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# **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: 2318)**

## **ANNOUNCEMENT**

### **CONTINUING CONNECTED TRANSACTION MASTER FOREIGN EXCHANGE SWAP AGREEMENT WITH ICBC**

On July 21, 2006, the Company entered into the Master Foreign Exchange Swap Agreement with ICBC Shanghai Branch setting out the general terms and conditions upon which ICBC Shanghai Branch may provide RMB/USD foreign exchange swap services. Pursuant to the Master Foreign Exchange Swap Agreement, the Company may purchase USD from ICBC Shanghai Branch for RMB at an exchange rate to be agreed at the time of purchase, which exact amount of USD purchased will be sold back to ICBC Shanghai Branch after a certain period of time at an exchange rate also to be agreed at the time of purchase. The Company will have to deposit an amount equivalent to 3% of the foreign exchange swap amount in RMB with ICBC Shanghai Branch as security at the time of the actual USD purchase. The Master Foreign Exchange Swap Agreement is effective for 3 years unless terminated earlier by mutual consent of the parties. The Directors currently do not intend to enter into foreign exchange swaps under Master Foreign Exchange Swap Agreement with an annual value or total value exceeding USD300 million.

As ICBC is a connected person of the Company, the Master Foreign Exchange Swap Agreement constitutes a continuing connected transaction of the Company under the Listing Rules, which is subject to reporting, announcement and annual review requirements set out in Rules 14A.45 and 14A.47 of the Listing Rules and, based on the Cap, is exempt from the independent shareholders' approval requirements under Chapter 14A of the Listing Rules. Details of the actual purchase(s) will be included in the Company's annual report and accounts for the relevant financial year. If the Cap is exceeded, the Company will re-comply with the requirements set out in Rule 14A.35 of the Listing Rules, including seeking independent shareholders' approval if required by the Listing Rules.

### **MASTER FOREIGN EXCHANGE SWAP AGREEMENT WITH ICBC**

On July 21, 2006, the Company entered into the Master Foreign Exchange Swap Agreement with ICBC Shanghai Branch setting out the general terms and conditions upon which ICBC Shanghai Branch may provide RMB/USD foreign exchange swap services. Pursuant to the Master Foreign Exchange Swap Agreement, the Company may purchase USD from ICBC Shanghai Branch for RMB at an exchange rate to be agreed at the time of purchase, which exact amount of USD purchased will be sold back to ICBC Shanghai Branch after a certain period of time at an exchange rate also to be agreed at the time of purchase. The exchange rates will be determined based on the then prevailing USD/RMB exchange rate

and the term USD/RMB interest rate (depending on the sale-back period, as the case may be) differential. Further, the Company will have to deposit an amount equivalent to 3% of the foreign exchange swap amount in RMB with ICBC Shanghai Branch as security at the time of the actual USD purchase, which principal amount of the deposit together with interest shall be returned to the Company upon completion of the sale back of the USD. No service fee or other charges is payable by the Company to ICBC Shanghai Branch under the Master Foreign Exchange Swap Agreement.

The Master Foreign Exchange Swap Agreement is effective for 3 years unless terminated earlier by mutual consent of the parties.

The swap amount in RMB and the security will be payable by the Company's internal funds.

## **REASONS AND BENEFITS FOR THE TRANSACTION**

The CIRC have promulgated a series of rules and regulations over the past few years to encourage the investment of insurance funds in overseas investment, including the Provisional Measures Governing Overseas Use of Insurance Foreign Exchange Funds, the Implementing Measures of the Provisional Regulations on Management of Overseas Use of Foreign Exchange Funds of Insurance Companies and the Notice Regarding Issues on Overseas Stock Investment with Insurance Foreign Exchange Funds. The Company was accredited in 2005 to the use foreign exchange funds overseas and, in accordance with the CIRC's requirements, has been actively exploring overseas investments by use of foreign exchange funds with positive investment returns. Prior to 2005, PRC insurance companies are not allowed to invest such foreign exchange funds overseas, as a result of which the Company's funds in foreign currency have primarily been kept in long-term fixed deposits, resulting in low liquidity and the inability to be converted into readily available funds to satisfy the Company's current needs to invest overseas. In order to broaden the Company's investment alternatives and improve the effectiveness and returns of investment of insurance funds, the Company and ICBC Shanghai Branch entered into the Master Foreign Exchange Swap Agreement in respect of RMB/USD foreign exchange swap services. The Company believes that given the foreign exchange swap rates will be determined at the time of entering into the transaction, the risks of exchange rate fluctuations can be effectively avoided and the exposure quantified as a fixed cost of the transaction, resulting in a secure transaction.

The Company had made enquiries with and compared features of other USD exchange services provided by other banks but was of the view that the features of the service provided pursuant to the Master Foreign Exchange Swap Agreement were most suited to the Company's needs.

## **ANNUAL CAP**

The Directors currently do not intend to enter into foreign exchange swaps under Master Foreign Exchange Swap Agreement with an annual value or total value exceeding USD300 million (the "**Cap**").

## **LISTING RULES IMPLICATIONS**

ICBC is a promoter of the Company and thus a connected person of the Company under Rule 14A.11(3). As at the date of this announcement, ICBC did not hold any shares in the Company.

The Master Foreign Exchange Swap Agreement constitutes a continuing connected transaction of the Company under the Listing Rules, which is subject to the reporting, announcement and annual review requirements set out in Rules 14A.45 and 14A.47 of the Listing Rules and, based on the Cap, is exempt from the independent shareholders' approval requirements under Chapter 14A of the Listing Rules as the relevant percentage ratios (as defined under Rule 14.04(9) of the Listing Rules) (other than the profits ratio) are, on an annual basis, expected to be more than 0.1% but less than 2.5%. Details of the actual purchase(s) will be included in the Company's annual report and accounts for the relevant financial year. If the Cap is exceeded, the Company will re-comply with the requirements set out in Rule 14A.35 of the Listing Rules, including seeking independent shareholders' approval if required by the Listing Rules.

The Company had not previously entered into any similar agreement with ICBC. Further, there are no other continuing connected transactions between the Company and ICBC that is subject to Rules 14A.25 to 14A.27 of the Listing Rules.

## **INFORMATION RELATING TO THE COMPANY**

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

ICBC is a commercial bank approved by the China Banking Regulatory Commission and engaged in the provision of a broad range of financial products and services to corporate and retail customers.

The Master Foreign Exchange Swap Agreement was entered into between the Company and ICBC Shanghai Branch on normal commercial terms. The directors of the Company (including the independent non-executive directors) are of the view that the terms of the Master Foreign Exchange Swap Agreement and individual foreign exchange swaps at exchange rates determined based on the prevailing USD/RMB exchange rates from time to time are fair and reasonable and in the interests of the Company and the shareholders of the Company as a whole.

## **DEFINITIONS**

“Board”	the board of directors of the Company
“CIRC”	China Insurance Regulatory Commission
“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
“ICBC”	Industrial and Commercial Bank of China Limited
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange
“Master Foreign Exchange Swap Agreement”	the master foreign exchange swap agreement dated July 21, 2006 and entered into between the Company and ICBC Shanghai Branch in relation to RMB/USD foreign exchange swap services
“PRC”	The People's Republic of China
“RMB”	Renminbi, the lawful currency of the PRC

“Stock Exchange”

The Stock Exchange of Hong Kong Limited

“USD”

United States dollars, the lawful currency of the United States of America

By order of the Board

**Ma Mingzhe**

*Chairman and Chief Executive Officer*

Shenzhen, PRC, July 26, 2006

*As of the date of this announcement, the Executive Directors of the Company are Ma Mingzhe, Sun Jianyi and Cheung Chi Yan Louis, the Non-executive Directors are Huang Jianping, Lin Yu Fen, Cheung Lee Wah, Anthony Philip HOPE, Dou Wenwei, Fan Gang, Lin Lijun, Shi Yuxin, Hu Aimin, Chen Hongbo, Wong Tung Shun Peter and Ng Sing Yip, and the Independent Non-executive Directors are Bao Youde, Kwong Che Keung Gordon, Cheung Wing Yui and Chow Wing Kin Anthony.*