RELATIONSHIP WITH THE CHINA INSURANCE GROUP

Our Controlling Shareholder

We are a member of the China Insurance Group. Founded in 1931, our ultimate controlling shareholder, China Insurance Holdings, is one of the longest established general insurers based in the PRC and is a state investment holding company under the direct supervision of the State Council. China Insurance Holdings is a financial and insurance conglomerate with a diversified business network. The principal businesses and operations of China Insurance Holdings are general insurance, life insurance, reinsurance, reinsurance broking, asset management, pension management, property investment, property development and securities broking.

Immediately upon completion of the Global Offering, China Insurance Holdings will, through its wholly owned subsidiary, China Insurance HK and its indirect non-wholly owned subsidiary, CIIH (see further "— CIIH Group"), hold approximately 49.6% and 3.7% of our issued share capital, respectively (assuming the Over-allotment Option is not exercised) and approximately 47.8% and 3.5% of our issued share capital, respectively (assuming the Over-allotment Option is exercised in full).

China Insurance Holdings

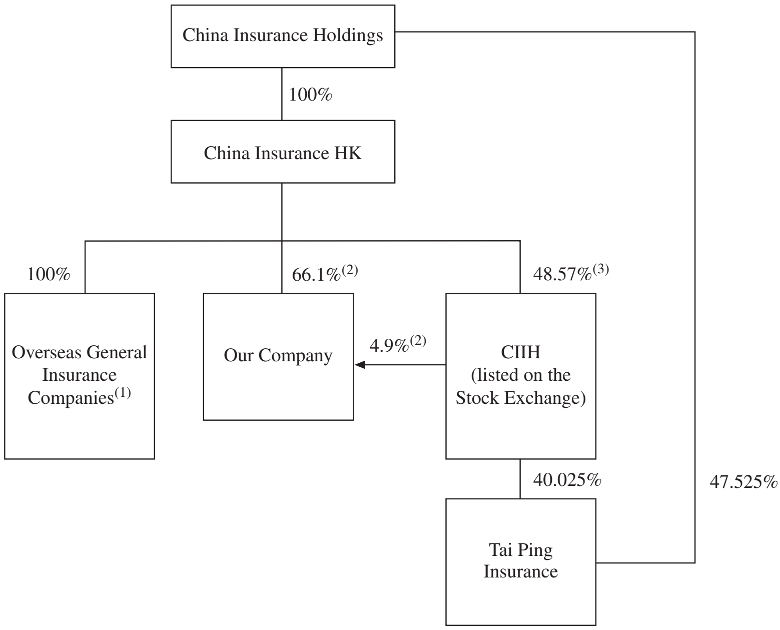
Following the establishment of the PRC in 1949, the PRC government nationalised the domestic insurance sector under PICC. PICC, founded in 1949, was the only insurance organisation in the PRC at that time. PICC remained the country's only active insurance company until the State Council began reforming the insurance sector by introducing competition, initially by establishing domestic competitors and later by licensing non-PRC companies in selected markets. In 1999, PICC was restructured into four separate legal entities to further develop China's insurance market and encourage competition. These entities were:

- PICC, carrying on PRC general insurance business;
- China Life Insurance (Group) Company, carrying on PRC life insurance business;
- China Re, carrying on PRC reinsurance business; and
- China Insurance Holdings, managing the non-PRC insurance assets and engaging in the non-PRC insurance operations previously owned and managed by PICC.

China Insurance Holdings has 20 principal subsidiaries worldwide, including in the PRC, Hong Kong, Macau, Singapore, Japan, Indonesia, the United Kingdom and New Zealand. Through its major subsidiaries, China Insurance Holdings principally engages in the following businesses and operations:

- general insurance business;
- reinsurance business, reinsurance-related business and life insurance business; and
- other insurance-related financial services, such as asset management, pension management, property investment, property development and securities broking.

The general insurance business of China Insurance Holdings is grouped under our Group, Tai Ping Insurance and the Overseas General Insurance Companies. The reinsurance and life insurance businesses are grouped under CIIH Group. Set out below is a simplified corporate chart of China Insurance Holdings and the companies referred to above:



(1) The Overseas General Insurance Companies also include PT Indonesia, which is held as to 55% by China Insurance Holdings.

(2) Shareholding percentages prior to the completion of the Global Offering.

(3) See "— CIIH Group".

CIIH Group

CIIH, the first listed company of China Insurance Group in Hong Kong, is listed on the Main Board and is currently 48.57% owned by China Insurance HK*(Note)*. On 7 September 2006, CIIH completed the acquisition of 4.9% of the issued ordinary shares of Ming An Hong Kong at a consideration of HK$102,578,339, which was fully paid on the same date. As a result of the subsequent Reorganisation, CIIH was issued with 107,800,000 new Shares, representing approximately 4.9% of the Pre-Global Offering Share Capital of the Company. Based on the consideration of HK$102,578,339 paid by CIIH for 556,640 ordinary shares of Ming An Hong Kong and the 107,800,000 new Shares issued and allotted to Share China as a result of the Reorganisation, the notional purchase cost per Share would be HK$0.95, which represents a discount of 39.87% to the Offer Price of HK$1.58, being the mid-point of the price range set out in this prospectus. CIIH has agreed that it shall not dispose of any Shares until the expiration of six months from the Listing Date (or such longer period as shall be required by the Stock Exchange).

CIIH Group principally engages in the underwriting of all classes of global reinsurance business. It also engages in life insurance business in the PRC through Tai Ping Life Insurance, a non-wholly owned subsidiary which CIIH acquired in 2001.

Note: According to CIIH's announcement dated 5 December 2006, CIIH is undergoing a placing and top-up transaction to raise additional capital, whereby the aggregate shareholding of China Insurance HK and its concert parties in CIIH changed from 54.16% to 48.57% after completion of the placing but before subscription, and will change from 48.57% to 50.90% after completion of the placing and subscription. According to CIIH's announcement, the subscription is expected to be completed on or before 18 December 2006.

In connection with CIIH's listing in 2000, China Insurance Holdings and China Insurance HK each entered into a CIIH Undertaking in favour of CIIH whereby they severally undertook not to engage in any business which competes or is likely to compete with the businesses conducted by CIIH at the time of CIIH's listing, i.e., reinsurance business and reinsurance broking business (other than reciprocal exchange of direct insurance, facultative reinsurance on an expressly reciprocal basis or reinsurance on a fronting basis). Under the CIIH Undertakings, each of China Insurance Holdings and China Insurance HK also granted CIIH a right of first refusal to acquire, at CIIH's discretion and on terms to be agreed between the parties:

(a) any investments of China Insurance Holdings or China Insurance HK, as the case may be, in any overseas companies engaged in insurance business (being subsidiaries or associated companies not established in the PRC); and

(b) any investments and/or direct and indirect interests in insurance underwriting businesses in the PRC held by China Insurance Holdings or China Insurance HK, as the case may be, from time to time,

if China Insurance Holdings or China Insurance HK, as the case may be, wishes to dispose of such investments or interests.

So long as the shares of CIIH are listed on the Stock Exchange and it remains as a controlling shareholder of CIIH, each of China Insurance Holdings and China Insurance HK has also undertaken in the CIIH Undertakings to use, and procure their respective subsidiaries (other than CIIH Group) to use, CIIH Group as a major vehicle for all reinsurance arrangements and placement of reinsurance businesses for China Insurance Group and our Group.

Given the scope of such undertakings, each member of China Insurance Group (other than CIIH Group) and our Group is prohibited from engaging in any reinsurance or reinsurance broking business (other than reciprocal exchange of direct insurance, facultative reinsurance on an expressly reciprocal basis or reinsurance on a fronting basis). Accordingly, the principal businesses of CIIH Group do not pose any competition or potential competition against the general insurance business of our Group.

Since the establishment of CIRe, a wholly owned subsidiary of CIIH, CIIH Group has, since the 1980s, acted as reinsurer and accepted risks in return for agreed premiums from members of China Insurance Group and our Group. Such reinsurance transactions consist of both treaty and facultative businesses and the range of risks covered includes all lines of general reinsurance risks and certain classes of long term reinsurance risks on both a proportional and non-proportional basis. Details of the reinsurance premiums ceded and other transactions between our Group and CIIH Group, which constitute continuing connected transactions of our Group, are set out in "— Continuing Connected Transactions".

On 30 June 2006, China Insurance Holdings, China Insurance HK and CIIH entered into letters of confirmation in respect of waivers of the above rights of first refusal and confirmations on the scope of restriction under the CIIH Undertakings (the "CIIH Letters of Confirmation"). Under the CIIH Letters of Confirmation, each of the parties confirmed that the provisions of the CIIH Undertakings did not prohibit or restrict in any manner whatsoever the holding of interests by China Insurance Holdings and China Insurance HK, as the case may be, whether directly or through any of their subsidiaries, in us, our subsidiaries or associated companies, and that we would expand into the business of underwriting non-life insurance in the PRC without any geographical restriction and into the insurance broking business. In particular, CIIH also confirmed its agreement to waive any right that it might have under the CIIH Undertakings to acquire any of China Insurance Holdings' and China Insurance HK's interests in us, our subsidiaries and associated companies which might be sold prior to, as part of, in connection with or arising as a result of the Listing and the Global Offering. CIIH confirmed that upon completion of the Global Offering, CIIH shall no longer have any right of first refusal pursuant to the CIIH Undertakings in us, our subsidiaries and associated companies or any of our insurance underwriting businesses. At CIIH's extraordinary general meeting held on 18 August 2006, CIIH's independent shareholders approved, among other things, the CIIH Letters of Confirmation.

The rights of first refusal and non-competition restrictions under the CIIH Undertakings, however, still apply to the interests of China Insurance Holdings and China Insurance HK in, among others, the Overseas General Insurance Companies and Tai Ping Insurance.

Excluded General Insurance Business

Apart from its interests in our Group, China Insurance Holdings also engages in the following general insurance businesses through the Overseas General Insurance Companies and Tai Ping Insurance.

Overseas General Insurance Companies

The Overseas General Insurance Companies comprise various subsidiaries of China Insurance Holdings established outside Hong Kong and the PRC, such as Macau, Singapore, Japan, Indonesia, the United Kingdom and New Zealand.

Our Group has no operations in such regions, and such overseas general insurance businesses are clearly delineated from the general insurance business of our Group on a geographical basis. During the Track Record Period and thereafter, the boards and senior management of the Overseas General Insurance Companies have all operated and functioned independently of the boards and senior management of our Group.

Furthermore, the insurance industry is generally a heavily regulated industry, subject to, among other things, authorisation by local regulators and minimum capital requirements. In line with our strategy, our primary focus is to maintain our steady growth in the Hong Kong market and further expand our operations in the PRC market, but not to deploy any of our resources and manpower outside these two markets. Given their distinct geographical locations and independent operation and management, our Directors consider that such overseas businesses do not directly or indirectly compete with the general insurance business of our Group. China Insurance Holdings has no current intention to inject such overseas general insurance businesses into our Group.

Tai Ping Insurance

Tai Ping Insurance was formed in the early 1930s to undertake domestic general insurance business. After the founding of the PRC, the government nationalised the domestic insurance sector under PICC, including Tai Ping Insurance's operations in the PRC. Tai Ping Insurance ceased operations in the PRC in the 1950s, after which it remained a dormant entity under PICC. In May 2001, the CIRC, with the consent of the State Council, granted approval for Tai Ping Insurance to resume general insurance business in the PRC.

Tai Ping Insurance, a subsidiary of China Insurance Holdings, is currently owned as to 47.525%, 40.025% and 12.45% by China Insurance Holdings, CIIH and ICBC (Asia), respectively. Tai Ping Insurance became wholly owned by China Insurance Holdings in 1999. CIIH first acquired a 42.5% interest in Tai Ping Insurance from China Insurance Holdings in November 2001. In March 2002, ICBC (Asia) was introduced as a strategic investor in Tai Ping Insurance, as a result of which Tai Ping Insurance became owned as to 45.05%, 30.05% and 24.90% by China Insurance Holdings, ICBC (Asia) and CIIH, respectively. In November 2004, China Insurance Holdings and CIIH contributed additional capital into Tai Ping Insurance. Upon completion of such capital injection, China Insurance Holdings, CIIH and ICBC (Asia) became holders of 47.525%, 40.025% and 12.45%, respectively, of the equity interests in Tai Ping Insurance.

Headquartered in Shenzhen, Tai Ping Insurance currently has 19 branches in the PRC, including Dalian, Beijing, Tianjin, Shandong, Henan, Anhui, Jiangsu, Shanghai, Hubei, Zhejiang, Hunan, Sichuan, Shanxi, Fujian, Guangdong, Shenzhen, Shanxi, Qingdao and Chongqing. In 2005, the market share of Tai Ping Insurance in terms of gross written premiums held by general insurance companies in the PRC was approximately 1.1%, whereas our market share was approximately 0.2%. For the three years ended 31 December 2005, Tai Ping Insurance recorded turnover of approximately RMB526 million, RMB928 million and RMB1,395 million, respectively, and net loss of approximately RMB200 million, RMB110 million and RMB139 million, respectively.

The interests of China Insurance Holdings in Tai Ping Insurance have not been included in our Group because of the following reasons:

– *Minority interest directly held by China Insurance Holdings:* China Insurance Holdings only has a 47.525% direct interest in Tai Ping Insurance. As stated in "— Relationship with the China Insurance Group — CIIH Group", such interest is subject to a right of first refusal under the CIIH Undertakings. Pursuant to this right, if China Insurance Holdings were to dispose of such interest, it would have to first offer such interest to CIIH. We understand that China Insurance Holdings has no current intention to dispose of its interest in Tai Ping Insurance. Even if we were to acquire China Insurance Holdings' 47.525% direct interest in Tai Ping Insurance, we would not be able to control Tai Ping Insurance.

– *Requirements for acquisition of interest held by CIIH:* China Insurance Holdings' 40.025% indirect interest in Tai Ping Insurance is held through CIIH. Given that CIIH is a separate entity listed on the Main Board, any disposal of its interest in Tai Ping Insurance to us (a connected person of CIIH) will be subject to the approval of the board of directors of CIIH and where necessary, independent shareholders under the connected transaction requirements of the Listing Rules. Accordingly, it is not within the control of China Insurance Holdings to inject CIIH's interest in Tai Ping Insurance into us.

– *Different corporate cultures and operating environments:* Tai Ping Insurance is a PRC-based company operating in the PRC insurance market under different regulatory and business environments. Our Group, headquartered in Hong Kong, has been operating under the Hong Kong business and regulatory environment for more than 50 years. Our Group and Tai Ping Insurance have fostered different corporate cultures and operating environments. One of our goals and strengths is to maintain and leverage our non-PRC corporate culture and operating environment in order to achieve rapid growth in the PRC.

– *Separate and distinct management and operations:* Although we and Tai Ping Insurance are ultimately owned by China Insurance Holdings, both companies have been separately managed and operated. From an operational perspective, the day-to-day management decisions of Tai Ping Insurance are made by the senior management of Tai Ping Insurance, none of whom have any management role in our Group. See further "— Relationship with the China Insurance Group — Independent Management" below.

– *Different strategic focus and targeted customers:* As a leading Hong Kong general insurer, we have a large number of existing customers which provides a customer base for our expanding PRC operations. We believe that our extensive experience in operating in the comparatively more developed Hong Kong insurance market provides us with superior technical capabilities relative to our PRC-incorporated competitors. Currently, our major clients in the PRC market are non-PRC enterprises and foreign investment enterprises in the PRC, who we believe are not major target customers of Tai Ping Insurance.

China Insurance Holdings has no current intention to inject its direct and/or indirect interests in Tai Ping Insurance into our Group.

Although both our Group and Tai Ping Insurance engage in general insurance business in the PRC, our Group does not foresee any significant competition between our Group and Tai Ping Insurance because we believe that the PRC general insurance market offers great potential for both existing and new entrants as the market is fast growing and is currently under-developed with a penetration rate of only 0.9% in 2005. In 2005, the market share of our Group and Tai Ping Insurance in terms of gross written premiums held by general insurance companies in the PRC were approximately 0.2% and 1.1%, respectively. Our Directors believe that the growing and potentially substantial size of the general insurance market in the PRC compared to our Group and Tai Ping Insurance's current market shares moderates the intensity and extent of competition, if any, between our Group and Tai Ping Insurance.

For the three years ended 31 December 2005 and the six months ended 30 June 2006, the turnover derived from our general insurance business in the PRC was approximately HK$180 million, HK$203 million, HK$265 million and HK$115 million, respectively, which accounted for 15.3%, 17.9%, 24.1% and 20.3% of our total turnover, respectively. The profit derived from our general insurance business in the PRC for the three years ended 31 December 2005 and the six months ended 30 June 2006 was approximately HK$21 million, HK$31 million, HK$15 million and HK$16 million, respectively, representing approximately 29%, 17%, 3% and 8% of our total profit, respectively.

Given our relatively small size in the PRC general insurance market, and to leverage our relationship with Tai Ping Insurance and to maximise our growth opportunities in the PRC market, we have in the past co-operated, and will continue to co-operate on a case-by-case basis, with Tai Ping Insurance by means of co-insurance to undertake large general insurance business in the PRC. Tai Ping Insurance is our connected person. Co-insurance agreements which involve payment of handling fees entered into with Tai Ping Insurance while it remains our connected person would constitute our connected transactions which would be subject to the reporting, announcement and independent shareholders' approval requirements under the Listing Rules, unless an exemption or waiver is available.

We believe that co-insurance arrangements are a means by which we can expand our presence in the PRC insurance market and will help leverage our underwriting capacity to underwrite larger insurance risks in the PRC. Co-insurance arrangements are not uncommon in the insurance industry. During the Track Record Period, we co-insured with other insurance companies in Hong Kong and in the PRC in order to leverage our underwriting capacity to undertake large general insurance business. Under a co-insurance arrangement, each insurance company underwrites a portion of an insurance risk and the liabilities of each insurance company are several. We are therefore not subject to the underwriting risk of the other insurance company(ies) in a co-insurance arrangement.

Currently, Shenzhen and Guangzhou are the only regions in the PRC where both we and Tai Ping Insurance have branches. During the Track Record Period, on one occasion we co-insured with Tai Ping Insurance in respect of property and liability insurance with a total gross written premium of approximately RMB8 million.

Independent Management

Our Board of Directors and senior management operate independently of the boards and senior management of each of China Insurance Holdings, China Insurance HK, CIIH and Tai Ping Insurance. Set out below are the members of the boards of directors of our Company, China Insurance Holdings, China Insurance HK, CIIH and Tai Ping Insurance:

	Our Company	China Insurance HK	China Insurance Holdings	Tai Ping Insurance	CIIH
Feng Xiao Zeng	NED	ED	ED		ED
Peng Wei	ED	ED			
Cheng Kwok Ping	ED	NED			
Chan Pui Leung	ED				
Lee Wai Kun	ED				
Lin Fan	NED	ED	ED		ED
Wu Chi Hung	NED				
Ip Tak Chuen, Edmond	NED				
Ma Lai Chee, Gerald	NED				
Lee Yim Hong, Lawrence	NED				
Hong Kam Cheung	NED				
Dong Juan	INED				
Yuen Shu Tong	INED				
Wong Hay Chih	INED				
Yu Ziyou	INED				
Zheng Chang Yong		NED	NED		NED
Shen Nan Ning		ED	ED	ED	
Shi Fu Liang			NED	ED	
Song Shu Guang		ED	ED	NED	ED
Xie Yi Qun		NED	ED	NED	ED
Ng Yu Lam, Kenneth		ED		NED	ED
Zhu Qi				NED	
Hu Hao				NED	
Huang Ming Xiang				NED	
Lau Siu Man, Sammy					ED
Shen Ko Ping, Michael					ED
Che Shu Jian					INED
Lau Wai Kit					INED
Wu Jie Si					INED
Zhang Hui Ping		ED	NED		
Siu Yick Wong		NED			
Tung Lee		NED			
Wong Kwok Chor		NED			
He Zhi Guang		NED	NED		
Jiang Yi Dao		NED	NED		
Shi Chuan Ming		NED	NED		

ED = executive director
NED = non-executive director
INED = independent non-executive director

We have no overlapping directors with Tai Ping Insurance. Notwithstanding the overlapping directors with China Insurance Holdings, China Insurance HK and CIIH, we believe that any conflict of interests arising from such overlapping directorships has been resolved and our Board can operate independently from China Insurance Group for the following reasons:

– *Common directors with China Insurance Holdings:* Although we have two overlapping directors with China Insurance Holdings, namely Mr. Feng Xiao Zeng and Mr. Lin Fan, both of them are our non-executive Directors with no executive function in our Group. China Insurance Holdings has agreed that its directors who are not independent of both our Group and Tai Ping Insurance will be required to abstain from voting on decisions concerning Ming An China or Tai Ping Insurance. Therefore, notwithstanding that there are common directors, conflicts of interests arising due to such directors are resolved.

– *Common directors with China Insurance HK and establishment of two separate board committees at China Insurance HK:* Although we have four overlapping directors with China Insurance HK, namely Mr. Feng Xiao Zeng, Mr. Lin Fan, Mr. Peng Wei and Mr. Cheng Kwok Ping, only Mr. Peng is an executive director of both our Company and China Insurance HK. Mr. Feng and Mr. Lin are our non-executive Directors but are executive directors of China Insurance HK. Mr. Cheng is our executive Director but is a non-executive director of China Insurance HK. To resolve conflicts of interests arising due to such common directors, China Insurance HK has established two separate, non-overlapping board committees to deal with matters concerning Tai Ping Insurance and our Group, respectively. The Tai Ping Committee, comprising Mr. Zheng Chang Yong, Mr. He Zhi Guang and Mr. Shi Chuan Ming, is responsible for decisions in relation to China Insurance HK's indirect interest in Tai Ping Insurance held through CIIH. The Ming An Committee, comprising Mr. Siu Yick Wong, Mr. Wong Kwok Chor and Mr. Jiang Yi Dao, is responsible for decisions in relation to China Insurance HK's interest in our Group. Almost all of China Insurance HK's decisions in relation to its investments in Tai Ping Insurance and us are expected to be made by the Tai Ping Committee and the Ming An Committee, respectively. In the unlikely event that any such decision is required to be made by the board of directors of China Insurance HK, China Insurance HK has agreed that its directors who are not independent of both our Group and Tai Ping Insurance will be required to abstain from voting.

– *Common directors with CIIH:* Although Mr. Feng Xiao Zeng and Mr. Lin Fan, our non-executive Directors, are also directors of CIIH, CIIH does not engage in the business of general insurance and there is therefore no competition between our business and the business of CIIH Group. To resolve conflicts of interests with respect to decisions in relation to CIIH's 40.025% shareholding in Tai Ping Insurance, Mr. Feng and Mr. Lin will abstain from voting if there is any material conflict of interests.

– *Size and composition of our Board:* The overlapping directors with China Insurance Group only constitute four out of 15 members of our Board. Our other Directors include two executive Directors (Mr. Chan Pui Leung and Mr. Lee Wai Kun) and five non-executive Directors (Mr. Wu Chi Hung, Mr. Ip Tak Chuen, Edmond, Mr. Ma Lai Chee, Gerald, Mr. Lee Yim Hong, Lawrence and Mr. Hong Kam Cheung) with no overlapping directorships with China Insurance Group and four independent non-executive Directors (Ms. Dong Juan, Mr. Yuen Shu Tong, Mr. Wong Hay Chih and Ms. Yu Ziyou). These Directors are entirely separate from China Insurance Group and provide substantive balance to the overlapping Board members. They represent 11 out of 15 Directors, seven of whom (namely Mr. Chan Pui Leung, Mr. Lee Wai Kun, Mr. Wu Chi Hung, Mr. Lee Yim Hong, Lawrence, Mr. Hong Kam Cheung, Mr. Wong Hay Chih and Ms. Yu Ziyou) have experience in the insurance industry, and provide an appropriate safeguard against any possible failure of our Board to properly take into account the interests of minority shareholders as against the interests of China Insurance Group. Our Articles of Association provide that, except in certain limited circumstances, a Director shall not vote on any resolution in respect of any contract, arrangement or proposal in which such Director or any of his associates has a material interest nor shall such Director be counted in the quorum for such resolution. Accordingly, in the event that any or all of the four overlapping directors with China Insurance Group are under any material conflict of interests in respect of any contract, arrangement or proposal, such Director(s) shall not vote on the related resolution. In such a case, our Company believes that the Directors with no overlapping directorships with China Insurance Group should collectively have sufficient industry experience to consider and decide on such resolution.

– *Review by independent non-executive Directors:* Our independent non-executive Directors will annually review all the decisions taken in relation to the undertakings given by China Insurance Holdings and China Insurance HK to us under "— Undertakings" below, and disclose such decisions and the rationale for them in our annual report. See further "— Undertakings" below. In addition, as required by the Listing Rules, our independent non-executive Directors shall review our continuing connected transactions annually and confirm in our annual report that such transactions have been entered into in our ordinary and usual course of business, are either on normal commercial terms or on terms no less favourable to us than available to or from independent third parties and on terms that are fair and reasonable and in the interests of our shareholders as a whole.

With the above arrangements in place, our Directors consider that the overlapping boards will not pose any real conflict of interests between the interests of our Group and the interests of Tai Ping Insurance. In particular, through the above arrangements, the four overlapping directors with China Insurance Group will not be faced with any situation where they will have to make decisions under a material conflict of interests between Tai Ping Insurance and our Group, or a material conflict of duties owed to us and to any member of China Insurance Group. On the other hand, our Company will have the benefit of the profile, experience and services of these four senior executives in the industry:

– Mr. Feng Xiao Zeng is the Chairman of China Insurance Holdings and China Insurance HK. Mr. Feng's standing within the parent organisation, as well as his past role as Deputy Chairman of the CIRC and industry experience in Hong Kong and the PRC, will provide to our Group business and strategic advantages, especially with regard to our expansion plans in the PRC.

– Mr. Lin Fan is the General Manager of China Insurance Holdings and China Insurance HK. Mr. Lin is an insurance specialist who brings to our Group over 20 years of industry experience gained in the PRC and Hong Kong with China Insurance Group and PICC. He is therefore able to provide invaluable support and guidance to us as we grow our business in Hong Kong and the PRC.

– Mr. Peng Wei and Mr. Cheng Kwok Ping, two of our senior executives, can be represented on the China Insurance HK board to push for and look after our interests at the China Insurance HK level.

Directors of China Insurance Holdings and China Insurance HK are nominated by the CIRC on behalf of the State Council. Mr. Feng's, Mr. Lin's, Mr. Peng's and Mr. Cheng's directorships at China Insurance Holdings and/or China Insurance HK are a recognition of their status in the insurance industry, and we believe their roles in our Company will provide us with business and strategic advantages in the PRC and in Hong Kong.

The members of senior management of our Group (other than directors) do not overlap with the directors and senior management of each of China Insurance Holdings, China Insurance HK, CIIH and Tai Ping Insurance. During the Track Record Period and thereafter, our principal business operations have all been managed by the senior management of our Group and functioned independently from China Insurance Group.

Independence from China Insurance Group

We are capable of carrying on our business independently from China Insurance Group. The continuing connected transactions between us and China Insurance Group will be entered into on normal commercial terms. Certain of the transactions mentioned in note 33 of the Accountants' Report set out in Appendix I, including the management fee payable to China Insurance HK and the gain/loss on disposal of subsidiaries/associates/loan receivables, are non-recurring and will not continue after the Listing. In addition, our relationships with such connected persons are not exclusive. We are entitled to obtain training services, asset management services or reinsurance services from, and to lease our properties to, independent third parties, and we have not encountered and do not envisage any difficulties in obtaining such services from, and leasing properties to, independent third parties.

The percentages of training services provided by China Insurance Group and by independent third parties for the three years ended 31 December 2005 and the six months ended 30 June 2006 were 0% and 100%, 41.29% and 58.71%, 37.54% and 62.46%, and 87.73% and 12.27%, respectively. The training services provided by China Insurance Group are not crucial to the Group's operations because the Group does not envisage any difficulty in obtaining training services from other service providers. During the Track Record Period, the percentage of training services provided by China Insurance Group as compared to those provided by independent third parties was only higher for the six months ended 30 June 2006. The Company considered that the particular courses provided by China Insurance Group attended by our directors, employees, agents and sales representatives met our Group's needs and the training fees charged were reasonable.

During the Track Record Period, all third-party asset management services were provided by China Insurance Group and the Company considers CIGAML's services to be of a high quality and that the fees charged were reasonable compared to the fees charged by other investment managers in the industry. The investment management services provided by China Insurance Group are not crucial to the Group's operations. For the three years ended 31 December 2005 and the six months ended 30 June 2006, only approximately 11.1%, 9.3%, 7.6% and 5.5%, respectively, of our Group's overall investment portfolio was managed by China Insurance Group. After the Listing, the Group will have in place mechanisms to manage risks relating to outsourcing of investment funds management. See "— Continuing Connected Transactions — Transactions with CIIH Group — Provision of investment management services by CIIH Group to us".

The percentages of gross commission income derived from reinsurance services provided by China Insurance Group and by independent third parties for the three years ended 31 December 2005 and the six months ended 30 June 2006 were 17.03% and 82.97%, 12.71% and 87.29%, 17.37% and 83.63%, and 21.86% and 78.14%, respectively, and the percentages of gross premium ceded to China Insurance Group and to independent third parties for the three years ended 31 December 2005 and the six months ended 30 June 2006 were 17.53% and 82.47%, 14.28% and 85.71%, 15.67% and 84.33%, and 19.41% and 80.59%, respectively. The reinsurance business with China Insurance Group is not crucial to the Group's operations. While China Insurance Group is a major reinsurer used by the Group, the proportion of reinsurance transactions with China Insurance Group was lower than those with independent third parties during the Track Record Period. Even if China Insurance Group decides to enter into fewer reinsurance transactions with the Group, the Company does not foresee any particular difficulty in entering into more reinsurance transactions with other reinsurers. The reinsurance transactions entered into with CIRe were on normal commercial terms. The Company considers CIRe's credit rating to be high and it has a good relationship with CIRe.

The percentages of properties leased to China Insurance Group and to independent third parties for the three years ended 31 December 2005 and the six months ended 30 June 2006 were 24.39% and 75.60%, 18.16% and 81.84%, 15.26% and 84.73%, and 16.89% and 83.11%, respectively. The property leasing transactions with China Insurance Group are not crucial to the Group's operations. If there is any vacancy arising due to any decrease in the number of properties leased to China Insurance Group, the Group will lease such properties to other parties and the Company does not foresee any particular difficulty in leasing such properties to other parties.

After the Listing Date, the Group will have in place internal procedures to select the relevant contracting parties (including members of China Insurance Group and independent third parties) for each of the above transactions, including having members of the senior management of our Company who are independent from China Insurance Group to consider and make the relevant decisions regarding the above continuing connected transactions.

We are also financially independent from China Insurance Group. We have a long-standing operating history of more than 50 years and a leading market position in Hong Kong (for the past nine years, we were ranked among the top five general insurance companies in Hong Kong). All the amounts we owe to China Insurance Holdings and/or its associates or China Insurance Holdings and/or its associates owe to us, other than amounts owing to us under the reinsurance arrangements entered into by us, will be released or fully settled before the Listing, including any guarantees and indemnities provided by China Insurance Holdings and/or its associates for the benefit of our Group. Amounts due to us under the reinsurance arrangements entered into by us are settled on a periodic basis in accordance with normal practice in the reinsurance market. We currently provide our statements to reinsurers on a quarterly basis, and the amounts due to us will be settled within a certain period thereafter.

In addition, we have independent access to our customers. Our Group's distribution networks, which include intermediaries such as agents and brokers, direct sale and other financial institutions, have been independent from China Insurance Group throughout the Track Record Period and thereafter. We have also established and maintained strong relationships with several Hong Kong, PRC and international reinsurers. Reinsurers are ultimately selected on the basis of their financial condition, history of co-operation, quality of service and pricing of reinsurance products.

For the reasons stated in this sub-section and in "— Relationship with the China Insurance Group — Independent Management" above, we believe that we are capable of carrying on our business independently of, and at arm's length with, China Insurance Group.

Undertakings

Each of China Insurance Holdings and China Insurance HK has undertaken to us (the "Non-competition Undertakings") that for so long as it continues to hold any Shares and is deemed to be a controlling shareholder or a connected person of a controlling shareholder of us under the Listing Rules, it will not further engage or participate in any general insurance business that competes or may compete with our Group's business.

For the purposes of minimising any potential conflict of interests as regards the common shareholdings of China Insurance Holdings and China Insurance HK in Tai Ping Insurance and us, as well as ensuring that the operations and businesses of Tai Ping Insurance and us will be carried on independently, China Insurance Holdings and China Insurance HK have also severally undertaken to us (the "Equity of Treatment Undertakings") that they:

– will treat their investments in Tai Ping Insurance and us on an equal footing and will not take advantage of their status as a holder of our Shares or take advantage of the information obtained by virtue of such status to make decisions or judgments against us and in favour of Tai Ping Insurance; and

– will disregard the interests of Tai Ping Insurance when exercising their voting rights as our shareholders.

The Equity of Treatment Undertakings will terminate upon the earlier of the following:

– the securities of our Company ceasing to be listed on the Stock Exchange;

– our Group or Tai Ping Insurance ceasing to carry on general insurance business in the PRC; and

– China Insurance Holdings or China Insurance HK, as the case may be, ceasing to control more than 30% of the issued shares of Tai Ping Insurance or us.

Each of China Insurance Holdings and China Insurance HK has undertaken to us that:

– it shall provide an annual declaration to us that it has complied with the Non-competition Undertakings and the Equity of Treatment Undertakings; and

– it shall provide all information necessary for the review and enforcement of the Non-competition Undertakings and the Equity of Treatment Undertakings by our independent non-executive Directors.

We will disclose in our annual report the annual declaration to be provided by each of China Insurance Holdings and China Insurance HK and the results of the review and enforcement of the Non-competition Undertakings and Equity of Treatment Undertakings by our independent non-executive Directors. Each of China Insurance Holdings and China Insurance HK has agreed to such disclosure.

CONTINUING CONNECTED TRANSACTIONS

We have entered into various transactions which will continue from time to time after Listing with various of our connected persons. Set out below is further information on such continuing connected transactions which are not exempt continuing connected transactions under the Listing Rules.

Category I — Continuing connected transactions exempt from independent shareholders' approval requirements

No.	Nature of Transaction	Applicable Listing Rule	Waiver Sought	Annual Cap
1.	Provision of training services by China Insurance Group to us	*14A.34*	*Waiver from compliance with the announcement requirement under Rule 14A.47*	2H2006:$0.5m 2007:$1.3m 2008:$1.5m
2.	Properties leased by us to China Insurance Group (other than CIIH Group)	*14A.34*	*Waiver from compliance with the announcement requirement under Rule 14A.47*	2H2006:$4.3m 2007:$8.7m 2008:$8.5m
3.	Provision of investment management services by CIIH Group to us	*14A.34*	*Waiver from compliance with the announcement requirement under Rule 14A.47*	2H2006:$1.2m 2007:$5.4m 2008:$9.9m
4.	Properties leased by us to CIIH Group	*14A.34*	*Waiver from compliance with the announcement requirement under Rule 14A.47*	2H2006:$1.0m 2007:$1.1m 2008:$0.05m
5.	Provision of marketing services by AMTDFL and AMTDD to us	*14A.34*	*Waiver from compliance with the announcement requirement under Rule 14A.47*	2H2006:$2.0m 2007:$12.0m 2008:$20.0m

Category II — Non-exempt continuing connected transactions

No.	Nature of Transaction	Applicable Listing Rule	Waiver Sought	Annual Cap
1.	(a) Reinsurance business with CIRe (gross premium income ceded by us to CIRe)	*14A.35*	*Waiver from compliance with the announcement and independent shareholders' approval requirements under Rules 14A.47 to 14A.54*	2H2006:$54.6m 2007:$181m 2008:$208m
	(b) Reinsurance business with CIRe (commission paid by CIRe to us)	*14A.35*	*Waiver from compliance with the announcement and independent shareholders' approval requirements under Rules 14A.47 to 14A.54*	2H2006:$18.8m 2007:$68m 2008:$78m
2.	Provision of general insurance services by us to Cheung Kong Group and its associates	*14A.35*	*Waiver from compliance with the announcement and independent shareholders' approval requirements under Rules 14A.47 to 14A.54*	2H2006:$5.0m 2007:$123m 2008:$180m
3.	Provision of insurance brokerage services by AMTD Risk Management to us	*14A.35*	*Waiver from compliance with the announcement and independent shareholders' approval requirements under Rules 14A.47 to 14A.54*	2H2006:$0.1m 2007:$19m 2008:$27m

Transactions with China Insurance Group (other than CIIH Group)

1. Provision of training services by China Insurance Group to us

On 7 December 2006, we and China Insurance Holdings entered into a training services agreement (the "Training Services Agreement"), pursuant to which the training centre of China Insurance Group will provide training services to directors, employees, agents and sales representatives of our Group. Such training services include, among other things, provision of training, training materials and information and organisation of training-related seminars and activities on basic insurance knowledge, risk management and presentation skills.

The Training Services Agreement is valid for a period up to 31 December 2008 and our Group will pay training fees to China Insurance Group in respect of the training services provided ("Training Fees"). The Training Fees to be charged by China Insurance Group will be determined by reference to market prices and will be based on the proportion of the number of persons from our Group that receive the training services to the total number of persons to which the training services are provided and/or other reasonable bases as may be determined by the Company and China Insurance Holdings.

Historical amounts

China Insurance Group started providing training services to us in 2004. The Training Fees paid by our Group to China Insurance Group for the two financial years ended 31 December 2004 and 31 December 2005, and for the six months ended 30 June 2006, were HK$0.3 million, HK$0.4 million and HK$1.0 million respectively. The Training Fees of HK$0.3 million and HK$0.4 million paid in 2004 and 2005, respectively, are actual amounts, whereas the Training Fee of HK$1 million paid in the first half of 2006 is an advance payment for the entire year of 2006. At the end of the financial year, if the advance payment is more than the actual Training Fee incurred, the surplus will be refunded to us or brought forward to the next financial year as part of the advance payment of next year's training services.

Proposed caps and basis of caps

It is expected that the Training Fees to be paid by the Group pursuant to the Training Services Agreement for the six months ending 31 December 2006 will not exceed HK$0.5 million and for each of the two financial years ending 31 December 2008 will not exceed HK$1.3 million and HK$1.5 million, respectively. The proposed caps are determined by reference to the historical value of such transactions and the expected increase in the number of directors, employees, agents and sales representatives of our Group who will receive the training services as we increase our employee base to accommodate our planned expansion in the PRC. The Group expects the number of employees of Ming An China to increase from 200 in year 2006 to 600 in year 2007 and to 1200 in year 2008. The increase in the proposed caps for year 2007 and year 2008 is primarily due to the expected increase in the number of employees of Ming An China, who may receive training services provided by China Insurance Group.

2. *Properties leased by us to China Insurance Group (other than CIIH Group)*

On 7 December 2006, we and China Insurance Holdings entered into a master tenancy agreement (the "Master Tenancy Agreement"), pursuant to which we agreed to lease to China Insurance Group a number of offices, residential units and car parking spaces including units in Ming An Plaza, China Insurance Group Building and Fortress Metro Tower, some of which are under existing tenancy agreements between us and China Insurance Group. The number of properties leased by China Insurance Group which are supported by signed tenancy agreements are nine office units, four residential units and five car parking spaces.

The Master Tenancy Agreement is valid for a term up to 31 December 2008. Pursuant to the Master Tenancy Agreement, China Insurance Group will enter into separate tenancy agreements with us for each premises rented, with the terms and conditions of such tenancy agreements being negotiated on an arm's length basis and to be entered into on normal commercial terms.

Savills Valuation and Professional Services Limited, the independent property valuer, has reviewed the existing tenancy agreements with China Insurance Group (other than CIIH Group) and has confirmed that the rental rates payable are in line with market rates.

Historical amounts

The aggregate yearly rent and management fee payable by China Insurance Group for the three financial years ended 31 December 2005 and the six months ended 30 June 2006 were HK$10.2 million, HK$5.6 million, HK$4.6 million and HK$3.1 million, respectively. The decrease in the aggregate yearly rent and management fee was due to the reduction in the number of units rented and the lower rental rates under the old tenancy agreements which expired throughout 2006.

Proposed caps and basis of caps

It is expected that the aggregate rent and management fee to be paid by China Insurance Group for the six months ending 31 December 2006 will not exceed HK$4.3 million, and for each of the two financial years ending 31 December 2008 will not exceed HK$8.7 million and HK$8.5 million, respectively. The proposed caps are higher than the historical amounts due primarily to the resetting of rental rates under new tenancy agreements which were entered into throughout 2006 upon the expiry of the old tenancy agreements. The proposed caps are calculated primarily based on the aggregation of the rents and management fees payable under the following tenancy agreements which are entered into based on the then prevailing market rates:

- Actual new tenancy agreements which were entered into with China Insurance Group in the second half of 2006 for a term of two years for the units in Fortress Metro Tower. The new tenancy agreements include new agreements for additional new units leased to China Insurance Group and new agreements which replaced the old tenancy agreements. The rates in the tenancy agreements are higher than those in the old tenancy agreements as the rental rates in Hong Kong have risen substantially in the last few years.

- Actual new tenancy agreements which were entered into with China Insurance Group in the second half of 2006 for a term of three years for the units in Ming An Plaza. The new tenancy agreements replaced the old tenancy agreements. The rates in the new tenancy agreements are higher than those in the old tenancy agreements as the rental rates for properties in Hong Kong have risen substantially in the last few years.
- Actual new tenancy agreements which were entered into with China Insurance Group in the first half of 2006 for the units in China Insurance Group Building. The new tenancy agreements replaced the old tenancy agreements. The rates in the new tenancy agreements are higher than those in the old tenancy agreements as the rental rates for properties in Hong Kong have risen substantially in the last few years.

Transactions with CIIH Group

3. Reinsurance business with CIRe

On 7 December 2006, we and CIRe entered into a master reinsurance agreement (the "Master Reinsurance Agreement") pursuant to which CIRe agreed, and we agreed to procure our subsidiaries, to enter into reinsurance contracts with CIRe. CIRe, a wholly owned subsidiary of CIIH, mainly engages in the underwriting of all classes of reinsurance business other than casualty reinsurance business outside of Asia. For the financial year ended 31 December 2005, CIRe acted as our reinsurer for approximately 15.5% of our total ceded premiums. The Master Reinsurance Agreement is for a term up to 31 December 2008.

Pursuant to the said reinsurance contracts, CIRe acts as reinsurer and accepts risks in return for agreed premiums from members of our Group. The reinsurance transactions, which may be for terms over 3 years, consist of both treaty and facultative business and the range of risks covered includes all lines of general reinsurance risks on both a proportional and non-proportional basis. The period of insurance for construction-related insurance business such as contractors' all risks insurance and erection all risks insurance normally covers the entire construction period. It is not unusual that construction projects take more than three years to complete. The Company usually arranges facultative reinsurance for construction-related insurance business, and the period of reinsurance will always adopt the same contract period as the direct insurance contract. It is common for such kind of agreement in the insurance industry to have a term which exceeds three years. Mortgage insurance is another example. Mortgage insurance generally covers the entire repayment period of the mortgage loan, and it is standard and normal business practice for insurance companies to arrange reinsurance covers with the same period of reinsurance as the direct insurance contract. The Company confirms that it is in the normal business practice for agreements of these types to be of such duration and the entering into these agreements for a term longer than three years are beneficial to the Company as it not only conforms with normal business practice in the insurance industry, but it also allows the Company to compete with other general insurance companies for Cheung Kong Group's and its associates' projects or businesses. Pursuant to the Master Reinsurance Agreement, CIRe will enter into reinsurance contracts on the same basis as it accepts reinsurance business from other independent third-party insurers, and the terms and conditions of such reinsurance contracts, in which other independent third-party reinsurers may also participate, will be negotiated on an arm's length basis and will be entered into on normal commercial terms. Our reinsurance treaties are arranged annually. Each year, invitations to participate in reinsurance treaties will be sent to selected reinsurers on our approved list of reinsurers approximately two months prior to the commencement date of such treaties. The invitation is in the form of a letter stating the latest performance of the treaty to be renewed or the projected performance of a new treaty, the proposed treaty terms and other relevant information. Reinsurers are ultimately selected on the basis of their financial condition, history of cooperation, quality of service and price of their reinsurance products. The final share allocated to each reinsurer under the treaty will be approved by members of our senior management based on, among other things, the different types of reinsurance products. Facultative reinsurance is to supplement our treaty reinsurance and help underwrite any single but large or complex risk, and will be arranged on an "as needed" basis from time to time. Reinsurers for facultative reinsurance will also be selected by us based on their financial condition, history of cooperation, quality of service, price offered and other relevant factors.

Historical amounts

The gross premium income ceded by our Group and underwritten by CIRe in respect of reinsurance transactions for each of the three financial years ended 31 December 2005 and for the six months ended 30 June 2006 were HK$91 million, HK$67 million, HK$64 million and HK$45 million, respectively. In recent years, we have increased our retention ratio and therefore decreased the amount of premium ceded to reinsurers. As a result, the gross premium income ceded by our Group to CIRe has decreased proportionally.

The commission income received by our Group in respect of the reinsurance transactions for each of the three financial years ended 31 December 2005 and for the six months ended 30 June 2006 were HK$19 million, HK$14 million, HK$17 million and HK$12 million, respectively. The amount of commission income received by our Group has decreased due to the decrease in the amount of premium ceded to CIRe as explained above. The amount of commission income received by our Group was based on the gross premium income ceded, but is not directly proportional because the mix of reinsurance arrangements for every year is different and the commission rates for different types of reinsurances, e.g. proportional treaty reinsurance, non-proportional treaty reinsurance and various classes of facultative reinsurance, are also different.

Proposed caps and basis of caps

It is expected that the amount of gross premium income ceded by our Group and underwritten by CIRe under the reinsurance transactions for the six months ending 31 December 2006 will not exceed HK$54.6 million and for each of the two financial years ending 31 December 2008 will not exceed HK$181 million and HK$208 million per year, respectively. It is expected that the commission income receivable by our Group in respect of the reinsurance transactions for the six months ending 31 December 2006 will not exceed HK$18.8 million and for each of the financial years ending 31 December 2008 will not exceed HK$68 million and HK$78 million, respectively.

The proposed caps of the amount of gross premium ceded to CIRe and the corresponding commission income derived from CIRe are generally higher than the historical amounts due to the expected increase in our level of business and gross premium income resulting from a number of our new initiatives and expansion plan, including the increase of our penetration into the PRC market and the new business derived from our new strategic partnership with Cheung Kong. With Cheung Kong's investments and with Cheung Kong as our shareholder, we are given the right to participate in the tender process and submit tenders for each of Cheung Kong Group's and its associates' general insurance bids as disclosed in this section under "Transactions with Cheung Kong Group and its associates".

The proposed caps are calculated primarily based on (i) our growth projection for gross premium income expected to be derived from the PRC and the amount we expect to cede to reinsurers (ii) our estimate of the amount of new gross premium income derived from our ability to participate and tender for each of Cheung Kong Group's and its associates' general insurance business and the amount we expect to cede to reinsurers. The commission rate used for the calculation of commission income receivable from CIRe is based on the average typical market commission rate.

In 2007, the Company has assumed a 80% year-on-year growth on ceded premiums to CIRe to account for the amount of new gross premium income from the fast growing PRC operations. In addition, the Group has assumed an additional gross premium of HK$123 million derived from its ability to participate in the tender process and submit tenders for each of Cheung Kong Group's and its associates' general insurance business. The Group has assumed that 25% of such gross premium income will be ceded to CIRe in year 2007. This percentage is based on the historical percentage of the Group's gross premium income derived from different types of insurance products likely to be provided to Cheung Kong Group which the Company expects to cede to CIRe. In 2008, the Group has assumed a steady year-on-year growth of 15%, to account for the growth in gross premiums as a result of its expansion.

In calculating the proposed caps for commission income, the Company has assumed commission rates of 34%, 37.5% and 37.5% for the six months ending 31 December 2006 and two years ending 31 December 2008, respectively. The increase in commission income for year 2007 and 2008 is a direct result of the increase of gross premium ceded to CIRe. The increase in commission rates is due to the expected increase in property proportional treaties as a result of the increase in property and fire insurance businesses from Cheung Kong Group, which tend to have higher commission rates, to be ceded to CIRe.

4. Provision of investment management services by CIIH Group to us

a. Provision of investment management services by CIGAML to us

On 7 December 2006, CIGAML, a wholly owned subsidiary of CIIH, entered into a master investment management agreement (the "CIGAML Master Investment Management Agreement") with us pursuant to which CIGAML agreed, and we agreed to procure our subsidiaries, to enter into various investment management agreements with CIGAML, which currently operates CIIH Group's asset management business outside mainland China and mainly engages in the provision of investment consultancy services. In accordance with the investment management agreements, CIGAML provides investment advice and investment management services to members of our Group for the investment funds placed by us with CIGAML. We have currently entered into an investment management agreement with CIGAML whereby CIGAML has provided investment advice and investment management services to us.

The CIGAML Master Investment Management Agreement shall be valid for a term up to 31 December 2008. Under the CIGAML Master Investment Management Agreement, CIGAML will receive from us management fees and performance bonus fees for its investment management services per annum for each investment management agreement (together, the "CIGAML Management Fees") and such CIGAML Management Fees will be calculated on the basis of (a) a certain percentage of the increase in the net asset value of the investment fund; and/or (b) a performance bonus fee representing a certain percentage of the amount of net investment return at the end of the relevant calendar year in excess of an amount equivalent to a certain percentage of the daily average balance of the settlor's subscription monies or the increase in the net asset value of the relevant investment fund managed by CIGAML; and/or (c) such other bases as may be agreed by the parties to the investment management agreement.

Historical amounts

The CIGAML Management Fees payable by us to CIGAML for the three financial years ended 31 December 2005 and the six months ended 30 June 2006 were HK$2.7 million, HK$2.3 million, HK$1.4 million and HK$0.5 million respectively. The management fees for the three financial years ended 31 December 2005 and six months ended 30 June 2006 are based on an average asset under management of HK$260 million, HK$226 million, HK$289 million and HK$185 million respectively and an average management fee of 1%, 1%, 0.6% and 0.6% respectively.

Proposed caps and basis of caps

It is expected that the CIGAML Management Fees to be paid by our Group for the six months ending 31 December 2006 will not exceed HK$1.2 million and for each of the two financial years ending 31 December 2008 will not exceed HK$3.4 million and HK$5.6 million, respectively. The proposed caps are calculated based on our projection of the increase in the amount of funds we plan to outsource to external investment managers. The proposed caps are higher than the historical amounts primarily due to the intended rebalance of the Company's investment portfolio to shift its cash holdings into higher yield investments such as fixed income and equity securities. The Company plans to deploy a large portion of its surplus cash in 2007 into investments in fixed income and equity securities through the services of external specialist investment managers which include CIGAML.

b. Provision of investment management services by TPAML to us

In view of the fact that a large amount of cash will be held by Ming An China in the near future due to the anticipated injection of more capital by Ming An Hong Kong, and that the yield on the cash is comparatively lower if the cash is kept in bank deposits, the Group proposes to invest in certain financial products in order to generate a higher return. In this connection, the Group intends to appoint an asset management company to handle the investments for Ming An China. Currently, there are only nine insurance-related asset management companies in the PRC which have been approved by the CIRC, one of which is TPAML. Therefore, TPAML will be one of the investment managers considered by Ming An China. As a result, on 7 December 2006, TPAML, entered into a master investment management agreement (the "TPAML Master Investment Management Agreement") with us pursuant to which TPAML agreed, and we agreed to procure our subsidiaries, to enter into various investment management agreements with TPAML, who mainly operates CIIH Group's asset management business in the PRC and mainly engages in the provision of investment consultancy services in that region. In accordance with the investment management agreements, TPAML provides investment advice and investment management services to members of our Group for the investment fund placed by us with TPAML.

The TPAML Master Investment Management Agreement shall be valid for a term up to 31 December 2008. Under the TPAML Master Investment Management Agreement, TPAML will receive from us management fees and performance bonus fees for its investment management services per annum for each investment management agreement (together, the "TPAML Management Fees") and such TPAML Management Fees will be calculated on the basis of (a) a certain percentage of the increase in the net asset value of the investment fund; and/or (b) a performance bonus fee representing a amount of net investment return at the end of the relevant calendar year in excess of an amount equivalent to a certain percentage of the daily average balance of the settlor's subscription monies or the increase in the net asset value of the relevant investment fund managed by TPAML; and/or (c) such other basis as may be agreed by the parties to the investment management agreement.

Historical amounts

Given that TPAML had not provided investment management services to us during the Track Record Period, there are no historical amounts for this connected transaction.

Proposed caps and basis of caps

It is expected that the TPAML Management Fees to be paid by our Group for each of the two financial years ending 31 December 2008 will not exceed HK$2.0 million and HK$4.3 million, respectively. The basis of calculation of the investment management fee payable to TPAML will be on normal commercial terms. The proposed caps are calculated based on the planned capital injection by Ming An Hong Kong, our growth projection for gross premium income expected to be derived from the PRC and the amount of funds we plan to outsource to external investment managers. In calculating the proposed caps, we have assumed a management fee consistent with the current industry average in the PRC.

c. Mechanisms to manage risks relating to outsourcing of investment funds management

We have in place established procedures for selecting appropriate investment companies before entrusting our funds for investment. Prior to placing any funds for investment, we will invite different investment companies to submit their investment proposals for our consideration. Based on the proposals submitted, we will select the investment company with which to entrust our funds. We have established an investment and reinsurance committee at the Board level, comprising a majority of independent non-executive Directors, to make decisions regarding, among other things, the selection of investment managers and other important decisions relating to the management of our investment funds. We also have an investment management committee which is responsible for monitoring the investment activities of the investment managers and ensuring that they strictly follow our investment plans and policy. See further "Our Business — Investments".

5. Properties leased by us to CIIH Group

On 7 December 2006, we and CIIH entered into a master tenancy agreement (the "CIIH Master Tenancy Agreement"), pursuant to which we agreed to lease a number of office units in Ming An Plaza and a car parking space to CIIH Group. Some of the tenancies are covered under existing tenancy agreements between us and CIIH Group.

The CIIH Master Tenancy Agreement is for a term up to 31 December 2008. Pursuant to the CIIH Master Tenancy Agreement, CIIH Group will enter into separate tenancy agreements with us, and the terms and conditions of such tenancy agreements will be negotiated on an arm's length basis and will be entered into on normal commercial terms.

Savills Valuation and Professional Services Limited, the independent property valuer, has reviewed the existing tenancy agreements with CIIH Group and has confirmed that the rental rates payable are in line with market rates.

Historical amounts

The aggregate yearly rent and management fee payable by CIIH Group for the three financial years ended 31 December 2005 and the six months ended 30 June 2006 were HK$1.8 million, HK$1.8 million, HK$1.8 million and HK$0.9 million, respectively.

Proposed caps and basis of caps

It is expected that the aggregate rent and management fee to be paid by CIIH Group for the six months ending 31 December 2006 will not exceed HK$1 million and for each of the two financial years ending 31 December 2008 will not exceed HK$1.1 million and HK$0.05 million, respectively. The caps reflect the rental rates and management fees under the existing tenancy agreements.

Transactions with Cheung Kong Group and its associates

6. *Provision of general insurance services by us to Cheung Kong Group and its associates*

On 7 December 2006, Cheung Kong entered into a master general insurance agreement (the "Master General Insurance Agreement") with us, pursuant to which Cheung Kong agreed to introduce its subsidiaries and associates, and we agreed to procure our subsidiaries, to enter into general insurance agreements in our ordinary and usual course of business. In accordance with the Master General Insurance Agreement, we may be invited to participate in the tender process and submit tenders for any of Cheung Kong Group's and its associates' general insurance bids along with other independent third-party insurers. The Master General Insurance Agreement is for a term up to 31 December 2008. Under the Master General Insurance Agreement, if our tender has been accepted by the relevant member of Cheung Kong Group or its associates, it will take out relevant insurance policies, which may be for terms over 3 years, with our Group. Please refer to the disclosure in item 3 above "Reinsurance business with CIRe" for further information. Pursuant to the Master General Insurance Agreement, the general insurance businesses will be effected on terms and conditions that are comparable to those offered by us to independent third parties, and will be on normal commercial terms and on an arm's length basis and in accordance with our risk management policy.

Historical amounts

The annual gross premium payable by Cheung Kong Group and its associates for the three financial years ended 31 December 2005 and the six months ended 30 June 2006 were HK$0.2 million, HK$15 million, HK$22 million and HK$40 million, respectively. The fluctuation in the historical amounts is primarily due to the fact that Ming An Hong Kong started to underwrite insurance business to Cheung Kong Group and its associates in 2004 and every year there was an increase in the amount of gross premiums written to Cheung Kong Group and its associates.

Proposed caps and basis of caps

It is expected that the aggregate annual premium to be paid by Cheung Kong Group and its associates for the six months ending 31 December 2006 will not exceed HK$5 million and for each of the two financial years ending 31 December 2008 will not exceed HK$123 million and HK$180 million, respectively. The proposed caps of the gross premium are determined by reference to the historical value of such transactions and the projected value of new businesses that our Group is likely to procure based upon Cheung Kong Group's and its associates' aggregate annual premium payment on general insurance for the financial year ended 31 December 2005. The proposed caps are determined based on the understanding that the Group will be able to provide insurance services to members of Cheung Kong Group and its associates, such as Hongkong Electric Holdings Limited, A.S. Watson & Co. Ltd., Citybase Property Management Limited, Goodwell Property Management Limited, Hutchison Telecom Ltd. and their operating companies in the PRC and overseas. With Cheung Kong being the Group's strategic investor and based on the Group's competitiveness in the market, long established history and its position as the fourth direct general insurer with the highest gross written premium in Hong Kong, the Company estimates that it will be able to earn a total premium income of approximately HK$100 million to HK$200 million through the provision of general insurance services to Cheung Kong Group and its associates in year 2007 and year 2008 after the bidding process.

7. Provision of insurance brokerage services by AMTD Risk Management to us

On 7 December 2006, AMTD Risk Management, an associate of Cheung Kong which engages in the provision of insurance brokerage services, entered into a master insurance brokerage agreement (the "Master Insurance Brokerage Agreement") with us pursuant to which AMTD Risk Management agreed to enlist us on their list of insurers for referral/introduction and invitation for tender for their corporate clientele. Since the strategic partnership with Cheung Kong began in September 2006, our Group expects an increase in the volume of general insurance business from the Cheung Kong Group and its associates procured through AMTD Risk Management. The Master Insurance Brokerage Agreement is for a term up to 31 December 2008. In accordance with the Master Insurance Brokerage Agreement, AMTD Risk Management is to invite us for tender for various general insurance bids so long as we satisfy the criteria to be determined by AMTD Risk Management from time to time. The Master Insurance Brokerage Agreement is negotiated on an arm's length basis and is entered into on normal commercial terms.

Historical amounts

Given that AMTD Risk Management had not provided insurance brokerage services to us during the Track Record Period, there are no historical amounts for this connected transaction.

Proposed caps and basis of caps

It is expected that the aggregate annual value to be paid by us to AMTD Risk Management for the six months ending 31 December 2006 will not exceed HK$0.1 million and for each of the two financial years ending 31 December 2008 will not exceed HK$19 million and HK$27 million, respectively. The proposed caps are based on the projected gross premiums derived from Cheung Kong Group and its associates through AMTD Risk Management and a brokerage fee of 15% to be charged by AMTD Risk Management on the amount of gross premiums derived from Cheung Kong Group and its associates through AMTD Risk Management (not taking into account any other insurance policies which may be introduced by AMTD Risk Management). Such brokerage fee rate is consistent with current market rates for similar services.

8. Provision of marketing services by AMTDFL and AMTDD to us

On 7 December 2006, AMTDFL and AMTDD, both of which are associates of Cheung Kong, entered into a master marketing services agreement (the "Master Marketing Services Agreement") with us pursuant to which AMTDFL and AMTDD agreed to enter into marketing services agreements. The strategic partnership with Cheung Kong provides our Group the opportunities to develop new general insurance business through AMTDFL and AMTDD. It is anticipated that AMTDFL and AMTDD will introduce new general insurance business to our Group. In accordance with the Master Marketing Services Agreement, AMTDFL and AMTDD are to provide marketing services and promote our designated insurance products to selected customers, based on the agreed criteria and to launch regular telemarketing campaigns designed to introduce our designated insurance products. AMTDFL will be responsible for database management and telemarketer arrangements as well as providing us with management and sales reports in an agreed format, and AMTDD will provide the call centre facilities for carrying out the marketing program.

The Master Marketing Services Agreement is for a term up to 31 December 2008. Under the Master Marketing Services Agreement, we will pay AMTDFL the telemarketers costs to be calculated by reference to the number of projects, telemarketers needed and the agreed salary packages for telemarketers (with or without insurance licence qualifications), and supervisors. In aggregate, AMTDFL and AMTDD will charge us a service charge of approximately 75% of the gross premium underwritten through this call centre. The service charge consists of the following components:

- commission of 30% of the gross written premium underwritten through the call centre. This is in line with the typical commission rate charged by brokers in the Hong Kong market; and
- facility rental fee which sums up to approximately 45% of the gross written premium underwritten through the call centre. This is estimated based on our projections of the number of telemarketers (approximately 70%), workstations (approximately 30%) and calls we expect we need to generate the premiums. The salaries of the telemarketers and the rates charged for the workstations/calls assumed in our projection are in line with those charged to other clients by AMTDD and AMTDFL.

The Master Marketing Services Agreement was negotiated on an arm's-length basis and was entered into on normal commercial terms.

Historical amounts

Given that AMTDFL and AMTDD had not provided marketing services to us during the Track Record Period, there are no historical amounts for this connected transaction.

Proposed caps and basis of caps

It is expected that the aggregate annual value to be paid by us to AMTDFL and AMTDD for the six months ending 31 December 2006 shall not exceed HK$2.0 million and for each of the financial years ending 31 December 2008 will not exceed HK$12.0 million and HK$20 million, respectively. The proposed annual caps are determined by reference to the projected number of projects, telemarketers and workstations needed and the volume of new business that our Group is likely to procure. The proposed caps are based on the Group's expectation that AMTDFL and AMTDD will promote one, three and five of the Group's designated products for the six months ending 31 December 2006 and two years ending 31 December 2008, respectively. In calculating the proposed caps, the Company has applied a 10% buffer.

Non-exempt continuing connected transactions

(A) Reinsurance business with CIRe;

(B) Provision of general insurance services by us to Cheung Kong Group and its associates; and

(C) Provision of insurance brokerage services by AMTD Risk Management to us.

As one or more of the relevant applicable percentage ratios set out in the Listing Rules for determining the value of connected transaction (excluding the profits ratio and the equity capital ratio which are not applicable) for each of the non-exempt continuing connected transactions in paragraphs (A) to (C) above is expected to be 2.5% or above on an annual basis and the annual consideration of each such transaction is expected to be HK$10,000,000 or more, each such transaction is subject to the reporting, announcement and independent shareholders' approval requirements under the Listing Rules.

Continuing connected transactions exempt from independent shareholders' approval requirements

(D) Provision of training services by China Insurance Group to us;

(E) Properties leased by us to China Insurance Group (other than CIIH Group);

(F) Provision of investment management services by CIIH Group to us;

(G) Properties leased by us to CIIH Group; and

(H) Provision of marketing services by AMTDFL and AMTDD to us.

As each of the relevant applicable percentage ratios set out in the Listing Rules for determining the value of connected transaction (excluding the profits ratio and the equity capital ratio which are not applicable) for each of the continuing connected transactions in paragraphs (D) to (H) above is expected to be less than 2.5% on an annual basis, each such transaction is exempt from the independent shareholders' approval requirements under the Listing Rules but is subject to the reporting and announcement requirements under the Listing Rules.

Directors' view on the continuing connected transactions

Our Directors (including our independent non-executive Directors) are of the view that all the continuing connected transactions have been conducted on normal commercial terms, were entered into in the ordinary and usual course of business of our Group, are fair and reasonable and in the interests of our Company and our shareholders as a whole, and that the maximum annual value of each of the relevant continuing connected transactions as disclosed in this section is fair and reasonable.

Continuing connected transactions — Application for waiver

We will continue to enter into or carry out the transactions set out in this section and these transactions will constitute continuing connected transactions for us under the Listing Rules once our Shares are listed on the Stock Exchange. According to the Listing Rules, such transactions may, depending on the nature and value of the transactions, require disclosure and prior approval by our independent shareholders.

Scope of waiver

Under the Listing Rules, the continuing connected transactions under paragraphs (A) to (C) are considered to be non-exempt continuing connected transactions under Rule 14A.35 and would require compliance with the reporting and announcement requirements set out in Rules 14A.45 to 14A.47 of the Listing Rules and the prior independent shareholders' approval requirements set out in Rules 14A.48 to 14A.54 of the Listing Rules.

For the continuing connected transactions under paragraphs (D) to (H) above, each of the applicable percentage ratios set out in Rule 14.07 of the Listing Rules, where applicable, under these agreements is, on an annual basis, expected to be less than 2.5% under Rule 14A.34 of the Listing Rules. Such transactions are exempt from the independent shareholders' approval requirements but are subject to the reporting and announcement requirements set out in Rules 14A.45 to 14A.47 of the Listing Rules.

As the above continuing connected transactions are expected to continue on a recurring basis, our Directors consider that compliance with the announcement and/or the independent shareholders' approval requirements would be unduly burdensome, impractical and would add additional administrative costs to our Company. Accordingly, our Directors have requested the Stock Exchange to grant a waiver from compliance with the requirements under Rule 14A.42(3) of the Listing Rules. We have requested the Stock Exchange, and the Stock Exchange has agreed, to grant a waiver to our Company from compliance with the announcement and/or independent shareholders' approval requirements relating to continuing connected transactions under the Listing Rules. In addition, we will comply with the applicable provisions under Rules 14A.35(l), 14A.35(2), 14A.36, 14A.37, 14A.38, 14A.39 and 14A.40 of the Listing Rules.

Confirmation from the Sponsor

The Sponsor is of the view that the continuing connected transactions described above in "Continuing Connected Transactions" for which waivers are sought have been entered into in the ordinary and usual course of business of the Company, on normal commercial terms, are fair and reasonable and in the interests of our shareholders as a whole, and that the maximum aggregate values of these continuing connected transactions are fair and reasonable, as far as our shareholders, taken as a whole, are concerned.

Exempt continuing connected transactions

In addition to the continuing connected transactions described above for which waivers have been granted by the Stock Exchange, we have the following other continuing connected transactions from time to time which are exempted continuing connected transactions under the Listing Rules: (1) we may continue to accept from CIRe retrocession of policies which they have re-insured; (2) we may continue to provide general insurance policies to members of the China Insurance Group; (3) we may continue to enter into co-insurance agreements with China Insurance Group (including Tai Ping Insurance); (4) we may continue to provide other miscellaneous services to the China Insurance Group including the use of our conference rooms and catering services; (5) China Insurance Group may continue to provide securities brokerage services to us; (6) we are leasing the roof area of Ming An Plaza to Cheung Kong Group and its associates; and (7) Cheung Kong Group and its associates are providing management services to us in respect of carparking spaces at City Garden, North Point. In each of these cases, the percentage ratios under the Listing Rules on an annual basis will be less than 0.1% and accordingly such transactions are exempt from the reporting, announcement and independent shareholders' approval requirements of the Listing Rules.