EMPLOYEES’ SHARE AWARD SCHEME

The Board has adopted the Scheme in which all employees (including without limitation employees who are also directors) of the Group will be eligible participants. Pursuant to the Scheme, existing Shares will be purchased by the Trustee from the market out of cash contributed by the members of the CIIH Group and be held in trust for the relevant Selected Employees until such Shares are vested with the relevant Selected Employees in accordance with the provisions of the Scheme.

THE SCHEME

The Board adopted the Scheme on the Adoption Date. A summary of the principal terms of the Scheme is set out below:

Purpose

The purpose of the Scheme is to recognize and reward certain Employees for their contributions to the CIIH Group and to give long-term incentives for retaining them for the continued operations and development of the CIIH Group. The Scheme intends to provide long-term compensation and incentives such that current Employees are incentivized to remain in the Group, and suitable professional recruits are attracted to join the Group, to further assist in the development of the CIIH Group.

Duration and Administration

Unless terminated earlier by the Board, the Scheme shall be valid and effective for a term of 10 years commencing from the Adoption Date, after such period no new award shall be granted but in all other respects, the provisions of the Scheme shall remain in full force and effect to the extent necessary to give effect to the award made prior thereto or otherwise as may be required in accordance with the provisions of the Scheme.

The Scheme shall be subject to the administration on the Board whose decision as to all matters arising in relation to the Scheme or its interpretation or effect shall be final, conclusive and binding on all parties.
Operation of the Scheme

Pursuant to the terms of the Scheme, the Board or a committee (which consists of at least the Chief Executive Officer and a director of the Company) delegated with the powers of the Board, may from time to time, at its absolute discretion and subject to such terms and conditions as it may think fit (including the basis of eligibility of each Employee determined by the Board from time to time), after having taken into account recommendations made by member of the CIIH Group and assessment of individual performance pursuant to internal appraisal system, select an Employee (excluding any Excluded Employee) for participation in the Scheme as a Selected Employee and determine the number of Shares to be awarded. However, until so selected, no Employee shall be entitled to participate in the Scheme. The number of Shares awarded will be proportionally adjusted for any subdivision, consolidation, reclassification or reconstruction of the share capital of the Company from time to time.

However, where any award of Shares is proposed to be made to any Selected Employee who is a director of the Company or where the Board proposes to waive any conditions, restrictions or limitations imposed on any award of Shares made to any Selected Employee who is a director of the Company, such award of Shares or waiver (as the case may be) must first be approved by the Remuneration Committee. As at the date of this announcement, the Remuneration Committee comprises Mr. FENG Xiaozeng, Mr. NG Yu Lam Kenneth, Dr. WU Jiesi, Mr. CHE Shujian and Mr. LAU Wai Kit. Where a Selected Employee or his associate is a member of the Remuneration Committee, such person shall abstain from voting on any approval by the Remuneration Committee of an award of Shares to such Selected Employee, if applicable. Likewise, where a Selected Employee or his associate is a member of the committee delegated with the powers of the Board as aforementioned, such person shall abstain from voting on any approval by such committee of an award of Shares to such Selected Employee.

The Board shall cause to be paid to the Trustee the Reference Amount. The Trustee shall, within 20 trading days of the Stock Exchange on which the trading of the Shares has not been suspended (or such other period as the Trustee and the Company may agree from time to time having regard to the circumstances of the purchase concerned) after receipt of the Reference Amount from the Company, apply the same towards the purchase of the maximum number of board lots of existing Shares in the market at the prevailing market price. Any excess Reference Amount provided shall be returned by the Trustee, with written notification to the Company, to the relevant member of the CIIH Group contributing to such Reference Amount forthwith after completion of the purchase. The Shares so purchased shall form part of the trust fund of the Trust. Notwithstanding the above, the Trustee shall not purchase any Share if it is in possession of any unpublished price sensitive information in relation to the Company and shall, with written notification to the Company, return the Relevance Amount to the relevant member of the CIIH Group contributing to such Reference Amount forthwith.

Vesting and Lapse

A Selected Employee shall become qualified to receive the awarded Shares held by the Trustee upon the Trust and which are referable to him after all the qualifying conditions set out in the Award Notice having been fulfilled. The Company shall give such Qualified Selected Employee a Notice of
Qualification informing him of his fulfilment of the qualifying conditions and his entitlement to request for the awarded Shares held by the Trustee upon the Trust and which are referable to him be vested in him. Such Qualified Selected Employee shall, within such period as specified in the Notice of Qualification, give the Company a Vesting Notice. Subject to the receipt by the Trustee of a confirmation from the Company that all qualifying conditions having been fulfilled and a Vesting Notice having been received from the relevant Qualified Selected Employee, the Trustee shall effect transfer to the relevant Qualified Selected Employee of the relevant awarded Shares and such other Shares he is entitled to receive pursuant to the Scheme. The relevant Qualified Selected Employee is only vested with the relevant awarded Shares and such other Shares he is entitled to receive pursuant to the Scheme when all procedures of the transfer has been completed and the name of the relevant Qualified Selected Employee is entered into the register of members of the Company.

An award of Shares shall automatically lapse when (i) a Selected Employee ceases to be an Employee before he becomes qualified to receive the awarded Shares pursuant to Scheme; or (ii) a Qualified Selected Employee ceases to be an Employee after the Date of Qualification but before the awarded Shares are vested in him pursuant to the Scheme (other than: termination of employment resulted from his death or retirement at normal age or by mutual agreement between him and the relevant member of the Group employing him, in such cases the Award granted shall, remain valid and unaffected); or (iii) the company by which a Selected Employee or a Qualified Selected Employee is employed ceases to be a member of the Group, or (iv) a Qualified Selected Employee failed to give the Company a Vesting Notice within such period as specified in the Notice of Qualification pursuant to the Scheme; (v) an order for the winding-up of the Company is made or a resolution is passed for the voluntary winding-up of the Company (otherwise than for the purpose of an amalgamation, reconstruction or scheme of arrangement); or (vi) such other event as may be determined by the Board from time to time (each of these, an event of “Lapse”), an award of Shares shall automatically lapse forthwith and all the awarded Shares shall (a) become Returned Shares for the purposes of the Scheme if the Lapse occurs prior to the 10th anniversary of the Adoption Date; or (b) be sold by the Trustee and net proceeds of sale of the Shares shall be remitted to the relevant member of the CIIH Group employing and/or nominating the relevant Selected Employees or Qualified Selected Employees of whom the relevant Shares are referable to if the Lapse occurs subsequent to the 10th anniversary of the Adoption Date.

In the event a Selected Employee or a Qualified Selected Employee is found to be an Excluded Employee (an event of “Partial Lapse”), the relevant part of an award of Shares made to the relevant Selected Employee or a Qualified Selected Employee shall automatically lapse forthwith and the relevant awarded Shares shall (i) become Returned Shares for the purposes of the Scheme if the Partial Lapse occurs prior to the 10th anniversary of the Adoption Date; or (ii) be sold by the Trustee and net proceeds of sale of the Shares shall be remitted to the relevant member of the CIIH Group employing and/or nominating the relevant Selected Employees or Qualified Selected Employees of whom the relevant Shares are referable to if the Partial Lapse occurs subsequent to the 10th anniversary of the Adoption Date.
The Trustee shall prior to obtaining instructions of the Board, hold the Returned Shares exclusively for the benefit of all or one or more of the Employees (excluding any Excluded Employee), and (i) award the Returned Shares to a specified Selected Employee or Selected Employees as directed by the Board and such Returned Shares shall be deemed from the time of such award to be held by the Trustee as Shares to be awarded for such Selected Employee(s) and no longer constitute Returned Shares; or (ii) sell such Returned Shares, as the Board may direct and remit the net proceeds therefrom to the relevant member of the CIIH Group employing and/or nominating the Selected Employee of whom the relevant Shares was originally referable to.

The cash income (including interests and dividends) and the sale proceeds of the non-cash or non-scrip distribution declared in respect of a Share held upon the Trust shall be remitted to the relevant member of the CIIH Group employing and/or nominating the Selected Employee of whom the relevant Shares are referable to.

**Scheme Limit**

The Board shall not grant any award of Shares which would result in the total number of Shares which are the subject of the awards granted by the Board under the Scheme (but not counting any which have lapsed or have been forfeited) representing in aggregate over 10 per cent. of the issued share capital of the Company as at the date of such grant.

No award of Shares shall be granted to any Selected Employee which would result in the maximum number of awarded Shares which are the subject of the awards of Shares granted to such Selected Employee (including any which have lapsed or have been forfeited) under the Scheme in the 12-month period up to and including the date of such grant representing in aggregate over one per cent. of the issued share capital of the Company as at the date of such grant.

**Restrictions**

No award of Shares shall be made to any Selected Employees:

(a) after a price sensitive event in relation to the securities of the Company has occurred or a price sensitive matter in relation to the securities of the Company has been the subject of a decision, until such price sensitive information has been published in accordance with the Listing Rules;

(b) within the period commencing one month immediately preceding the earlier of (i) the date of a meeting of the Board (as such date is first notified to the Stock Exchange in accordance with the Listing Rules) for the approval of the Company’s results for any year, half-year, quarterly or other interim period (whether or not required under the Listing Rules); and (ii) the deadline for the Company to publish an announcement of its results for any such period and ending on the date of such announcement; or

(c) in any other circumstances which are prohibited under the Listing Rules.
No new instructions to acquire Shares shall be given to the Trustee under the Scheme where any director of the Company is in possession of unpublished price sensitive information in relation to the Company or where dealings by directors of the Company are prohibited under any code or requirement of the Listing Rules and all applicable laws from time to time.

It should be noted that the Board shall observe the applicable provisions of the Model Code for Securities Transactions by Directors of Listed Issuers under the Listing Rules in respect of acquisition of Shares pursuant to the Scheme.

**Voting Rights**

The Trustee shall not exercise the voting rights in respect of any Shares held under the Trust.

**Alteration of the Scheme**

The Scheme may be altered in any respect by a resolution of the Board provided that no such alteration shall operate to affect adversely in any material respect any subsisting rights of any Selected Employee under the Scheme except with the prior written consent of the relevant Selected Employee. Written notice of any amendment to the Scheme shall be given to all Selected Employees with subsisting awards.

**Termination**

The Scheme shall terminate on the earliest of (a) the date when an order for the winding up of the Company is made or a resolution is passed for the voluntary winding-up of the Company (otherwise than for the purposes of an amalgamation, reconstruction or scheme of arrangement); and (b) such date of early termination as determined by the Board.

Upon termination, (i) no further award of Shares shall be made; (ii) Returned Shares and such non-cash income remaining in the trust fund of the Trust shall be sold by the Trustee, within 20 trading days of the Stock Exchange (on which the trading of the Shares has not been suspended) or such longer time as the Trustee and the Board may agree from time to time; and (iii) residual cash, net proceeds of sale referred to above and such other funds remaining in the Trust (after making appropriate deductions in respect of all disposal costs, liabilities and expenses in accordance with the Trust Deed) shall be remitted to the Company forthwith after the sale for distribution to members of the CIIH Group as the Company may determine.

The Shares granted under the Scheme to the Company’s connected persons would constitute connected transactions under Chapter 14A of the Listing Rules. The Company will observe applicable provisions under the Listing Rules to ensure compliance with relevant announcement and/or shareholders’ approval requirement for connected transactions.
DEFINITIONS

“Adoption Date” 10 September 2007, being the date on which the Scheme was adopted by the board of directors of the Company;

“associate(s)” as such term is defined under the Listing Rules;

“associated companies” means those companies and/or enterprises which were defined and/or disclosed as the associates and/or associated companies of the subject company in the latest financial statements of the subject company;

“Award Notice” a written notice given by the Company to a Selected Employee informing him of the grant of award of Shares and requiring him to undertake to hold the award on the terms on which it is to be granted and to be bound by the rules of the Scheme;

“Board” the board of directors of the Company or such committee or sub-committee or person(s) delegated with the power and authority by the board of directors of the Company to administer the Scheme;

“CIIH Group” the Company, its subsidiaries and its associated companies;

“Company” China Insurance International Holdings Company Limited, a company incorporated in Hong Kong with limited liability, the shares of which are listed on the main board of the Stock Exchange;

“Control” has the meaning given to such term in The Codes on Takeovers and Mergers and Share Repurchases from time to time and in case a waiver is granted pursuant to the said Codes for the making of a general offer, it shall be deemed that no event of change in Control has occurred;

“Date of Qualification” date of the Notice of Qualification;

“Employee” any employee (including without limitation an employee who is also a director) of the Group;

“Excluded Employee” any Employee who is resident in a place where (a) the award of the awarded Shares, the award of the Returned Shares or the vesting and transfer of Shares pursuant to the terms of the Scheme is not permitted under the laws and regulations of such place or (b) in the view of the Board, the need to comply with applicable laws and regulations in such place makes it necessary or expedient to the exclude such Employee, in each case as determined by the Board in its absolute discretion;
“Group” the Company, its subsidiaries, its associated companies, its holding company and the subsidiaries of its holding company or any of them and the expression “member of the Group” shall be construed accordingly;

“holding company” has the meaning given to such term in the Listing Rules;

“Listing Rules” the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited;

“Notice of Qualification” a written notice given by the Company notifying a Qualified Selected Employee of his fulfilment of the qualifying conditions and his entitlement to request the awarded Shares held by the Trustee upon the Trust and which are referable to him be vested in him;

“Qualified Selected Employee(s)” Selected Employee(s) qualified to receive the awarded Shares which are referable to him pursuant to the Scheme;

“Reference Amount” such sum as determined by the Board for the purchase of the Shares to be awarded including related purchase expenses;

“Remuneration Committee” the remuneration committee of the Company;

“Returned Shares” such awarded Shares which are not vested in accordance with the terms of the Scheme (whether as a result of a lapse or a partial lapse of an award of Shares or otherwise), or was forfeited in accordance with the terms of the Scheme, or such Shares being deemed under the Scheme to be Returned Shares;

“Scheme” the CIIH Employees’ Share Award Scheme constituted by the rules of such scheme;

“Selected Employee(s)” Employee(s) selected by the Board for participation in the Scheme;

“Shares” shares of HK$0.05 each in the capital of the Company (or of such other nominal amount as shall result from a sub-division, consolidation, reclassification or reconstruction of the share capital of the Company from time to time);

“subsidiary(ies)” has the meaning given to such term in the Companies Ordinance (Chapter 32 of the Laws of Hong Kong);

“Trust” the trust constituted by the Trust Deed and known as the CIIH Employees’ Share Award Scheme Trust or such other name as the Board may determine from time to time;
“Trust Deed” the trust deed in relation to the Scheme made between the Company and the Trustee as trustee;

“Trustee” CIG Trustees Limited, a wholly-owned subsidiary of the Company’s holding company, namely China Insurance H.K. (Holdings) Company Limited; and

“Vesting Notice” a written notification given to the Company by a Qualified Selected Employee requesting for the relevant awarded Shares be vested in him.

By Order of the Board

NG Yu Lam Kenneth
Chief Executive Officer

Hong Kong, 10 September 2007

As at the date of this announcement, the Board comprises 11 directors, of which Mr. FENG Xiaozeng, Mr. LIN Fan, Mr. SONG Shuguang, Mr. XIE Yiqun, Mr. NG Yu Lam Kenneth, Mr. SHEN Koping Michael and Mr. LAU Siu Mun Sammy, are executive directors of the Company, Mr. ZHENG Changyong is a non-executive director of the Company and Dr. WU Jiesi, Mr. CHE Shujian and Mr. LAU Wai Kit are independent non-executive directors of the Company.