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(Incorporated in Hong Kong with limited liability)

(Stock Code: 966)



民安(控股)有限公司
The Ming An (Holdings) Company Limited
(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1389)

JOINT ANNOUNCEMENT

PROPOSED ACQUISITION BY CHINA INSURANCE INTERNATIONAL HOLDINGS COMPANY LIMITED (“CIIH”) OF 1,389,247,000 ORDINARY SHARES IN THE CAPITAL OF THE MING AN (HOLDINGS) COMPANY LIMITED (“MAH”) REPRESENTING APPROXIMATELY 47.80% OF ALL THE SHARES OF MAH, CONSTITUTING A DISCLOSEABLE AND CONNECTED TRANSACTION OF CIIH AND POSSIBLE PROPOSED PRIVATISATION OF MAH BY WAY OF A SCHEME OF ARRANGEMENT UNDER SECTION 86 OF THE COMPANIES LAW, CONSTITUTING A DISCLOSEABLE TRANSACTION OF CIIH AND INCLUDING PROPOSED WITHDRAWAL OF LISTING OF SHARES OF MAH AND PROPOSED CHANGE IN BOARD LOT SIZE OF SHARES OF CIIH AND RESUMPTION OF TRADING

Exclusive Financial Adviser to CIIH



Merrill Lynch (Asia Pacific) Limited

THE STAKE ACQUISITION

On 22 May 2009, CIHK and Manhold as vendors and CIIH, a subsidiary of CIHK, as purchaser entered into the conditional Sale and Purchase Agreement in relation to the acquisition of an aggregate of 1,389,247,000 MAH Shares, representing approximately 47.80% of the existing issued share capital of MAH. The consideration for the Stake Acquisition shall be payable by CIIH by the issue and allotment of an aggregate of 138,924,700 new CIIH Shares to CIHK upon completion of the Sale and Purchase Agreement on the following basis:

For every 10 MAH Shares..... 1 new CIIH Share

THE POSSIBLE PRIVATISATION PROPOSAL

CIIH and MAH jointly announce that, subject to the satisfaction of the Pre-Conditions, CIIH has requested the board of MAH to put forward a proposal to privatise MAH by way of a scheme of arrangement under Section 86 of the Companies Law. Upon completion of the Stake Acquisition, CIIH will become the controlling shareholder of MAH. As at the date of this announcement, CIIH, together with CIHK and Manhold, hold approximately 51.34% of the existing issued share capital of MAH.

If the Privatisation Proposal is approved by the Scheme Shareholders, the Scheme is sanctioned by the Grand Court and all requirements under the Companies Law are complied with, the Scheme will be binding on all Scheme Shareholders, irrespective of whether or not they attend or vote at the Court Meeting or the MAH EGM. The 1,492,196,000 MAH Shares currently held by CIIH, CIHK and Manhold, representing approximately 51.34% of the existing issued share capital of MAH as at the date of this announcement, will not form part of the Scheme Shares. As such, CIIH and parties acting in concert with it will not vote at the Court Meeting.

Terms of the Privatisation Proposal

Subject to the satisfaction of the Pre-Conditions, CIIH proposes that all Scheme Shares will be cancelled and the Scheme Shareholders will receive from CIIH new CIIH Shares as consideration for the cancellation on the following basis:

For every 10 Scheme Shares 1 new CIIH Share

CIIH reserves the right to implement the Scheme through one or more of its wholly-owned subsidiaries.

Pre-Conditions to making the Privatisation Proposal

The making of the Privatisation Proposal is conditional upon the fulfillment or waiver, as applicable, of the conditions described in the section of this announcement headed “The Possible Privatisation Proposal - Pre-Conditions to making the Privatisation Proposal”.

Conditions of the Privatisation Proposal

Assuming the Privatisation Proposal is made, the Privatisation Proposal is itself conditional upon the fulfillment or waiver, as applicable, of the conditions described in the section of this announcement headed “The Possible Privatisation Proposal - Conditions of the Privatisation Proposal”, including, among other things, the approval of the Scheme being obtained from the Independent MAH Shareholders at the Court Meeting and the sanction of the Scheme by the Grand Court. If the conditions are not fulfilled or, if applicable, not waived on or before the Scheme Long Stop Date (or such other date as CIIH and MAH may agree or, to the extent applicable, as the Grand Court may direct), the Scheme will lapse.

Withdrawal of listing of the MAH Shares

Upon the Scheme becoming effective, all Scheme Shares will be cancelled and the share certificates for the Scheme Shares will thereafter cease to have effect as documents or evidence of title. MAH will apply to the Stock Exchange for the withdrawal of the listing of the MAH Shares on the Stock Exchange immediately following the effective date of the Scheme.

The listing of the MAH Shares on the Stock Exchange will not be withdrawn if the Scheme is not approved or lapses.

DISCLOSEABLE AND CONNECTED TRANSACTION OF CIIH

The Stake Acquisition and the Privatisation Proposal constitute discloseable transactions of CIIH under the Listing Rules. As at the date of this announcement, CIHK is a substantial shareholder of CIIH. CIHK and its associates are connected persons of CIIH and thus the Stake Acquisition and the issue and allotment of the SPA Shares by CIIH to CIHK also constitute connected transactions of CIIH. Since the applicable percentage ratios are more than 2.5%, the Sale and Purchase Agreement and the transactions contemplated thereunder are conditional upon the approval of the independent shareholders of CIIH in the CIIH EGM.

PROPOSED CHANGE IN BOARD LOT SIZE OF CIIH SHARES FROM 1,000 SHARES TO 200 SHARES

In order to facilitate the implementation of the Privatisation Proposal, CIIH intends to change the board lot size of CIIH Shares for trading on the Stock Exchange from 1,000 shares to 200 shares. MAH Shareholders should also be aware that no arrangements are intended to be made for the trading of odd lots of CIIH Shares resulting from the acceptance of the Privatisation Proposal. Further announcement(s) in relation to the expected timetable for the proposed change in board lot size of CIIH Shares will be made.

Shareholders and/or potential investors in CIIH and MAH should be aware that the making of the Privatisation Proposal is subject to satisfaction and/or waiver of the Pre-Conditions (namely, (a) the completion of the transactions contemplated by the Sale and Purchase Agreement; (b) the granting of a ruling by the SFC that MBIL shall not be regarded as a party acting in concert with CIIH under the Takeovers Code; and (c) the granting of a favourable ruling by the SFC with respect to an application by CIIH to the SFC that certain persons who are associated companies of CIIH or its subsidiaries, associated companies of CIHK and/or associated companies of CIIH's fellow subsidiaries (including MAH) and/or companies of which such companies are associated companies, shall not be regarded as parties acting in concert with CIIH under the Takeovers Code). Even if the Privatisation Proposal is made, the Privatisation Proposal is subject to the satisfaction or waiver (as applicable) of the Conditions and therefore may or may not become effective. Accordingly, shareholders and/or potential investors in CIIH and MAH are advised to exercise caution when dealing in shares of CIIH and MAH.

RESUMPTION OF TRADING

At the request of CIIH, trading in the shares in CIIH on the Stock Exchange was suspended from 2:53 p.m. on 30 April 2009, pending the issue of this announcement. Application has been made by CIIH to the Stock Exchange for the resumption of trading in the shares in CIIH on the Stock Exchange with effect from 9:30 a.m. on 25 May 2009.

At the request of MAH, trading in the shares in MAH on the Stock Exchange was suspended from 2:53 p.m. on 30 April 2009, pending the issue of this announcement. Application has been made by MAH to the Stock Exchange for the resumption of trading in the shares in MAH on the Stock Exchange with effect from 9:30 a.m. on 25 May 2009.

THE STAKE ACQUISITION

The Sale and Purchase Agreement

Date

22 May 2009

Parties

Vendors: CIHK
Manhold

Purchaser: CIIH

Subject matter of the sale and purchase

CIHK and Manhold agree to sell, and CIIH agrees to purchase, 1,388,761,000 MAH Shares and 486,000 MAH Shares held by CIHK and Manhold, respectively, representing in aggregate approximately 47.80% of the existing issued share capital of MAH.

Consideration

The consideration for the Stake Acquisition shall be payable by CIIH by the issue and allotment of an aggregate of 138,924,700 CIIH Shares to CIHK, and/or its nominee(s) or subsidiary(ies) as it may direct, upon completion of the Sale and Purchase Agreement on the following basis:

For every 10 MAH Shares 1 new CIIH Share

The SPA Shares represent approximately 9.77% of the issued share capital of CIIH of 1,421,721,592 CIIH Shares as at the date of this announcement and represent approximately 8.90% of the enlarged issued share capital of CIIH of 1,560,646,292 CIIH Shares (as enlarged by the issue of the SPA Shares). The SPA Shares will rank pari passu in all respects with the existing CIIH Shares in issue.

The number of SPA Shares has been determined on a willing buyer, willing seller basis, during arm's length negotiations among CIIH, CIHK and Manhold.

The exchange ratio of 1 new CIIH Share for every 10 MAH Shares pursuant to the Sale and Purchase Agreement and the Privatisation Proposal takes into consideration, among other things, (i) the historical performance of both CIIH and MAH, (ii) the business potential of both CIIH and MAH, (iii) the audited net asset value per share of MAH as of 31 December 2008; (iv) the prevailing and historical market price levels of both CIIH Shares and MAH Shares; and (v) the potential benefits of the Transactions.

Based on the closing price of a CIIH Share of HK\$13.00 as at the Last Trading Date, the issuance of 1 new CIIH Share for every 10 MAH Shares implies a value of HK\$1.30 per MAH Share. Further information on the implied premia of the Consideration is set out in the following paragraphs. Further information on the background, rationale and potential benefits of the Transactions is set out in the section headed “Background to, and Rationale for, the Stake Acquisition and the Privatisation Proposal”.

The premia represented by the issue of the new CIIH Shares in both the Stake Acquisition and the Privatisation Proposal, as calculated by reference to the various ratios between the average closing prices of a CIIH Share and the average closing prices of a MAH Share on the Last Trading Date and in various historical periods, are as follows:

	Last Trading Date	Previous period up to the Last Trading Date				
		10 trading days	30 trading days	60 trading days	180 trading days	One year
(A) Average closing price of a CIIH Share (in HK\$)	13.00	13.13	13.03	11.43	12.08	14.15
(B) Average closing price of a MAH Share (in HK\$)	0.90	0.88	0.84	0.81	0.79	0.98
(C) (C)=(A)/(B)	14.44	15.01	15.55	14.13	15.26	14.38
(D) Premium=(C)/10-1	44.4%	50.1%	55.5%	41.3%	52.6%	43.8%

Notes:

- (1) “C” represents the ratio between the average closing price of a MAH Share and the average closing price of a CIIH Share on any of the specified date or period. Exact figures may not be replicated using the shares prices in the table due to rounding differences.
- (2) “D” corresponds to the premium represented by the issuance of 1 new CIIH Share for every 10 MAH Shares compared to the ratio between the average closing price of a CIIH Share and the average closing price of a MAH Share on any of the specified date or period.

The premia represented by the issue of the new CIH Shares in both the Stake Acquisition and the Privatisation Proposal, as calculated by reference to the various ratios between the average closing prices of a MAH Share on the Last Trading Date and in various historical periods and the Consideration of HK\$1.30 per MAH Share as implied by the issuance of 1 new CIH Share for every 10 MAH Shares and the closing price of a CIH Share as at the Last Trading Date are as follows:

	Previous period up to the Last Trading Date					One year
	Last Trading Date	10 trading days	30 trading days	60 trading days	180 trading days	
Average closing price of a MAH Share (in HK\$)	0.90	0.88	0.84	0.81	0.79	0.98
Implied Premium implied by the Consideration of HK\$1.30 per MAH Share	44.4%	48.6%	55.1%	60.8%	64.1%	32.1%

Note: Exact premium figures may not be replicated using the share prices shown in the table due to rounding differences.

The Consideration of HK\$1.30 per MAH Share, as implied by the closing price of a CIH Share of HK\$13.00 as at the Last Trading Date, represents approximately 1.1 times the audited net asset value per MAH Share as at 31 December 2008 (based on the audited consolidated net asset value of MAH of approximately HK\$3,359.7 million and 2,906,384,000 MAH Shares in issue as at 31 December 2008) (“**Notional Acquisition P/B Ratio**”).

The price per CIH Share of HK\$13.00 as at the Last Trading Date represents approximately 4.0 times the audited net asset value per CIH Share as at 31 December 2008 (based on the audited consolidated net asset value of CIH of approximately HK\$4,596.6 million and 1,421,721,592 CIH Shares in issue as at 31 December 2008).

CIH will make an application to the Stock Exchange for the listing of and permission to deal in the SPA Shares to be issued in respect of the Stake Acquisition.

Conditions

Completion of the Sale and Purchase Agreement is conditional upon, among other things:—

- (a) the MAH Shares remaining listed and traded on the Stock Exchange at all times from the date of the Sale and Purchase Agreement, save for any temporary suspension not exceeding 21 consecutive trading days (except for temporary suspension for the purpose of clearing the announcement regarding the Sale and Purchase Agreement and the transactions contemplated thereunder), or such longer period as CIH may accept in writing, and no written notice or indication from the Stock Exchange and/or the SFC that the listing of MAH Shares on the Stock Exchange will or may be withdrawn or objected to as a result of completion of the Sale and Purchase Agreement or in connection with the terms of the Sale and Purchase Agreement;

- (b) the warranties, representations and undertakings given by the vendors under the Sale and Purchase Agreement remaining true and accurate in all material respects;
- (c) CIIH having received confirmation from the SFC that CIIH is not required to make a mandatory offer to acquire all MAH Shares (other than those held by it (whether directly or indirectly) and those as may be acquired by it under the Sale and Purchase Agreement) pursuant to the Takeovers Code as a result of completion of the Sale and Purchase Agreement or in connection with the terms of the Sale and Purchase Agreement;
- (d) all necessary consents, approvals and notifications having been obtained or made, and not having been revoked prior to completion of the Sale and Purchase Agreement, in Hong Kong and other jurisdictions, including:
 - (i) the obtaining of the approval of CIIH Shareholders (other than CIHK and Manhold and their respective associates) in a general meeting to the Sale and Purchase Agreement and the transactions contemplated thereunder;
 - (ii) the Stock Exchange granting the listing of, and permission to deal in, the SPA Shares;
 - (iii) the allotment and issue by CIIH of the SPA Shares to CIHK, and/or its nominee(s) or subsidiary(ies) as it may direct, having been approved by CIIH Shareholders in general meeting pursuant to Rule 13.36(1)(a) of the Listing Rules;
 - (iv) all approvals of the relevant PRC government authorities or agencies whose approvals are required for the completion of the transactions contemplated under the Sale and Purchase Agreement including approvals of the Ministry of Finance and the China Insurance Regulatory Commission having been obtained; and
 - (v) CIIH having been approved, or not objected to, within a period of 3 months from the date of service of a notice stating that CIIH proposes to be a controller (as such expression is defined under the Insurance Companies Ordinance) of The Ming An Insurance Company (Hong Kong), Limited, a wholly owned subsidiary of MAH, by the Insurance Authority of Hong Kong;
- (e) the above approvals not containing additional conditions or restrictions that may cause any impediments or impose any material adverse effect on the operations of the CIIH Group after completion of the Sale and Purchase Agreement, and such approvals not having been revoked prior to completion of the Sale and Purchase Agreement; and no laws, regulations and orders preventing completion of the transfer of shares in MAH pursuant to the Sale and Purchase Agreement; and
- (f) since the date of the last audited consolidated financial statements of MAH, there having been no material adverse change in the financial position, business or prospects of the MAH Group which is, in the reasonable opinion of CIIH, material to the MAH Group taken as a whole.

Conditions (a), (b), (c) and (f) of the Sale and Purchase Agreement may be waived by CIIH. If any of such conditions shall not have been fulfilled or waived by CIIH on or before the SPA Long Stop Date (or such later date(s) as the parties to the Sale and Purchase Agreement may agree in writing), the Sale and Purchase Agreement shall lapse and be of no further effect. As at the date of this announcement, none of the conditions, except condition (c), has been fulfilled. It is expected that the conditions will be fulfilled before the SPA Long Stop Date.

Completion

Completion of the Sale and Purchase Agreement shall take place within ten business days after the conditions precedent to the Sale and Purchase Agreement have been fulfilled or waived, as applicable, or such other date as the parties may agree in writing.

THE POSSIBLE PRIVATISATION PROPOSAL

CIIH and MAH jointly announce that, subject to the satisfaction and/or waiver of the Pre-Conditions, CIIH has requested the board of MAH to put forward a proposal to privatise MAH by way of a scheme of arrangement under Section 86 of the Companies Law. Upon completion of the Stake Acquisition, CIIH will become the controlling shareholder of MAH. As at the date of this announcement, CIIH, together with CIHK and Manhold, hold approximately 51.34% of the existing issued share capital of MAH.

If the Privatisation Proposal is approved by the Scheme Shareholders, the Scheme is sanctioned by the Grand Court and all requirements of the Companies Law are complied with, the Scheme will be binding on all Scheme Shareholders, irrespective of whether or not they attend or vote at the Court Meeting or the MAH EGM. 1,492,196,000 MAH Shares currently held by CIIH, CIHK and Manhold, representing approximately 51.34% of the existing issued share capital of MAH as at the date of this announcement, will not form part of the Scheme Shares. As such, CIIH and parties acting in concert with it will not vote at the Court Meeting.

Terms of the Privatisation Proposal

Subject to the satisfaction and/or waiver of the Pre-Conditions, CIIH proposes that all Scheme Shares will be cancelled and the Scheme Shareholders will receive from CIIH new CIIH Shares as consideration for the cancellation on the following basis:

For every 10 Scheme Shares 1 new CIIH Share

CIIH reserves the right to implement the Scheme through one or more of its wholly-owned subsidiaries.

Under the Scheme, the issued share capital of MAH will, on the effective date of the Scheme, be reduced by cancelling and extinguishing the Scheme Shares. Forthwith upon such reduction, the issued share capital of MAH will be increased to its former amount before the reduction by the issue, to CIIH or as it may direct, of the same number of MAH Shares as is equal to the Scheme Shares cancelled. The credit arising in MAH's books of account as a result of the capital reduction will be applied in paying up in full at par the new MAH Shares so issued, credited as fully paid, to CIIH or as it may direct. In consideration for the cancellation of the Scheme Shares, Scheme Shareholders will be issued and allotted 1 new CIIH Share for every 10 Scheme Shares.

The number of new CIIH Shares to be issued in consideration for the cancellation of the Scheme Shares has been determined by CIIH with reference to the SPA Shares to be issued pursuant to the Sale and Purchase Agreement. The same exchange ratio has been used in both the Stake Acquisition and the Privatisation Proposal.

An analysis of the premia represented by the issue of the new CIIH Shares in the Privatisation Proposal is set out under the heading "The Stake Acquisition - The Sale and Purchase Agreement - Consideration" above.

Based on the consideration of 1 new CIIH Share per every 10 Scheme Shares and the weighted average traded price of HK\$13.0993 of CIIH Shares traded during the trading session on the Last Trading Date (as calculated in accordance with Rule 24.2 of the Takeovers Code), the Privatisation Proposal values each Scheme Share at HK\$1.31 per share and values the entire issued share capital of MAH, being 2,906,384,000 shares as at the date of this announcement, at approximately HK\$3,807.2 million.

The volume weighted average price of CIIH Shares of HK\$13.0993 on the Last Trading Date compares to 52-week high and low closing prices of CIIH Shares of HK\$24.80 and HK\$8.36 on 15 May 2008 and 4 December 2008, respectively. The average closing price of CIIH Shares during the previous 52 weeks amounted to HK\$14.1478 per CIIH Share. The average daily trading volume in CIIH shares during the previous 52 weeks amounted to approximately HK\$34.29 million.

The new CIIH Shares expected to be issued in the Privatisation Proposal will represent approximately 9.95% of the issued share capital of CIIH as at the date of this announcement and will represent approximately (a) 9.06% of the enlarged issued share capital of CIIH (as enlarged by the issue of the SPA Shares); and (b) 8.31% of the enlarged issued share capital of CIIH (as enlarged by the issue of the SPA Shares and the new CIIH Shares expected to be issued in the Privatisation Proposal).

The new CIIH Shares to be issued pursuant to the Privatisation Proposal will be issued pursuant to the general mandate granted by the CIIH Shareholders at the annual general meeting of CIIH held on 12 May 2009 and will rank pari passu in all respects with all other CIIH Shares in issue on the date of allotment and issue of such shares. The new CIIH Shares will be issued free from all liens, charges and encumbrances and together with all rights attaching to them, including the right to receive in full all dividends and other distributions declared, made or paid on or after the date of issue of the new CIIH Shares. There are no restrictions on the transfer of the new CIIH Shares. CIIH will make an application to the Stock Exchange for the listing of and permission to deal in the new CIIH Shares to be issued as consideration under the Privatisation Proposal.

Pre-Conditions to making the Privatisation Proposal

The making of the Privatisation Proposal is conditional upon:

- (a) completion of the transactions contemplated under the Sale and Purchase Agreement;
- (b) the granting of a ruling by the SFC that MBIL shall not be regarded as a party acting in concert with CIIH under the Takeovers Code; and
- (c) the granting of a favourable ruling by the SFC with respect to an application by CIIH to the SFC that certain persons who are associated companies of CIIH or its subsidiaries, associated companies of CIHK and/or associated companies of CIIH's fellow subsidiaries (including MAH) and/or companies of which such companies are associated companies, shall not be regarded as parties acting in concert with CIIH under the Takeovers Code.

All of the Pre-conditions can be waived by CIIH. If all the Pre-Conditions are not satisfied or waived by CIIH, the Privatisation Proposal will not be made. CIIH will, to the extent that it is within its power to do so, use its reasonable efforts to ensure that the Pre-Conditions will be satisfied as soon as practicable. Further announcement will be made as soon as practicable after the Pre-Conditions have been satisfied or waived. If all of the Pre-Conditions are not satisfied or waived on or before the SPA Long Stop Date, the Privatisation Proposal may not be made (unless CIIH extends the SPA Long Stop Date with the consent of CIHK and Manhold) and the MAH Shareholders will be notified by an announcement as soon as practicable. If Pre-Condition (a) is not satisfied but waived, CIHK and Manhold will not vote on the Scheme at the Court Meeting in respect of the MAH Shares held by them.

Conditions of the Privatisation Proposal

The Privatisation Proposal will become effective and binding on MAH and all Scheme Shareholders subject to the fulfilment or waiver (as applicable) of the following conditions:

- (a) the approval of the Scheme (by way of poll) by a majority in number of the Independent MAH Shareholders present and voting either in person or by proxy at the Court Meeting representing not less than three-fourths in value of the Scheme Shares that are voted either in person or by proxy by the Independent MAH Shareholders at the Court Meeting, provided that the Scheme is not disapproved (by way of poll) by Independent MAH Shareholders at the Court Meeting holding more than 10% in value of all the Scheme Shares held by the Independent MAH Shareholders;
- (b) the passing of a special resolution by a majority of not less than three-fourths of the votes cast by the MAH Shareholders present and voting in person or by proxy at the MAH EGM to (i) approve and give effect to the reduction of the share capital of MAH by cancelling and extinguishing the Scheme Shares; and (ii) immediately thereafter increase the issued share capital of MAH to the amount prior to the cancellation of the Scheme Shares and apply the reserve created as a result of the aforesaid cancellation of the Scheme Shares to pay up in full such number of new MAH Shares to be issued to CIIH (or a subsidiary of CIIH as CIIH may direct) as is equal to the number of Scheme Shares cancelled as a result of the Scheme;
- (c) the Grand Court's sanction of the Scheme (with or without modifications) and its confirmation of the reduction of the share capital of MAH, and the delivery to the Registrar of Companies in the Cayman Islands of a copy of the order of the Grand Court for registration;
- (d) compliance, to the extent necessary, with the procedural requirements and conditions, if any, under Sections 15 and 16 of the Companies Law in relation to the reduction of the issued share capital of MAH;
- (e) all Authorisations in connection with the Privatisation Proposal having been obtained or made from, with or by (as the case may be) the Relevant Authorities, in the Cayman Islands, Hong Kong, the PRC and any other relevant jurisdictions;
- (f) all Authorisations remaining in full force and effect without variation, and all necessary statutory or regulatory obligations in all relevant jurisdictions having been complied with and no requirement having been imposed by any Relevant Authorities which is not expressly provided for, or is in addition to requirements expressly provided for, in relevant laws, rules, regulations or codes in connection with the Privatisation Proposal or any matters, documents (including circulars) or things relating thereto, in each aforesaid case up to and at the time when the Scheme becomes effective;
- (g) since the date of the last audited consolidated financial statements of MAH, there having been no material adverse change in the financial position, business or prospects of the MAH Group which is, in the reasonable opinion of CIIH, material to the MAH Group taken as a whole;

- (h) all necessary consents which are required under any existing contractual obligations of MAH being obtained;
- (i) if required, the obtaining by CIIH of such other necessary consent, approval, authorisation, permission, waiver or exemption which may be required from any Relevant Authorities or other third parties which are necessary for the performance of the Scheme under the applicable laws and regulations; and
- (j) the Stock Exchange granting the listing of and permission to deal in the new CIIH Shares to be issued pursuant to the Privatisation Proposal.

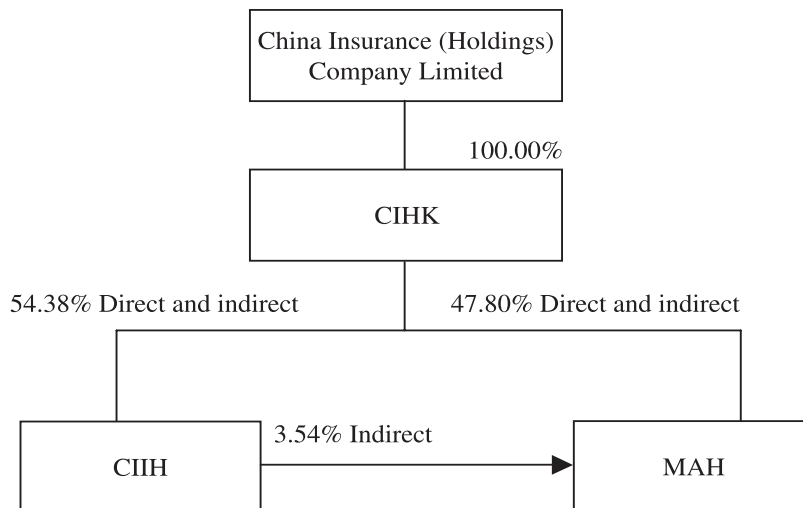
CIIH reserves the right to waive conditions (g) and (h) either in whole or in part in respect of any particular matter. All of the above conditions will have to be fulfilled or waived, as applicable, on or before the Scheme Long Stop Date (or such later date as CIIH and MAH may agree or, to the extent applicable, as the Grand Court may direct), failing which the Scheme will lapse.

Shareholders and/or potential investors in CIIH and MAH should be aware that the making of the Privatisation Proposal is subject to satisfaction and/or waiver of the Pre-Conditions (namely, (a) the completion of the transactions contemplated by the Sale and Purchase Agreement; (b) the granting of a ruling by the SFC that MBIL shall not be regarded as a party acting in concert with CIIH under the Takeovers Code; and (c) the granting of a favourable ruling by the SFC with respect to an application by CIIH to the SFC that certain persons who are associated companies of CIIH or its subsidiaries, associated companies of CIIH and/or associated companies of CIIH's fellow subsidiaries (including MAH) and/or companies of which such companies are associated companies, shall not be regarded as parties acting in concert with CIIH under the Takeovers Code.) Even if the Privatisation Proposal is made, the Privatisation Proposal is subject to the satisfaction or waiver (as applicable) of the Conditions and therefore may or may not become effective. Accordingly, shareholders and/or potential investors in CIIH and MAH are advised to exercise caution when dealing in shares of CIIH and MAH.

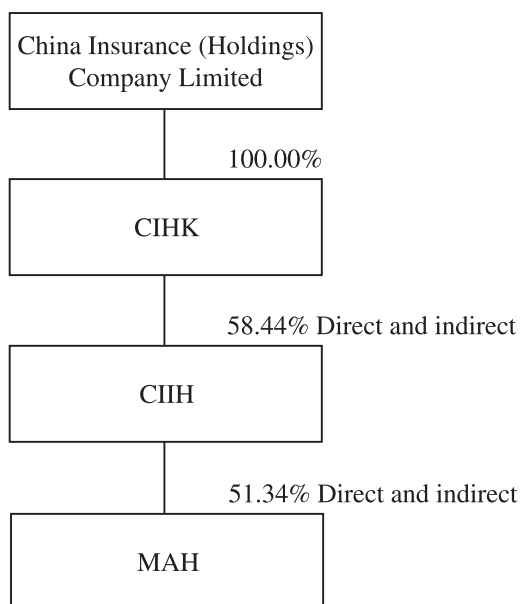
CHANGE IN THE SHAREHOLDING STRUCTURE OF MAH IMMEDIATELY AFTER COMPLETION OF THE SALE AND PURCHASE AGREEMENT AND THE PRIVATISATION PROPOSAL

Set out below is the simplified shareholding structure of MAH immediately before and after the completion of Stake Acquisition pursuant to the Sale and Purchase Agreement:

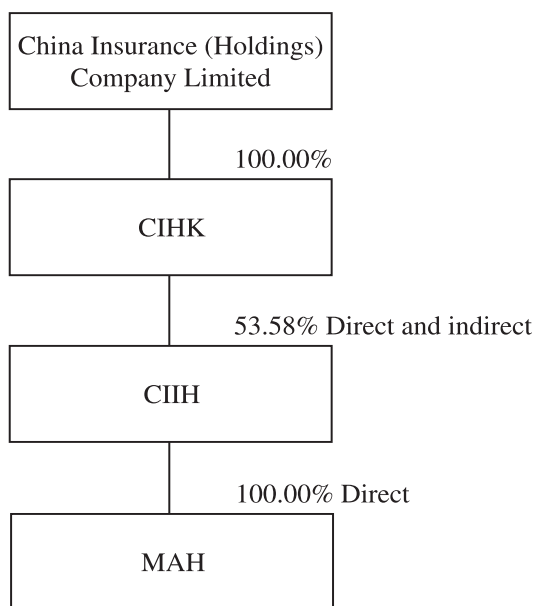
Immediately before completion of the Stake Acquisition and before completion of the Privatisation Proposal



Immediately after completion of the Stake Acquisition but before completion of the Privatisation Proposal



**Immediately after completion of the Stake Acquisition and after completion of the Privatisation Proposal
(assuming the Scheme becomes effective)**



The shareholding structure of MAH as at the date of this announcement and upon completion of the Stake Acquisition, both before and after completion of the Privatisation Proposal, is and will be as follows:

Names	As at the date of this announcement		Shareholding structure upon completion of the Stake Acquisition but before completion of Privatisation Proposal		Shareholding structure upon completion of the Stake Acquisition and the Privatisation Proposal (assuming the Scheme becomes effective)	
	No. of MAH Shares held	Approximate % of MAH issued share capital	No. of MAH Shares held	Approximate % of MAH issued share capital	No. of MAH Shares held	Approximate % of MAH issued share capital
CIIH (Note 1)	102,949,000	3.54	1,492,196,000	51.34	2,906,384,000	100.00
CIHK and Manhold (Note 2)	1,389,247,000	47.80	0	0.00	0	0.00
CKH (Note 3)	609,290,000	20.96	609,290,000	20.96	0	0.00
MAH Directors (Note 4)	1,040,000	0.04	1,040,000	0.04	0	0.00
Public (Note 5)	803,858,000	27.66	803,858,000	27.66	0	0.00
Total	2,906,384,000	100.00	2,906,384,000	100.00	2,906,384,000	100.00

Notes:

1. The interests of CIIH are held through Share China Assets Limited, a wholly-owned subsidiary of CIIH.
2. 1,388,761,000 MAH Shares are held directly by CIHK and 486,000 MAH Shares are held by Manhold, a wholly-owned subsidiary of CIHK.
3. The interests of CKH are held through MBIL.
4. 130,000 MAH Shares are held by Mr. Wu Chi Hung, a non-executive director of MAH and 910,000 MAH Shares are held by the spouse and children of Mr. Cheng Kwok Ping, an executive director of MAH.
5. These include 100,000 MAH Shares and 240,000 MAH Shares held by Mr. Song Shuguang and the spouse of Mr. Xie Yiqun, respectively. Mr. Song Shuguang and Mr. Xie Yiqun are both directors of CIIH.

PROPOSED CHANGE IN BOARD LOT SIZE OF CIIH SHARES

In order to facilitate the implementation of the Privatisation Proposal, CIIH intends to change the board lot size of CIIH Shares for trading on the Stock Exchange from 1,000 shares to 200 shares. MAH Shareholders should also be aware that no arrangements are intended to be made for the trading of odd lots of CIIH Shares resulting from the acceptance of the Privatisation Proposal. Further announcement(s) in relation to the expected timetable for the proposed change in board lot size of CIIH Shares will be made.

MAH Shareholders should be aware that in accepting the Privatisation Proposal, any resulting fractions of a new CIIH Share will be disregarded and such fractions of a new CIIH Share will not be issued.

BACKGROUND TO, AND RATIONALE FOR, THE STAKE ACQUISITION AND THE PRIVATISATION PROPOSAL

The board of CIIH Directors (excluding the independent non-executive directors who will provide their views after considering the opinion of the independent financial adviser of CIIH) believes that the Transactions will allow CIIH to achieve, on an accelerated basis, the economies of scale necessary for sustainable and profitable growth in the PRC property and casualty insurance business. The combination of CIIH and MAH will create a leading platform with (i) total premium of HK\$6.8 billion (on a pro forma basis for the year ended 31 December 2008); (ii) a top 10 position in the PRC property and casualty insurance market with 45 branches across 23 provinces; and (iii) a strong property and casualty insurance and reinsurance presence in the Hong Kong market, being the 5th largest direct property and casualty insurance player by premium as of the year 2008. By joining forces with MAH, CIIH will now be undertaking a logical next step towards its strategy of becoming one of the most diversified insurance enterprises in the Greater China and Asian region, with a balanced business mix of life insurance, property and casualty insurance, reinsurance, insurance brokerage and asset management businesses.

Although 2008 has been a very challenging year for the insurance sector in general, and certain short-term challenges in the PRC property and casualty insurance industry remain, the board of CIIH Directors (excluding the independent non-executive directors) believes that the long-term potential of the property and casualty insurance market in the country remains significant and that the Stake Acquisition and the Privatisation Proposal will best position CIIH to capitalise on this long-term growth opportunity.

As fellow subsidiaries of the CIHK group, both companies share the same heritage and have been managed in a similar conservative and prudent fashion over the years. This cultural and management fit will facilitate the swift and efficient combination of the two businesses and related realisation of synergies.

Specifically, the board of CIIH Directors (excluding the independent non-executive directors) expects to realise the following key benefits through the combination of CIIH and MAH into one single insurance platform:

Enhanced scale and focus through the combination of complementary businesses

- In the PRC, the property and casualty insurance businesses of CIIH and MAH are carried out by their respective subsidiaries, TPI and MAC, the expansion of which has been capital- and resource-intensive to both their parents. Following the Transactions, both TPI and MAC will retain specialties and areas of focus which are unique to their own respective business plans and management teams. TPI will focus on, and strengthen, its position as a comprehensive, multi-line property and casualty insurance company in the PRC, aiming to achieve diversified and balanced growth across several distribution channels, including agency, insurance brokerage, bancassurance and other traditional distribution channels. Such a strategy will result in greater efficiencies and a more optimal business structure, which will in turn accelerate the realisation of economies of scale. MAC, through its existing platform, will focus on developing a direct marketing business model in the PRC. By leveraging TPI's nationwide branch and service network and the combined stronger back-office operation, MAC will be able to expedite the development of this direct marketing channel.
- By simultaneously retaining and differentiating themselves in their unique areas of specialty, while consolidating functions which are common to both, TPI and MAC together will create an industry player of scale with the product, branding and distribution channel diversity required to increase their overall market share in a sustainable and economically beneficial fashion. By combining the respective products and customer bases of both TPI and MAC, the united business will have greater flexibility in focusing its underwriting on higher quality, more profitable business, which is expected to result in lower loss ratios and better underwriting earnings going forward. Such a strategy will enhance CIIH's overall competitiveness in the PRC property and casualty insurance market, and will advance the respective businesses of TPI and MAC in the PRC to a much greater extent than what they would have achieved by themselves.
- In Hong Kong, MAH's established position, through its subsidiary MAHK, as one of the territory's leading direct insurers will provide geographical diversification to CIIH's platform and allow the combined entity to provide an expanded set of services in the Hong Kong market. In addition, MAH will be able to further complement CIIH's market-leading reinsurance business as an originator of high-quality premium growth.
- MAHK is currently one of the largest Hong Kong property and casualty insurers, with 60 years of operations and experience. MAHK's senior and middle managers have tremendous skills, knowledge and experience of the property and casualty insurance sector, and have proven very capable in delivering stable and consistent profitability in Hong Kong over the years. MAH's platform in Hong Kong has also been a solid base for entering the PRC property and casualty insurance industry, and MAH has and will continue to send management teams and personnel to bolster the professional ranks of MAC and, in the future, TPI.

- The integration of CIIH and MAH into a single entity is likely to result in increased focus by their joint parent CIHK and their respective management teams. Whereas previously, CIHK has had to direct its focus and resources on the growth of two separate companies with similar business plans and distribution channels in the PRC property and casualty insurance market, following the Transactions, CIHK will be able to centralise its focus on developing a single overall, comprehensive strategy in the PRC property and casualty insurance market, whereby TPI and MAC will be cooperating with each other and focusing on complementary areas of business. CIHK is highly confident that its overall strategic focus will be able to cultivate and nurture the respective areas of specialties at TPI and MAC, consolidate areas of operations which are common and inefficient between the two companies, and effectively deploy and integrate resources such that capital management is implemented efficiently and professionally. CIIH is expected to be able to access the incremental expertise, management time and resources, and experience both from its parent CIHK and the existing management teams at both CIIH and MAH, in order to accelerate its strategic initiatives.

Potential for significant cost savings

- Significant cost savings are expected to arise through the integration of CIIH's and MAH's respective branch networks into a single, extensive nationwide network. Given the existing inefficiencies and overlap between TPI and MAC, the optimisation of their respective platforms in the PRC is expected to generate costs savings, particularly in the areas of new branch openings and the rationalisation of existing office space and other corporate overheads.
- Cost savings are also expected as a result of the centralisation of key operational functions of both companies, such as in underwriting, product development, standardisation of claims management systems, IT systems, back office administration and customer service functions. In particular, TPI has already established a nationwide systems network for investigating, managing and settling claims in the PRC, which can be readily made available to MAC to help provide superior and efficient services to MAC's existing clients. This initiative will help facilitate the centralisation of key operational functions and management of both companies. In addition, costs associated with maintaining MAH's listing on the Stock Exchange will be saved upon its delisting.
- The larger combined investment assets of CIIH and MAH are expected to provide economies of scale in the investment operations, which should result in more efficient costs levels and related enhancements in yield and return.

Potential to drive additional revenue across platforms

- On a product level, cross-selling of both life and property and casualty insurance products between the existing customers of CIIH and MAH is expected to yield additional revenues. For example, CIIH's life products could complement MAH's current property and casualty product portfolio in the PRC and provide existing MAH customers with a more complete range of product choices. MAH has long been servicing and providing unique property and casualty insurance products to clients operating between the PRC and Hong Kong, as well as to Hong Kong clients with operations in the PRC. The addition of such products will enhance the existing product portfolio of CIIH and its competitiveness in the PRC insurance market.

- On a channel level, both companies will be able to access each other's unique distribution channels. For example, CIIH will benefit from MAH's existing direct marketing channels, bancassurance business with non-PRC banks and future to-be-developed direct marketing channels, which will be MAH's strategic focus in the PRC going forward. Similarly, MAH will be able to tap into CIIH's established and high-quality bancassurance relationships with PRC banks and agency channels for individual customers. Through better co-ordination of their marketing strategies, CIIH and MAH are expected to optimise efficiency and profitability across their various distribution networks.
- On a customer service level, the expanded existing customer bases of both companies will directly and immediately increase the scale of the combined customer services platform. The combined customer services system will be significantly enhanced and optimised through the complementary advantages of CIIH's and MAH's existing systems. When the benefits of consolidation and centralisation of the key operational functions are increasingly realised, CIIH and MAH will have the capabilities to become leaders in customer service in the PRC insurance industry.
- Further revenue enhancement opportunities exist in the areas of reinsurance, asset management and insurance brokerage businesses through the increased cooperation between CIIH and MAH. For example, as of today MAH only directs approximately 11.6% of its reinsurance business to CIRE, CIIH's reinsurance business.

Increased capital management efficiency

- The sound financial solvency position of MAH will further bolster the underlying financial foundation of CIIH on a consolidated basis. Because it is still in a relatively early stage of its strategic plan to develop its PRC insurance operations, MAH's capital position has in recent years been at a very high level, historically. For the financial years ended 31 December 2006, 2007 and 2008, MAH's solvency ratios were 1,000%, 2,387% and 1,721%, and MAC's solvency ratios were 2,629%, 1,841% and 461%, respectively.
- MAC's solvency position will facilitate and improve the overall capital management efficiency of both companies, TPI and MAC, by potentially allowing for reinsurance transactions between the two. TPI could reinsure part of its premiums underwritten to MAC, or vice versa, and thus effectively increase the insurance risk diversification of both companies. TPI and MAC could also participate jointly in the bidding and underwriting of large-scale property and engineering insurance projects, which would require well-planned joint underwriting and reinsurance arrangements, and thus increase their joint bargaining and negotiating capabilities relative to other bidders.
- By way of background, and as disclosed around the time of MAH's initial public offering in December 2006, MAH raised total proceeds of approximately HK\$1,247 million (including overallotment), the primary use of which was to support its PRC expansion strategy. This expansion started around May 2006, when MAH was granted approval by the China Insurance Regulatory Commission to engage in the property and casualty insurance business on a nationwide basis in the PRC.
- The combined company will benefit from increased capital management efficiency due to the pooling of capital resources and better allocation of capital amongst its various business lines. In particular, CIIH's management will be able to take advantage of the broader combined product and distribution platform which will afford them greater flexibility to deploy capital in a manner which maximises the return on capital for CIIH.

Greater capital markets presence

- CIIH's market capitalisation is expected to increase as a result of the issuance of new CIIH Shares, representing an increase of 19.7% of its current shares outstanding. Accordingly, CIIH's position as a major listed company on the Stock Exchange, together with its position in various stock indices, is expected to be further enhanced. The increased size and free float could also potentially improve the liquidity in CIIH shares, increase the attractiveness of CIIH to institutional investors and increase its access to the capital markets.

The board of CIIH Directors (excluding the independent non-executive directors) expects that the strategic benefits will be realised to a large degree upon a successful completion of the Stake Acquisition. However, full realisation of the combination benefits will only be available upon a successful completion of the Privatisation Proposal.

The board of CIIH Directors (excluding the independent non-executive directors) notes that the allotment and issue of new CIIH Shares pursuant to the Transactions will result in approximately 16.5% dilution of the shareholding in CIIH by existing CIIH shareholders. Based on the benefits set out above, the board of CIIH Directors (excluding the independent non-executive directors) is of the view that such dilution is acceptable.

The board of CIIH Directors (excluding the independent non-executive directors) believes that the proposed Privatisation Proposal offers Independent MAH Shareholders an attractive premium over the value of their current investment as it provides an opportunity to exchange their investment in MAH for an investment in CIIH at an exchange ratio which compares favourably to the ratios between the average closing prices of a CIIH Share and the average closing prices of a MAH Share on the Last Trading Date and in various historical periods, as set out in the section headed "The Stake Acquisition - The Sale and Purchase Agreement - Consideration". Furthermore, the board of CIIH Directors (excluding the independent non-executive directors) believes that the proposed Privatisation Proposal offers the Independent MAH Shareholders an opportunity to participate in an enlarged, diversified CIIH which will be well positioned for future growth for the reasons outlined above. Not only will Independent MAH Shareholders retain participation and ownership in the existing core businesses of MAH, they will also gain participation and ownership in the existing core businesses of CIIH, which are highly attractive operations with strong growth. Finally, the Privatisation Proposal provides an opportunity for Independent MAH Shareholders to exchange their relatively illiquid investment in MAH into a more liquid investment in CIIH (during the past year, the average daily turnover of CIIH Shares and MAH Shares amounted to approximately HK\$34.29 million and HK\$2.67 million, respectively).

EXPECTED TIMETABLE OF THE PRIVATISATION PROPOSAL

The expected timetable in respect of the Privatisation Proposal is as follows:

Expected date of satisfaction and/or waiver of the Pre-Conditions and subsequent announcement of making the Privatisation Proposal	by July 2009
Dispatch of Scheme Document to MAH Shareholders	by August 2009
MAH Court Meeting and MAH EGM to approve the Privatisation Proposal	by September 2009
Scheme becoming effective and delisting of MAH Shares on the Stock Exchange	by the fourth quarter of 2009

CIIH Shareholders and MAH Shareholders should note that the above timetable is indicative and may be changed subject to, among other things, court availability. Further announcement(s) will be made in the event that there is any change. A detailed timetable of the Scheme will be included in the Scheme Document.

INFORMATION ON CIIH

CIIH was incorporated in Hong Kong on 18 February 2000 as a limited liability company under the Companies Ordinance. CIIH was listed on the Main Board of the Stock Exchange on 29 June 2000, trading under the stock code 966. The principal activity of CIIH is investment holding. The principal activities of the CIIH Group are the underwriting of all classes of global reinsurance business, direct life insurance business in the PRC and direct property and casualty insurance business in the PRC. The CIIH Group also carries on operations in asset management, insurance intermediaries and pensions, and to support its insurance activities, holds money market, fixed income, equity and property investments.

As at the date of this announcement, CIIH, CIHK and Manhold are interested in 102,949,000, 1,388,761,000 and 486,000 MAH Shares, respectively representing approximately 3.54%, 47.78% and 0.02% of the issued share capital in MAH, respectively. Mr. Song Shuguang and Mr. Xie Yiqun, both being CIIH Directors, are interested in 100,000 MAH Shares and 240,000 MAH Shares respectively, representing approximately 0.003% and 0.008% of the issued share capital in MAH, respectively, as at the date of this announcement. Mr. Cheng Kwok Ping, a director of MAH and CIHK, is interested in 910,000 MAH Shares, representing approximately 0.03% of the issued share capital of MAH as at the date of this announcement. CKH is interested in 609,290,000 MAH Shares, representing approximately 20.96% of issued share capital in MAH as at the date of this announcement. Save as disclosed above, neither CIIH nor persons acting in concert with it in relation to the Privatisation Proposal owns or has control or direction over any MAH Shares or holds convertible securities, warrants or options (or other outstanding derivatives) in respect of MAH Shares.

The dealings for value of CIIH and persons acting in concert with it in MAH Shares, or convertible securities, warrants or options (or other outstanding derivatives) in respect of any MAH Shares during the six-month period up to and including the date of the announcement of CIIH dated 30 April 2009 regarding the Stake Acquisition will be disclosed in the Scheme Document.

As at the date of this announcement, there was an outstanding option for the acquisition of 14,602,000 CIIH Shares granted under the share option scheme adopted by CIIH on 7 January 2003 and outstanding awards for the acquisition of a total of 4,720,000 CIIH Shares granted under the share award scheme adopted by CIIH on 10 September 2007. Save as disclosed in this announcement, there are no other classes of relevant securities of CIIH in issue. Further information in relation to CIIH will be available in the Scheme Document.

Pursuant to the sale and purchase agreement dated 30 June 2006 as amended by two supplemental agreements dated 29 November 2006 and 7 December 2006 all entered into among CKH, CIHK and MAHK, CKH has agreed, among other things, that it shall not, without the prior written consent of MAH and CIHK, at any time acquire additional MAH Shares so that its aggregate shareholding in MAH would total more than 24% of the issued share capital of MAH after completion of the initial public offering of MAH from time to time.

CIIH confirms that as at the date of this announcement, save for the Sale and Purchase Agreement and the Privatisation Proposal itself and as disclosed in this announcement, there are no arrangements (whether by way of option, indemnity or otherwise) of the kind referred to in Note 8 to Rule 22 of the Takeovers Code in relation to CIIH Shares which might be material to the Privatisation Proposal.

CIIH confirms that as at the date of this announcement, save as disclosed in this announcement, there are no agreements or arrangements to which CIIH is a party which relate to the circumstances in which it may or may not invoke or seek to invoke a Pre-Condition or a Condition to the Privatisation Proposal.

As at the date of this announcement, neither CIIH nor parties acting in concert with it has borrowed or lent any CIIH Shares or MAH Shares.

The shareholding structure of CIIH as of the date of this announcement and upon completion of the Sale and Purchase Agreement, both before and after the completion of the Privatisation Proposal is and will be as follows:

Names	As at the date of this announcement		Shareholding structure upon completion of the Stake Acquisition but before completion of the Privatisation Proposal		Shareholding structure upon completion of the Stake Acquisition and the Privatisation Proposal (assuming the Scheme becomes effective)	
	No. of CIIH Shares held	Approx % of CIIH issued share capital	No. of CIIH Shares held	Approx % of CIIH issued share capital	No. of CIIH Shares held	Approx % of CIIH issued share capital
CIHK and Manhold	773,115,705	54.38	912,040,405	58.44	912,040,405	53.58
CIIH Directors	8,914,000	0.63	8,914,000	0.57	8,914,000	0.52
Public (Note 1)	639,691,887	44.99	639,691,887	40.99	781,110,687	45.89
Total (Note 2)	<u>1,421,721,592</u>	<u>100.00</u>	<u>1,560,646,292</u>	<u>100.00</u>	<u>1,702,065,092</u>	<u>100.00</u>

Notes:

- (1) These include 70,000 and 5,000 CIIH Shares held by Mr. Peng Wei and Mr. Chan Pui Leung, respectively, each a director of MAH.
- (2) Figures may not add up due to rounding differences.

INFORMATION ON CIHK AND MANHOLD

CIHK was incorporated in Hong Kong on 20 October 1992 with limited liability under the Companies Ordinance. The principal activities of CIHK and its subsidiaries are insurance underwriting and securities broking, and the holding of various investments.

Manhold was incorporated in Hong Kong with limited liability under the Companies Ordinance. Manhold is principally engaged in investment holding activities.

INFORMATION ON MAH

MAH was incorporated in the Cayman Islands on 5 September 2006 as an exempted company with limited liability under the Companies Law. MAH was listed on the Main Board of the Stock Exchange on 22 December 2006, trading under the stock code 1389. MAH, through its subsidiary MAHK, is a leading property and casualty insurance company in Hong Kong providing a variety of property and casualty insurance products to a broad range of customers in Hong Kong and the PRC.

The audited consolidated net asset value of MAH was HK\$3,359,736,984 as at 31 December 2008. MAH recorded an audited consolidated net loss before tax and extraordinary items attributable to MAH Shareholders of HK\$374,668,006 for the year ended 31 December 2008 (2007: profit of HK\$829,513,365). MAH recorded an audited consolidated net loss after tax and extraordinary items attributable to MAH Shareholders of HK\$374,788,468 for the year ended 31 December 2008 (2007: profit of HK\$716,538,314).

As at the date of this announcement, there are 2,906,384,000 MAH Shares in issue. There are no options, derivatives, warrants or other securities that carry a right to subscribe for or which are convertible into MAH Shares.

MAH confirms that as at the date of this announcement, save for the Sale and Purchase Agreement and the Privatisation Proposal itself and as disclosed in this announcement, there are no arrangements (whether by way of option, indemnity or otherwise) of the kind referred to in Note 8 to Rule 22 of the Takeovers Code in relation to MAH Shares which might be material to the Privatisation Proposal.

WITHDRAWAL OF LISTING OF THE MAH SHARES

Upon the Scheme becoming effective, all Scheme Shares will be cancelled and the share certificates for the Scheme Shares will thereafter cease to have effect as documents or evidence of title. MAH will apply to the Stock Exchange for the withdrawal of the listing of the MAH Shares on the Stock Exchange immediately following the effective date of the Scheme. The Scheme Shareholders will be notified by way of a press announcement of the exact dates of the last day for dealing in the MAH Shares and on which the Scheme and the withdrawal of the listing of the MAH Shares on the Stock Exchange will become effective. A detailed timetable of the Scheme will be included in the Scheme Document, which will also contain, among other things, further details of the Scheme.

The listing of the MAH Shares on the Stock Exchange will not be withdrawn if the Scheme is not approved or lapses.

OVERSEAS SHAREHOLDERS

The making of the Privatisation Proposal to Scheme Shareholders who are not resident in Hong Kong may be subject to the laws of the relevant jurisdictions in which such Scheme Shareholders are located. Such Scheme Shareholders should inform themselves about and observe any applicable legal or regulatory requirements. It is the responsibility of any overseas Scheme Shareholders wishing to take any action in relation to the Privatisation Proposal to satisfy themselves as to the full observance of the laws of the relevant jurisdiction in connection therewith, including the obtaining of any governmental, exchange control or other consents which may be required, or the compliance with other necessary formalities and the payment of any issue, transfer or other taxes due in such jurisdiction.

DISCLOSEABLE AND CONNECTED TRANSACTION OF CIIH AND ISSUE OF NEW CIIH SHARES

As the applicable percentage ratios set out in Rule 14.07 of the Listing Rules in respect of the acquisition of MAH Shares by CIIH pursuant to the Stake Acquisition and the Privatisation Proposal are more than 5% but less than 25%, the Stake Acquisition and the Privatisation Proposal will constitute discloseable transactions for CIIH for the purposes of the Listing Rules.

As at the date of this announcement, CIHK is a substantial shareholder of CIIH directly and indirectly holding approximately 54.38% interest in CIIH. CIHK and its associates are connected persons of CIIH and thus the acquisition of MAH Shares from CIHK and Manhold and the issue and allotment of the SPA Shares by CIIH to CIHK constitute connected transactions of CIIH. Since the applicable percentage ratios are more than 2.5%, the Sale and Purchase Agreement and the transactions contemplated thereunder are therefore conditional upon the approval of the independent shareholders of CIIH in the CIIH EGM. CIHK and its associates will be required to abstain from voting at the CIIH EGM in respect of the resolution relating to the Sale and Purchase Agreement.

An independent board committee of CIIH comprising the independent non-executive directors of CIIH has been formed to advise the independent shareholders of CIIH in connection with the Stake Acquisition. First Shanghai Capital Limited has been appointed as the independent financial adviser to advise the independent board committee and the independent shareholders of CIIH in this regard.

The CIIH Directors (other than the independent non-executive directors whose views will be set out in the Circular to be dispatched to CIIH Shareholders together with the advice of the independent financial adviser of CIIH) have considered the Stake Acquisition and the transactions contemplated thereby and are of the opinion that the Stake Acquisition and the transactions and their terms are fair and reasonable and are in the interests of CIIH Shareholders as a whole.

The executive directors of CIIH have considered the Privatisation Proposal and are of the opinion that the Privatisation Proposal and its terms are fair and reasonable and are in the interests of CIIH Shareholders as a whole.

INDEPENDENT FINANCIAL ADVISER OF CIIH IN RESPECT OF THE PRIVATISATION PROPOSAL

First Shanghai Capital Limited has been appointed by the independent members of the CIIH Board as the independent financial adviser of CIIH in respect of Rule 2.4 of the Takeovers Code. For the purposes of Rule 2.4 of the Takeovers Code, First Shanghai Capital Limited has provided preliminary verbal advice to the CIIH Board that the Privatisation Proposal is in the interests of the CIIH Shareholders, having taken into account, among others:

- (i) the benefits of the Transactions (which includes the Privatisation Proposal) as set out in the section headed “Background to, and Rationale for, the Stake Acquisition and the Privatisation Proposal” above;
- (ii) the fact that the consideration of the Transactions (which includes the Privatisation Proposal) will be entirely satisfied by issue of new CIIH Shares without any cash outlay to the CIIH Group;
- (iii) that as a result of the Transactions (which includes the Privatisation Proposal), the shareholder base of CIIH will be enlarged which is expected to improve the liquidity in CIIH Shares;
- (iv) that the Notional Acquisition P/B Ratio implied by the Consideration is comparable to the price-to-book ratio of other property and casualty insurance companies listed on the Stock Exchange; and
- (v) that the potential dilution effect to the CIIH Shareholders is acceptable given that the issuance and allotment of the new CIIH Shares will enable the CIIH Group to complete the Transactions without any cash outlay and will enlarge the capital base of the CIIH Group.

The full advice of First Shanghai Capital Limited in relation to the Transactions (which includes the Privatisation Proposal) will be contained in the circular of CIIH to be dispatched to its shareholders.

INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER OF MAH

Under Rule 2.1 of the Takeovers Code, a board which received an offer must establish an independent committee of the board to make a recommendation (i) as to whether the offer is, or is not, fair and reasonable; and (ii) as to acceptance or voting. An independent board committee of MAH will be formed to advise the Scheme Shareholders in respect of the Privatisation Proposal. A further announcement will be made by MAH upon the appointment of the independent board committee.

An independent financial adviser will be appointed, subject to approval by the independent board committee of MAH, to advise the independent board committee of MAH in respect of the Privatisation Proposal in due course. A further announcement will be made by MAH upon the appointment of the independent financial adviser.

GENERAL

Merrill Lynch has been appointed by CIIH as its exclusive financial adviser in connection with the Transactions.

A circular containing, among other things, further details of the Stake Acquisition, a letter of recommendation from the independent board committee and a letter from the independent financial adviser of CIIH on the Stake Acquisition, the notice of CIIH EGM and other information as required under the Listing Rules will be dispatched to CIIH Shareholders as soon as practicable in accordance with the Listing Rules.

Following and conditional upon the approval of the Stake Acquisition and the transactions contemplated thereby at the CIIH EGM, a Scheme Document of MAH containing, among other things, further details of the Privatisation Proposal and the Scheme, the expected timetable, an explanatory memorandum as required under the Companies Law and the Rules of the Grand Court, information regarding MAH, recommendations from the independent board committee of MAH with respect to the Privatisation Proposal and the Scheme and the advice of the independent financial adviser to the independent board committee, a notice of the Court Meeting and a notice of the MAH EGM, together with forms of proxy in relation thereto, will be dispatched to the MAH Shareholders as soon as practicable after satisfaction or waiver of the Pre-Conditions, and in compliance with the requirements of the Takeovers Code and the Grand Court. In view of the time required to convene a general meeting of CIIH, application will be made to the Executive under note 2 to Rule 8.2 of the Takeovers Code for an extension of the time within which the Scheme Document is to be dispatched.

SUSPENSION AND RESUMPTION OF TRADING IN THE SHARES OF CIIH AND THE SHARES OF MAH

At the request of CIIH, trading in the shares in CIIH on the Stock Exchange was suspended from 2:53 p.m. on 30 April 2009, pending the issue of this announcement. Application has been made by CIIH to the Stock Exchange for the resumption of trading in the shares in CIIH on the Stock Exchange with effect from 9:30 a.m. on 25 May 2009.

At the request of MAH, trading in the shares in MAH on the Stock Exchange was suspended from 2:53 p.m. on 30 April 2009, pending the issue of this announcement. Application has been made by MAH to the Stock Exchange for the resumption of trading in the shares in MAH on the Stock Exchange with effect from 9:30 a.m. on 25 May 2009.

DEFINITIONS

In this announcement, the following expressions have the meanings set out below unless the context requires otherwise:

“acting in concert”	has the meaning ascribed to it in the Takeovers Code
“associates”	has the meaning ascribed to it in the Listing Rules
“Authorisations”	means all necessary authorisations, registrations, filings, rulings, consents, permissions and approvals in connection with the Privatisation Proposal
“CIHK”	means China Insurance H.K. (Holdings) Company Limited, a company incorporated in Hong Kong with limited liability
“CIIH”	means China Insurance International Holdings Company Limited, a company incorporated in Hong Kong with limited liability, whose shares are listed on the Main Board of the Stock Exchange
“CIIH Directors”	means the directors for the time being of CIIH
“CIIH EGM”	means the extraordinary general meeting of CIIH Shareholders for the purpose of approving the Stake Acquisition and the transactions contemplated thereunder
“CIIH Group”	means CIIH and its subsidiaries
“CIIH Shareholders”	means registered holders for the time being of CIIH Shares
“CIIH Shares”	means ordinary shares of HK\$0.05 each in the issued share capital of CIIH
“Circular”	means the CIIH shareholders circular to be issued by CIIH to all CIIH Shareholders in accordance with the Listing Rules, containing, inter alia, details of the Stake Acquisition, the views of the independent board committee of CIIH and the independent financial adviser of CIIH, together with a notice of the CIIH EGM
“CIRe”	means China International Reinsurance Company Limited, a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of CIIH
“CKH”	means Cheung Kong (Holdings) Limited, a company incorporated in Hong Kong with limited liability, whose shares are listed on the Main Board of the Stock Exchange and a substantial shareholder of MAH
“Companies Law”	means the Companies Law (2007 Revision) of the Cayman Islands and any amendments or other statutory modifications thereof
“Companies Ordinance”	means the Companies Ordinance (Chapter 32 of the Laws of Hong Kong)

“Conditions”	means the conditions of the Privatisation Proposal, as set out under the paragraph headed “The Possible Privatisation Proposal - Conditions of the Privatisation Proposal” of this announcement
“Consideration”	means the value of HK\$1.30 per MAH Share, as implied by the issuance of 1 new CIIH Share for every 10 MAH Shares and based on the closing price of a CIIH Share of HK\$13.00 as at the Last Trading Date
“Court Meeting”	means a meeting of the Scheme Shareholders to be convened at the direction of the Grand Court at which the Scheme will be voted upon
“Executive”	means the Executive Director of the Corporate Finance Division of the SFC or any delegate of the Executive Director
“Grand Court”	means Grand Court of the Cayman Islands
“HK\$”	means Hong Kong dollar(s), the lawful currency of Hong Kong
“Hong Kong”	means the Hong Kong Special Administrative Region of the PRC
“Independent MAH Shareholders”	means MAH Shareholders other than CIIH and parties acting in concert with it (including CIHK and Manhold)
“Last Trading Date”	means 30 April 2009, being the last trading day prior to the suspension of trading in CIIH Shares and MAH Shares pending the publication of this announcement
“Listing Rules”	means the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“MAC”	means The Ming An Insurance Company (China) Limited, a company incorporated in the PRC and an indirect wholly-owned subsidiary of MAH
“MAH”	means The Ming An (Holdings) Company Limited 民安(控股)有限公司, an exempted company incorporated in the Cayman Islands with limited liability, whose shares are listed on the Main Board of the Stock Exchange
“MAH Directors”	means the directors for the time being of MAH
“MAH EGM”	means the extraordinary general meeting of MAH to be held to consider and approve, among other matters, the capital reduction arising as a result of the Scheme, or any adjournment thereof
“MAH Group”	means MAH and its subsidiaries
“MAH Shareholders”	means registered holders for the time being of the MAH Shares

“MAH Shares”	means ordinary shares of HK\$0.10 each in the issued share capital of MAH
“MAHK”	means The Ming An Insurance Company (Hong Kong) Limited
“Manhold”	means Manhold Limited, a company incorporated in Hong Kong with limited liability and a subsidiary of CIHK
“MBIL”	means Marvel Bonus International Limited, a company incorporated in the British Virgin Islands with limited liability and a wholly-owned subsidiary of CKH
“Merrill Lynch”	means Merrill Lynch (Asia Pacific) Limited and its affiliates
“PRC”	means the People’s Republic of China, and except where the context otherwise requires, does not include Taiwan, Hong Kong and the Macau Special Administrative Region
“Pre-Conditions”	means the Pre-Conditions to making the Privatisation Proposal, as set out under the paragraph headed “The Possible Privatisation Proposal - The Pre-Conditions to making the Privatisation Proposal” of this announcement
“Privatisation Proposal”	means the proposal for the privatisation of MAH by CIIH by way of the Scheme
“Relevant Authorities”	means the appropriate governments and/or governmental bodies, regulatory bodies, tribunals, authorities, courts or institutions
“Sale and Purchase Agreement”	means the sale and purchase agreement dated 22 May 2009 entered into among CIHK and Manhold as vendors and CIIH as purchaser in relation to the Stake Acquisition
“Scheme”	means a scheme of arrangement under Section 86 of the Companies Law involving the cancellation of all the Scheme Shares
“Scheme Document”	means the document to be issued to all MAH Shareholders containing, among other things, further details of the Privatisation Proposal, the Scheme as well as notices convening the Court Meeting and the MAH EGM
“Scheme Long Stop Date”	means 28 February 2010
“Scheme Shareholder(s)”	means shareholder(s) of MAH other than CIIH, CIHK and Manhold
“Scheme Share(s)”	means MAH Share(s) held by the Scheme Shareholders
“SFC”	means the Securities and Futures Commission of Hong Kong
“SPA Long Stop Date”	means 31 August 2009
“SPA Shares”	means 138,924,700 CIIH Shares to be issued and allotted by CIIH to CIHK pursuant to the Sale and Purchase Agreement

“Stake Acquisition”	means the acquisition by CIIH of the MAH Shares held by CIHK and Manhold and the issue and allotment of the SPA Shares by CIIH to CIHK as contemplated under the Sale and Purchase Agreement
“Stock Exchange”	means The Stock Exchange of Hong Kong Limited
“subsidiaries”	has the meaning ascribed to it in the Listing Rules
“Takeovers Code”	means the Code on Takeovers and Mergers published by the SFC
“TPI”	means 太平保險有限公司 (The Tai Ping Insurance Company, Limited), a limited liability company established in the PRC owned as to 50.05% by CIIH and 42.02% by China Insurance (Holdings) Company Limited
“Transactions”	means the Stake Acquisition and the Privatisation Proposal
“%”	means per cent

By order of the board of
**China Insurance International Holdings
Company Limited**
Ng Yu Lam Kenneth
Executive Director & Chief Executive Officer

By order of the board of
**The Ming An (Holdings)
Company Limited**
Lim Bik Har
Company Secretary

Hong Kong, 22 May 2009

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

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

The MAH Directors jointly and severally accept full responsibility for the accuracy of the information contained in this announcement (in relation to the information relating to the MAH Group only) and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this announcement (relating to those expressed by the MAH Group only) have been arrived at after due and careful consideration and there are no other facts not contained in this announcement, the omission of which would make any statements relating to the MAH Group in this announcement misleading.

As at the date of this announcement, the board of MAH comprises 15 directors, of which Mr. PENG Wei, Mr. CHENG Kwok Ping, Mr. CHAN Pui Leung, Mr. LEE Wai Kun and Mr. LIU Shi Hong are executive directors; Mr. LIN Fan, Mr. WU Chi Hung, Mr. IP Tak Chuen, Edmond, Mr. MA Lai Chee, Gerald and Mr. HONG Kam Cheung are non-executive directors; and Mr. YUEN Shu Tong, Ms. DONG Juan, Mr. WONG Hay Chih, Ms. YU Ziyou and Mr. LEE Yim Hong, Lawrence are independent non-executive directors.

In accordance with Rule 3.8 of the Takeovers Code, associates of CIIH and MAH are hereby reminded to disclose their dealings in any MAH Shares and CIIH Shares pursuant to the requirements of the Takeovers Code.

In accordance with Rule 3.8 of the Takeovers Code, reproduced below is the full text of Note 11 to Rule 22 of the Takeovers Code:

“Responsibilities of stockbrokers, banks and other intermediaries

Stockbrokers, banks and others who deal in relevant securities on behalf of clients have a general duty to ensure, so far as they are able, that those clients are aware of the disclosure obligations attaching to associates and other persons under Rule 22 and that those clients are willing to comply with them. Principal traders and dealers who deal directly with investors should, in appropriate cases, likewise draw attention to the relevant Rules. However, this does not apply when the total value of dealings (excluding stamp duty and commission) in any relevant security undertaken for a client during any 7 day period is less than \$1 million.

This dispensation does not alter the obligations of principals, associates and other persons themselves to initiate disclosure of their own dealings, whatever total value is involved.

Intermediaries are expected to co-operate with the Executive in its dealings enquiries. Therefore, those who deal in relevant securities should appreciate that stockbrokers and other intermediaries will supply the Executive with relevant information as to those dealings, including identities of clients, as part of that cooperation.”