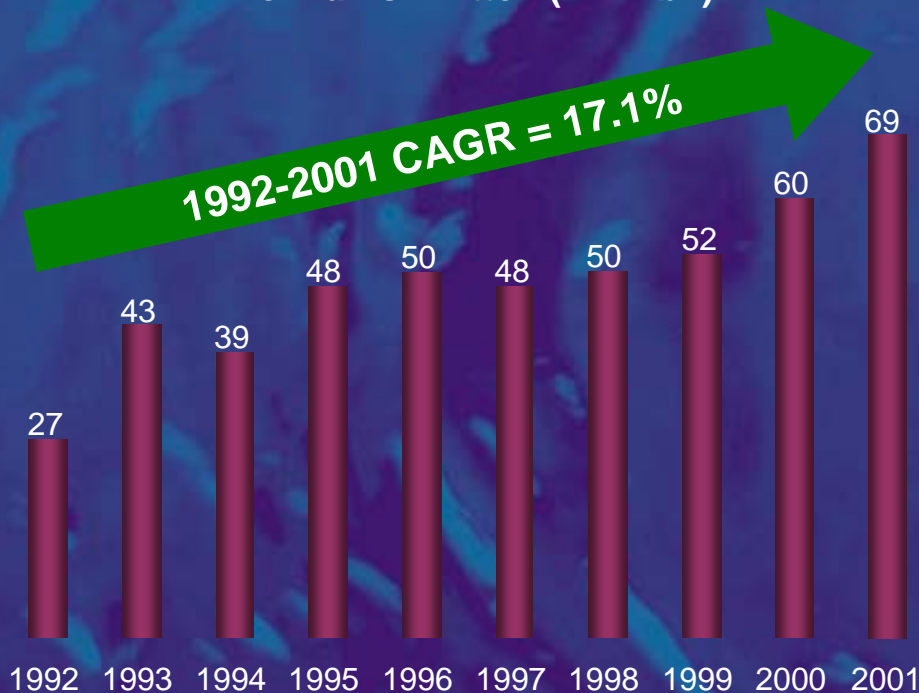
PRC General Insurance Operations

PRC General Insurance Industry Continues 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)



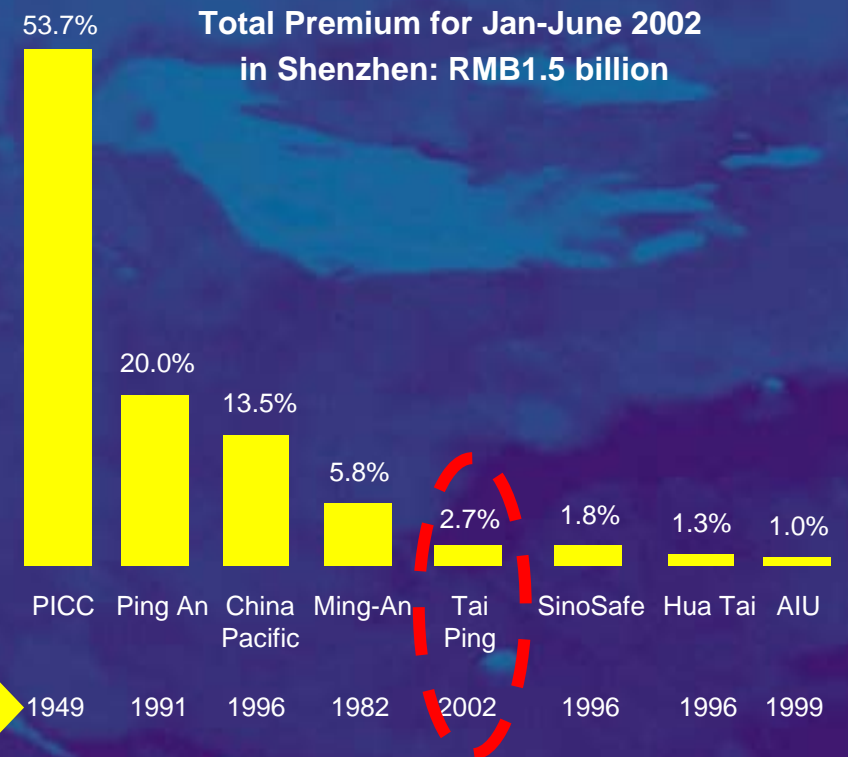
Source: CIRC

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

TPI Premium Income by Branch

Branch	1H02 Premium (RMB m)	%	Branch Opening
Shenzhen	40.32	58%	Dec 2001
Guangzhou	7.51	11%	Apr 2002
Beijing	17.76	26%	Apr 2002
Shanghai	3.81	5%	Apr 2002
Total	69.40	100%	

Shenzhen General Insurance Market Share

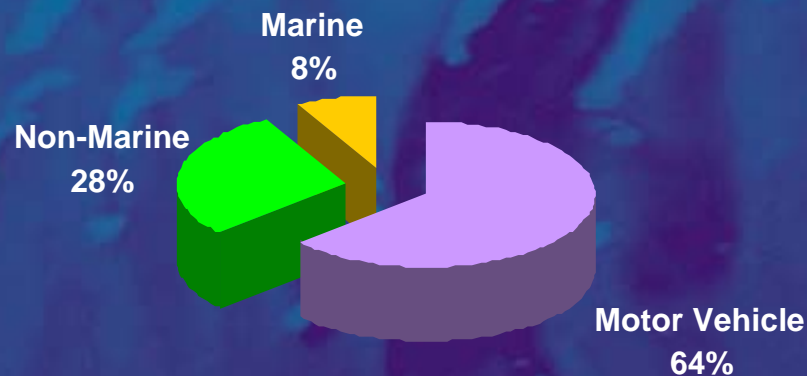


TPI Business Composition

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

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

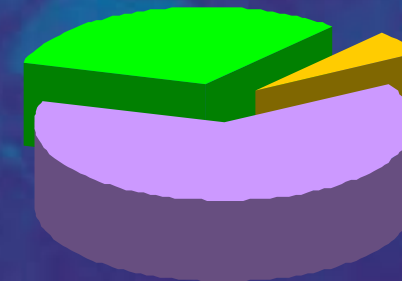
Total Premium for 1H02: RMB69.4 million



Management & Administration

31%

Others
5%



Sales Agents

64%

Total Staff: 488

- 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

- 64% or 313 front line sales agents
- 36% or 175 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
- Pending regulatory approval, further branch openings are planned
 - TPL: Liaoning, Hebei, Shandong, Henan, Zhejiang and Jiangsu
 - TPI : Zhejiang, Jiangsu, Hubei, Shandong, Sichuan, Hebei and Tianjin
- Continued expansion of distribution capabilities
 - TPL: Plans to increase agents to 3,600
 - TPI : Plans to increase sales professionals to 600 – 700
- 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



Investment Portfolio Review and Outlook

Our Conservative Investment Portfolio...

	At 30 June 2002 HK\$millions	% of Total
Bonds & Fixed Income Securities	1,400.2	38.8
Cash & Bank Deposits	1,496.4	41.4
Listed Equities	202.3	5.6
Listed Unit Trusts	51.5	1.4
Investment Properties	115.0	3.2
Interest in Associates	206.7	5.7
Unlisted Equities	100.0	2.8
Loan	42.3	1.1
Total	3,614.4	100.0

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

- Investment income amounted to HK\$68.9 million in 1H 2002, a slight increase of 0.5% from last year
- No significant losses in the investment portfolio during the period



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

Outlook for the Second Half

- 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

Conclusion

- Strong results 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