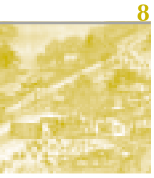
FINAL RESULTS

China Insurance International Holdings Company Limited (the "Company" or "CIIH") and its subsidiaries (collectively the "Group") are pleased to announce that the audited profit attributed to shareholders of the Company for the year ended 31 December 2001 was HK$230.23 million, an increase of 95.6% when compared with that of the previous year. Earnings per share were HK 23 cents (2000: HK 15 cents).

The directors have recommended a final dividend of HK 3.5 cents per ordinary share. Together with the interim dividend of HK 1.5 cents declared and paid during the year, total dividend in respect of the year 2001 amounted to HK 5.0 cents per share (2000:HK 4.0 cents).

The turnover of the Group reached HK$830.39 million representing an increase of 20.2% as compared with that of the previous year. The turnover composed of HK$818.77 million (2000: HK$683.45 million) in insurance premium and HK$11.62 million (2000: HK$7.59 million) in insurance intermediaries business.

OPERATION REVIEW



The Company continued to operate mainly through its wholly-owned subsidiaries, China International Reinsurance Company Limited ("CIRe") and SINO-RE Reinsurance Brokers Company Limited ("SINO-RE"), which engaged in reinsurance underwriting and reinsurance broking respectively.

During the year, the Company expanded its business into insurance broking, direct life insurance and general insurance in the People's Republic of China ("PRC"). The Company acquired a 25% interest in Huatai Insurance Agency & Consultant Service Limited ("Huatai"); a 62.5% interest in The Tai Ping Life Insurance Company, Limited ("TPL") (of which the 12.45% representing the Strategic Investor Interest ("SII") was later sold to Fortis International N.V. ("Fortis")); and also a 42.5% interest in The Tai Ping Insurance Company, Limited ("TPI"). As TPL only resumed underwriting life insurance officially in late December 2001, its contributions to the turnover of the Group in the year 2001 were insignificant. Nevertheless, TPL is expected to grow fast and become an important segment of the Group in the near future.

Reinsurance Underwriting — CIRe

Reinsurance underwritten by CIRe remained the core business of the Group during the year. The Non-life Non-proportional reinsurance premium income registered in the books during the year was HK$197.70 million, reflecting an impressive increase of 35.3% over the previous year. The Non-life Proportional reinsurance premium income increased by 15.4% over the previous year and amounted to HK$613.97 million. Life insurance premium income written amounted to HK$7.10 million, an increase of 32.6% over the previous year.

The satisfactory growth in premiums was mainly due to the tightening of reinsurance market supply and a general increase in reinsurance pricing at the beginning of 2001. The long awaited recovery of the market conditions from the previous "cut-throat" competition eventually became a reality. The pressure on underwriters looking for a positive return on underwriting results has translated into a higher level of premiums charged on reinsurance products and higher premium income for CIRe in 2001.

The marked increase in reinsurance prices for Non-proportional reinsurance is continuing into the renewals for 2002 contracts. It has also caused the primary insurance market to improve its premium level resulting in better underwriting profit potential for Proportional reinsurance.

The Hong Kong and Macau market, in which CIRe ranks second amongst professional reinsurers for local business, accounted for 41.4% of the premium booked in 2001. The local general insurance market has not been performing well in the last couple of years due to intense price competition and the adverse trend in claims for the employees' compensation/employer's liability insurance and motor car insurance. This disadvantageous market situation eventually resolved itself and there was strong demand from insurers and reinsurers to put the pricing of their products back on the right track.

Premium income from the PRC (other than Hong Kong and Macau) increased from 8.6% to 9.5% in 2001. As to Japan, unfortunately, the premium income decreased from 8.4% to 6.2% due to the consolidation of the Japanese insurance market and the devaluation of the Yen. Premium income from other parts of Asia increased to 22.3% from 21.0% compared to the previous year. With respect to Europe, North America and Australia, premium income also increased strongly mainly due to the rise in reinsurance pricing, representing 18.5% of CIRe's premium income compared to 17.7% in the previous year.

During the year, the global international market was hit severely by the tragedy of the attacks on the United States of America on September 11 2001 ("9.11 event"). The insurance claims are estimated to be the largest in the history of insurance, although the final loss amount is yet to be ascertained. As a reinsurer with a world-wide portfolio, CIRe also suffered from this tragic event and has estimated a net retained loss, after retrocession recovery, of HK$30.00 million, which represents less than 4% of the premium income booked during the year. The estimated claims payable by CIRe are considered manageable and given the sharp increase in reinsurance pricing after the 9.11 event, the financial position of CIRe has not been impaired.

CIRe's "A- (Excellent)" financial strength rating and "BBB+ (Adequate)" long-term insurer financial strength rating have been affirmed by the international rating agencies A.M. Best and Standard & Poor's respectively, and demonstrate the strong financial strength and sound reinsurance security of CIRe.

With regard to the Non-life reinsurance business, for which the three-year fund accounting policy was adopted, a small underwriting profit of HK$0.73 million (2000: HK$72.97 million) was booked after the transfer of a sufficient amount to strengthen the insurance funds of the open years for Non-proportional and Proportional businesses. The insurance funds of the open years increased to HK$522.54 million as at 31 December 2001 compared to HK$453.46 million in the previous year. The insurance funds, together with the provision of HK$623.12 million as at 31 December 2001 for outstanding claims and incurred but not reported claims for the closed years, provides a solid support for CIRe's commitment to fulfill its contractual obligations to its insurance clients, which is the philosophy of CIRe.

The Life insurance business, albeit representing only 1% of the total premium income, produced an underwriting profit of HK$1.69 million (2000: HK$0.21 million).

Insurance intermediaries business

The brokerage income of SINO-RE was HK$11.62 million, which was an increase of 53.0% over the previous year (2000: HK$7.59 million). The profit contribution for the year also increased by 46.2% to HK$8.43 million (2000: HK$5.76 million). The strong increase in brokerage income was attributed to the increase in the reinsurance premium rate as well as an increase in the volume of reinsurance contracts during the year.

Huatai's contribution to the profit for the year was HK$0.41 million (2000: nil).

Life insurance underwritten by TPL

In September 2001, the Company acquired from its ultimate holding company, China Insurance Company, Limited ("CICL"), a 62.5% interest in TPL for a total consideration of HK$522.41 million. The Company later sold the 12.45% SII in TPL to Fortis in December 2001. The Company therefore still holds a 50.05% interest in TPL. In May 2001, TPL received approval from the China Insurance Regulatory Commission ("CIRC") with the consent of the State Council, to resume its life insurance business in the PRC.

Since May 2001, a lot of groundwork has been done, including staff and agent recruitment and training, business strategy planning, policy and product design, building of IT solutions and platforms, hiring and furnishing of office premises to pave the way for the successful launch of TPL. With the approval of the CIRC, TPL commenced writing life policies at its head office in Shanghai in late December 2001. TPL also received licenses from the CIRC in December 2001 to open branches in Beijing, Guangzhou and Chengdu, which commenced operation in February 2002.

Investment Portfolio and Investment Income

The total investment portfolio as at 31 December 2001 amounted to HK$3,063.65 million, and represented 79.7% of the total assets of the Group. This represents an increase of 72.5% over the position as at 31 December 2000. The composition of the investment portfolio was:

	At 31.12.2001 HK$ million	**% of Total**	At 31.12.2000 HK$ million	% of Total
Bonds and fixed income securities	**1,206.38**	**39.4**	933.95	52.6
Cash and bank deposits	**1,464.21**	**47.8**	457.54	25.8
Listed equities	**207.19**	**6.8**	183.11	10.3
Investment properties	**114.95**	**3.7**	122.87	6.9
Loans	**43.38**	**1.4**	44.70	2.5
Listed unit trusts and mutual funds	**17.86**	**0.6**	23.46	1.3
Unlisted equities	**9.68**	**0.3**	9.57	0.6
Total	**3,063.65**	**100.0**	1,775.20	100.0

During the year, total investment income, other revenue and other net income amounted to HK$313.31 million, representing an increase of 340.8% over that of the previous year (2000: HK$71.07 million).

As an insurance group, the Group will continue its prudent investment policy and will invest a good percentage of its investment portfolio in bonds and fixed income securities held for the long-term and for stable income. The Group also looks for long term investments in insurance related businesses when such opportunities arise.

Liquidity and Financial Resources

The Group's cash and bank deposits as at 31 December 2001 amounted to HK$1,464.21 million (2000: HK$457.54 million). The increase in the cash position was mainly due to the disposal of the SII in TPL and various placement issues of new shares of the Company for cash during the year. There was no bank borrowing during the year.

Capital Structure

During the year the Company issued 378,624,592 new shares (2000: 893,748,000 shares). 142,376,784 new shares were issued for considerations other than cash. A total of 236,247,808 new shares were issued for cash, of which 7,458,000 shares were issued under the Company's Staff Share Option Scheme. Net proceeds received for shares issued for cash in aggregate amounted to HK$683.30 million (2000: HK$293.72 million).

Use of Proceeds from New Shares Issued for Cash

On 3 May 2001, the Company issued 47,000,000 new shares of HK$0.05 each to Guangdong Development Bank ("GDB"), Macau Branch, and received net proceeds of HK$78.18 million. The Company also issued 80,000,000 new shares of HK$0.05 each to China Insurance H.K. (Holdings) Company Limited ("CIHK") on 30 July 2001 and received net proceeds of HK$215.20 million.

The Company used HK$284.42 million to finance part of the acquisition of its 62.5% equity interest in TPL. The Company also used HK$62.22 million to finance part of the acquisition of the 42.5% equity interest in TPI.

On 26 November 2001, the Company issued 101,789,808 new shares of HK$0.05 each to Industrial and Commercial Bank of China (Asia) Limited ("ICBC (Asia)") and received net proceeds of HK$382.30 million. Such proceeds were intended for long term investment in insurance related businesses and for general working capital. The Company used some of the proceeds to acquire high quality bonds to generate steady interest income and kept the rest of the funds as working capital.

Staff and Staff Remuneration

TPL started to issue life insurance policies in December 2001 and has recruited a large number of life insurance sales staff. As at 31 December 2001 the Group had a total of 372 employees, an increase of 303 employees. Total remuneration (other than directors' remuneration but including staff bonuses) amounted to HK$15.71 million (2000: HK$5.13 million), an increase of 206.2%. Bonuses are linked to both the performance of the Group as well as individual performance.

Major Events during the Year

1. The Company opened a representative office in Shanghai in February 2001. The office not only carries out its intended function of enhancing services to clients of CIRe and SINO-RE in the PRC; it also serves the purpose of co-ordinating with TPL and TPI.

2. On 25 April 2001, the Company acquired a 25% equity interest in Huatai for a consideration of RMB1.25 million. On 29 June 2001, the Company increased its investment in Huatai on a pro rata basis by RMB5.25 million. The registered capital of Huatai increased to over RMB23 million.

   Huatai is principally engaged in the provision of agency and consultancy services to clients involved in marine and other insurance activities in the PRC. On 11 September 2001, Huatai obtained approval from the CIRC to conduct insurance and reinsurance brokerage business directly in the PRC. The Chinese name of Huatai was changed to "華泰保險經紀有限公司"; its English name remains unchanged for the time being.

3. On 3 May 2001, the Company allotted and issued 47,000,000 new shares of the Company at HK$1.68 per share to GDB, Macau Branch ("Placement 1"). Placement 1 increased the capital base of the Company. Through the strategic relationship with GDB, the Group can utilise GDB's extensive network to expand its domestic insurance market in the PRC.

4. On 14 August 2001, the Company allotted and issued 80,000,000 new shares of the Company at HK$2.75 per share to CIHK ("Placement 2"). The proceeds were used to finance part of the cost of acquiring the 62.5% equity interest in TPL.

5. On 4 September 2001, the Company entered into a Reorganisation and Share Transfer Agreement with CICL and TPL, pursuant to which the Company agreed, among other things, to acquire, and to nominate a wholly-owned subsidiary or subsidiaries established outside the PRC and Hong Kong to acquire, in aggregate, a 62.5% interest in TPL from CICL for a total consideration of approximately HK$522.41 million. The consideration was to be settled by (i) the issuance and allotment of 78,511,955 new shares of the Company at the agreed price of HK$3.0875 per share credited as fully paid to CIHK at the direction of CICL; and (ii) a cash payment of approximately HK$280 million. The transaction was completed on 17 October 2001.

   The resumption of TPL's personal insurance businesses (including life insurance) throughout the PRC was approved by the CIRC on 22 May 2001 with the consent of the State Council of the PRC.

   Including TPL, there are only six nationwide insurance companies in the PRC carrying on life insurance business. The acquisition of a major interest in TPL by the Company placed the Group in an advantageous position to penetrate the vast life insurance market in the PRC.

6. Pursuant to the terms and conditions of the Reorganisation and Share Transfer Agreement as stated in (5) above, the Company agreed that on CICL's instruction, it would, together with CICL, transfer or procure the Designated Subsidiary to transfer the SII to the Strategic Investor at such time and for such consideration as CICL considered appropriate.

   Subsequently, the Company, together with CICL, signed a Sale and Purchase Agreement with Fortis on 19 October 2001, whereby CICL would sell its 12.45% interest in TPL to Fortis for US$44 million; and the Company would sell the Designated Subsidiary which held the 12.45% SII in TPL to Fortis for US$44 million. Completion of the deal took place on 7 December 2001. After the sale of the SII portion to Fortis, the Company still holds a 50.05% equity interest in TPL. Proceeds received from this sale are intended to be used for long term investment purposes.

7. On 26 November 2001, the Company signed a Subscription Agreement with ICBC (Asia) whereby ICBC (Asia) agreed to subscribe for 101,789,808 new shares of the Company at a price of HK$3.7668 per share ("Placement 3"). On the same date, ICBC (Asia) also entered into a Sale and Purchase Agreement with CIHK whereby ICBC (Asia) conditionally agreed to purchase from CIHK 24,175,079 shares of the Company for the same price of HK$3.7668 per share. In aggregate, ICBC (Asia) would hold 125,964,887 shares or approximately 9.9% of the issued capital of the Company. ICBC (Asia) has undertaken not to sell or otherwise dispose of any of the Subscription Shares within a period of 12 months from the date of completion of the Subscription Agreement save and except any sale or disposal to any group member of ICBC (Asia). The agreements were completed on 14 December 2001.

   Net proceeds received from Placement 3 further strengthened the capital base of the Company. Such proceeds are intended to be used for long-term investment in insurance related businesses and general working capital.

   Given the well-established banking networks of Industrial and Commercial Bank of China ("ICBC") in the PRC, the directors of the Company believe that, through a strategic relationship with ICBC, the Company will be able to utilise ICBC's vast banking network to develop the general insurance and life insurance businesses of the Group in the PRC.

8. On 26 November 2001, the Company entered into a Reorganisation and Share Transfer Agreement with CICL and TPI, pursuant to which the Company agreed, among other things, to acquire, and to nominate a wholly-owned subsidiary or subsidiaries established outside the PRC and Hong Kong to acquire, in aggregate, a 42.5% interest in TPI from CICL for a total consideration of approximately HK$300.71 million. The consideration was to be satisfied on completion by (i) the issuance and allotment of 63,864,829 new shares of the Company credited as fully paid to CIHK at the direction of CICL at the agreed issue price of HK$3.7668 per share; and (ii) a cash payment of approximately HK$60.14 million. Completion took place on 24 December 2001.

   On 22 May 2001, the plan for resumption of TPI's general insurance businesses in the PRC and for setting up its headquarters in Shenzhen and three branch offices in Beijing, Shanghai and Guangzhou was approved by the CIRC with the consent of the State Council of the PRC.

   Including TPI, there are only five nationwide insurance companies in the PRC carrying on general insurance business. The acquisition of interests in TPI by the Company will allow the Group to diversify into general insurance business in the PRC.

   Pursuant to the terms and conditions of the Reorganisation and Share Transfer Agreement stated above, the Company agreed that on CICL's instruction, it would, together with CICL, transfer or procure the Designated Subsidiary to transfer the SII portion (being 12.45% of the interest in TPI) to the Strategic Investor at such time and for such consideration as CICL considered appropriate. As at the year-end balance sheet date, the SII portion had not been sold or disposed of.