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(Stock Code: 966)

**PRIVATISATION CONNECTED TRANSACTION  
AND  
DISPATCH OF CIRCULAR**

**PRIVATISATION CONNECTED TRANSACTION**

As disclosed in the Announcement, subject to the satisfaction and/or waiver of the Pre-Conditions, on 22 May 2009, CIIH requested the board of MAH to put forward the Privatisation Proposal. In consideration for the cancellation of the Scheme Shares, Scheme Shareholders will be issued and allotted 1 new CIIH Share for every 10 Scheme Shares.

As at the date of this announcement, Mr. Song, a director of CIIH, and Mrs. Xie, the spouse of Mr. Xie who is a director of CIIH, are connected persons of CIIH for the purposes of the Listing Rules, and are interested in approximately 0.003% and 0.008% of the issued share capital of MAH respectively.

As at the date of this announcement, CKH, Mr. Wu, and the spouse and children of Mr. Cheng are interested in approximately 20.96%, 0.004% and 0.03% of the issued share capital of MAH respectively. Upon completion of the Stake Acquisition, MAH will become a subsidiary of CIIH. CKH, being a substantial shareholder of MAH, will become a connected person of CIIH upon completion of the Stake Acquisition. As Mr. Wu and Mr. Cheng are both directors of MAH, Mr. Wu and Mr. Cheng's associates will become connected persons of CIIH upon completion of the Stake Acquisition.

The allotment and issue of the new CIIH Shares under the Privatisation Proposal to each of Mr. Song, Mrs. Xie, CKH, Mr. Wu, Mr. Cheng and their respective associates as consideration will also constitute connected transactions for CIIH under the Listing Rules and will be subject to approval of the independent shareholders of CIIH at the CIIH EGM for the purposes of Chapter 14A of the Listing Rules.

## **DISPATCH OF CIRCULAR**

A circular containing, inter alia, details of the Stake Acquisition, the Privatisation Proposal, the Privatisation Connected Transaction, the views of the Independent Board Committee, a letter from First Shanghai to the Independent Board Committee and the Independent Shareholders on the Stake Acquisition and the Privatisation Connected Transaction, and a letter from First Shanghai to the Board on the Privatisation Proposal pursuant to Rule 2.4 of the Takeovers Code, together with a notice of the CIIH EGM, has been issued by CIIH and dispatched to the CIIH Shareholders on 19 June 2009.

Reference is made to the joint announcement of CIIH and MAH dated 22 May 2009 in respect of the Stake Acquisition and the Privatisation Proposal (the “**Announcement**”). Unless the context otherwise requires, capitalized terms used in this announcement shall have the same meanings as those defined in the Announcement.

## **PRIVATISATION CONNECTED TRANSACTION**

As disclosed in the Announcement, subject to the satisfaction and/or waiver of the Pre-Conditions, on 22 May 2009, CIIH requested the board of MAH to put forward the Privatisation Proposal. CIIH proposed that all Scheme Shares be cancelled and that the Scheme Shareholders receive from CIIH new CIIH Shares as consideration for the cancellation on the following basis:

**For every 10 Scheme Shares ..... 1 new CIIH Share**

In consideration for the cancellation of the Scheme Shares, Scheme Shareholders will be issued and allotted 1 new CIIH Share for every 10 Scheme Shares. The number of new CIIH Shares to be issued in consideration for the cancellation of the Scheme Shares has been determined by CIIH with reference to the shares to be issued pursuant to the sale and purchase agreement dated 22 May 2009 entered into among CIIH, CIHK and Manhold as disclosed in the Announcement.

There are no restrictions on the transfer of the new CIIH Shares. CIIH will make an application to the Stock Exchange for the listing of and permission to deal in the new CIIH Shares to be issued as consideration under the Privatisation Proposal.

## **Listing Rules Implications**

As at the date of this announcement, Mr. Song Shuguang (“**Mr. Song**”), a director of CIIH, and Mrs. Xie, the spouse of Mr. Xie Yiqun (“**Mr. Xie**”) who is a director of CIIH, are connected persons of CIIH for the purposes of the Listing Rules and are interested in 100,000 and 240,000 MAH Shares respectively, representing approximately 0.003% and 0.008% of the issued share capital of MAH respectively. As such, the allotment and issue of the new CIIH Shares by CIIH to Mr. Song and Mrs. Xie as consideration under the Privatisation Proposal will constitute connected transactions for CIIH for the purposes of the Listing Rules. The allotment and issue of new CIIH Shares by CIIH to the CIIH Directors and their associates and any other connected persons of CIIH as consideration under the Privatisation Proposal will also constitute connected transactions for CIIH under Chapter 14A of the Listing Rules. Mr. Song, Mrs. Xie and their associates will be required to abstain from voting at the CIIH EGM in respect of the resolution relating to the issue and allotment of the new CIIH Shares to each of the CIIH Directors and their associates holding shares in MAH as consideration under the Privatisation Proposal.

As at the date of this announcement, CKH, Mr. Wu Chi Hung (“**Mr. Wu**”), and the spouse and children of Mr. Cheng Kwok Ping (“**Mr. Cheng**”) are interested in 609,290,000, 130,000 and 930,000 MAH Shares respectively, representing approximately 20.96%, 0.004% and 0.03% of the issued share capital of MAH respectively. Upon completion of the Stake Acquisition, MAH will become a subsidiary of CIIH. CKH, being a substantial shareholder of MAH, will become a connected person of CIIH upon completion of the Stake Acquisition. As Mr. Wu and Mr. Cheng are both directors of MAH, Mr. Wu and Mr. Cheng’s associates will become connected persons of CIIH upon completion of the Stake Acquisition. The allotment and issue of the new CIIH Shares under the Privatisation Proposal to each of CKH, Mr. Wu, Mr. Cheng and their respective associates as consideration will also constitute connected transactions for CIIH under the Listing Rules and will be subject to approval of the independent shareholders of CIIH at the CIIH EGM under Chapter 14A of the Listing Rules. Each of CKH, Mr. Wu, the spouse and children of Mr. Cheng and their respective associates will be required to abstain from voting at the CIIH EGM in respect of the resolution relating to the issue and allotment of new CIIH Shares to each of CKH, Mr. Wu, Mr. Cheng and their respective associates as consideration under the Privatisation Proposal.

### **Reasons for and Benefits of the Privatisation Connected Transaction**

The issue and allotment of the new CIIH Shares to each of the CIIH Directors and their associates holding shares in MAH, CKH, Mr. Wu, Mr. Cheng and their respective associates as consideration under the Privatisation Proposal (the “**Privatisation Connected Transaction**”) is part and parcel of the Privatisation Proposal. Therefore, the reasons for and benefits of the Privatisation Proposal as set out in the section of the Announcement headed “Background to, and Rationale for, the Stake Acquisition and the Privatisation Proposal” equally applies to the Privatisation Connected Transaction.

An independent board committee of CIIH comprising the independent non-executive directors of CIIH (the “**Independent Board Committee**”) has been formed to advise the shareholders of CIIH other than the CIIH Directors and their associates holding MAH Shares, CKH, Mr. Wu and Mr. Cheng’s associates (the “**Independent Shareholders**”) in connection with the Privatisation Connected Transaction. First Shanghai Capital Limited (“**First Shanghai**”) has been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

The CIIH Directors (including the non-executive directors) have considered the Privatisation Connected Transaction and are of the opinion that the terms of the Privatisation Connected Transaction are fair and reasonable and are in the interests of the CIIH Shareholders as a whole.

### **INFORMATION ON CIIH**

The principal activity of CIIH is investment holding. The principal activities of the CIIH Group are the underwriting of all classes of global reinsurance business, direct life insurance business in the PRC and direct property and casualty insurance business in the PRC. The CIIH Group also carries on operations in asset management, insurance intermediaries and pensions, and to support its insurance activities, holds money market, fixed income, equity and property investments.

### **INFORMATION ON MAH**

MAH, through its subsidiary MAHK, is a leading property and casualty insurance company in Hong Kong providing a variety of property and casualty insurance products to a broad range of customers in Hong Kong and the PRC.

## DISPATCH OF CIRCULAR

A circular containing, inter alia, details of the Stake Acquisition, the Privatisation Proposal, the Privatisation Connected Transaction, the views of the Independent Board Committee, a letter from First Shanghai to the Independent Board Committee and the Independent Shareholders on the Stake Acquisition and the Privatisation Connected Transaction, and a letter from First Shanghai to the Board on the Privatisation Proposal pursuant to Rule 2.4 of the Takeovers Code, together with a notice of the CIIH EGM, has been issued by CIIH and dispatched to the CIIH Shareholders on 19 June 2009.

By Order of the Board  
**China Insurance International Holdings Company Limited**  
**NG Yu Lam Kenneth**  
*Executive Director and Chief Executive Officer*

Hong Kong, 19 June 2009

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

*The directors of CIIH jointly and severally accept full responsibility for the accuracy of the information contained in this announcement and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this announcement have been arrived at after due and careful consideration and there are no other facts not contained in this announcement, the omission of which would make any statement in this announcement misleading.*

*This announcement is posted on the website of The Stock Exchange of Hong Kong Limited at [www.hkexnews.hk](http://www.hkexnews.hk) and on the website of CIIH at [www.ciih.com](http://www.ciih.com).*