

CHINA INSURANCE INTERNATIONAL HOLDINGS COMPANY LIMITED

2006 ANNUAL RESULTS PRESENTATION

26 March 2007

Private and Confidential – For Internal Distribution Only

Forward-Looking Statements

This presentation and subsequent discussions may contain certain forward-looking statements with respect to the financial condition, results of operations and businesses of the Group. These forward-looking statements represent the Group's expectations or beliefs concerning future events and involve known and unknown risks and uncertainties that could cause actual results, performance or events to differ materially from those expressed or implied in such statements. Additional detailed information concerning important factors that could cause actual results to differ materially is available in our Annual Report.

Chairman's Remark

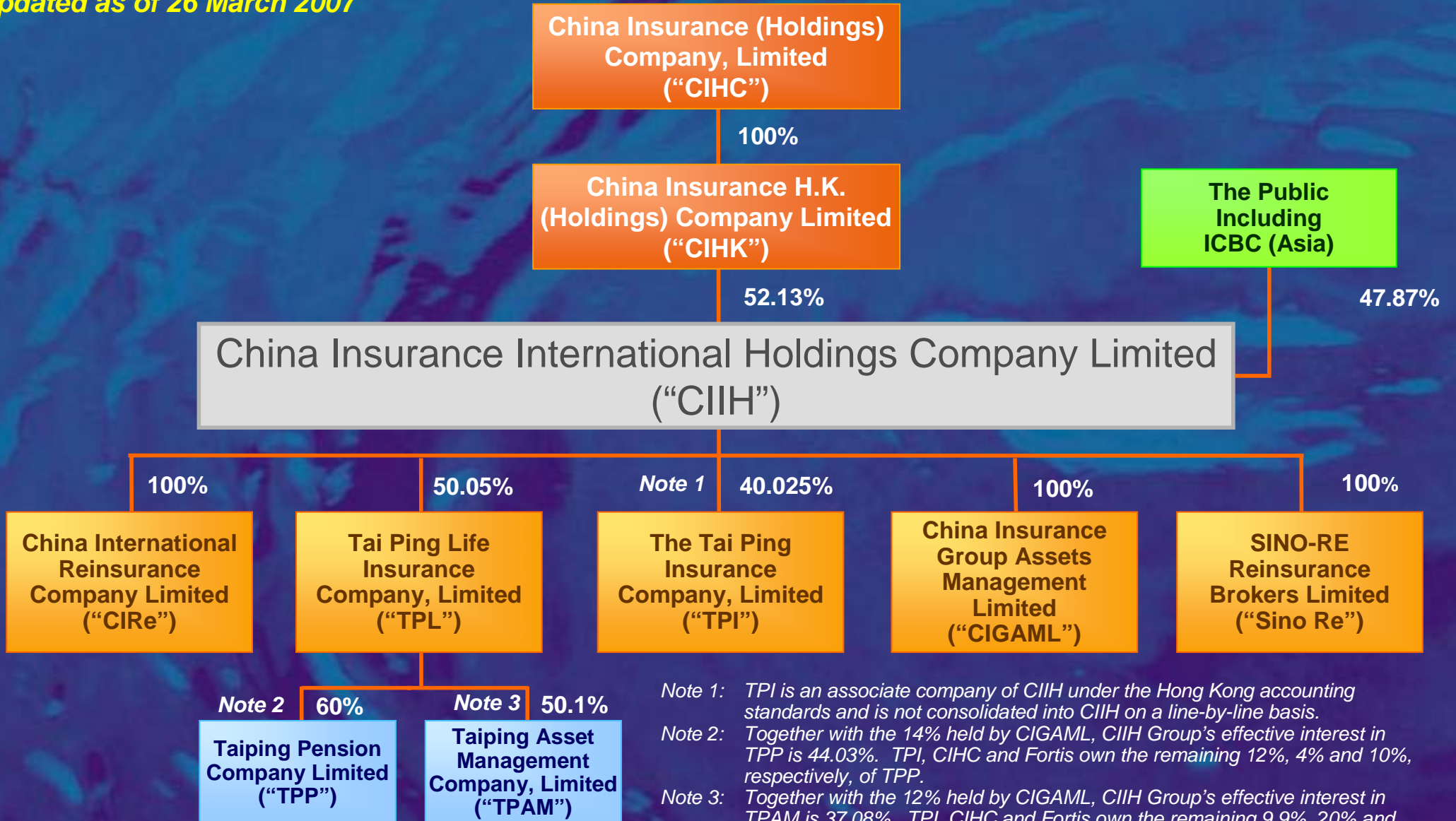
- ◆ Gross premiums written and policy fees increased by 43.7% to HK\$12,373.45 million
- ◆ Net profit attributable to the equity holders was HK\$510.77 million (2005: net loss of HK\$433.76 million)
- ◆ Both TPL and TPI have achieved our ambitious and strategic objective of achieving breakeven in their respective fifth full years of operations. Profits attributable to CIH by TPL and TPI were HK\$156.60 million and HK\$3.37 million, respectively, versus losses of HK\$159.29 million and HK\$52.99 million in 2005
- ◆ CIRe produced record profits in 2006. Profit attributable to CIH increased to HK\$395.66 million from HK\$73.61 million in 2005, representing a more than five times increase
- ◆ CIH and its subsidiaries produced strong results in 2006, and remain on track to fulfilling our long-term development plans

Chairman's Remark

- ◆ To express my most sincere gratitude and appreciation for all your support over the past years since our IPO and starting of our China operations
- ◆ To grow CIH's operations and businesses not only in size but also in quality to be present throughout our entire organization
- ◆ To develop the standards of corporate governance, transparency and investor relations with world-class levels
- ◆ To push our Directors and Senior Managers to do what is best for our shareholders in every decision and action that they take and only accept actions and deeds of the highest integrity
- ◆ By having such standards, CIH will have the foundation to become one of the best companies in the world, admired by all

Organisation Chart

Updated as of 26 March 2007



Note 1: TPI is an associate company of CIIH under the Hong Kong accounting standards and is not consolidated into CIIH on a line-by-line basis.

Note 2: Together with the 14% held by CIGAML, CIIH Group's effective interest in TPP is 44.03%. TPI, CIHC and Fortis own the remaining 12%, 4% and 10%, respectively, of TPP.

Note 3: Together with the 12% held by CIGAML, CIIH Group's effective interest in TPAM is 37.08%. TPI, CIHC and Fortis own the remaining 9.9%, 20% and 8%, respectively, of TPAM

Group – Financial Highlights

HK\$ million	2006	2005	Change
Gross premiums written and policy fees	12,373.45	8,611.67	43.7%
Net investment income	1,189.71	722.28	64.7%
Net realised investment gains	559.51	71.21	7.9 times
Net unrealised investment gains	634.87	21.08	30.1 times
Net exchange gain/(loss)	22.84	(94.89)	nm
Net Profit/(loss) attributable to the equity holders	510.77	(433.76)	nm
Basic earnings/(loss) per share (HK cent)	38.10	(32.50)	nm
	At 31 Dec 2006	At 31 Dec 2005	Change
Shareholders' equity	4,178.32	2,507.16	66.7%

Net Profit Attributable to the Equity Holders by Each Segment

HK\$ million

	2006	2005	Change
Reinsurance	395.66	73.61	5.4 times
Life insurance	156.60	(159.29)	nm
Property and casualty insurance ¹	3.37	(52.99)	nm
Corporate and other businesses	(44.86)	(45.09)	(0.5%)
	510.77	(183.76)	nm
Goodwill impairment	-	(250.00)	nm
	510.77	(433.76)	nm

¹ The P&C insurance business is operated by TPI which is an associated company of the Group under the Hong Kong accounting standards and is not consolidated into the Group on a line-by-line basis. Therefore, the P&C insurance business does not constitute a separate segment of the Group as defined in the financial statements.

Group Highlights

Reinsurance Operations

- ★ CIRE contributed net profit to CIH of HK\$395.66 million (2005: HK\$73.61 million)
- ★ Net profit for 2006 represents one of CIRE's best annual results ever
- ★ The positive performance during the Year was mainly due to higher equity investment income, positive exchange rate movements, and higher interest rates on cash deposits
- ★ The higher underwriting profit was due to strong premium growth and the absence of major catastrophe claims during the Year

Life Insurance Operations

- ★ The life insurance business contributed net profit to CIH of HK\$156.60 million (2005: loss of HK\$159.29 million)
- ★ TPL has achieved its long-standing, strategic objective of attaining breakeven in operating results for the full year of 2006, which is TPL's fifth full year of operations.
- ★ TPL's strong performance for the Year was mainly attributable to strong premium growth, strict controls on costs and expenses, as well as improved returns on investment assets
- ★ Premium growth was mainly driven by the bancassurance channel, in which premiums increased by 49.3% to HK\$7,902.65 million from HK\$5,294.83 million in 2005
- ★ Regular premium products accounted for 96.2% (2005: 93.2%) of the total premium from individual agents; regular premium products in the bancassurance channel also recorded an impressive increase of 100.4% to HK\$854.38 million from HK\$426.33 million in 2005

Property and Casualty Insurance Operations

- ★ TPI contributed net profit to CIH of HK\$3.37 million (2005: loss of 52.99 million)
- ★ TPI has achieved its long-standing, strategic objective of attaining breakeven in operating results for the full year of 2006, which is TPI's fifth full year of operations
- ★ TPI's improved combined ratio and strong investment income were behind its operating profitability in 2006

Reinsurance Business – CIRe Review

Reinsurance – Financial Highlights

HK\$ million	2006	2005	Change
Gross premiums written	1,541.57	1,256.40	22.7%
Underwriting profit	61.51	8.74	7 times
Total investment income	303.43	191.68	58.3%
Net exchange gain/(loss)	66.97	(65.93)	nm
Profit attributable to the equity holders	395.66	73.61	5.4 times

Reinsurance – KPI Highlights

	2006	2005	Change
Solvency margin ratio	135.7%	133.8%	1.9pts
Technical reserves ratio	186.1%	200.7%	(14.6pts)
Retained ratio	89.3%	82.6%	6.7pts
Earned premiums ratio	80.4%	80.5%	(0.1pts)
Loss ratio	66.2%	74.2%	(8.0pts)
Expense ratio	28.8%	25.0%	3.8pts
Combined ratio	95.0%	99.2%	(4.2pts)

Reinsurance – Investment Income and Yield

HK\$ million	2006	2005	Change
<u>Income recognised in Income Statement</u>			
Net investment income	160.61	131.25	22.4%
Net realised investment gains	133.57	47.76	179.7%
Net unrealised investment gains	9.25	12.67	(27.0%)
Total investment income	303.43	191.68	58.3%
Total investment yield	9.1%	5.9%	3.2pts
Net unrealised investment gains recognised in Fair Value Reserve	161.76	11.91	13.6 times

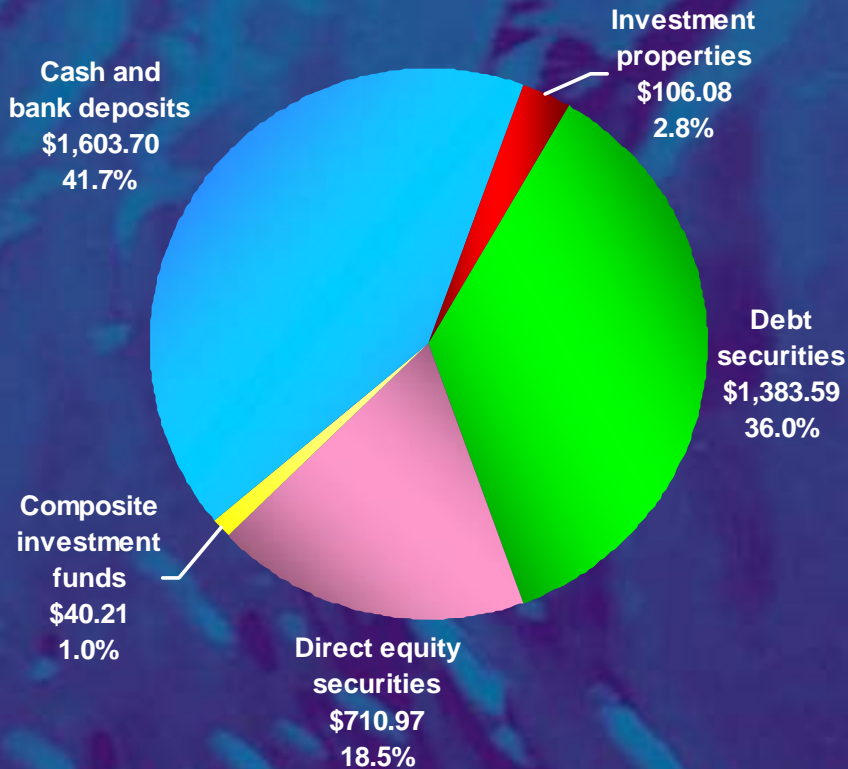
Note: The detailed classification of investment income is set out in Appendix III

Reinsurance – Investment Composition

HK\$ million

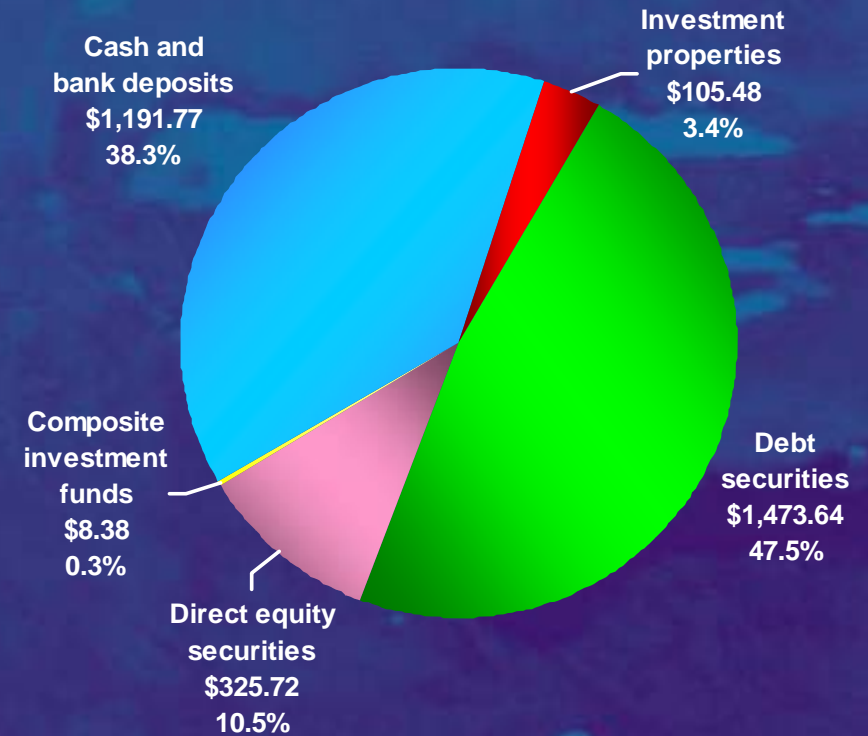
At 31 Dec 06

Total Invested Assets:
HK\$3,844.55 million



At 31 Dec 05

Total Invested Assets:
HK\$3,104.99 million



Note: The breakdown of investment classification is set out in Appendix III

Life Insurance Business – TPL Review

Life Insurance – Financial Highlights

HK\$ million	2006	2005	Change
Gross premiums written under PRCGAAP	10,930.01	7,449.28	46.7%
Less: investment contract premiums	(106.81)	(98.19)	8.8%
Gross premiums written under HKGAAP	10,823.20	7,351.09	47.2%
Insurance benefits and losses ¹	(10,641.96)	(7,031.15)	51.4%
Administrative and other expenses	(1,321.05)	(1,091.11)	21.1%
Total investment income	1,970.76	557.70	253.4%
Profit/(loss) after taxation	313.29	(320.88)	nm
Profit/(loss) attributable to the equity holders	156.60	(159.29)	nm

1. Amount includes policyholders' benefits, net commission expenses and change in life insurance funds

Life Insurance – Gross Premiums Written

By Distribution Channels

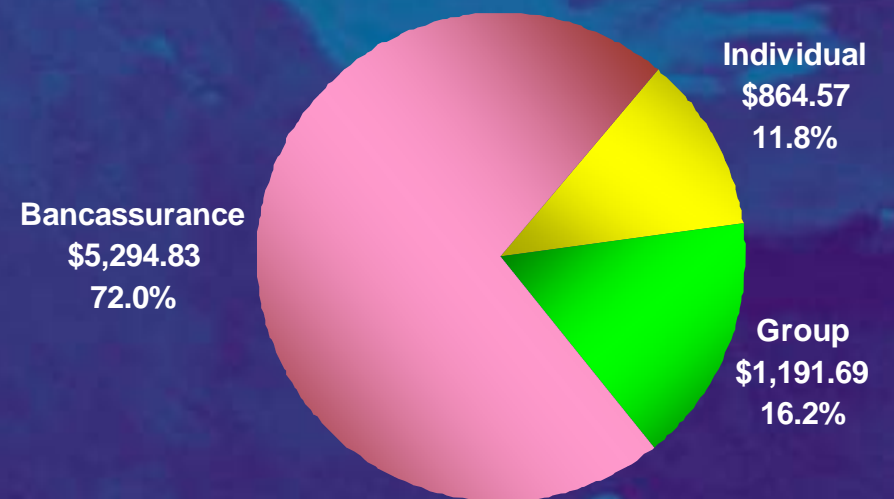
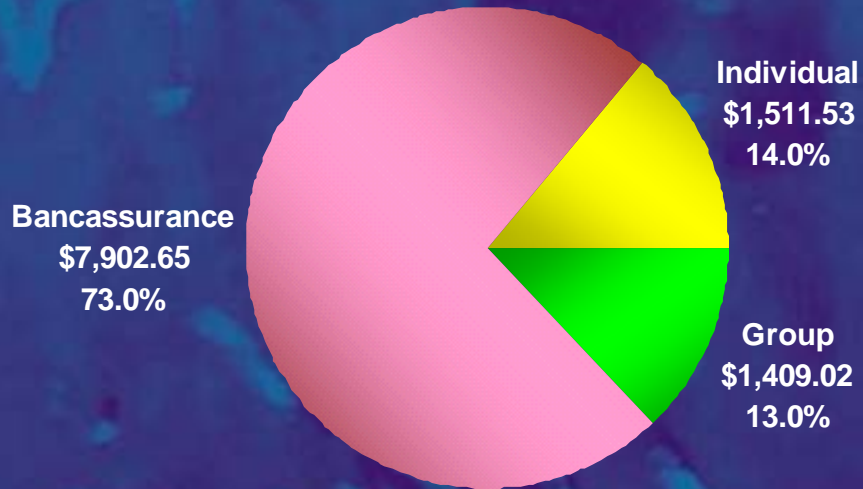
HK\$ million

2006

2005

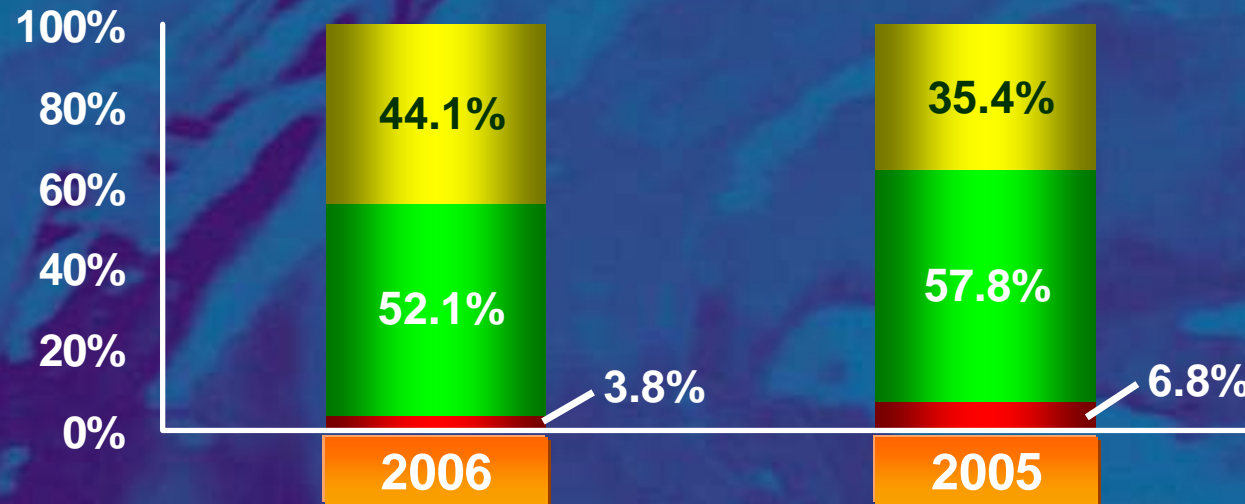
Total: HK\$10,823.20 million

Total: HK\$7,351.09 million



Individual Gross Premium Income

HK\$ million



■ Regular Premium - Renewal Year

■ Regular Premium - First Year

■ Single Premium

\$665.59

\$787.79

\$58.15

\$1,511.53

\$306.34

\$499.25

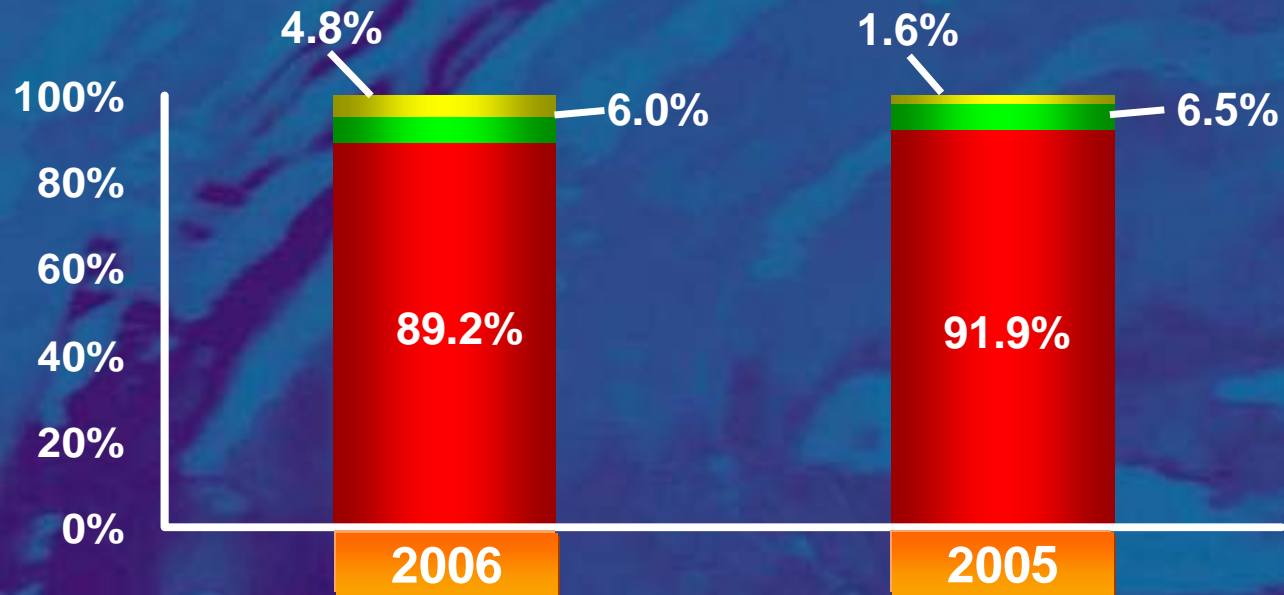
\$58.98

\$864.57

+74.8%

Bancassurance Gross Premium Income

HK\$ million



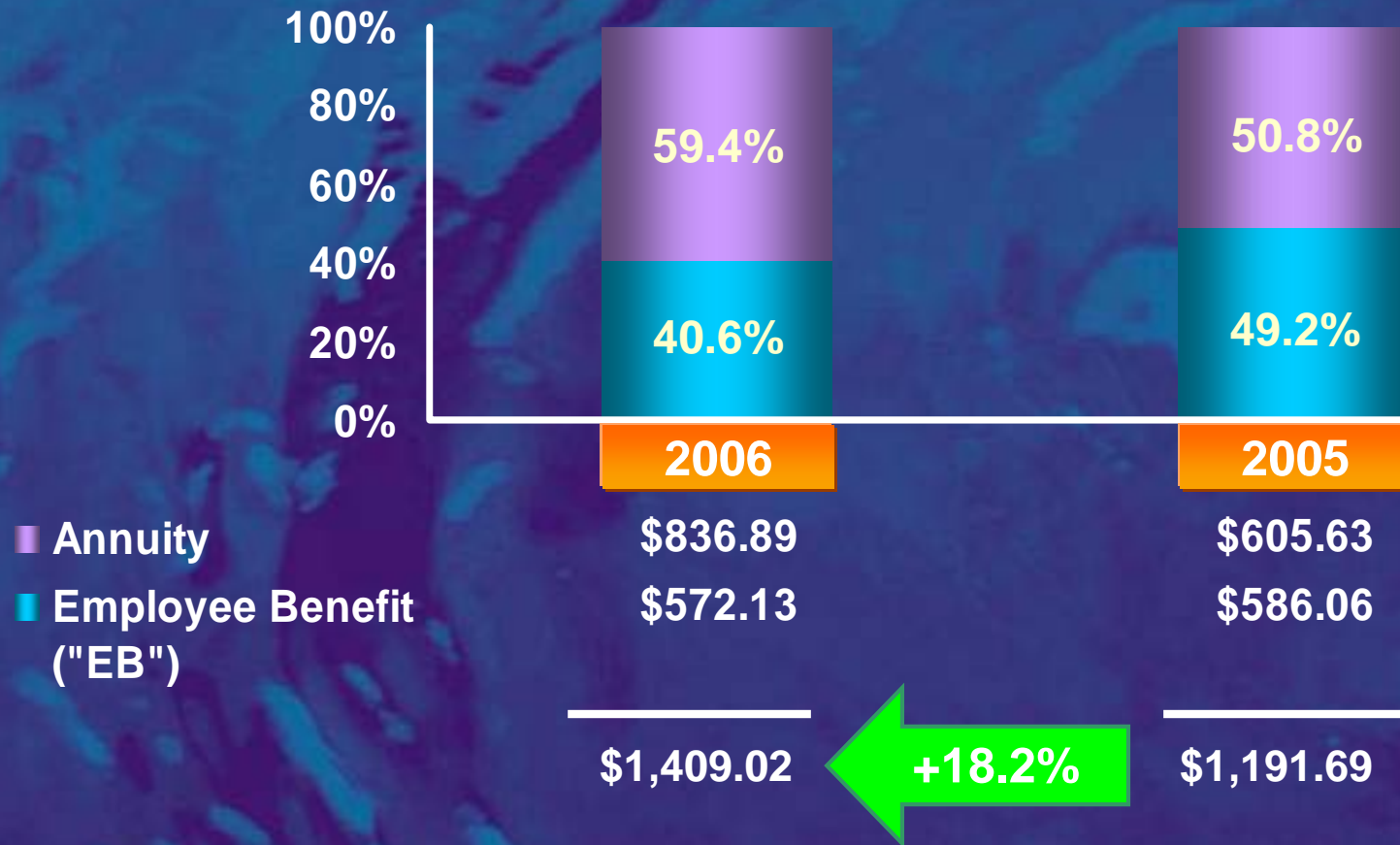
- Regular Premium - Renewal Year
- Regular Premium - First Year
- Single Premium

	381.82	\$84.53
	\$472.56	\$341.80
	\$7,048.27	\$4,868.50
	<hr/>	<hr/>
	\$7,902.65	\$5,294.83

+49.3%

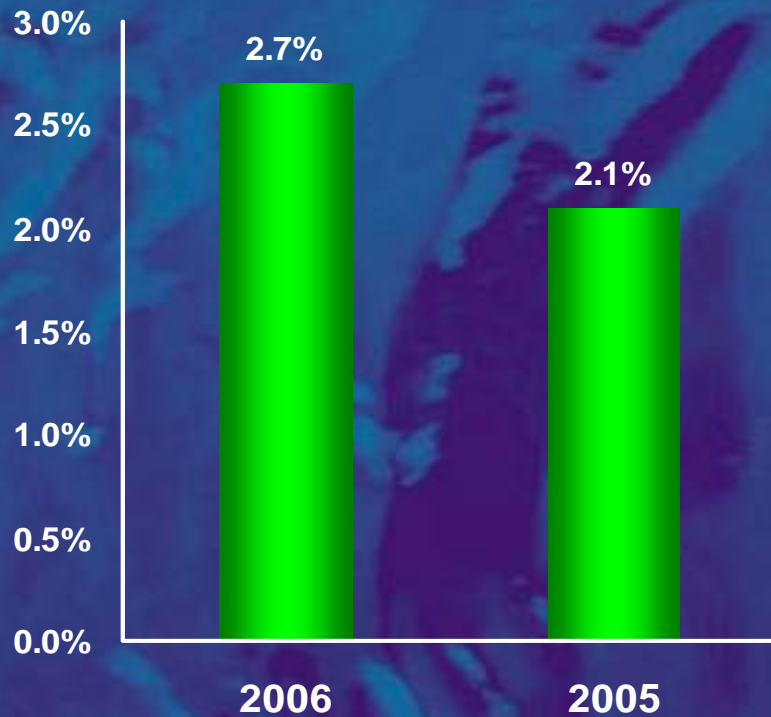
Group Gross Premium Income

HK\$ million

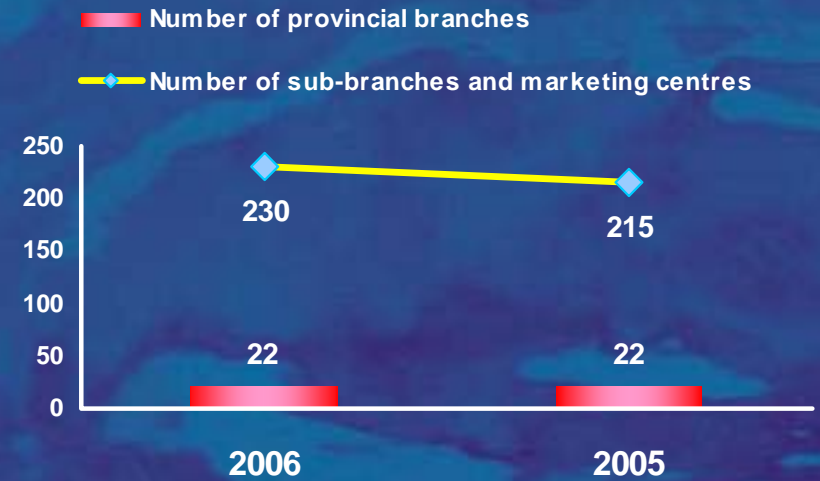


Life Insurance – Key Operational Data (1/2)

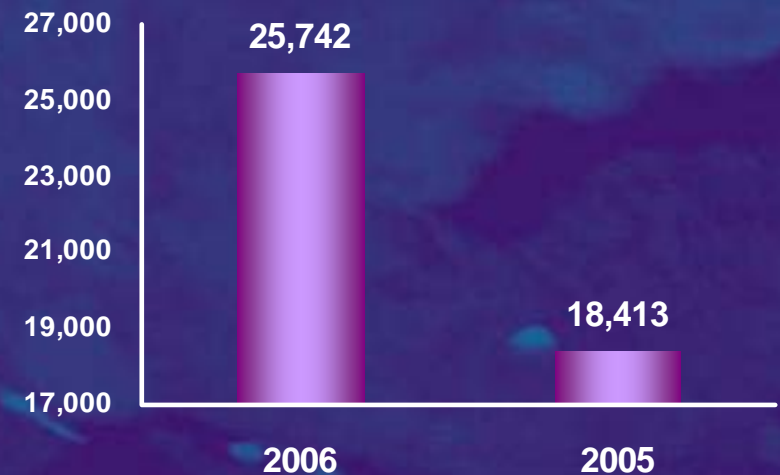
Market Share



Number of Branches



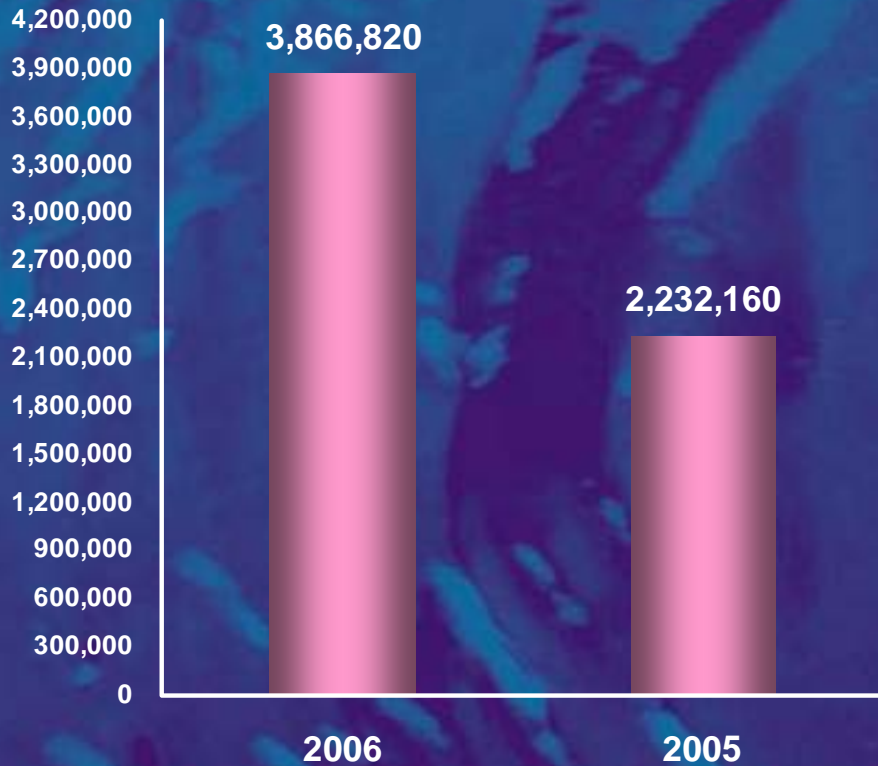
Number of Sales Agents



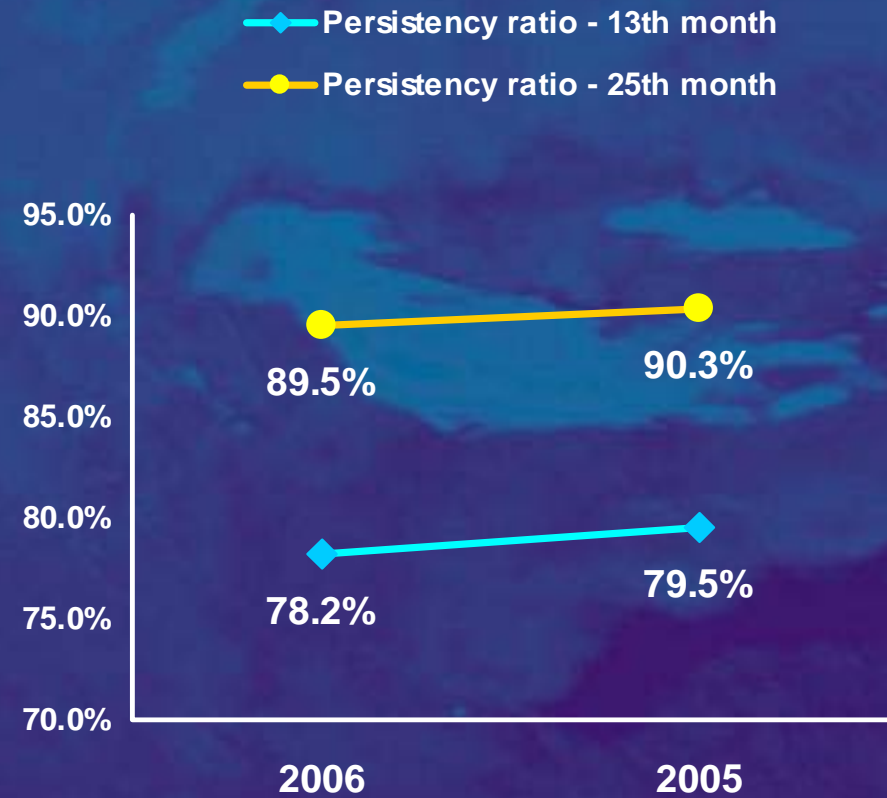
Based on the gross premium written (including investment contract premium) in accordance with PRCGAAP and published by the CIRC

Life Insurance – Key Operational Data (2/2)

Number of In-Force Policies



Persistency Ratio



Based on the amount of premiums

Life Insurance – Investment Income and Yield

HK\$ million

Income recognised in Income Statement

	2006	2005	Change
Net investment income	987.90	556.23	77.6%
Net realised investment gains/(losses)	371.17	(4.91)	nm
Net unrealised investment gains	611.69	6.38	95.9 times
Total investment income	1,970.76	557.70	253.4%
Total investment yield	8.7%	4.3%	4.4pts
Net unrealised investment gains recognised in Fair Value Reserve	792.25	967.61	(18.1%)

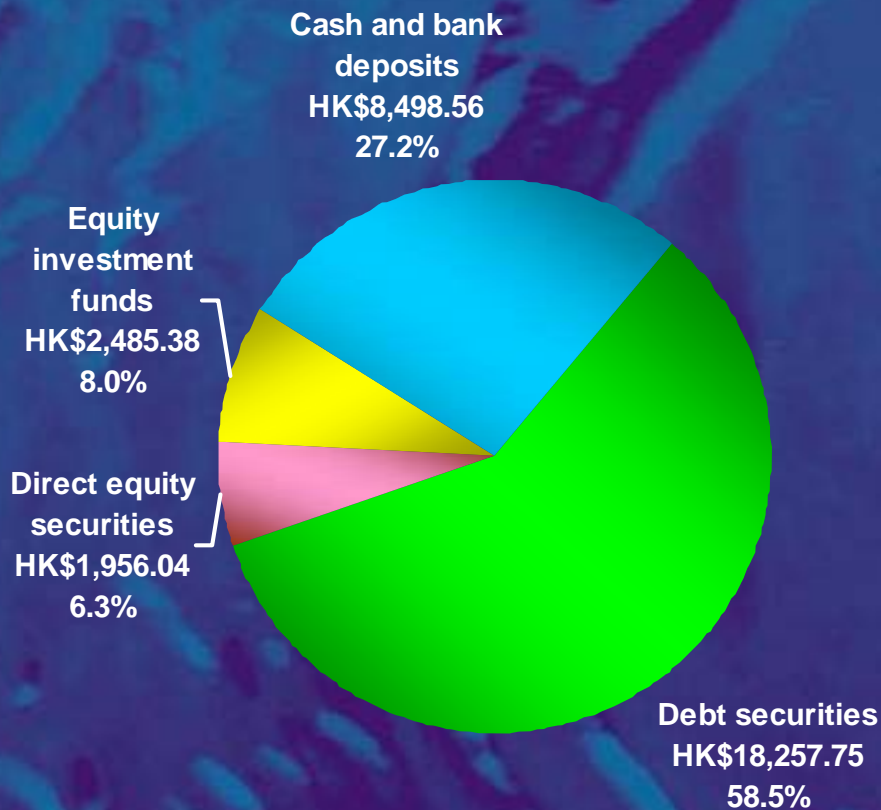
Note: The detailed classification of investment income is set out in Appendix IV

Life Insurance – Investment Composition

HK\$ million

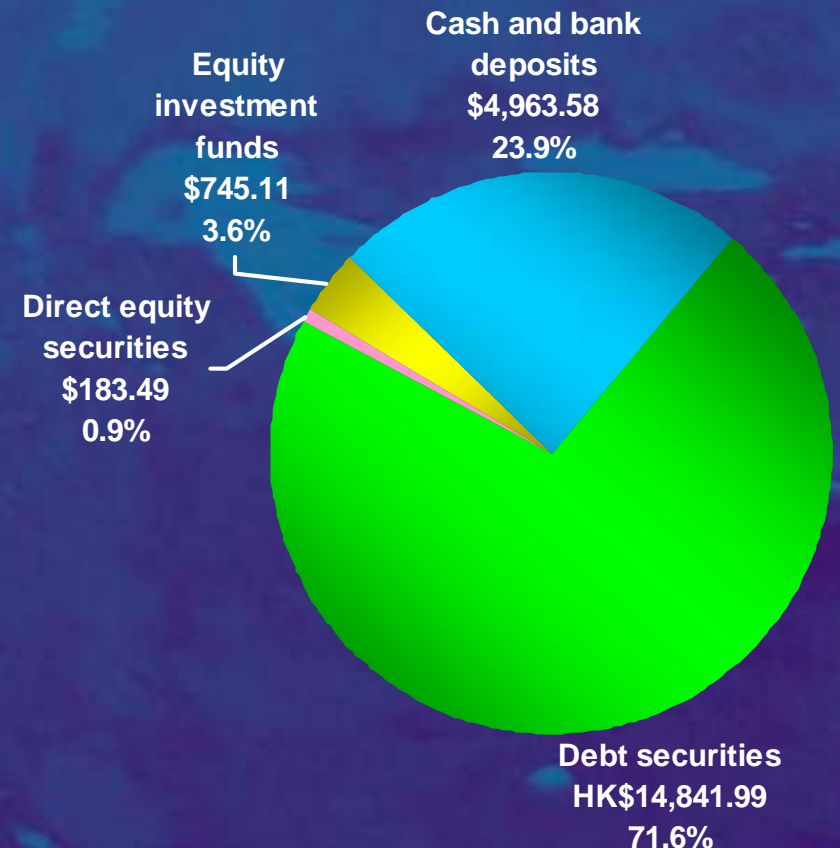
At 31 Dec 06

**Total Invested Assets:
HK\$31,197.73 million**



At 31 Dec 05

**Total Invested Assets:
HK\$20,734.17 million**



Note: The breakdown of investment classification is set out in Appendix IV

Embedded Value of TPL

Embedded Value of TPL

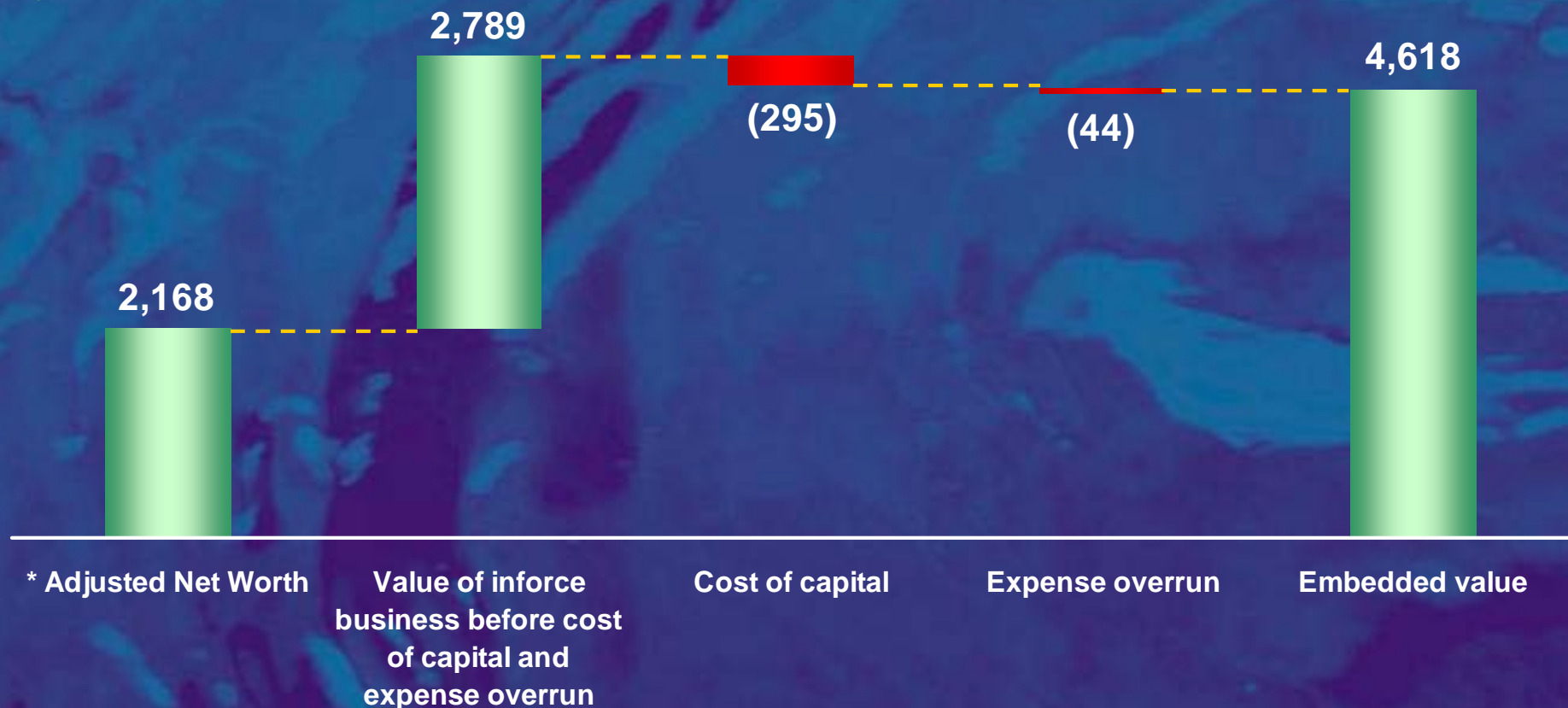
Cautionary Statement

- ✦ The calculations of embedded value and the value of one year's new business are based on certain assumptions with respect to future experience and thus the actual results could differ significantly from what is envisioned when these calculations are made
- ✦ From an investor's perspective, the valuation of the Company is measured by the stock market price of the Company's shares on any particular day. In valuing the Company's shares, investors should take into account not only the embedded value and the value of one year's new business, but also other various considerations
- ✦ TPL is 50.05% owned by the Company. The embedded value and the value of one year's new business as at 31 December 2006 should therefore not be taken in full in the valuation of the Company

Embedded Value of TPL

Key Components of Embedded Value (Central Case: Discount Rate 11.5%)

As at 31 December 2006
HK\$ Million

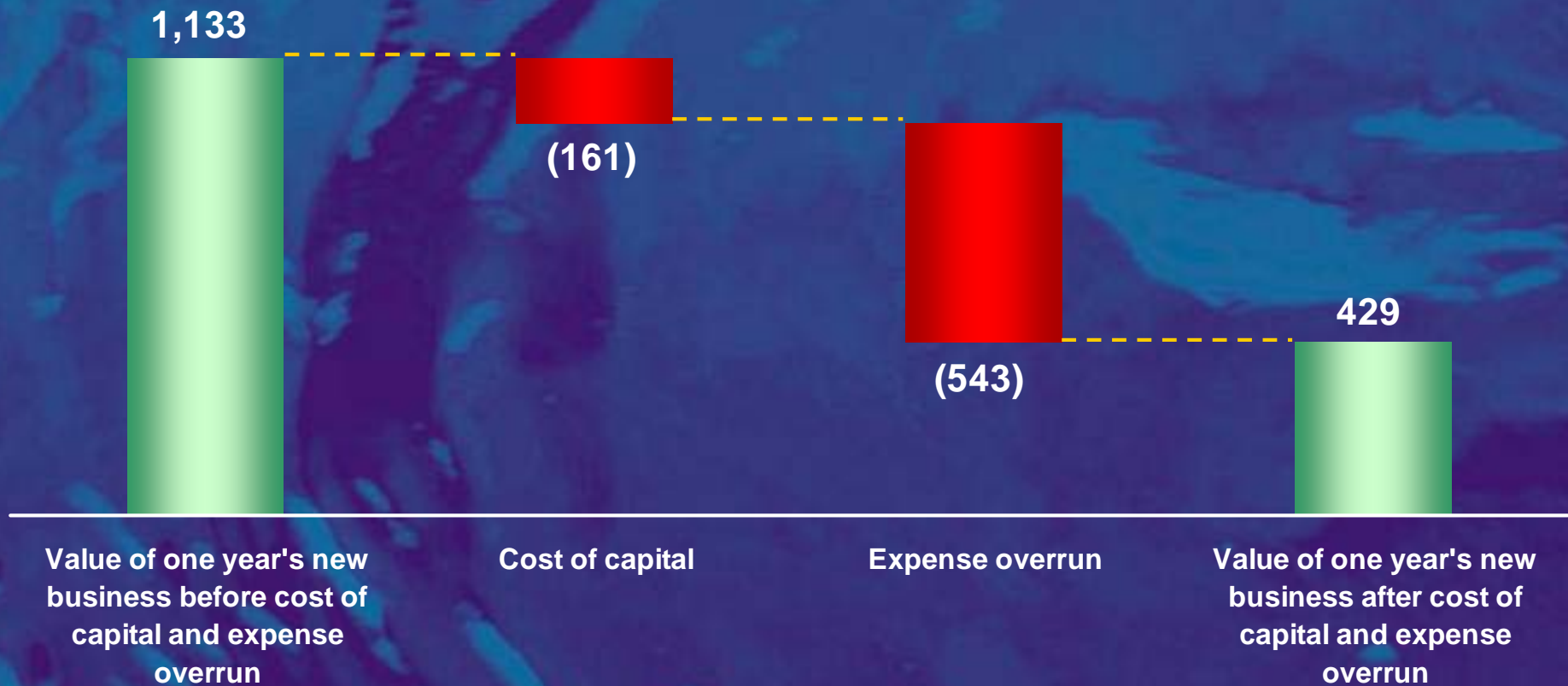


- * Adjusted net worth is equal to the sum of:
- (i) Shareholders net assets of TPL as measured on a PRC statutory basis
 - (ii) Net of tax adjustment for the difference between the market value of certain investment assets and the carrying value reported on a PRC statutory basis

Embedded Value of TPL

Analysis of Value of One Year's New Business (Central Case: Discount Rate 11.5%)

As at 31 December 2006
HK\$ Million



Embedded Value of TPL

Expense Overrun

- ◆ TPL's expense overrun is due to its significant investments in establishing a branch network infrastructure, initiating relationships with business partners, establishing computer systems and hiring a highly professional management team
- ◆ As such, TPL's expense overrun is due to the start-up costs of beginning and expanding upon TPL's business operations.
- ◆ The management of the Group and TPL believe that TPL's expense overrun will diminish over time as TPL's scale of operations increases in the future

Embedded Value of TPL

Key Assumptions

Assumptions	Description
Risk discount rate	11.5% for central case
Investment return	4.39% in 2007, increasing to 5% in 2026 and thereafter
Expense	Projections are based on the benchmark assumptions. The expense overrun is derived from TPL's recent experience studies, and have been applied to both the value of inforce business and one year's new business value
Tax	The PRC corporate profit tax rate will be reduced from 33% to 25% from the beginning of 2008. TPL has used the new tax rate in its projections for the years after 2007
Mortality	Based on 75% of the China Life (2000-2003) table for non-annuities, with a two-year selection period
Morbidity	Based on the Group's own pricing tables
Lapse	Based on TPL's actuarial pricing assumptions and adjusted to reflect the results of its recent experience studies

Embedded Value of TPL

Sensitivity Test

As at 31 December 2006
HK\$ Million

Assumptions	Value of inforce business after cost of capital and expense overrun	Value of one year's new business after cost of capital and expense overrun
Central case scenario	2,450	429
Risk discount rate of 10.5%	2,641	533
Risk discount rate of 12.5%	2,285	341
Investment return increased by 25bp every year	2,665	538
Investment return decreased by 25bp every year	2,253	320
10% increase in maintenance expenses	2,391	402
10% decrease in maintenance expenses	2,509	456
10% increase in mortality and morbidity rates	2,425	415
10% decrease in mortality and morbidity rates	2,494	444
10% increase in claim ratio	2,441	421
10% decrease in claim ratio	2,459	438
10% reduction in lapse rates	2,494	452
Policyholder dividend increased to 80%	2,272	380
Lapse rates for Universal Life increased to 50% at the end of 10th policy year	2,371	374

Property and Casualty Insurance Business – TPI

Review

Note: The P&C insurance business is operated by TPI which is an associated company of the Group under the Hong Kong accounting standards and is not consolidated into the Group on a line-by-line basis. Therefore, the P&C insurance business does not constitute a separate segment of the Group as defined in the financial statements.

P&C Insurance – Financial Highlights

HK\$ million

	2006	2005	Change
Gross premiums written	2,000.42	1,323.13	51.2%
Net premiums written	1,588.95	1,094.49	45.2%
Net earned premiums	1,383.85	888.34	55.8%
Total investment income	102.94	29.63	247.4%
Profit/(loss) after taxation	8.43	(132.40)	nm
Profit/(loss) attributable to the equity holders	3.37	(52.99)	nm

P&C Insurance – KPI Highlights

	2006	2005	Change
Technical reserve ratio	93.4%	112.3%	(18.9pts)
Retained ratio	79.4%	82.7%	(3.3pts)
Earned premiums ratio	69.2%	67.1%	2.1pts
Loss ratio	56.6%	68.4%	(11.8pts)
Expense ratio	51.2%	54.6%	(3.4pts)
Combined ratio	107.8%	123.0%	(15.2pts)

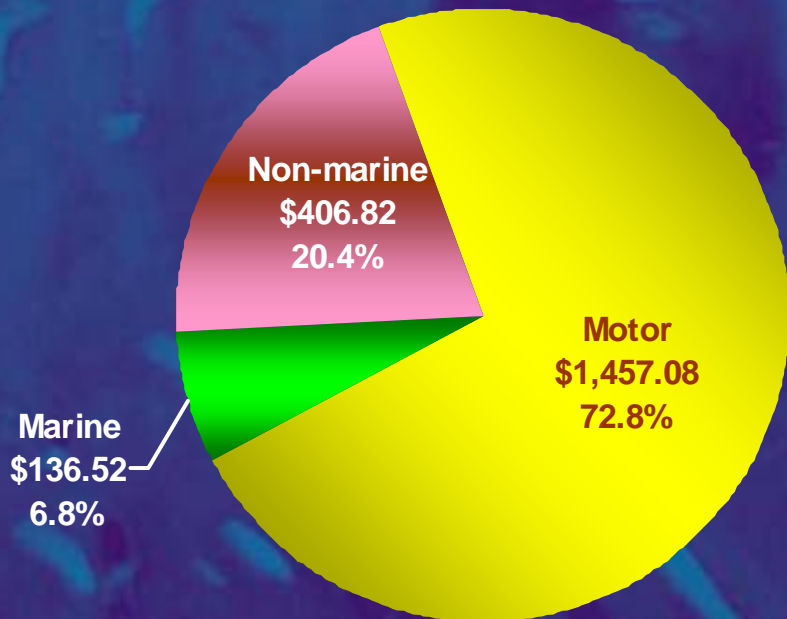
P&C Insurance – Gross Premiums Written

By Product Lines

HK\$ million

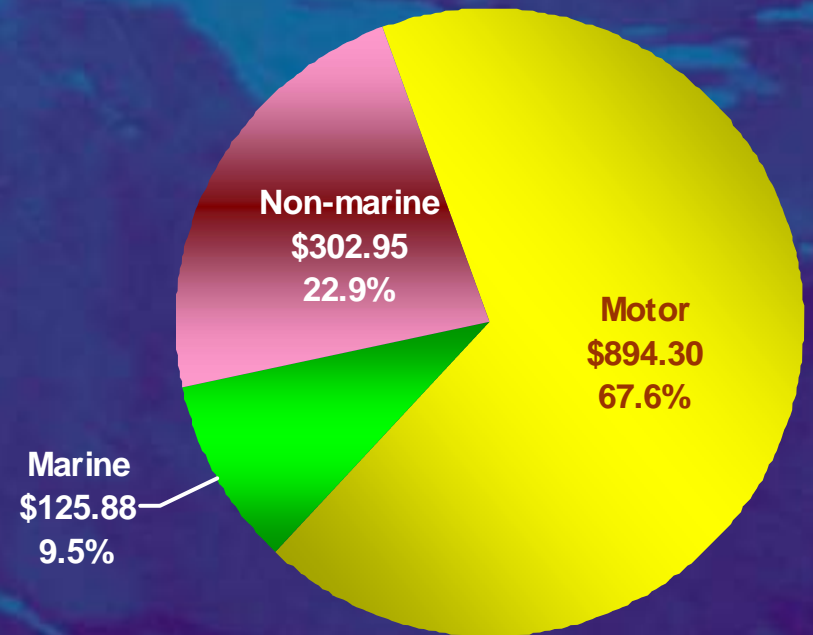
2006

Total: HK\$2,000.42 million

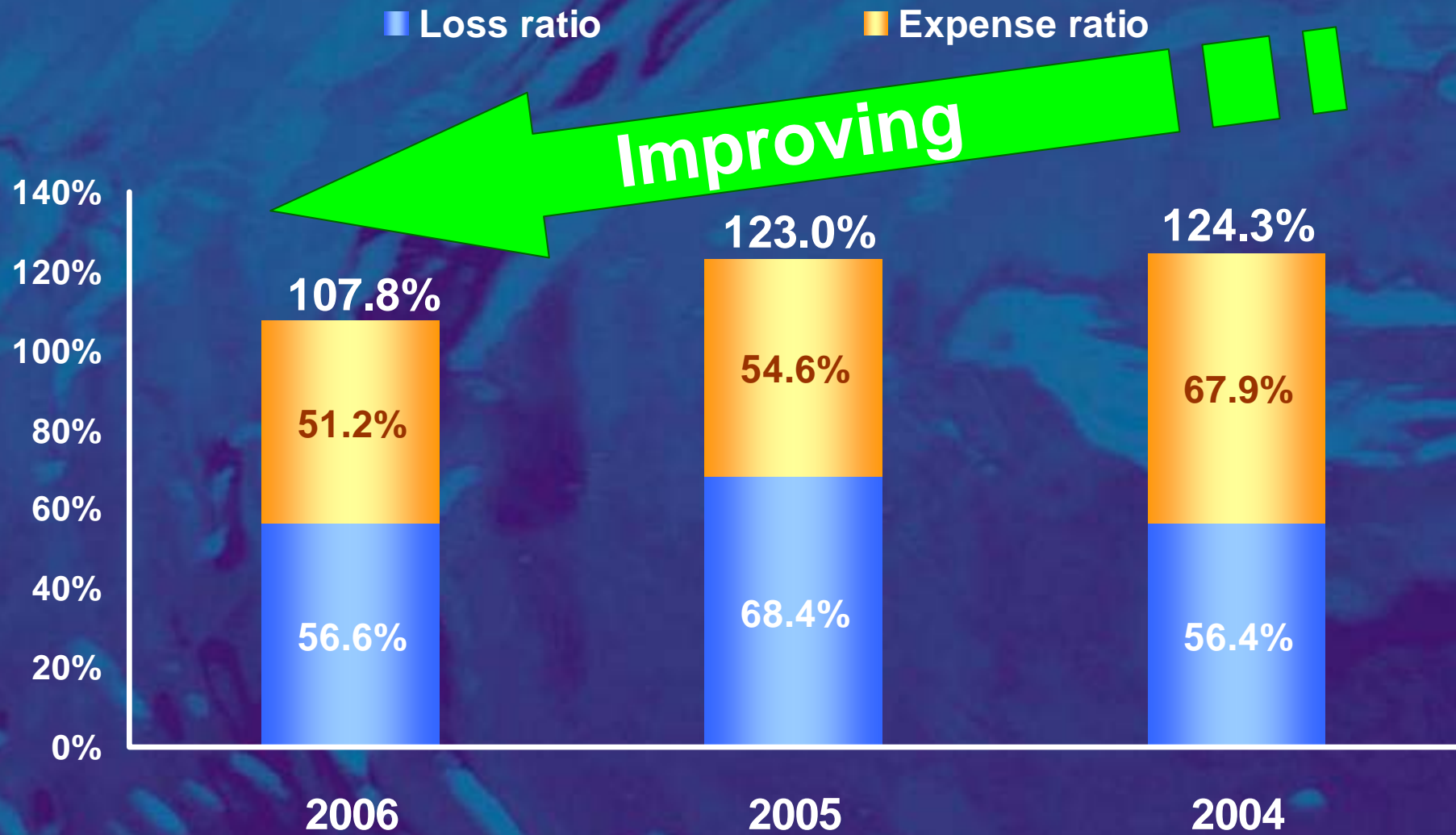


2005

Total: HK\$1,323.13 million



P&C Insurance – Combined Ratios



Corporate and Other Businesses Review

Asset Management and Insurance Intermediary Business

HK\$ million

Hong Kong Asset Management Business

	2006	2005	Change
Asset management fee income	8.12	4.38	85.4%
Total investment income	21.24	19.08	11.3%
Profit attributable to the equity holders	2.37	6.72	(64.7%)

Insurance Intermediary Business

	2006	2005	Change
Insurance intermediary income	14.34	10.97	30.7%
Profit attributable to the equity holders	13.17	5.65	133.1%

Outlook

Outlook

Reinsurance

- ✦ The global reinsurance markets have been stable during the January 2007 renewal season
- ✦ CIRe is continuing to expand into the Mainland China insurance markets through two representative offices in Beijing and Shanghai
- ✦ CIRe expects to produce solid results in 2007 in the absence of any unexpected market events

Life Insurance

- ✦ In 2007, TPL will add seven new branches in major provincial cities, as well as further expand its sub-branches network to include areas with strong insurance potential
- ✦ TPL will continue to emphasize the critical importance of increasing the actuarial profit value of its products by selling more regular premium products through its individual agency and bancassurance channels
- ✦ Because of further investments in expanding the branch network and individual agency force in 2007 and because of the exceptionally strong investment return in 2006, the profitability of TPL in 2007 may not reach the levels achieved in 2006

Outlook

Property and Casualty

- ★ TPI will continue to focus on building up TPI's presence in Mainland China's property and casualty insurance industry on a profitable basis
- ★ TPI will continue to expand its premium income in 2007 in order to obtain the necessary scale for optimizing its expense ratio
- ★ TPI plans to establish three to four new provincial branches in the year to come
- ★ With market conditions and competition in the PRC property and casualty insurance industry gradually improving, TPI is expected to move into a new phase of development in which it consistently produces reasonable returns to the Group

Outlook

Investments

- ★ In 2006, global financial and investment markets produced significantly-above-average returns, particularly in the equity markets of the PRC and Hong Kong
- ★ It may be unlikely that the significantly-above-average investment returns in 2006 will be sustainable annually into the future
- ★ CIH's focus on developing strong investment operations to produce sustainable, attractive and stable investment returns on a yearly basis will continue to be a priority in the years to come

Appendix

- I. Consolidated and Segmental Income Statement
- II. Consolidated and Segmental Balance Sheet
- III. Investment Performance of CIRe
- IV. Investment Performance of TPL

I. Consolidated Income Statement

Appendix I – Consolidated and Segmental Income Statement

Consolidated income statement

for the year ended 31 December 2006

(Expressed in Hong Kong dollars)

	2006 \$'000	2005 \$'000
Revenue		
Gross premiums written and policy fees	12,373,454	8,611,673
Less: Premiums ceded to reinsurers	(222,920)	(267,726)
Net premiums written and policy fees	12,150,534	8,343,947
Change in unearned premium provisions, net of reinsurance	(216,961)	(125,913)
Net earned premiums and policy fees	11,933,573	8,218,034
Net investment income	1,189,711	722,283
Net realised investment gains	559,510	71,211
Net unrealised investment gains	634,873	21,079
Net exchange gain/(loss)	22,836	(94,892)
Other income	39,781	15,056
Total revenue	14,380,284	8,952,771
Benefits, losses and expenses		
Policyholders' benefits	(2,365,092)	(1,422,941)
Net commission expenses	(1,194,817)	(809,157)
Administrative and other expenses	(1,466,531)	(1,179,857)
Change in life insurance funds, net of reinsurance	(8,229,133)	(5,785,225)
Goodwill impairment	-	(250,000)
Total benefits, losses and expenses	(13,255,573)	(9,447,180)
Profit/(loss) from operations	1,124,711	(494,409)
Share of profits/(losses) of associates	4,070	(48,728)
Finance costs	(144,184)	(88,299)
Profit/(loss) before taxation	984,597	(631,436)
Income tax (charge)/credit	(326,256)	36,083
Profit/(loss) after taxation	658,341	(595,353)
Attributable to:		
Equity holders of the Company	510,765	(433,763)
Minority interests	147,576	(161,590)
	658,341	(595,353)
	<i>cents</i>	<i>cents</i>
Earnings/(loss) per share attributable to the equity holders of the Company		
Basic	38.1	(32.5)
Diluted	37.7	(32.4)

Appendix I – Consolidated and Segmental Income Statement *(Continued)*

Segmental income statement for 2006

	2006			Total \$'000
	Reinsurance \$'000	Life insurance \$'000	Corporate and other businesses \$'000	
Revenue				
Gross premiums written	1,541,568	10,823,201	-	12,364,769
Policy fees	-	8,685	-	8,685
	1,541,568	10,831,886	-	12,373,454
Less: Premiums ceded to reinsurers	(164,565)	(58,355)	-	(222,920)
Net premiums written and policy fees	1,377,003	10,773,531	-	12,150,534
Change in unearned premium provisions, net of reinsurance	(136,910)	(80,051)	-	(216,961)
Net earned premiums and policy fees	1,240,093	10,693,480	-	11,933,573
Net investment income <i>(note (i))</i>	160,608	987,901	41,202	1,189,711
Net realised investment gains <i>(note (ii))</i>	133,572	371,170	54,768	559,510
Net unrealised investment gains <i>(note (iii))</i>	9,254	611,685	13,934	634,873
Net exchange gain/(loss)	66,971	(42,036)	(2,099)	22,836
Other income	5,614	19,264	68,977	93,855
Inter-segment transactions	-	(12,219)	(41,855)	(54,074)
	1,616,112	12,629,245	134,927	14,380,284
Benefits, losses and expenses				
Policyholders' benefits	(820,867)	(1,544,225)	-	(2,365,092)
Net commission expenses	(326,213)	(868,604)	-	(1,194,817)
Administrative and other expenses	(87,992)	(1,321,052)	(111,561)	(1,520,605)
Change in life insurance funds, net of reinsurance	-	(8,229,133)	-	(8,229,133)
Inter-segment transactions	30,521	11,334	12,219	54,074
	(1,204,551)	(11,951,680)	(99,342)	(13,255,573)
Profit from operations	411,561	677,565	35,585	1,124,711
Share of (losses)/profits of associates	-	(362)	4,432	4,070
Finance costs	-	(65,081)	(79,103)	(144,184)
Profit/(loss) before taxation	411,561	612,122	(39,086)	984,597
Income tax charge	(15,905)	(298,836)	(11,515)	(326,256)
Profit/(loss) after taxation	395,656	313,286	(50,601)	658,341
Minority interests	-	(156,685)	9,109	(147,576)
Profit/(loss) attributable to equity holders	395,656	156,601	(41,492)	510,765

Appendix I – Consolidated and Segmental Income Statement *(Continued)*

Segmental income statement for 2006 *(Continued)*

	2006			
	Reinsurance \$'000	Life insurance \$'000	Corporate and other businesses \$'000	Total \$'000
Note (i) Net investment income				
Interest income from debt securities				
- Held-to-maturity	64,422	-	380	64,802
- Available-for-sale	15,085	691,267	-	706,352
- Designated at fair value through profit or loss	14,210	2,564	15,911	32,685
Dividend income from direct equity securities				
- Available-for-sale	5,300	-	1,959	7,259
- Designated at fair value through profit or loss	2,300	12,881	1,297	16,478
Dividend income from equity investment funds				
- Available-for-sale	-	148,685	-	148,685
- Designated at fair value through profit or loss	-	41,444	-	41,444
Dividend income from composite investment funds				
- Designated at fair value through profit or loss	1,561	-	-	1,561
Bank deposits and other interest income	55,636	150,344	21,671	227,651
Rentals receivable from investment properties	2,094	-	-	2,094
Interest expenses on securities sold under repurchases agreements	-	(59,284)	(16)	(59,300)
	160,608	987,901	41,202	1,189,711
Note (ii) Net realised investment gains				
Debt securities				
- Available-for-sale	-	1,233	-	1,233
- Designated at fair value through profit or loss	(1,693)	2,769	5,080	6,156
Direct equity securities				
- Available-for-sale	125,885	-	20,284	146,169
- Designated at fair value through profit or loss	7,918	171,456	15,452	194,826
Equity investment funds				
- Designated at fair value through profit or loss	-	195,712	13,952	209,664
Investment properties	1,462	-	-	1,462
	133,572	371,170	54,768	559,510

Appendix I – Consolidated and Segmental Income Statement *(Continued)*

Segmental income statement for 2006 *(Continued)*

	2006			Total \$'000
	Reinsurance \$'000	Life insurance \$'000	Corporate and other businesses \$'000	
Note (iii) Net unrealised investment gains				
Debt securities				
- Designated at fair value through profit or loss	(558)	(7,439)	1,687	(6,310)
Direct equity securities				
- Designated at fair value through profit or loss	7,066	196,404	1,197	204,667
Equity investment funds				
- Designated at fair value through profit or loss	-	422,720	11,050	433,770
Composite investment funds				
- Designated at fair value through profit or loss	393	-	-	393
Derivative financial instruments	(1,244)	-	-	(1,244)
Surplus on revaluation of investment properties	3,597	-	-	3,597
	9,254	611,685	13,934	634,873

Appendix I – Consolidated and Segmental Income Statement (Continued)

Segmental income statement for 2005

	2005			Total \$'000
	Reinsurance \$'000	Life insurance \$'000	Corporate and other businesses \$'000	
Revenue				
Gross premiums written	1,256,403	7,351,092	-	8,607,495
Policy fees	-	4,178	-	4,178
	1,256,403	7,355,270	-	8,611,673
Less: Premiums ceded to reinsurers	(218,557)	(49,169)	-	(267,726)
Net premiums written and policy fees	1,037,846	7,306,101	-	8,343,947
Change in unearned premium provisions, net of reinsurance	(26,029)	(99,884)	-	(125,913)
Net earned premiums and policy fees	1,011,817	7,206,217	-	8,218,034
Net investment income (<i>note (i)</i>)	131,244	556,233	34,806	722,283
Net realised investment gains/(losses) (<i>note (ii)</i>)	47,763	(4,914)	28,362	71,211
Net unrealised investment gains (<i>note (iii)</i>)	12,673	6,377	2,029	21,079
Net exchange (loss)/gain	(65,930)	(30,147)	1,185	(94,892)
Other income/(loss)	469	(1,862)	31,382	29,989
Inter-segment transactions	(300)	-	(14,633)	(14,933)
	1,137,736	7,731,904	83,131	8,952,771
Benefits, losses and expenses				
Policyholders' benefits	(750,623)	(672,318)	-	(1,422,941)
Net commission expenses	(235,554)	(573,603)	-	(809,157)
Administrative and other expenses	(47,729)	(1,091,112)	(55,949)	(1,194,790)
Change in life insurance funds, net of reinsurance	-	(5,785,225)	-	(5,785,225)
Goodwill impairment	-	-	(250,000)	(250,000)
Inter-segment transactions	11,453	-	3,480	14,933
	(1,022,453)	(8,122,258)	(302,469)	(9,447,180)
Profit/(loss) from operations	115,283	(390,354)	(219,338)	(494,409)
Share of losses of associates	-	(616)	(48,112)	(48,728)
Finance costs	-	(5,290)	(83,009)	(88,299)
Profit/(loss) before taxation	115,283	(396,260)	(350,459)	(631,436)
Income tax (charge)/credit	(41,674)	75,382	2,375	36,083
Profit/(loss) after taxation	73,609	(320,878)	(348,084)	(595,353)
Minority interests	-	161,590	-	161,590
Profit/(loss) attributable to equity holders	73,609	(159,288)	(348,084)	(433,763)

Appendix I – Consolidated and Segmental Income Statement *(Continued)*

Segmental income statement for 2005 *(Continued)*

	2005			
	Reinsurance	Life	Corporate	Total
	\$'000	insurance	and other	\$'000
		\$'000	businesses	
			\$'000	\$'000
Note (i) Net investment income				
Interest income from debt securities				
- Held-to-maturity	71,297	-	356	71,653
- Available-for-sale	10,022	439,696	-	449,718
- Designated at fair value through profit or loss	10,546	916	19,070	30,532
Dividend income from direct equity securities				
- Available-for-sale	2,447	-	-	2,447
- Designated at fair value through profit or loss	5,919	-	7,764	13,683
Dividend income from equity investment funds				
- Designated at fair value through profit or loss	-	78,792	-	78,792
Dividend income from composite investment funds				
- Designated at fair value through profit or loss	144	-	-	144
Bank deposits and other interest income	28,662	77,039	7,616	113,317
Rentals receivable from investment properties	2,207	-	-	2,207
Interest expenses on securities sold under repurchases agreements	-	(40,210)	-	(40,210)
	131,244	556,233	34,806	722,283
Note (ii) Net realised investment gains/(losses)				
Debt securities				
- Available-for-sale	3,442	9,972	-	13,414
- Designated at fair value through profit or loss	5,211	-	5,424	10,635
Direct equity securities				
- Available-for-sale	16,210	-	-	16,210
- Designated at fair value through profit or loss	20,475	1,069	22,591	44,135
Equity investment funds				
- Designated at fair value through profit or loss	-	(16,023)	-	(16,023)
Derivative financial instruments	2,425	68	347	2,840
	47,763	(4,914)	28,362	71,211

Appendix I – Consolidated and Segmental Income Statement *(Continued)*

Segmental income statement for 2005 *(Continued)*

	2005			
	Reinsurance	Life	Corporate	Total
	\$'000	insurance	and other	\$'000
		\$'000	businesses	
			\$'000	\$'000
Note (iii) Net unrealised investment gains				
Debt securities				
- Designated at fair value through profit or loss	(3,994)	20,538	(6,042)	10,502
Direct equity securities				
- Designated at fair value through profit or loss	6,455	(2,684)	8,071	11,842
Equity investment funds				
- Designated at fair value through profit or loss	-	(11,477)	-	(11,477)
Composite investment funds				
- Designated at fair value through profit or loss	627	-	-	627
Surplus on revaluation of investment properties	9,585	-	-	9,585
	12,673	6,377	2,029	21,079

II. Consolidated Balance Sheet

Appendix II – Consolidated and Segmental Balance Sheet

Consolidated balance sheet

as at 31 December 2006

(Expressed in Hong Kong dollars)

	2006 \$'000	2005 \$'000
Assets		
Statutory deposits	547,443	487,806
Fixed assets		
- Investment properties	106,077	105,480
- Other property, plant and equipment	1,034,690	554,027
	1,140,767	659,507
Goodwill	228,185	228,185
Interest in associates	350,678	315,298
Deferred tax assets	2,697	3,298
Investments in debt and equity securities	25,553,330	18,122,506
Amounts due from group companies	7,036	314
Insurance debtors	453,167	342,060
Reinsurers' share of insurance contract provisions	391,907	472,176
Other debtors	562,340	608,778
Tax recoverable	3,581	5,585
Pledged deposits at bank	93,676	97,980
Deposits at bank with original maturity more than three months	4,637,850	1,773,928
Cash and cash equivalents	6,081,010	4,216,360
	40,053,667	27,333,781
Liabilities		
Life insurance funds	24,406,372	15,453,533
Unearned premium provisions	852,968	591,267
Provision for outstanding claims	2,186,166	2,149,978
Investment contract liabilities	115,681	75,857
Deferred tax liabilities	666,555	80,554
Interest-bearing notes	2,844,819	2,789,471
Securities sold under repurchase agreements	2,490,366	1,923,499
Amounts due to group companies	413	-
Insurance creditors	240,030	380,171
Accrued charges and other creditors	601,130	421,507
Current taxation	56,141	37,470
Insurance protection fund	10,385	7,229
	34,471,026	23,910,536
Net assets	5,582,641	3,423,245

Appendix II – Consolidated and Segmental Balance Sheet *(Continued)*

Consolidated balance sheet *(Continued)*

as at 31 December 2006

(Expressed in Hong Kong dollars)

	2006 \$'000	2005 \$'000
Capital and reserves attributable to the Company's equity holders		
Share capital	70,313	66,824
Reserves	4,108,006	2,440,334
	4,178,319	2,507,158
Minority interests	1,404,322	916,087
Total equity	5,582,641	3,423,245

Appendix II – Consolidated and Segmental Balance Sheet (Continued)

Segmental balance sheet for 2006

	2006			Total \$'000
	Reinsurance \$'000	Life insurance \$'000	Corporate and other businesses \$'000	
Statutory deposits	-	497,675	49,768	547,443
Investment properties	106,077	-	-	106,077
Other property, plant and equipment	2,785	970,025	61,880	1,034,690
Debt securities (note (i))	1,383,586	18,257,752	186,717	19,828,055
Direct equity securities (note (ii))	710,972	1,956,041	492,080	3,159,093
Equity investment funds (note (iii))	-	2,485,383	40,589	2,525,972
Composite investment funds (note (iv))	40,210	-	-	40,210
Cash and bank deposits	1,603,704	8,000,884	1,207,948	10,812,536
Goodwill	-	154,909	73,276	228,185
Interest in associates	-	3,968	346,710	350,678
Reinsurers' share of insurance contract provisions	353,462	38,445	-	391,907
Other segment assets	486,701	520,343	21,777	1,028,821
Total assets	4,687,497	32,885,425	2,480,745	40,053,667
Life insurance funds	-	24,406,372	-	24,406,372
Unearned premium provisions	527,934	325,034	-	852,968
Provision for outstanding claims	2,133,272	52,894	-	2,186,166
Investment contract liabilities	-	115,681	-	115,681
Interest-bearing notes	-	1,493,025	1,351,794	2,844,819
Securities sold under repurchase agreements	-	2,490,366	-	2,490,366
Deferred tax liabilities	11,050	648,775	6,730	666,555
Other segment liabilities	128,056	713,791	66,252	908,099
Total liabilities	2,800,312	30,245,938	1,424,776	34,471,026
Minority interests	-	1,326,727	77,595	1,404,322
Net assets attributable to the equity holders of the Company	1,887,185	1,312,760	978,374	4,178,319

Appendix II – Consolidated and Segmental Balance Sheet *(Continued)*

Segmental balance sheet for 2006 *(Continued)*

	2006			
	Reinsurance	Life	Corporate	Total
	\$'000	insurance	and other	\$'000
		\$'000	businesses	
			\$'000	\$'000
Note (i) Debt securities				
- Held-to-maturity	834,083	-	9,386	843,469
- Available-for-sale	414,051	18,160,800	-	18,574,851
- Designated at fair value through profit or loss	135,452	96,952	177,331	409,735
	1,383,586	18,257,752	186,717	19,828,055
Note (ii) Direct equity securities				
- Available-for-sale	623,057	1,441,683	451,938	2,516,678
- Designated at fair value through profit or loss	87,915	514,358	40,142	642,415
	710,972	1,956,041	492,080	3,159,093
Note (iii) Equity investment funds				
- Available-for-sale	-	1,563,495	-	1,563,495
- Designated at fair value through profit or loss	-	921,888	40,589	962,477
	-	2,485,383	40,589	2,525,972
Note (iv) Composite investment funds				
- Available-for-sale	15,826	-	-	15,826
- Designated at fair value through profit or loss	24,384	-	-	24,384
	40,210	-	-	40,210

Appendix II – Consolidated and Segmental Balance Sheet (Continued)

Segmental balance sheet for 2005

	2005			Total \$'000
	Reinsurance \$'000	Life insurance \$'000	Corporate and other businesses \$'000	
Statutory deposits	-	439,756	48,050	487,806
Investment properties	105,480	-	-	105,480
Other property, plant and equipment	3,266	494,682	56,079	554,027
Debt securities (note (i))	1,473,640	14,841,992	403,891	16,719,523
Direct equity securities (note (ii))	325,721	183,486	140,291	649,498
Equity investment funds (note (iii))	-	745,105	-	745,105
Composite investment funds (note (iv))	8,380	-	-	8,380
Cash and bank deposits	1,191,774	4,523,827	372,667	6,088,268
Goodwill	-	154,909	73,276	228,185
Interest in associates	-	4,188	311,110	315,298
Reinsurers' share of insurance contract provisions	444,751	27,425	-	472,176
Other segment assets	437,524	490,267	32,244	960,035
Total assets	3,990,536	21,905,637	1,437,608	27,333,781
Life insurance funds	-	15,453,533	-	15,453,533
Unearned premium provisions	369,327	221,940	-	591,267
Provision for outstanding claims	2,106,450	43,528	-	2,149,978
Investment contract liabilities	-	75,857	-	75,857
Interest-bearing notes	-	1,441,500	1,347,971	2,789,471
Securities sold under repurchase agreements	-	1,923,499	-	1,923,499
Deferred tax liabilities	405	80,049	100	80,554
Other segment liabilities	125,921	699,111	21,345	846,377
Total liabilities	2,602,103	19,939,017	1,369,416	23,910,536
Minority interests	-	916,087	-	916,087
Net assets attributable to equity holders of the Company	1,388,433	1,050,533	68,192	2,507,158

Appendix II – Consolidated and Segmental Balance Sheet *(Continued)*

Segmental balance sheet for 2005 *(Continued)*

	2005			Total \$'000
	Reinsurance \$'000	Life insurance \$'000	Corporate and other businesses \$'000	
Note (i) Debt securities				
- Held-to-maturity	1,036,564	-	9,473	1,046,037
- Available-for-sale	261,605	14,607,805	-	14,869,410
- Designated at fair value through profit or loss	175,471	234,187	394,418	804,076
	1,473,640	14,841,992	403,891	16,719,523
Note (ii) Direct equity securities				
- Available-for-sale	211,268	-	-	211,268
- Designated at fair value through profit or loss	114,453	183,486	140,291	438,230
	325,721	183,486	140,291	649,498
Note (iii) Equity investment funds				
- Designated at fair value through profit or loss	-	745,105	-	745,105
	-	745,105	-	745,105
Note (iv) Composite investment funds				
- Designated at fair value through profit or loss	8,380	-	-	8,380
	8,380	-	-	8,380

III. Investment Performance of CIRe

Appendix III – Investment Performance of CIRE

The composition of investments held by CIRE was as follows:

At 31 December, HK\$ million

	2006	% of Total	2005	% of Total
Debt securities	1,383.59	36.0%	1,473.64	47.5%
Direct equity securities	710.97	18.5%	325.72	10.5%
Composite investment funds	40.21	1.0%	8.38	0.3%
Cash and bank deposits	1,603.70	41.7%	1,191.77	38.3%
Investment properties	106.08	2.8%	105.48	3.4%
Total invested assets	3,844.55	100.0%	3,104.99	100.0%

The classification of CIRE's investments in securities under HTM, AFS and DTPL are as follows:

At 31 December 2006, HK\$ million

	HTM	AFS	DTPL	Total
Debt securities	834.08	414.05	135.46	1,383.59
Direct equity securities	-	623.06	87.91	710.97
Composite investment funds	-	15.83	24.38	40.21
	834.08	1,052.94	247.75	2,134.77

At 31 December 2005, HK\$ million

	HTM	AFS	DTPL	Total
Debt securities	1,036.56	261.61	175.47	1,473.64
Direct equity securities	-	211.27	114.45	325.72
Composite investment funds	-	-	8.38	8.38
	1,036.56	472.88	298.30	1,807.74

The total investment income and the investment yield of CIRE on a pre-tax basis recognised in the income statement are summarised as follows:

For the year ended 31 December, HK\$ million

	2006	2005	Change
Net investment income	160.61	131.25	22.4%
Net realised investment gains	133.57	47.76	179.7%
Net unrealised investment gains	9.25	12.67	(27.0%)
Total investment income	303.43	191.68	58.3%
Total investment yield	9.1%	5.9%	3.2pts

Appendix III – Investment Performance of CIRE (Continued)

The details of investment income on a pre-tax basis are as follows:

For the year ended 31 December 2006, HK\$ million

	Recognised in the income statement						Unrealised gains/ (losses) recognised in the fair value reserve	Grand Total
	Interest income	Dividend income	Rental income	Realised gains/ (losses)	Unrealised gains/ (losses)	Sub total		
Debt securities								
HTM	64.42	-	-	-	-	64.42	-	64.42
AFS	15.09	-	-	-	-	15.09	(0.14)	14.95
DTPL	14.21	-	-	(1.69)	(0.56)	11.96	-	11.96
Direct equity securities								
AFS	-	5.30	-	125.88	-	131.18	162.13	293.31
DTPL	-	2.30	-	7.92	7.06	17.28	-	17.28
Equity investment funds								
AFS	-	-	-	-	-	-	(0.23)	(0.23)
DTPL	-	1.56	-	-	-	1.56	-	1.56
Composite investment funds								
DTPL	-	-	-	-	0.39	0.39	-	0.39
Cash and bank deposits	53.39	-	-	-	-	53.39	-	53.39
Investment properties	-	-	2.09	1.46	3.60	7.15	-	7.15
Other	2.25	-	-	-	(1.24)	1.01	-	1.01
	149.36	9.16	2.09	133.57	9.25	303.43	161.76	465.19

For the year ended 31 December 2005, HK\$ million

	Recognised in the income statement						Unrealised gains/ (losses) recognised in the fair value reserve	Grand Total
	Interest income	Dividend income	Rental income	Realised gains	Unrealised gains/ (losses)	Sub total		
Debt securities								
HTM	71.30	-	-	-	-	71.30	-	71.30
AFS	10.02	-	-	3.44	-	13.46	(0.73)	12.73
DTPL	10.55	-	-	5.21	(3.99)	11.77	-	11.77
Direct equity securities								
AFS	-	2.45	-	16.21	-	18.66	12.64	31.30
DTPL	-	5.92	-	20.48	6.44	32.84	-	32.84
Composite investment funds								
DTPL	-	0.14	-	-	0.63	0.77	-	0.77
Cash and bank deposits	28.66	-	-	-	-	28.66	-	28.66
Investment properties	-	-	2.21	-	9.59	11.80	-	11.80
Other	-	-	-	2.42	-	2.42	-	2.42
	120.53	8.51	2.21	47.76	12.67	191.68	11.91	203.59

IV. Investment Performance of TPL

Appendix IV – Investment Performance of TPL

The composition of investments held by TPL was as follows:

At 31 December, HK\$ million

	2006	% of Total	2005	% of Total
Debt securities	18,257.75	58.5%	14,841.99	71.6%
Direct equity securities	1,956.04	6.3%	183.49	0.9%
Equity investment funds	2,485.38	8.0%	745.11	3.6%
Cash and bank deposits	8,498.56	27.2%	4,963.58	23.9%
Total invested assets	31,197.73	100.0%	20,734.17	100.0%

The classification of investments in securities under HTM, AFS and DTPL are as follows:

At 31 December 2006, HK\$ million

	AFS	DTPL	Total
Debt securities	18,160.80	96.95	18,257.75
Direct equity securities	1,441.68	514.36	1,956.04
Equity investment funds	1,563.49	921.89	2,485.38
	21,165.97	1,533.20	22,699.17

At 31 December 2005, HK\$ million

	AFS	DTPL	Total
Debt securities	14,607.81	234.18	14,841.99
Direct equity securities	-	183.49	183.49
Equity investment funds	-	745.11	745.11
	14,607.81	1,162.78	15,770.59

The total investment income and the investment yield of TPL on a pre-tax basis recognised in the income statement are summarised as follows:

For the year ended 31 December, HK\$ million

	2006	2005	Change
Net investment income	987.90	556.23	77.6%
Net realised investment gains/(losses)	371.17	(4.91)	nm
Net unrealised investment gains	611.69	6.38	95.9 Times
Total investment income	1,970.76	557.70	253.4%
Total investment yield	8.7%	4.3%	4.4pts

Appendix IV – Investment Performance of TPL (Continued)

The details of investment income on a pre-tax basis are summarised as follows:

For the year ended 31 December 2006, HK\$ million

	Recognised in the income statement					Unrealised gains/ (losses) recognised in the fair value reserve	Grand Total
	Interest income/ (expense)	Dividend income	Realised gains	Unrealised gains/ (losses)	Sub total		
Debt securities							
AFS	691.27	-	1.23	-	692.50	(322.25)	370.25
DTPL	2.56	-	2.77	(7.43)	(2.10)	-	(2.10)
Direct equity securities							
AFS	-	-	-	-	-	682.58	682.58
DTPL	-	12.88	171.46	196.40	380.74	-	380.74
Equity investment funds							
AFS	-	148.69	-	-	148.69	431.92	580.61
DTPL	-	41.44	195.71	422.72	659.87	-	659.87
Cash and bank deposits	150.34	-	-	-	150.34	-	150.34
Securities sold under repurchase agreements	(59.28)	-	-	-	(59.28)	-	(59.28)
	784.89	203.01	371.17	611.69	1,970.76	792.25	2,763.01

For the year ended 31 December 2005, HK\$ million

	Recognised in the income statement					Unrealised gains/ (losses) recognised in the fair value reserve	Grand Total
	Interest income/ (expense)	Dividend income	Realised gains/ (losses)	Unrealised gains/ (losses)	Sub total		
Debt securities							
AFS	439.70	-	9.97	-	449.67	967.61	1,417.28
DTPL	0.91	-	-	20.54	21.45	-	21.45
Direct equity securities							
DTPL	-	-	1.07	(2.68)	(1.61)	-	(1.61)
Equity investment funds							
DTPL	-	78.79	(16.02)	(11.48)	51.29	-	51.29
Cash and bank deposits	77.04	-	-	-	77.04	-	77.04
Securities sold under repurchase agreements	(40.21)	-	-	-	(40.21)	-	(40.21)
Other	-	-	0.07	-	0.07	-	0.07
	477.44	78.79	(4.91)	6.38	557.70	967.61	1,525.31

Announcement – Change in Board Lot

- ★ The board lot size of CIH shares for trading on the Stock Exchange will be changed from 2,000 Shares to 1,000 Shares with effect from Monday, 23 April 2007
- ★ The reduced board lot size may facilitate the trading and improve the liquidity of the shares and enable CIH to attract more investors and broaden its shareholder base
- ★ The change in board lot size will not affect any of the existing shareholders' rights