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中國太平保險控股有限公司

China Taiping Insurance Holdings Company Limited

(Incorporated in Hong Kong with limited liability)

(Stock Code: 966)

ANNOUNCEMENT

CONNECTED TRANSACTION CAPITAL CONTRIBUTION TO A NON WHOLLY-OWNED SUBSIDIARY

Reference is made to the announcements of the Company on 23 December 2009 and 30 April 2010 in relation to the Capital Contribution to TPI.

As at the date of this announcement, ICBC (Asia) has decided to not participate in the Capital Contribution. On 25 June 2010, TPG, the Company and ICBC (Asia) entered into a conditional Agreement, pursuant to which and subject to the completion of the Capital Contribution and the Additional Capital Contribution, TPG and the Company agreed to grant the right to ICBC (Asia), to purchase, within 6 months from the date of the Agreement or such later date as may be extended by the parties to the Agreement, an equity interest of approximately 1.29% and 1.72% in TPI as enlarged by the Capital Contribution and the Additional Capital Contribution from TPG and the Company, respectively, at the considerations of RMB26,663,335 and RMB35,586,665, respectively. The right will be exercisable at the discretion of ICBC (Asia) and if exercised, must be exercised in full.

As at the date of this announcement, TPG, the ultimate holding company of the Company, directly holds a 37.50% equity interest in TPI, a non wholly-owned subsidiary of the Company. TPG and TPI are therefore connected persons of the Company under the Listing Rules. Accordingly, the entering into of the Agreement constitutes a connected transaction of the Company. As the applicable percentage ratios are more than 0.1% but less than 5%, the Agreement and the transactions contemplated thereunder are subject to the reporting and announcement requirements, but are exempt from the independent shareholders' approval requirement under the Listing Rules.

1. BACKGROUND

Reference is made to the announcement of the Company dated 23 December 2009 (the “**December Announcement**”) and the announcement of the Company dated 30 April 2010 in relation to the Capital Contribution to TPI. Unless otherwise stated, capitalised terms used in this announcement shall have the same meanings as defined in the December Announcement.

As stated in the December Announcement, the registered capital of TPI will be increased from RMB1,570,000,000 to RMB2,070,000,000, to be contributed by TPG, the Company and ICBC (Asia) in proportion to their respective shareholdings in TPI and subject to the terms of the Capital Contribution Agreement. Pursuant to the Capital Contribution Agreement, TPG and the Company

conditionally agreed to contribute to the registered capital of TPI, in cash, (i) RMB 187,500,000 and RMB250,250,000 respectively; and (ii) if ICBC (Asia) does not participate in the Capital Contribution, additional amounts of RMB26,663,335 and RMB35,586,665, respectively, the aggregate of which is equal to the amount to be contributed by ICBC (Asia) if it participated in the Capital Contribution, such that the registered capital of TPI will be increased by RMB500,000,000 in total.

As at the date of this announcement, ICBC (Asia) has decided not to participate in the Capital Contribution. In accordance with the terms of the Capital Contribution Agreement, additional amounts of RMB26,663,335 and RMB35,586,665 will be contributed by TPG and the Company, respectively, after the obtaining of relevant approvals from the Ministry of Finance of the PRC and the CIRC in respect of the Capital Contribution and the Additional Capital Contribution. Upon completion of the Capital Contribution and the Additional Capital Contribution, each of TPG, the Company and ICBC (Asia) will be directly interested in 38.79%, 51.77% and 9.44% of the equity interest in TPI, respectively.

To allow ICBC (Asia) to hold a 12.45% equity interest in TPI (the percentage of equity interest in TPI held by ICBC (Asia) immediately prior to the completion of the Capital Contribution and the Additional Capital Contribution) in the future, on 25 June 2010, TPG, the Company and ICBC (Asia) entered into a conditional agreement (the “**Agreement**”).

2. THE AGREEMENT

Date : 25 June 2010

Parties : (1) TPG, the ultimate holding company of the Company;
(2) the Company; and
(3) ICBC (Asia)

Right granted : Subject to the completion of the Capital Contribution and the Additional Capital Contribution, TPG and the Company agreed to grant the right to ICBC (Asia), to purchase, an equity interest of approximately 1.29% and 1.72% in TPI as enlarged by the Capital Contribution and the Additional Capital Contribution from TPG and the Company, respectively, at a consideration of RMB26,663,335 and RMB35,586,665, respectively. The right will be exercisable at the discretion of ICBC (Asia) and if exercised, must be exercised in full.

The considerations of RMB26,663,335 and RMB35,586,665 to be paid by ICBC (Asia) upon exercise of its right under the Agreement represent the Additional Capital Contribution actually contributed by each of TPG and the Company to the registered capital of TPI, which was equal to the amount to be contributed by ICBC (Asia) pursuant to Capital Contribution Agreement if it participated in the Capital Contribution.

Upon exercise of such right by ICBC (Asia), and subject to the terms of the Agreement and in compliance with all rules and regulations applicable to TPG and the Company, ICBC (Asia) shall enter into transfer agreements with each of TPG and the Company in respect of the transfer of the equity interest of approximately 1.29% and 1.72% in TPI as enlarged by the Capital Contribution and the Additional Capital Contribution from TPG and the Company, respectively.

Period : Within 6 months from the date of the Agreement, or such later date as may be agreed by the parties to the Agreement.

The shareholding structure of TPI upon completion of the Capital Contribution and the Additional Capital Contribution, and upon exercise of the right under the Agreement by ICBC (Asia) and after the transfer of an approximate 1.29% and 1.72% equity interest in TPI as enlarged by the Capital Contribution and the Additional Capital Contribution from TPG and the Company, respectively, are as follows:

Name of Shareholder	Upon Completion of the Capital Contribution and the Additional Capital Contribution		Upon Exercise of the Right Under the Agreement by ICBC (Asia)	
	Amount of Registered Capital (RMB)	Percentage of Shareholding Interests (%)	Amount of Registered Capital (RMB)	Percentage of Shareholding Interests (%)
TPG	802,913,335	38.79	776,250,000	37.50
Company	1,071,621,665	51.77	1,036,035,000	50.05
ICBC (Asia)	195,465,000	9.44	257,715,000	12.45
Total	<u>2,070,000,000</u>	<u>100.00</u>	<u>2,070,000,000</u>	<u>100.00</u>

3. FINANCIAL INFORMATION OF TPI

Based on the audited accounts of TPI for the year ended 31 December 2009, the audited net asset value of TPI was RMB862.68 million.

The audited net loss of TPI before taxation and extraordinary items and after taxation and extraordinary items for the financial year ended 31 December 2008 in accordance with the generally accepted accounting principles in the PRC were approximately RMB602.36 million and RMB645.25 million, respectively. The audited net loss of TPI before taxation and extraordinary items and after taxation and extraordinary items for the financial year ended 31 December 2009 in accordance with the generally accepted accounting principles in the PRC were approximately RMB254.26 million and RMB262.62 million, respectively.

4. REASONS FOR AND BENEFITS OF ENTERING INTO THE AGREEMENT

ICBC (Asia) has indicated that it may not be able to determine its participation in the Capital Contribution in the short run. In order to complete the Capital Contribution and avoid the normal operation of TPI being affected, ICBC(Asia) has decided to renounce all of its rights to participate in the Capital Contribution, but at the same time maintain the flexibility to again attain its current level of equity interest in TPI as at the date of this announcement (i.e., 12.45%) in the event it decides to exercise the rights in full within the time limit prescribed under the Agreement. Both TPG and the Company have agreed to grant the right to ICBC (Asia), to purchase, within the time limit prescribed under the Agreement, an equity interest of approximately 1.29% and 1.72% in TPI as enlarged by the Capital Contribution and the Additional Capital Contribution from TPG and the Company, respectively.

The Directors (including the independent non-executive Directors) believe that the Agreement was entered into on normal commercial terms and that the terms of the Agreement are fair and reasonable so far as the Shareholders are concerned and is in the interests of the Company and the Shareholders as a whole.

5. GENERAL

The principal activity of the Company is investment holding. The principal activities of the 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 and Hong Kong. The Group also carries on asset management, insurance intermediary and pension businesses and, to support its insurance activities, holds money market, fixed income, equity and property investments.

The principal activities of TPG and its subsidiaries are insurance business and securities broking, and the holding of various investments.

The principal activities of TPI are direct property and casualty insurance business in the PRC.

As at the date of this announcement, TPG, the ultimate holding company of the Company, directly holds a 37.50% equity interest in TPI, a non wholly-owned subsidiary of the Company. TPG and TPI are therefore connected persons of the Company under the Listing Rules. Accordingly, the entering into of the Agreement constitutes a connected transaction of the Company. As the applicable percentage ratios are more than 0.1% but less than 5%, the Agreement and the transactions contemplated thereunder are subject to the reporting and announcement requirements, but are exempt from the independent shareholders' approval requirement under the Listing Rules.

None of the Directors have a material interest in the transaction under the Agreement and hence no Directors have abstained from voting on the board resolution approving the Agreement and the transaction contemplated thereunder.

By order of the Board of
China Taiping Insurance Holdings Company Limited
NG Yu Lam Kenneth
Executive Director & Chief Executive Officer

Hong Kong, 25 June 2010

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

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