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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 TRANSACTIONS**

In the ordinary and usual course of the business of the Group, it maintains bank balances with HSBC, ICBC and ICBC (Asia) and Ping An Bank on normal commercial terms. As each of HSBC, ICBC and ICBC (Asia) and Ping An Bank is a connected person of the Company as defined under Rule 14A.11 of the Listing Rules, the Group's deposits with each of the banks constitute continuing connected transactions of the Company which are subject to reporting and announcement requirements set out under Rules 14A.45 to 14A.47 of the Listing Rules and are required to be approved by the Independent Shareholders in accordance with the requirements set out under Rule 14A.48. The Company was granted various waivers from strict compliance with the relevant provisions of the Listing Rules by the Stock Exchange with respect to the bank balances with HSBC and ICBC and ICBC (Asia). The waivers expired on January 1, 2007 and the Group must comply with the relevant provisions of the Listing Rules in order to continue with each of these continuing connected transactions with HSBC, ICBC and ICBC (Asia) and Ping An Bank.

On January 30, 2007, the Board approved the continuing connected transactions as set out in this announcement and the annual caps for each of the three years ending December 31, 2007, 2008 and 2009. The Company will seek Independent Shareholders' approval for each of the Non-exempt Continuing Connected Transactions and their respective proposed annual cap for each of the three years ending December 31, 2007, 2008 and 2009 by way of separate resolutions in accordance with the Listing Rules.

A circular containing, among other things, (i) details of the Non-exempt Continuing Connected Transactions; (ii) a letter from an independent financial adviser to the Independent Board Committee and the Independent Shareholders containing its advice on the Non-exempt Continuing Connected Transactions; and (iii) the recommendation of the Independent Board Committee in respect of the Non-exempt Continuing Connected Transactions, will be dispatched to shareholders in accordance with the Listing Rules as soon as practicable.

## **INTRODUCTION**

In the ordinary and usual course of the business of the Group, it maintains bank balances with HSBC, ICBC and ICBC (Asia) and Ping An Bank on normal commercial terms. As each of HSBC, ICBC and ICBC (Asia) and Ping An Bank is a connected person of the Company as defined under Rule 14A.11 of the Listing Rules, the Group's deposits with each of the banks constitute continuing connected transactions of the Company which are subject to reporting and announcement requirements set out under Rules 14A.45 to 14A.47 of the Listing Rules and are required to be approved by the Independent Shareholders in accordance with the requirements set out under Rule 14A.48. The Company was granted various waivers from strict compliance with the relevant provisions of the Listing Rules by the Stock Exchange with respect to the bank balances with HSBC and ICBC and ICBC (Asia). The waivers expired on January 1, 2007 and the Group must comply with the relevant provisions of the Listing Rules in order to continue with each of these continuing connected transactions with HSBC, ICBC and ICBC (Asia) and Ping An Bank.

On January 30, 2007, the Board approved the continuing connected transactions as set out in this announcement and the relevant annual caps for each of the three years ending December 31, 2007, 2008 and 2009. The Company will seek Independent Shareholders' approval for each of the Non-exempt Continuing Connected Transactions and their respective proposed annual cap for each of the three years ending December 31, 2007, 2008 and 2009 by way of separate resolutions in accordance with the Listing Rules.

## **BANK DEPOSITS ARRANGEMENTS WITH HSBC**

### **Details and reasons for the transaction:**

The Group maintains bank balances with HSBC on normal commercial terms in the ordinary course of business. The relevant banking documents executed by the Group with HSBC do not provide for the bank accounts with HSBC to be maintained for any fixed period of time. Interests are accrued on such bank balances at prevailing market rates. The Directors consider that it is in the interest of the Group to continue the bank deposits arrangements with HSBC.

### **Historical amounts and proposed caps:**

As at December 31, 2004 and December 31, 2005, the aggregate bank balances maintained by the Group with HSBC were approximately USD361 million and USD29 million respectively. Pursuant to the waiver granted by the Stock Exchange, the cap on the bank deposits between the Group and HSBC for the three years ended December 31, 2006 was a maximum balance of USD2,336 million on any given day.

It is expected that for the three years ending December 31, 2009, the maximum bank balance maintained by the Group with HSBC on any given day will not exceed USD2,336 million on any given day.

The Directors have taken into consideration the historical figures mentioned above and its counterparty limits for banks with which the Group places deposits in determining the above cap and considered that the cap is fair and reasonable.

## **BANK DEPOSITS ARRANGEMENTS WITH ICBC AND ITS ASSOCIATE**

### **Details and reasons for the transaction:**

The Group maintains bank balances with ICBC and ICBC (Asia) on normal commercial terms in the ordinary course of business. The relevant banking documents executed by the Group with ICBC and ICBC (Asia) do not provide for the bank accounts with ICBC and ICBC (Asia) to be maintained for any fixed period of time. Interests are accrued on such bank balances at prevailing market rates. The Directors consider that it is in the interest of the Group to continue the bank deposits arrangements with ICBC and ICBC (Asia).

### **Historical amounts and proposed caps:**

As at December 31, 2004 and December 31, 2005, the aggregate bank balances maintained by the Group with ICBC and ICBC (Asia) totaled approximately RMB10,057 million and RMB10,141 million respectively. Pursuant to the waiver granted by the Stock Exchange, the cap on the bank deposits between the Group and ICBC and ICBC (Asia) for the three years ended December 31, 2006 was a maximum balance of RMB24,900 million on any given day.

It is expected that for the three years ending December 31, 2009, the maximum bank balance maintained by the Group with ICBC and ICBC (Asia) on any given day will not exceed RMB24,900 million on any given day.

The Directors have taken into consideration the historical figures mentioned above and its counterparty limits for banks with which the Group places deposits in determining the above cap and considered that the cap is fair and reasonable.

## **BANK DEPOSITS ARRANGEMENTS WITH PING AN BANK**

### **Details and reasons for the transaction:**

The Group maintains bank balances with Ping An Bank on normal commercial terms in the ordinary course of business. The relevant banking documents executed by the Group with Ping An Bank do not provide for the bank accounts with Ping An Bank to be maintained for any fixed period of time. Interests are accrued on such bank balances at prevailing market rates. The Directors consider that it is in the interest of the Group to continue the bank deposits arrangements with Ping An Bank.

### **Historical amounts and proposed caps:**

As at December 31, 2004 and December 31, 2005, the aggregate bank balances maintained by the Group with Ping An Bank were approximately RMB83 million and RMB520 million respectively.

It is expected that for the three years ending December 31, 2009, the maximum bank balance maintained by the Group with Ping An Bank on any given day will not exceed RMB20,000 million on any given day.

The Directors have taken into consideration the historical daily aggregate deposits maintained by the Group with Ping An Bank, the recent extension of Ping An Bank's banking business licence by the China Banking Regulatory Commission in June 2006 to include the provision of Renminbi services to corporate customers and any possible increase in the cash inflows of the Group in determining the above cap and considered that the cap is fair and reasonable.

## LISTING RULES IMPLICATIONS

HSBC Insurance Holdings Limited is a wholly-owned subsidiary of HSBC Holdings plc and its interest in 618,886,334 shares of the Company is deemed to be the interest of HSBC Holdings plc. In addition, HSBC CCF Financial Products (France) SNC, a wholly owned subsidiary of CCF S.A. which is in turn 99% held by HSBC Bank plc., has a direct interest in 884,775 shares in the Company, which is also deemed to be the interest of HSBC Holdings plc. As HSBC is an indirect subsidiary of HSBC Holdings plc, HSBC is therefore a connected person of the Company under Rule 14A.11(4) of the Listing Rules.

ICBC is a promoter of the Company and thus a connected person of the Company under Rule 14A.11(3). Further, as ICBC (Asia), a non-wholly owned subsidiary of ICBC, is a substantial shareholder of China Ping An Insurance (Hong Kong) Company Limited, a 75% owned subsidiary of the Company, both ICBC (Asia) and ICBC are connected persons of the Company under Rule 14A.11(5).

Ping An Bank is a 72.91% owned subsidiary of the Company. Since HSBC is a substantial shareholder of Ping An Bank holding 27% of its registered capital, Ping An Bank is thus a connected person of the Company under Rule 14A.11(5).

The Non-exempt Continuing Connected Transactions fall under Rule 14A.35 of the Listing Rules and are subject to reporting and announcement requirements set out under Rules 14A.45 to 14A.47 of the Listing Rules and are required to be approved by the Independent Shareholders in accordance with the requirements set out under rules 14A.48.

Due to the nature of general bank deposits arrangements and normal banking business practice, the bank accounts documentation does not provide for the bank accounts to be maintained for a fixed period of time not exceeding three years. Nevertheless, the bank accounts documentation does provide that the bank accounts can be terminated by giving a certain number of days' notice, meaning that the period of the bank deposits arrangements is not indefinite and can be terminated with notice. In this respect, the Company's sponsors in respect of the Company's application for listing on the Stock Exchange also gave their view at the time of the Company's listing and in obtaining the previous waivers that the arrangements with HSBC and ICBC were normal arrangements. Reference is made to pages 159 and 161 of the prospectus of the Company dated June 14, 2004.

The Board (including the independent non-executive directors of the Company) considers that the Non-exempt Continuing Connected Transactions have been conducted on normal commercial terms and were entered into on a continuing and regular basis and in the ordinary and usual course of business of the Company, are fair and reasonable and in the interests of the Company and the Shareholders as a whole, and that the annual caps for the three years ending December 31, 2009 for the Non-exempt Continuing Connected Transactions are fair and reasonable.

A circular containing, among other things, (i) details of the Non-exempt Continuing Connected Transactions; (ii) a letter from an independent financial adviser to the Independent Board Committee and the Independent Shareholders containing its advice on the Non-exempt Continuing Connected Transactions; and (iii) the recommendation of the Independent Board Committee in respect of the Non-exempt Continuing Connected Transactions, will be despatched to shareholders in accordance with the Listing Rules as soon as practicable.

## INFORMATION RELATING TO THE PARTIES

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.

HSBC is one of the largest banking and financial services organizations in the world.

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.

ICBC (Asia) is a full licenced bank incorporated in Hong Kong and principally engaged in banking, financial and other financial related services, whose shares are listed on the Stock Exchange.

Ping An Bank is primarily engaged in the foreign currency commercial banking and corporate Renminbi banking business in the PRC as approved by the China Banking Regulatory Commission.

## DEFINITIONS

“Board”	the board of directors of the Company
“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
“Group”	the Company and its subsidiaries
“HSBC”	The Hongkong and Shanghai Banking Corporation Limited
“ICBC”	Industrial and Commercial Bank of China Limited
“ICBC (Asia)”	Industrial and Commercial Bank of China (Asia) Limited
“Independent Board Committee”	the independent board committee of the Board convened for the purposes of considering and advising the Independent Shareholders on the Non-exempt Continuing Connected Transactions
“Independent Shareholders”	the independent shareholders of the Company
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange
“Non-exempt Continuing Connected Transactions”	the bank deposits arrangements with HSBC, ICBC, ICBC (Asia) and Ping An Bank
“Ping An Bank”	Ping An Bank Limited, a 72.91% 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

“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, January 30, 2007

*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.*