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## **CHINA STRATEGIC HOLDINGS LIMITED**

**(中策集團有限公司)**

*(Incorporated in Hong Kong with limited liability)*

**(Stock Code: 235)**

### **SIGNING OF THE ESCROW LETTER**

Reference is made to the Share Purchase Agreement dated 13 October 2009 entered into between the Purchaser and the Seller and the Escrow Agreement dated 9 October 2009 entered into between the Purchaser, the Seller and the Escrow Agent.

The Board now wishes to announce that the Purchaser and the Seller have agreed on 11 June 2010, pursuant to the Escrow Letter, to amend the Share Purchase Agreement and the Escrow Agreement to reflect that, on or before the Acquisition Completion Date, the Purchaser shall deposit US\$325,000,000 of the Purchase Price into the Escrow Accounts for purposes of funding any RBC Shortfall of Nan Shan.

### **INTRODUCTION**

Reference is made to the Share Purchase Agreement dated 13 October 2009 entered into between the Purchaser and the Seller and the Escrow Agreement dated 9 October 2009 entered into between the Purchaser, the Seller and the Escrow Agent.

### **THE ESCROW LETTER**

The Board now wishes to announce that the Purchaser and the Seller have agreed on 11 June 2010, pursuant to the Escrow Letter, to amend the Share Purchase Agreement and the Escrow Agreement to reflect that, on or before the Acquisition Completion Date, the Purchaser shall deposit US\$325,000,000 of the Purchase Price into the Escrow Accounts for purposes of funding any RBC Shortfall of Nan Shan.

Pursuant to the Escrow Letter, the Purchaser, for the benefit of Nan Shan and subject to the terms and conditions described in the Escrow Letter and Escrow Agreement, may draw from the Escrow Accounts an amount equal to the RBC Shortfall if, on the applicable Calculation Date, (i) Nan Shan's RBC Ratio, as determined by applicable Taiwanese regulators, is less than 200% and (ii) Nan Shan is required by applicable Taiwanese regulators to increase its risk based capital so that its RBC Ratio equals or exceeds 200%.

On the completion of an IPO by Nan Shan, the Purchaser, Primus Nan-Shan (UK) or Primus Nan-Shan (Taiwan), an amount equal to the lesser of (i) 50% of the funds raised in the IPO and (ii) the remaining amount in the Escrow Accounts, shall be released to the Seller from the Escrow Accounts.

For each half calendar year period following Acquisition Completion until the Release Date, the Purchaser shall deliver to the Seller a Half Year RBC Statement. Where the RBC Ratio is greater than 275%, the Purchaser shall transfer, to the extent permitted by law, to the Escrow Accounts an amount equal to the Clawback Amount provided that the Clawback Amount shall not exceed (i) the aggregate amount of all prior withdrawals from the Escrow Accounts minus (ii) the aggregate amount of all prior Clawback Amounts transferred by the Purchaser or its subsidiaries to the Escrow Accounts.

The Seller shall be entitled to receive from the Purchaser, to the extent it is permitted under law, supporting information and documentation for the Half Year RBC Statements. Any dispute as to the calculation of the RBC Shortfall shall be resolved by a qualified independent third party on terms to be agreed by the Seller and Purchaser.

The Escrow Agreement shall continue until the Release Date. Any amount remaining in the Escrow Accounts as of the Release Date shall be released to the Seller.

## DEFINITIONS

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

“Acquisition”	the acquisition of 767,893,139 shares of common stock of Nan Shan (which represent approximately 97.57% of the issued and outstanding share capital of Nan Shan) by the Purchaser
“Acquisition Completion”	completion of the Acquisition in accordance with the terms of the Share Purchase Agreement
“Acquisition Completion Date”	the date on which the Acquisition Completion takes place
“Board”	the board of Directors
“Calculation Date”	last day of each half calendar year following Acquisition Completion
“Clawback Amount”	the amount by which Nan Shan’s risk based capital would need to be reduced in order for the RBC Ratio to equal 275%
“Company”	China Strategic Holdings Limited
“Director(s)”	director(s) of the Company
“Escrow Accounts”	the escrow account details of which are set out in the Escrow Agreement or any other escrow accounts as the parties may agree
“Escrow Agent”	Citibank N.A., Hong Kong branch
“Escrow Agreement”	the escrow agreement dated 9 October 2009 (as may be amended from time to time) entered into between the Seller, the Purchaser and the Escrow Agent in respect of the appointment of the Escrow Agent, the establishment of the escrow account and the holding in escrow of the escrow amount from time to time

“Escrow Letter”	the letter signed by the Seller on 3 June 2010 and agreed by the Purchaser on 11 June 2010 pursuant to which they agreed to amend the Share Purchase Agreement and the Escrow Agreement such that the Purchaser shall deposit US\$325,000,000 of the Purchase Price into an escrow account for purposes of funding any RBC Shortfall of Nan Shan
“Half Year RBC Statement”	a statement (prepared in accordance with accounting and actuarial assumptions and methodologies consistent with Nan Shan’s past practices prior to Acquisition Completion and all applicable Taiwanese legal and regulatory requirements) setting forth, as of the applicable Calculation Date, information including the RBC Ratio and, where applicable, the RBC Shortfall and its calculation
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“IPO”	initial public offering and listing on any stock exchange following Acquisition Completion
“Nan Shan”	Nan Shan Life Insurance Company, Ltd.
“Primus Nan-Shan (Taiwan)”	Primus Nan-Shan Holding (Taiwan) Company Limited
“Primus Nan-Shan (UK)”	Primus Nan-Shan Holding (UK) Company Limited
“Purchase Price”	US\$2,146,588,190
“Purchaser”	Primus Nan-Shan Holding Company Limited
“RBC Ratio”	risk based capital ratio

“RBC Shortfall”	means, as of the applicable Calculation Date, the amount of additional risk based capital that is the lesser of the amount (a) that is necessary so that the RBC Ratio shall equal 200% as of such Calculation Date and (b) required by applicable Taiwanese regulators with respect to the RBC Ratio. For the purpose of calculating the RBC Ratio and RBC Shortfall, the following shall be excluded: (i) any dividends paid by Nan Shan after Acquisition Completion other than (x) of up to and including US\$30 million per year; and (y) made in order to fund payments due under the Purchaser’s third party financing arrangements entered into in connection with the Acquisition; and (ii) any losses recognised as a result of disposing of assets in Nan Shan’s investment portfolio to the extent Nan Shan then acquires the same or substantially similar assets
“Release Date”	four years after Acquisition Completion
“Seller”	American International Group, Inc.
“Share Purchase Agreement”	means the definitive share purchase agreement entered into by the Purchaser and the Seller and dated 13 October 2009 in respect of the Acquisition
“US\$”	United States dollars, the lawful currency of the United States
“%”	per cent.

On behalf of the Board  
**China Strategic Holdings Limited**  
**Ma Si Hang, Frederick**  
*Chairman*

Hong Kong, 11 June 2010

*As at the date hereof, the Board comprises Mr. Or Ching Fai, Ms. Chiu Ching Ching, Mr. Yau Wing Yiu, Mr. Hui Richard Rui, Ms. Chan Ling, Eva, Mr. Lee Sun Man and Mr. Chow Kam Wah as executive Directors, Mr. Ma Si Hang, Frederick as a non-executive Director and Ms. Ma Yin Fan, Mr. Phillip Fei and Mr. Leung Hoi Ying as independent non-executive Directors.*