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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

CONNECTED TRANSACTION CAPITAL INCREASE AGREEMENT

The Board of the Company is pleased to announce that on 4 April 2005, Ping An Trust, a 99.26% owned subsidiary of the Company, entered into the Capital Increase Agreement with Ping An Securities, a 74.44% owned subsidiary of the Company, pursuant to which the registered capital of Ping An Securities would be increased from RMB1 billion to RMB1.3 billion by RMB300 million contributed wholly by Ping An Trust. Following the completion of the Capital Increase Agreement, the shareholding of Ping An Trust in Ping An Securities will be increased from 75% to 80.77%.

As New Horse Development is one of the promoters of the Company and a substantial shareholder of Ping An Securities, the increase in capital contribution by Ping An Trust to Ping An Securities constitutes a connected transaction 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

On 4 April 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 billion to RMB1.3 billion by RMB300 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. Following the completion of the Capital Increase Agreement, the shareholding of Ping An Trust in Ping An Securities will be increased from 75% to 80.77%. The additional capital contribution of RMB300 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 China Securities Regulatory Commission and is expected to take place by 31 July 2005. Further announcement will be published by the Company if the completion of the Capital Increase Agreement does not take place by 31 July 2005.

The following table summarizes the shareholdings of Ping An Securities before and after the completion of the Capital Increase Agreement:

Shareholder	Percentage of shareholding (before the completion of Capital Increase Agreement) %	Percentage of shareholding (after the completion of Capital Increase Agreement) %
Ping An Trust	75	80.77
New Horse Development	18	13.84
Jiangsu Baixue Electrical Appliance Co., Ltd.	3	2.31
Shanghai Jieqiang Tobacco Sugar & Wine (Group) Co., Ltd.	2	1.54
Shanghai First Provisions Stores Company Limited	1	0.77
Shenyang Construction Investment & Assets Management Co., Ltd.	1	0.77
	<u>100</u>	<u>100</u>
Total :	<u>100</u>	<u>100</u>

Ping An Trust is principally engaged in the provision of trust services to the public 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.

Ping An Securities is principally engaged in the provision of brokerage services, investment banking services and assets management services and its registered capital is RMB1 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 comprehensive 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.

Further financial information of Ping An Securities 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 (unaudited figures)
Revenue	RMB42 million	RMB291 million	RMB285.72 million
Profit/(loss) before tax	RMB(192) million	RMB8 million	RMB9.40 million
Profit/(loss) after tax	RMB(197) million	RMB8 million	RMB6.13 million
	As at 31 December 2002 (audited figures)	As at 31 December 2003 (audited figures)	As at 31 December 2004 (unaudited figures)
Total assets	RMB4,109 million	RMB3,798 million	RMB3,230.86 million
Net assets	RMB620 million	RMB629 million	RMB634.67 million

LISTING RULES IMPLICATIONS

Ping An Trust and Ping An Securities are respectively 99.26% and 74.44% 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 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, which holds approximately 0.18% of the issued share capital of each of Ping An Life and Ping An P&C, 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 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 made indirect investments in the Group. 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 increase in capital contribution by Ping An Trust to Ping An Securities constitutes a connected transaction 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 for the consideration ratio of the capital increase under the Capital Increase Agreement is 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 was 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 are 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 while the other existing shareholders of Ping An Securities would not contribute the additional capital due to their own commercial consideration. The amount of the additional capital contribution of RMB300 million is determined after taking into account of the following factors:

- (i) Pursuant to the relevant PRC securities regulations, the value of shares underwritten by a securities company in an issue of shares shall not exceed certain percentage of its net capital. Accordingly the increase of registered capital of Ping An Securities will enable Ping An Securities to act as an underwriter in larger offers of shares and thus strengthen its operation.
- (ii) Pursuant to the relevant PRC securities regulations, the aggregate shareholding in a PRC securities company owned by foreign investors shall not exceed one third of the total capital of the PRC securities company. After the completion of the Capital Increase Agreement, as Ping An Securities will be a 80.17% owned subsidiary of the Company, the registered capital of 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 approximately be one-third of its registered capital.

There will not be any change in the management of Ping An Securities after the completion of the capital increase under the Capital Increase Agreement.

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
“Capital Increase Agreement”	an agreement dated 4 April, 2005 entered into between Ping An Trust and Ping An Securities in respect of the increase of registered capital of Ping An Securities
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“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 99.26% owned subsidiary of the Company established in the PRC
“Ping An Securities”	Ping An Securities Company, Ltd., a 74.44% owned subsidiary of the Company established in the PRC
“PRC”	The People’s Republic of China
“RMB”	Renminbi, the lawful currency of the PRC.

By order of the Board
Ma Mingzhe
Chairman

Shenzhen, PRC, 4 April 2005

As at the date of this announcement, 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, Dicky Peter Yip, Lin Lijun, Fan Gang, Dou Wenwei, Shi Yuxin, Hu Aimin, and the independent non-executive directors are Bao Youde, Kwong Che Keung Gordon and Cheung Wing Yui.

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