



中國工商銀行(亞洲)

ICBC (Asia)

INDUSTRIAL AND COMMERCIAL BANK OF CHINA (ASIA) LIMITED

中國工商銀行(亞洲)有限公司

(Incorporated in Hong Kong with limited liability)

(Stock Code: 349)

**NON-EXERCISE OF OPTIONS TO ACQUIRE EQUITY INTEREST IN
THE TAI PING INSURANCE COMPANY, LIMITED***

Reference is drawn to the Company's announcement dated 26 November 2004 in relation to, amongst other things, the conditional Option Deed dated 26 November 2004 entered into between CIHC, CIIH and the Company. The Board of Directors wishes to announce that it has resolved not to exercise the Options expiring on 25 May 2005 as to top up the Company's shareholding to 24.9% from 12.45% in TPI following the Completion on 17 March 2005.

The Directors are of the current view, with regard to the latest circumstances of the Company's investment in TPI that the non-exercise of the Options and the keeping of the existing level of shareholding of 12.45% in TPI are in the best interest of the Company and its Shareholders as a whole.

Reference is drawn to the Company's announcement dated 26 November 2004 ("Announcement") in relation to, amongst other things, the conditional Option Deed dated 26 November 2004 entered into between CIHC, CIIH and the Company. Capitalised terms used herein shall have the same meanings as defined therein, unless otherwise defined in this announcement.

Pursuant to the Option Deed, each of CIHC and CIIH has agreed to grant to the Company the CIHC Option and the CIIH Option in respect of the right to the Company at nil consideration to, conditional upon the Completion of the capital injection of RMB250,000,000 each from CIHC and CIIH into TPI, to acquire from CIHC and CIIH 2.475% and 9.975% respectively of the equity interest in TPI at an aggregate consideration of RMB124,500,000 (approximately HK\$117 million) within six months from the date of the Option Deed or otherwise, such later date as the parties may extend pursuant to the terms of the Option Deed. The Directors had indicated in the Announcement that they will carefully consider whether the Company should exercise the Options prior to the expiry of six months from the date of the Option Deed.

Since the Completion took place on 17 March 2005, the Options are exercisable by the Company at any time thereafter until 25 May 2005 pursuant to the Option Deed. In view that the Options will soon expire, the Board of Directors has reviewed the latest circumstances of the Company's investment in TPI and the Directors, including the independent non-executive directors, are of the current view that the non-exercise of the Options and the keeping of the existing level of shareholding of 12.45% in TPI are in the best interest of the Company and its Shareholders as a whole. Therefore, the Board of Directors has resolved not to exercise the Options expiring on 25 May 2005 to acquire from CIHC and CIIH 2.475% and 9.975% respectively as to top up the Company's shareholding to 24.9% from 12.45% in TPI following the Completion on 17 March 2005.

By Order of the Board

Zhu Qi

Managing Director and Chief Executive Officer

Hong Kong, 25 May 2005

As at the date of this announcement, the Board of Directors comprises Mr. Zhu Qi, Mr. Wong Yuen Fai and Mr. Zhang Yi as executive directors, Dr. Jiang Jianqing, Ms. Wang Lili, Mr. Chen Aiping and Mr. Damis Jacobus Ziengs as non-executive directors and Professor Wong Yue Chim, Richard, SBS, JP, Mr. Tsui Yiu Wa, Alec and Mr. Yuen Kam Ho, George as independent non-executive directors.

* For identification only

Please also refer to the published version of this announcement in South China Morning Post and Hong Kong Economic Times.