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## 中國太平保險控股有限公司

China Taiping Insurance Holdings Company Limited

(Incorporated in Hong Kong with limited liability)

(Stock Code: 966)

### CONTINUING CONNECTED TRANSACTIONS

On 31 August 2012, CTPI (HK), a wholly-owned subsidiary of the Company, entered into the Master Reinsurance Agreement with TPG and the Company, pursuant to which CTPI (HK) agrees to provide reinsurance services to members of the TPG Group and the Connected Subsidiaries for a period of 4 months commencing from 1 September 2012 and expiring on 31 December 2012 (both days inclusive).

As at the date of this announcement, TPG is the ultimate controlling Shareholder indirectly holding an effective interest of approximately 53.27% in the Company and therefore a connected person of the Company within the meaning of the Listing Rules. The transactions contemplated under the Master Reinsurance Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As the relevant applicable percentage ratios in respect of the transactions contemplated under the Master Reinsurance Agreement are, when aggregated with the TPRe Transactions, on an annual basis more than 0.1% but less than 5%, such transactions are subject to the reporting, annual review and announcement requirements, but exempt from the independent shareholders' approval requirements under the Listing Rules.

### THE MASTER REINSURANCE AGREEMENT

- Date : 31 August 2012
- Parties : (1) CTPI (HK) (as the service provider);
- (2) TPG (as holding company of the members of the TPG Group which will receive the services); and
- (3) the Company (as holding company of the Connected Subsidiaries which will receive the services).
- Term : For a period of 4 months commencing from 1 September 2012 and expiring on 31 December 2012 (both days inclusive).

Scope of Services : CTPI (HK) agrees to provide reinsurance services to members of the TPG Group and the Connected Subsidiaries. Pursuant to the Master Reinsurance Agreement, CTPI (HK) agrees, and each of TPG and the Company agree, to respectively procure members of the TPG Group and the Connected Subsidiaries, to enter into various reinsurance contracts. Pursuant to the said reinsurance contracts, relevant members of the TPG Group and the Connected Subsidiaries agree to cede gross premium income to CTPI (HK) from time to time, in return for which CTPI (HK) agrees to act as reinsurer and accept risks of and pay commission to such members of the TPG Group and the Connected Subsidiaries.

Consideration : Pursuant to the Master Reinsurance Agreement, CTPI (HK) will enter into reinsurance contracts on the same basis as it accepts reinsurance business from other independent third parties, and the terms and conditions (including the amount of gross premium income to be ceded by members of the TPG Group and the Connected Subsidiaries, the commission expenses payable by CTPI (HK) and the payment terms) of such reinsurance contracts, will be negotiated on an arm's length basis and will be entered into on normal commercial terms.

## HISTORICAL TRANSACTION AMOUNTS

According to the audited historical amounts of the Group for the 2 financial years ended 31 December 2010 and 2011 respectively and the unaudited historical amounts of the Group for the 7 months ended 31 July 2012, the historical amounts of consideration in respect of the reinsurance services provided by CTPI (HK) to members of the TPG Group and the Connected Subsidiaries are set out below:

	<b>Audited historical amounts for the financial year ended 31 December</b>		<b>Unaudited historical amounts for the 7 months ended 31</b>
	<b>2010</b> HK\$'000	<b>2011</b> HK\$'000	<b>July 2012</b> HK\$'000
Gross premium income ceded by the members of the TPG Group and the Connected Subsidiaries and underwritten by CTPI (HK)	93	157	5,115
Commission expenses paid by CTPI (HK) to members of the TPG Group and the Connected Subsidiaries	33	11	1,156

## THE CAP AMOUNT

Pursuant to the Master Reinsurance Agreement, the annual consideration payable for the services to be provided thereunder shall not exceed the respective cap amounts set out below:

	For the financial year ending 31 December 2012 <i>HK\$'000</i>
Gross premium income to be ceded by the members of the TPG Group and the Connected Subsidiaries and underwritten by CTPI (HK)	406,000
Commission expenses to be paid by CTPI (HK) to members of the TPG Group and the Connected Subsidiaries	181,000

## BASIS OF DETERMINING THE CAP AMOUNT

The Cap Amount has been determined by reference to (a) the previous transaction amounts as disclosed in the section headed “**Historical Transaction Amounts**” above, (b) the projected value of new business that are expected to be procured, (c) the expected appreciation of the RMB for transactions denominated in RMB, and (d) the anticipated expansion of the PRC insurance markets, the business growth and development of the Group.

## REASONS FOR AND BENEFITS OF ENTERING INTO THE TRANSACTIONS

It is necessary for Connected Subsidiaries and certain members of TPG Group who are engaged in insurance business to purchase reinsurance protection from other insurance companies in order to limit the potential losses arising from the concentrated insurance exposure. The Company expects that TPI, a non-wholly owned subsidiary of the Company, would be a major user of the reinsurance services provided by CTPI (HK) under the Master Reinsurance Agreement. The Master Reinsurance Agreement also achieves the purpose of better utilization of the solvency allocation among different operating units of the Group.

The Directors (including the independent non-executive Directors) consider that the transactions under the Master Reinsurance Agreement will be conducted in the ordinary and usual course of business of the Group and on an arm’s length basis, on normal commercial terms, and the terms thereof and the Cap Amount is fair and reasonable and in the interests of the Shareholders as a whole.

## LISTING RULES IMPLICATIONS

As at the date of this announcement, TPG is the ultimate controlling Shareholder indirectly holding an effective interest of approximately 53.27% in the Company, and therefore a connected person of the Company within the meaning of the Listing Rules. The transactions contemplated under the Master Reinsurance Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As the relevant applicable percentage ratios in respect of the transactions contemplated under each of the Master Reinsurance Agreement are, when aggregated with the TPre Transactions, on an annual basis more than 0.1% but less than 5%, such transactions are subject to the reporting, annual review and announcement requirements, but exempt from the independent shareholders’ approval requirements under the Listing Rules. None of the Directors has a material interest in the transactions contemplated under the Master Reinsurance Agreement and therefore none of them have abstained from voting on the relevant board resolutions approving the same.

## GENERAL

The principal activity of the Company is investment holding. The principal activities of the Group are the underwriting of direct life insurance business in the PRC and direct property and casualty insurance business in the PRC and Hong Kong and all classes of global reinsurance business. Apart from these core businesses, the Group also carries on operations in pensions, asset management and insurance intermediaries.

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

## DEFINITIONS

Unless the context otherwise requires, the following terms shall have the meanings set out below:

“Cap Amount”	the cap amount in respect of the transactions contemplated under the Master Reinsurance Agreement for the financial year ending 31 December 2012
“Company”	China Taiping Insurance Holdings Company Limited, a company incorporated in Hong Kong with limited liability, the shares of which are listed on the Main Board of the Stock Exchange
“connected person”	has the meaning ascribed to it under the Listing Rules
“Connected Subsidiaries”	the non-wholly-owned subsidiaries of the Company which as at the date of this announcement are, or shall during the term of the Master Reinsurance Agreement become, connected persons of the Company
“CTPI (HK)”	China Taiping Insurance (HK) Company Limited, a company incorporated in Hong Kong with limited liability, and wholly-owned by the Company as at the date of this announcement.
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Master Reinsurance Agreement”	the master agreement dated 31 August 2012 entered into between CTPI (HK), TPG and the Company in relation to the provision of reinsurance services by CTPI (HK) to members of the TPG Group and the Connected Subsidiaries
“PRC”	the People’s Republic of China, for the purpose of this announcement, excluding Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC

“Shareholder(s)”	shareholder(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“TPG”	中國太平保險集團公司 (China Taiping Insurance Group Co.), a company established in the PRC and the ultimate controlling Shareholder, indirectly holding an effective interest of approximately 53.27% in the Company as at the date of this announcement
“TPG Group”	TPG and its subsidiaries, and for the purposes of this announcement, does not include the Group
“TPI”	太平財產保險有限公司(Taiping General Insurance Company Limited), a limited liability company established in the PRC and a subsidiary of the Company owned as to 61.21% by the Company and 38.79% by TPG as at the date of this announcement
“TPRe Transactions”	reinsurance transactions contemplated under the master agreement dated 1 December 2011 entered into between Taiping Reinsurance Company Limited, TPG and the Company in relation to the provision of reinsurance services by Taiping Reinsurance Company Limited, details of which were disclosed in the announcement of the Company dated 1 December 2011
“%”	per cent

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

Hong Kong, 31 August 2012

*As at the date of this announcement, the board of Directors is comprised of 11 directors, of which Mr. WANG Bin, Mr. SONG Shuguang, Mr. XIE Yiqun, Mr. PENG Wei, Mr. NG Yu Lam Kenneth, Mr. SHEN Koping Michael and Mr. LAU Siu Mun Sammy are executive Directors, Mr. LI Tao is non-executive Director and Dr. WU Jiesi, Mr. CHE Shujian and Mr. LEE Kong Wai Conway are independent non-executive Directors.*

*This announcement is posted on the website of the Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk) and on the website of the Company at [www.ctih.cntaiping.com](http://www.ctih.cntaiping.com).*