

## CHAIRMAN'S STATEMENT

Dear Shareholders,

2004 was a year of continued growth and development for China Insurance International Holdings Company Limited. I am happy and honored to report that CIIH and its subsidiaries produced satisfactory results during the year, and remain on track to fulfilling our long-term development plans.

Our core reinsurance business at CIRe again produced strong and stable results in 2004. Reinsurance revenues and net income were HK\$1,092.46 million and HK\$198.00 million, respectively, representing slight decreases of 7.4% and 15.4%, respectively, over that of last year. We believe that these results are highly satisfactory, given the ongoing trends of the global primary and reinsurance markets whereby the favorable, "hard" pricing cycle for global insurers is beginning to end. Over the long term, we are confident that CIRe will continue to grow its business in a stable and conservative manner. Our subsidiary in the PRC life insurance industry, TPL, in only its third full-year of operations, recorded premium of RMB6,607.45 million (equivalent to HK\$6,217.61 million), while our associate company in the PRC general insurance industry, TPI, recorded premium of RMB926.95 million (equivalent to HK\$872.26 million), representing increases of 101.9% and 75.9%, respectively, over that of last year. Such strong growth rates in our PRC operations is highly impressive, and we believe that the opportunities for insurers in Mainland China will increase in the future.

In 2004, CIIH's turnover increased by 69.6% to HK\$7,345.18 million, while loss attributable to shareholders was HK\$22.94 million. These consolidated results were satisfactory given our current stage of development. TPL and TPI produced net operating losses in 2004, as both operations are still in their initial years of establishment. The net operating losses have increased from that of 2003 because the scale and breadth of the Mainland operations have grown rapidly. The decrease in net income is also due to the lower profit contribution from CIRe, as well as lower earnings at CIGAML and increased interest expenses due to the first full year of interest expenses from our 2003 debt offering.

Other highlights of 2004 included the following:

- CIRe's strict discipline in focusing on profitability, instead of top-line growth, was exemplified by its re-underwriting initiative over the past two years spearheaded by its top management with the full support of its Board of Directors. In anticipation of the gradual, but inevitable, end of the hard pricing cycle, CIRe has re-underwritten its entire reinsurance portfolio and selectively pruned off more than one-tenth of its business. The reinsurance business to be discontinued were policies which CIRe believed would not be able to sustain their current levels of underwriting margin and would not be able to meet with CIRe's underwriting standards when the reinsurance pricing cycle turns less favourable, or "soft". Such a re-underwriting approach is an important strategy critical for CIRe to maintaining a sustainable underwriting profit.
- CIIH, through its subsidiaries TPL and CIGAML, entered into a conditional shareholders' agreement with TPI, Fortis and CIHC to form a new joint stock limited company, named Tai Ping Pension Company Limited ("TPP"). Upon establishment (expected to occur in 2005), the Company will effectively control 74.0% of the equity interest in TPP, and TPP will become a subsidiary of the Company. TPP will engage in the supplementary corporate pension business as well as other related pension businesses. With a clear focus on the pension business in Mainland China, TPP intends to offer a broad and sophisticated range of products and services, including actuarial support services, to both its corporate and individual pension clients. The PRC's pension market is yet another potentially enormous opportunity in Mainland China's financial services sector. We intend for TPP to become an important operating unit of CIIH, and believe that its establishment will further the Company's endeavors to becoming a universal financial services provider in China.

## 董事長報告



楊超 Yang Chao  
董事長 Chairman

各位股東：

對中保國際控股有限公司而言，二零零四年是繼續壯大和發展的一年。本人引以為榮地向閣下報告，中保國際及其附屬公司在年內創出理想業績，並正逐步落實長遠發展計劃。

本集團中再國際的核心再保險業務在二零零四年再度表現強勁，取得穩健的成績。再保險的營業額和淨收入分別為10.9246億港元及1.9800億港元，分別較去年微跌7.4%及15.4%。考慮到全球的直接保險及再保險市場的走勢，即對全球保險公司有利，或「堅挺」定價週期漸近尾聲，本集團認為中再國際已經博取令人滿意的成績。長遠來看，本集團深信中再國際仍會以穩健、審慎的方針繼續發展業務。本集團從事中國人壽保險業的附屬公司太平人壽在全面經營的第三個年頭便已錄得人民幣66.0745億元的保費收入(相當於62.1761億港元)；而本集團從事中國一般保險業的聯營公司太平保險，錄得的保費亦有人民幣9.2695億元(相當於8.7226億港元)，分別較去年增加101.9%及75.9%。中國業務錄得如此大幅的增長率令人矚目。本集團相信，保險公司在中國大陸將會享有更多的機遇。

中保國際於二零零四年的營業額增加69.6%，達73.4518億港元，股東應佔虧損為2,294萬港元，相對本集團目前所處發展階段而言，此綜合業績仍算理想。由於太平人壽及太平保險於二零零四年仍處於業務發展初期，所以產生了營運虧損淨額。鑒於在中國內地的業務於年內迅速擴充及拓展，故營運虧損淨額較二零零三年為高。而中再國際和中保資產管理利潤的下降及首年全年度列支二零零三年發債利息支出均構成淨收入的減退。

二零零四年業務重點包括以下各項：

- 中再國際一直嚴守專注盈利能力而非營業額增長的原則，在董事會全力支持下，其高級管理層在過去兩年落實業務質素檢討策略。由於預計「堅挺」定價週期勢必逐漸結束，中再國際已檢討其全部再保險組合，並選擇性地淘汰了逾十分之一的業務。所放棄的再保險業務都是中再國際相信將未能維持現時的承保利潤，以及當再保險市場週期步入弱勢，或「回軟」時將不能達到中再國際的承保標準的保單。以上的檢定方針是中再國際持續維持承保利潤的關鍵政策。
- 中保國際(通過其附屬公司太平人壽和中保集團資產管理)與太平保險、富通和中保控股簽訂了一份有條件股東協議，成立了一家名為太平養老保險股份有限公司(「太平養老保險」)的新股份有限公司。預期當此公司於二零零五年開業之後，本公司將實質控制太平養老保險的74.0%股本權益，而太平養老保險將成為本公司的附屬公司。太平養老保險將從事企業補充養老金保險及其他與養老金保險相關的業務。通過專注中國內地的養老金保險業務，太平養老保險能為企業和個人養老保險客戶提供更廣泛和更豐富的產品和服務，當中亦會包括提供精算方面的支援服務。中國的養老保險市場是中國內地的金融服務界別另一龐大商機。本集團計劃將太平養老保險打造成中保國際的重要營運單位，相信其成立將有助本集團成為中國的全面金融服務提供者。

## CHAIRMAN'S STATEMENT

- TPL continued its expansion into the PRC life insurance market by opening 7 new branches in 2004. The location of the branches were chosen carefully to best position TPL in the most wealthy and populous provinces in China. With these new branches, TPL now has 22 branches throughout the PRC. TPI also continued its expansion in the PRC general insurance market by opening 7 new branches in 2004. TPI now has 19 branches throughout the PRC. For both our Mainland operations, we have now established presences in the best insurance geographies of the PRC. We now plan to slow our new branch openings in order to focus upon building up our existing operations.
- TPL continues to make strong market inroads into the PRC life insurance sector. In 2004, TPL was ranked the sixth largest life insurer in the country based on total premium, a remarkable achievement given that TPL is only in its third full-year of operations. TPL will continue to expand throughout Mainland China, but will do so with an emphasis on profitability. In 2004, the entire life insurance industry of the PRC grew at a slower rate (7.0%) than that achieved in previous years. The reason for this slowing of growth was due to a new emphasis on profitability amongst the major PRC insurers, in particular those which became publicly listed companies in 2004. Although the shift in focus to newer and more profitable products led to a slowing of overall premium growth, such transformation is highly positive and healthy for the life insurance industry as a whole over the long term.

With the accomplishments of the past year, I believe that our execution plan is well on the way and on-track to developing the premier insurance company and financial services provider in China. Our core insurance operations are looking forward to a positive year in 2005. Although it is likely that the global reinsurance markets are entering a period of "soft" pricing, because of the strong focus of CIRe on profitability, we are expecting our core reinsurance operations to continue providing solid and stable cash flows and profits in the year to come. In Mainland China, we are expecting another year of strong growth in the life and general insurance markets. The economy of the country continues to expand at a rapid pace, and the insurance industry will continue to develop on such strength. We are expecting TPL and TPI to continue expanding in the world's fastest growing insurance market. In addition, we are expecting our assets management business to expand in the PRC, which will give CIGAML the potential to become a significant profit contributor to the Group in the future and, at the same time, assist both TPL and TPI in the areas of investment management and risk control.

2005 will be a cautious year for global equity markets. Upside potential for stock markets around the world are likely to be moderate at best, while downside risks are significant and must not be discounted. CIIH intends to continue limiting its equity exposures for its investment portfolio. On the fixed income side, the Company will continue to adopt a prudent and conservative investment philosophy, and have most of its portfolio in investment grade securities. Because interest rates have not risen as fast as previously forecasted and remain at relative historical lows, CIIH will carefully manage its exposure to the potential for unexpected interest rate increases during the coming year.

I am very proud and honored to lead CIIH. In particular, our organization's dedication to corporate governance and transparency is of the highest priority with me. I personally intend to continue pushing our senior managers to strive to do what is best for our shareholders in every decision and action that they take.

On behalf of all of our Senior Managers and Directors, I thank you for your trust and support over the past year, and in the year to come! CIIH's prospects over the near- and long-term are truly bright, and it is my sincere belief that the Company will significantly enhance shareholders' value in the years to come! Thanks are also due to our employees at CIIH for their hard work and dedication in 2004!

**Yang Chao**  
*Chairman*

Hong Kong, 23 March 2005

## 董事長報告

- 太平人壽於二零零四年新增設七家分公司並繼續拓展在中國人壽保險市場的份額。為使太平人壽取得優勢，分公司的佈點均經仔細選擇，新設分公司位於中國最富庶及人口稠密的省份。連同這些新分公司，太平人壽已於全中國設立二十二家分公司。太平保險亦於二零零四年新增設七家分公司擴展中國一般保險市場業務。太平保險已於中國設立了十九家分公司。就上述兩項內地業務來說，本集團已進佔中國最優越的地區的保險市場，我們計劃今後將會放慢開設新分公司的步伐，著眼於鞏固和發展現有業務網點。
- 太平人壽在中國人壽保險行業繼續大放異彩，其在全面經營的第三個年頭便已按保費收入的排列晉身全國第六大人壽保險公司之位，成績斐然。太平人壽將會在著重盈利能力的基調下繼續在中國內地拓展業務。於二零零四年，中國整個人壽保險行業的增長率為7.0%，較過去為低，箇中原因為中國主要保險公司紛紛著重盈利能力，而於二零零四年上市的保險公司的改變尤其明顯。雖然轉為注重更新、更有盈利能力的產品導致整體保費增長放緩，但這一轉變卻可以為全國的整體人壽保險業的長遠發展帶來正面和健康的影響。

以去年取得的佳績來看，本人相信本集團在中國地區發展成為優秀的保險公司和金融服務提供者的計劃正朝著正確的方向穩步前進。本集團的核心保險業務於二零零五年可望取得理想發展。雖然全球的再保險市場大有可能進入「偏軟」的定價期，但基於中再國際高度專注於效益，本集團期望核心再保險業務在來年仍會帶來平穩的現金流和利潤。本集團預計，中國內地的人壽及一般保險市場於來年將再次錄得強勁增長。在中國經濟繼續迅速增長之大好形勢下，保險業將會隨着此強勁的經濟勢頭發展，本集團期望太平人壽及太平保險在全球最快速增長的保險市場上繼續增長。此外，本集團之資產管理業務預料會在中國建立和發展業務，此業務對中保資產管理來講有著很大的潛力並會成為本集團的重大利潤來源。同時，中保資產管理還會協助太平人壽和太平保險加強投資管理及風險控制。

本集團對二零零五年的全球股票市場持審慎的看法，認為在最理想的情況下，各地股市也只會是錄得溫和的升幅，相反股市下挫的風險不低，情況不容掉以輕心。中保國際將會繼續控制投資組合當中股票所佔的比例。至於定息證券的投資，本公司仍繼續奉行穩健審慎的投資哲學，以有投資等級的證券作為主要投資組合。由於利率未如先前預計般快速回升，現時仍處於歷史上較低點，中保國際會小心處理當利率在來年可能突然上升而將要承受的風險。

能夠帶領中保國際，本人實在以此為自豪及深感榮幸。推動本公司重視公司管治及提高透明度亦是本人最重要的工作之一。本人定將帶領全體高級管理層在每項決策和行動中，切實皆以股東的最佳利益為先。

本人謹此代表全體高級管理人員與董事向 閣下於去年以及來年對本公司的信賴和支持表示謝意！中保國際的短期與長期的前景確是一片光明，本人深信本公司在往後歲月將可以大幅的提升股東價值！同時，本人亦藉此對中保國際全體員工於二零零四年的努力不懈和寶貴貢獻表示衷心感謝！

董事長  
楊超

香港，二零零五年三月二十三日