

Statements on Capital Injection into The Tai Ping Insurance Co. Ltd.

As you might be aware that CIIH has just made a public announcement related to the capital injection into Tai Ping Insurance (TPI). On 26th November 2004, CIIH entered into the conditional Capital Injection Agreement with China Insurance Holdings (CIHC--CIIH's parent-co), Industrial and Commercial Bank of China (Asia) Limited (ICBC) and TPI pursuant to which CIHC and CIIH will contribute, in cash, RMB250 million and RMB250 million respectively to the registered capital of TPI. ICBC (Asia) has renounced all its rights to participate in the Capital Injection. Upon completion of the Capital Injection, each of CIHC, CIIH and ICBC (Asia) will directly be interested in 47.52%, 40.025% and 12.45% respectively of the equity interest in TPI.

ICBC (Asia) has indicated that it would consider participating in the capital injection of TPI contemplated under the Capital Injection Agreement. However, given that ICBC (Asia) has to comply with certain internal vetting and control procedures in making any capital commitment, in order not to delay the capital injection process of TPI, ICBC (Asia) has renounced its right to participate in the capital injection as currently contemplated under the Capital Injection Agreement.

ICBC (Asia) has also indicated to CIIH and TPI that it would maintain its commitment to TPI in its business development.

Subsequently, CIIH, CIHC and ICBC (Asia) entered into the conditional Option Deed pursuant to which each of CIHC and CIIH has agreed to grant the right to ICBC (Asia), conditional upon completion of the Capital Injection, acquire from CIHC and CIIH 2.475% and 9.975% respectively of the equity interest in TPI within six months from the date of the Option Deed.

TPI has continued executing its plan to expand into the most wealthy and populous provinces of the PRC. As of the end of 2003, TPI had 12 branch offices. In 2004, TPI has set up branch offices in Hunan, Qingdao and Chongqing. In addition to these new branches, TPI plans to establish another four branches within next 12 months.

In its core general insurance business, TPI has continued to refine its product offerings with an emphasis on lowering costs and increasing profitability. For 9 months ended 30 September 2004, TPI's premium reached RMB690.29 million. The unaudited figures for the first nine months of 2004, in accordance with PRC GAAP and without considering the change of the calculation of Unearned Premium reserve from 1/2 basis to 1/365 basis with effect from 2004, shows that TPI's loss ratio on earned premium is 56.2% and the combined ratio on earned premium reduced to 119.6%. The claims ratio for motor vehicle insurance also improved, as the net claims to premium earned ratio fell to 63%.

For the more detailed information about the capital injection into TPI, please visit our web-site at www.ciih.com. Again, I will be pleased to answer your questions regarding the transaction and any other issues related to CIIH.

29th November, 2004