



中国平安保险(集团)股份有限公司

PING AN INSURANCE (GROUP) COMPANY OF CHINA, LTD.

(A joint stock limited company incorporated in the People's Republic of China with limited liability)

(Stock Code: 02318)

ANNOUNCEMENT

CONNECTED TRANSACTIONS CAPITAL INCREASE AGREEMENT AND EQUITY INTERESTS TRANSFER AGREEMENT

The Board of the Company is pleased to announce that on 4 November 2005, Ping An Trust, a 99.52% owned subsidiary of the Company, entered into the Capital Increase Agreement with Ping An Securities, a 80.38% owned subsidiary of the Company, pursuant to which the registered capital of Ping An Securities would be increased from RMB1.3 billion to RMB1.8 billion by RMB500 million contributed wholly by Ping An Trust.

Moreover on 4 November 2005 Ping An Trust entered into the Equity Interests Transfer Agreement with New Horse Development pursuant to which New Horse Development agrees to transfer 0.1% equity interests in Ping An Securities (after the completion of the capital increase under the Capital Increase Agreement) to Ping An Trust.

Following the completion of the Capital Increase Agreement and the Equity Interests Transfer Agreement, the equity interests in Ping An Securities held by Ping An Trust will be increased from 80.7692% to 86.2110%.

As New Horse Development is one of the promoters of the Company and a substantial shareholder of Ping An Securities, the Capital Increase Agreement and the Equity Interests Transfer Agreement constitute connected transactions of the Company under the Listing Rules, which is subject to reporting and announcement requirements set out in Rules 14A.45 and 14A.47 of the Listing Rules.

CAPITAL INCREASE AGREEMENT

Reference is made to the announcement of the Company dated 4 April 2005. On 4 April 2005, Ping An Trust entered into a capital increase agreement with Ping An Securities, pursuant to which the registered capital of Ping An Securities increased from RMB1 billion to RMB1.3 billion by RMB300 million contributed wholly by Ping An Trust and the percentage of equity interests in Ping An Securities held by Ping An Trust increased from 75% to 80.7692%. The completion of the capital increase under the above capital increase agreement took place on 22 July 2005.

On 4 November 2005, Ping An Trust entered into the Capital Increase Agreement with Ping An Securities, pursuant to which the registered capital of Ping An Securities would be increased from RMB1.3 billion to RMB1.8 billion by RMB500 million contributed wholly by Ping An Trust subject to the approval of the relevant PRC authorities. The capital increase in Ping An Securities will provide additional working capital to Ping An Securities and strengthen its operation. As at the date of this Announcement, there is no specific use of such additional working capital.

The additional capital contribution of RMB500 million in Ping An Securities is payable in cash upon the completion of the Capital Increase Agreement out of the internal funds of Ping An Trust. The completion of the Capital Increase Agreement is conditional on the granting of the approval of CSRC and is expected to take place by the end of March 2006. Further announcement will be published by the Company if the completion of the Capital Increase Agreement does not take place by the end of March 2006.

EQUITY INTERESTS TRANSFER AGREEMENT

On 4 November 2005, Ping An Trust entered into the Equity Interests Transfer Agreement with New Horse Development, pursuant to which New Horse Development agrees to transfer equity interests held by it in Ping An Securities which amounts to 0.1% of the total equity interests in Ping An Securities as enlarged by the capital increase pursuant to the Capital Increase Agreement to Ping An Trust subject to the approval of the relevant PRC authorities. The amount of equity interests in Ping An Securities to be sold by New Horse Development to Ping An Trust was determined after arm's length negotiation. Save as Ping An Trust and New Horse Development, each of the other holders of equity interests in Ping An Securities owns less than 2% equity interest in Ping An Securities. Therefore the Company did not approach them for purchase of equity interests in Ping An Securities.

The consideration of RMB1.8 million for the transfer of the equity interests in Ping An Securities is determined on 0.1% of the then registered capital of Ping An Securities (i.e. RMB1.8 billion) and is payable in cash upon the completion of the Equity Interests Transfer Agreement out of the internal funds of Ping An Trust. The completion of the Equity Interests Transfer Agreement is conditional on the granting of the approval of CSRC and is expected to take place by the end of March 2006. Further announcement will be published by the Company if the completion of the Equity Interests Transfer Agreement does not take place by the end of March 2006.

EQUITY INTERESTS IN PING AN SECURITIES

The following table summarizes the holding of equity interests in Ping An Securities before and after the completion of the Capital Increase Agreement and the Equity Interests Transfer Agreement:

Holder	Percentage of equity interests in Ping An Securities (before the completion of Capital Increase Agreement and Equity Interests Transfer Agreement)	Percentage of equity interests in Ping An Securities (after the completion of Capital Increase Agreement and Equity Interests Transfer Agreement)
Ping An Trust	80.7692%	86.2110%
New Horse Development	13.8462%	9.9000%
Jiangxu Baixue Electrical Appliance Co., Ltd.	2.3077%	1.6667%
Shanghai Jieqiang Tobacco Sugar & Wine (Group) Co., Ltd.	1.5385%	1.1111%
Shanghai First Provisions Stores Company Limited	0.7692%	0.5556%
Shenyang Construction Investment & Assets Management Co., Ltd.	0.7692%	0.5556%
Total:	<u>100%</u>	<u>100%</u>

INFORMATION ON PING AN TRUST

Ping An Trust, as approved by the relevant PRC governmental authorities, is principally engaged in the provision of trust services as trustee to the public in PRC which consists of short-term trading of stocks, equity investment funds and bonds, long-term equity investments and property leasing as well as managing assets in accordance with the instructions of the trust settlors for the benefit of the beneficiaries or for other specific purposes. It also acts as an investment holding company for some of the long-term equity investments of the Company and provides real estate development, management and leasing services to other subsidiaries of the Company.

INFORMATION ON PING AN SECURITIES

Ping An Securities, as a general securities company approved to be established by the relevant PRC governmental authorities, is principally engaged in the provision of brokerage services, investment banking services and assets management services in PRC, and its registered capital is RMB1.3 billion. It was wholly owned by the Company when it was established as a limited liability company in the PRC on 18 July 1996 with a registered capital of RMB150 million. Pursuant to the applicable PRC laws and regulations in 1998 which required minimum registered capital of RMB500 million for a securities company, the registered capital of Ping An Securities increased to RMB1 billion and there were new shareholders which subscribed for part of the increased registered capital of Ping An Securities in cash.

According to the PRC Company Law, the number of shareholders of a limited liability company such as Ping An Securities shall be more than two but less than 50. There is no requirement regarding minimum holding of equity interests in Ping An Securities.

Further financial information of Ping An Securities as prepared in accordance with International Financial Reporting Standards (as defined under the Listing Rules) is set out in the following table:

	For the year ended 31 December 2002 (audited figures)	For the year ended 31 December 2003 (audited figures)	For the year ended 31 December 2004 (audited figures)
Revenue	RMB42 million	RMB291 million	RMB288 million
Profit/(loss) before tax	RMB(192) million	RMB21 million	RMB9 million
Profit/(loss) after tax	RMB(197) million	RMB21 million	RMB6 million
	As at 31 December 2002 (audited figures)	As at 31 December 2003 (audited figures)	As at 31 December 2004 (audited figures)
Total assets	RMB4,109 million	RMB3,798 million	RMB3,231 million
Net assets	RMB621 million	RMB642 million	RMB635 million
			As at 30 June 2005 (unaudited figures)
			RMB3,813 million
			RMB906 million

LISTING RULES IMPLICATIONS

Ping An Trust and Ping An Securities are respectively 99.52% and 80.38% owned subsidiaries of the Company.

As New Horse Development, which is a shareholder of the Company holding approximately 6.29% of the issued share capital of the Company, is one of the promoters of the Company, New Horse Development is a connected person of the Company under Rule 14A.11(3) of the Listing Rules. New Horse Development, holding 13.8462% of the equity interest of Ping An Securities, is also a substantial shareholder of Ping An Securities, Ping An Securities is thus a connected person of the Company under Rule 14A.11(5).

New Horse Development

New Horse Development, a company which is principally engaged in investing and establishing enterprises of various kinds, consultation of insurance, finance and investment, and investing as agency and trustee, and which holds approximately 0.18% of the issued share capital of each of Ping An Life and Ping An P&C (both being 99% owned subsidiaries of the Company), is also one of the promoters of each of Ping An Life and Ping An P&C. New Horse Development is owned directly as to 95% by Ping An Insurance (Group) Company of China, Ltd. Labor Union (which is the labour union of employees of the Group) through which employees of the Group including directors, supervisors, senior consultants, regular full-time employees and certain insurance sales agents who have made significant contributions of the Group are interested in the share of the Company.

Save for the above, there is no other connected relationship between Ping An Securities and New Horse Development and its ultimate beneficial owners on one hand and the Company and its connected persons on the other hand.

The Capital Increase Agreement and the Equity Interests Transfer Agreement constitute connected transactions of the Company under the Listing Rules, which are subject to reporting and announcement requirements set out in Rules 14A.45 and 14A.47 of the Listing Rules for the percentage ratios of the Capital Increase Agreement together with the Equity Interests Transfer Agreement are more than 0.1% but less than 2.5%.

If the capital increase agreement dated 4 April 2005 between Ping An Trust and Ping An Securities is also taken into account, the percentage ratios of the capital increase agreement aforesaid together with the Capital Increase Agreement and the Equity Interests Transfer Agreement are also more than 0.1% but less than 2.5%.

INFORMATION RELATING TO THE COMPANY

The Company together with its subsidiaries is an insurance group in the PRC with the ability to provide multiple financial services and products.

The Capital Increase Agreement and the Equity Interests Transfer Agreement were entered into on normal commercial terms after arm's length negotiation. The directors of the Company (including the independent non-executive directors) believe that the terms of the Capital Increase Agreement and the Equity Interests Transfer Agreement are on normal commercial terms, fair and reasonable and in the interests of the Company and the shareholders of the Company as a whole.

REASONS AND BENEFITS TO THE GROUP

As the objective of the Company is to become one of the leading multiple financial services providers in the world and the Group offers customers a broad range of financial products and services under one band, Ping An Securities is one of the significant operating subsidiaries of the Company which provides securities services. Accordingly Ping An Trust agreed to contribute the additional capital only by itself because of the significance of Ping An Securities while the other existing shareholders of Ping An Securities would not contribute the additional capital due to their own commercial consideration. The Company, after due consideration, decided that it would increase the registered capital of Ping An Securities step by step at appropriate time. Currently, save and except the capital increase under the Capital Increase Agreement, the Company has no intention to further increase the registered capital of Ping An Securities.

The amount of the additional capital contribution of RMB500 million is determined after taking into account of the following factors:

- (i) Pursuant to 《證券公司管理辦法》 (Measures of Management of Securities Companies) issued by CSRC on 28 December 2001, the amount of the total liabilities of a general securities company shall not exceed nine times of its net assets. Accordingly the increase of registered capital of Ping An Securities, which will increase the net assets of Ping An Securities, will enable Ping An Securities to strengthen its operation.
- (ii) Pursuant to 《關於推進證券業創新活動有關問題的通知》 (the Notice in Relation to the Relevant Issues on the Encouragement of New Activities in the Securities Industry) (the “**Notice**”) issued by CSRC on 12 August 2004, CSRC will try to apply policies and measures which encourages new development of the securities industry to qualified securities companies. CSRC will also offer preferential treatment to and simplify the relevant procedures of applications to engage in new business activities which are submitted by such qualified securities companies.

Pursuant to 《關於從事相關創新活動證券公司評審暫行辦法》 (Provisional Measures in relation to the Assessment of Securities Companies Engaging in New Activities) (“**Provisional Measures**”) issued by CSRC on 13 August 2004, it is one of the requirements that the net capital (i.e. the sum of the weighted amounts of the assets (based on their respective liquidity) minus the total liabilities and the contingent liabilities) of a qualified securities company as mentioned in the Notice shall not be less than RMB1.2 billion. As it is beneficial for Ping An Securities to apply for the qualification of qualified securities company under the Provisional Measures, Ping An Securities will increase its net capital from RMB822 million to RMB 1,322 million after the completion of the Capital Increase Agreement and apply for the said qualification.

Pursuant to the relevant PRC securities regulations, the aggregate equity interests in a PRC securities company owned by foreign investors shall not exceed one third of the total equity interests in the PRC securities company. After the completion of the Capital Increase Agreement and the Equity Interests Transfer Agreement, as Ping An Securities will be a 85.7972% owned subsidiary of the Company, the percentage of equity interests in Ping An Securities which are indirectly interested by the holders of H Shares of the Company (holding approximately 41.30% of the total issued share capital of the Company) will be increased from 33.20% to 35.43% approximately, i.e. more than one-third. The capital increase under the Capital Increase Agreement and the transfer of equity interest in Ping An Securities under the Equity Interests Transfer Agreement are subject to the approval of CSRC. Ping An Securities will submit the Capital Increase Agreement and the Equity Interests Transfer Agreement together with the relevant documentation to CSRC for their review and approval. If CSRC approves such capital increase and transfer of equity interests, the completion of the Capital Increase Agreement and the Equity Interests Transfer Agreement will take place and such capital increase and transfer of equity interests will be exempted from the regulation regarding equity interests in a securities company owned by foreign investors. Further announcement will be published by the Company if the completion of the Capital Increase Agreement or the Equity Interests Transfer Agreement does not take place by the end of March 2006.

There will not be any change in the management of Ping An Securities after the completion of the Capital Increase Agreement and the Equity Interests Transfer Agreement. The amount of cash and cash equivalents of the Group as set out in the Group's condensed consolidated balance sheet as at 30 June 2005 in its 2005 interim report is RMB19,358 million. Accordingly the additional capital contribution of RMB 500 million represented 2.58% of such amount. The Company believes that the capital increase will not have any adverse impact on the Group.

REVISED INTERIM REPORT

Further to the Company's announcements dated 2 September 2005 and 8 September 2005, the amended version of the interim report of the Company for the six months ended 30 June 2005 has been published on the Company's website (www.pingan.com.cn) but will not be posted on the website of the Stock Exchange.

DEFINITIONS

“Board”	the board of directors of the Company
“Capital Increase Agreement”	an agreement dated 4 November 2005 entered into between Ping An Trust and Ping An Securities in respect of the increase of registered capital of Ping An Securities
“Company”	Ping An Insurance (Group) Company of China, Ltd., a joint stock limited company established in the PRC, the H shares of which are listed on the Stock Exchange
“connected person”	as defined in the Listing Rules
“CSRC”	China Securities Regulatory Commission
“Equity Interests Transfer Agreement”	an agreement dated 4 November 2005 entered into between Ping An Trust and New Horse Development in respect of the transfer of equity interests in Ping An Securities from New Horse Development to Ping An Trust
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange
“New Horse Development”	Shenzhen New Horse Investment Development Co., Ltd., one of the promoters of the Company which holds approximately 6.29% of the issued share capital of Company and a substantial shareholder of Ping An Securities
“Ping An Life”	Ping An Life Insurance Company of China, Ltd., a 99.00% owned subsidiary of the Company established in the PRC
“Ping An P&C”	Ping An Property & Casualty Insurance Company of China, Ltd., a 99.00% owned subsidiary of the Company established in the PRC
“Ping An Trust”	China Ping An Trust & investment Co., Ltd., a 99.52% owned subsidiary of the Company established in the PRC
“Ping An Securities”	Ping An Securities Company, Ltd., a 80.38% owned subsidiary of the Company established in the PRC
“PRC”	The People’s Republic of China
“RMB”	Renminbi, the lawful currency of the PRC
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

By order of the Board
Ma Mingzhe
Chairman

Shenzhen, PRC, 4 November 2005

As at the date of this notice, the executive directors of the Company are Ma Mingzhe, Sun Jianyi, the non-executive directors of the Company are Huang Jianping, Liu Haifeng David, Henry Cornell, Lin Yu Fen, Cheung Lee Wah, Anthony Philip Hope, Lin Lijun, Fan Gang, Dou Wenwei, Shi Yuxin, Hu Aimin, Chen Hongbo, and the independent non-executive directors are Bao Youde, Kwong Che Keung Gordon, Cheung Wing Yui and Chow Wing Kin, Anthony.

“Please also refer to the published version of this announcement in the South China Morning Post”