
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Ping An Insurance (Group) Company of China, Ltd., you should at once hand this circular to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

The Stock Exchange of Hong Kong Limited takes no responsibility for the contents of this circular, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this circular.



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)

CONTINUING CONNECTED TRANSACTIONS APPOINTMENT OF AND EMOLUMENTS TO INDEPENDENT NON-EXECUTIVE DIRECTORS

*Independent financial adviser to the independent board committee
and the Independent Shareholders*



A letter from the Board of Directors of Ping An Insurance (Group) Company of China, Ltd. (the "Company") is set out on pages 3 to 12 of this circular. A letter from the independent board committee of the Company is set out on pages 13 to 14 of this circular. A letter from Somerley Limited containing its advice to the independent board committee and the independent shareholders of the Company is set out on pages 15 to 22 of this circular.

A notice convening the Extraordinary General Meeting to be held at 10:00 a.m. on Monday, March 19, 2007 at 6th Floor, Ping An Building, Ba Gua No. 3 Road, Shenzhen, PRC is set out on pages 29 to 31 of this circular.

A form of proxy for use at the Extraordinary General Meeting is enclosed and is also published on the website of the Stock Exchange (www.hkex.com.hk). Whether or not you intend to attend the Extraordinary General Meeting, you are requested to complete and return (i) the enclosed reply slip in accordance with the instructions printed thereon not later than Tuesday, February 27, 2007 and (ii) the enclosed form of proxy in accordance with the instructions printed thereon not less than 24 hours before the time fixed for holding the Extraordinary General Meeting or any adjournment thereof (as the case may be). Completion and return of the form of proxy will not preclude you from attending the Extraordinary General Meeting and voting in person if you so wish.

February 2, 2007

CONTENTS

	<i>Page</i>
Definitions	1
Letter from the Board	
(i) Introduction	3
(ii) Background of the Non-exempt Continuing Connected Transactions	4
(iii) Details and reasons for the Non-exempt Continuing Connected Transactions	4
(iv) Listing Rules Implications of the Non-exempt Continuing Connected Transactions	6
(v) Information relating to the Group	7
(vi) Information relating to the Connected Parties	7
(vii) Appointment of and emolument to independent non-executive Directors	8
(viii) Additional information	10
(ix) Recommendation	11
(x) Further information	12
Letter from the Independent Board Committee	13
Letter from Somerley Limited	15
Appendix – General information	23
Notice of Extraordinary General Meeting	29

DEFINITIONS

In this circular, unless the context otherwise requires, the following expressions have the following meanings respectively:

“A Share Issue”	the proposed issue of not more than 1.15 billion A shares by way of placing and public offering of new shares and/or such other manner as shall be approved by the relevant governing authorities, which are proposed to be listed on the Shanghai Stock Exchange
“AGM”	the annual general meeting of the Company held on May 25, 2006
“Announcement”	the announcement dated January 30, 2007 issued by the Company
“Articles”	the articles of association of the Company, as amended, modified or otherwise supplemented from time to time
“Board”	the board of Directors
“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
“Directors”	the directors of the Company
“Domestic Shares”	the ordinary shares of RMB1.00 each issued by the Company, which are subscribed for or credited as fully paid up in Renminbi
“EGM”	the extraordinary general meeting of the Shareholders to approve the Non-exempt Continuing Connected Transactions and the proposed appointments of independent non-executive Directors
“Group”	the Company and its subsidiaries
“H Shares”	overseas listed foreign shares of RMB1.00 each in the share capital of the Company which are listed on the Stock Exchange and subscribed for and traded in Hong Kong dollars
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“HSBC”	The Hongkong and Shanghai Banking Corporation Limited

DEFINITIONS

“IBC”	the independent board committee of the Directors convened for the purpose of advising Independent Shareholders in respect of the Non-exempt Continuing Connected Transactions
“ICBC”	Industrial and Commercial Bank of China Limited
“ICBC (Asia)”	Industrial and Commercial Bank of China (Asia) Limited
“IFA”	Somerley Limited, the independent financial adviser to the IBC and the Independent Shareholders, and a corporation licensed in Hong Kong to conduct type 1 (dealing in securities), type 4 (advising on securities), type 6 (advising on corporate finance) and type 9 (asset management) regulated activities under the SFO
“Independent Shareholders”	the independent shareholders of the Company
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange
“LPD”	January 30, 2007, being the latest practicable date prior to the printing of this circular for ascertaining certain information in this circular
“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
“SFO”	the Securities and Futures Ordinance, Chapter 571 of the laws of Hong Kong
“Shareholders”	holders of shares in the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“USD”	United States dollars, the lawful currency of the United States of America

LETTER FROM THE BOARD



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)

Executive Directors:

Ma Mingzhe
Sun Jianyi
Cheung Chi Yan Louis

Registered office:

Ping An Building
Ba Gua No. 3 Road
Shenzhen, PRC

Non-executive Directors:

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
Ng Sing Yip

*Principal place of business
in Hong Kong:*

11th Floor
Dah Sing Financial Center
108 Gloucester Road
Wan Chai
Hong Kong

Independent non-executive Directors:

Bao Youde
Kwong Che Keung Gordon
Cheung Wing Yui
Chow Wing Kin Anthony

February 2, 2007

To the Shareholders

Dear Sir or Madam,

**CONTINUING CONNECTED TRANSACTIONS
APPOINTMENT OF AND EMOLUMENTS TO
INDEPENDENT NON-EXECUTIVE DIRECTORS**

(i) INTRODUCTION

Reference is made to the Announcement in relation to the bank deposits by the Group with HSBC, ICBC and ICBC (Asia) and Ping An Bank, each of which constitutes a continuing connected transaction of the Company under the Listing Rules and is subject to reporting, announcement and Independent Shareholders' approval requirements as set out in Rules 14A.45 to 14A.48 of the Listing Rules.

LETTER FROM THE BOARD

The purpose of this circular is (i) to provide you with more information relating to the Non-exempt Continuing Connected Transactions; (ii) to set out the opinions and recommendations of the IBC and the IFA relating to the Non-exempt Continuing Connected Transactions; (iii) to provide you with information in relation to the proposed appointment of and emolument to independent non-executive Directors; and (iv) to give you the notice of EGM.

(ii) BACKGROUND OF THE NON-EXEMPT 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 the Announcement and the relevant annual caps for each of the three years ending December 31, 2007, 2008 and 2009 subject to Independent Shareholders' approval. The Company will seek Independent Shareholders' approval for each of the Non-exempt Continuing Connected Transactions and their respective proposed annual caps for each of the three years ending December 31, 2007, 2008 and 2009 at the EGM by way of separate resolutions in accordance with the Listing Rules.

(iii) DETAILS AND REASONS FOR THE NON-EXEMPT CONTINUING CONNECTED TRANSACTIONS

Bank deposit 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.

LETTER FROM THE BOARD

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 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 deposit 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) 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.

LETTER FROM THE BOARD

Bank deposit 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 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.

(iv) LISTING RULES IMPLICATIONS OF THE NON-EXEMPT CONTINUING CONNECTED TRANSACTIONS

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 ("HSBC CCF"), 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).

LETTER FROM THE BOARD

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 Rule 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) considers that the Non-exempt Continuing Connected Transactions have been conducted on normal commercial terms and are 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.

In accordance with the Listing Rules, HSBC Insurance Holdings Limited, HSBC and HSBC CCF and their respective associates will abstain from voting on the resolutions in relation to the Non-exempt Continuing Connected Transaction involving the bank deposit arrangements maintained by the Company with HSBC and the bank deposits arrangement maintained by the Company with Ping An Bank at the EGM.

(v) INFORMATION RELATING TO THE GROUP

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.

(vi) INFORMATION RELATING TO THE CONNECTED PARTIES

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.

LETTER FROM THE BOARD

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.

(vii) APPOINTMENT OF AND EMOLUMENT TO INDEPENDENT NON-EXECUTIVE DIRECTORS

Proposed appointment of independent non-executive Directors

According to the Articles, the Board shall comprise of 19 Directors. The Board currently has appointed to it 19 Directors, comprising 3 executive Directors, 12 non-executive Directors and 4 independent non-executive Directors. In order to further enhance the Company's corporate governance and in preparation for the A Share Issue which will require that not less than one-third of the Board shall be independent non-executive Directors, the Board proposes that Mr. Wang Zhongfu, Mr. Zhang Hongyi and Mr. Chen Su be appointed as independent non-executive Directors in place of the non-executive Directors Mr. Huang Jianping, Mr. Shi Yuxin and Mr. Dou Wenwei respectively, whom have agreed to resign subject to and upon approval by the Shareholders at the EGM so as to maintain a Board of 19 Directors.

Emolument plan for the independent non-executive Directors

At the AGM, the Shareholders approved by way of an ordinary resolution the emolument plan for the 7th Board. The approved annual fee payable to each domestic independent non-executive Director was RMB150,000.

In recognition of the increasing demands of the corporate governance role that the independent non-executive Directors play and their distinguished backgrounds, the Board proposes to increase the remuneration paid to each domestic independent non-executive Director to RMB200,000 per annum.

As provided in the Articles, all the above remuneration packages are those before tax. The Company will deduct and pay all taxes due on the Directors' behalf in accordance with the relevant tax laws.

There is no assurance that the A Share Issue will proceed. Investors are advised to exercise caution in dealing in the H Shares. Further details about the A Share Issue will be disclosed by the Company in the newspapers in the PRC when the A Share Issue materializes and all material information of which will be disclosed by the Company in the newspapers in Hong Kong concurrently in accordance with the Listing Rules.

LETTER FROM THE BOARD

Details of the proposed independent non-executive Directors are as follows:

Mr. Wang Zhongfu, 65, is a member of the Central Committee of the Communist Party of China and a professor at both the People's University of China and Zhongnan University. Mr. Wang previously served as the Secretary General of the Changsha Municipal Committee of the Communist Party of China, Executive Deputy Mayor of the Shenzhen City, Director and Party Leadership Group Secretary of the State Administration for Industry and Commerce.

The Company proposes to appoint Mr. Wang as an independent non-executive Director to hold office until the expiration of the term of the current Board which was appointed for 3 years at the AGM. It is proposed that Mr. Wang shall be entitled to a Director's fee of RMB200,000 per annum. Mr. Wang's proposed remuneration was determined by the Board with reference to the prevailing market situation, his duties and responsibilities with the Company. Mr. Wang does not have any relationship with the other directors, supervisors, senior management or substantial or controlling shareholders of the Company. As at the LPD, Mr. Wang does not have any interests in the shares of the Company within the meaning of Part XV of the SFO.

There is no information which is discloseable nor is/was Mr. Wang involved in any of the matters required to be disclosed pursuant to Rules 13.51(2)(h) to 13.51(2)(v) of the Listing Rules. Save for the above, there is no other matter that needs to be brought to the attention of the Shareholders.

Mr. Zhang Hongyi, 61, is a Fellow of the Hong Kong Institute of Bankers and a professor at the Research Department of the People's Bank of China. Mr. Zhang previously served as the President of the Shenzhen branch of the People's Bank of China, General Manager of the Macau branch of the People's Bank of China, Deputy Mayor of the Shenzhen City, directors of the Nanyang Commercial Bank and Hua Chiao Commercial Bank Ltd, Chairman of the Macau Bankers Association and Member of the Macau SAR Economics Affairs Committee.

The Company proposes to appoint Mr. Zhang as an independent non-executive Director to hold office until the expiration of the term of the current Board which was appointed for 3 years at the AGM. It is proposed that Mr. Zhang shall be entitled to a Director's fee of RMB200,000 per annum. Mr. Zhang's proposed remuneration was determined by the Board with reference to the prevailing market situation, his duties and responsibilities with the Company. Mr. Zhang does not have any relationship with the other directors, supervisors, senior management or substantial or controlling shareholders of the Company. As at the LPD, Mr. Zhang does not have any interests in the shares of the Company within the meaning of Part XV of the SFO.

There is no information which is discloseable nor is/was Mr. Zhang involved in any of the matters required to be disclosed pursuant to Rules 13.51(2)(h) to 13.51(2)(v) of the Listing Rules. Save for the above, there is no other matter that needs to be brought to the attention of the Shareholders.

LETTER FROM THE BOARD

Mr. Chen Su, 49, is currently the Joint Secretary to the Committee of the Communist Party of China at the Institute of Law at the Chinese Academy of Social Science, the Deputy Director of the Research Department of the Institute of Law and the Deputy Director of the Research Department of the Institute of International Law and the Deputy Chairman of the Business Law Research Department of the Chinese Law Association. Mr. Chen was also a member of the Special Committee for Company Law Amendments of the Legality Office of the State Council and a member of the Special Committee for Securities Law Amendments of the Financial and Economics Affairs Committee of the National People's Congress.

The Company proposes to appoint Mr. Chen as an independent non-executive Director to hold office until the expiration of the term of the current Board which was appointed for 3 years at the AGM. It is proposed that Mr. Chen shall be entitled to a Director's fee of RMB200,000 per annum. Mr. Chen's proposed remuneration was determined by the Board with reference to the prevailing market situation, his duties and responsibilities with the Company. Mr. Chen does not have any relationship with the other directors, supervisors, senior management or substantial or controlling shareholders of the Company. As at the LPD, Mr. Chen does not have any interests in the shares of the Company within the meaning of Part XV of the SFO.

There is no information which is discloseable nor is/was Mr. Chen involved in any of the matters required to be disclosed pursuant to Rules 13.51(2)(h) to 13.51(2)(v) of the Listing Rules. Save for the above, there is no other matter that needs to be brought to the attention of the Shareholders.

(viii) ADDITIONAL INFORMATION

Extraordinary General Meeting

A notice convening the EGM to be held at 10:00 a.m. on Monday, March 19, 2007 at 6th Floor, Ping An Building, Ba Gua No. 3 Road, Shenzhen, PRC, is set out on pages 29 to 31 of this circular.

In order to determine the list of Shareholders who are entitled to attend the EGM, the Company's registers of members will be closed from Saturday, February 17, 2007 to Monday, March 19, 2007 both days inclusive, during which period no transfer of shares will be effected. Holders of H Shares and Domestic Shares whose names appear on the Company's registers of members on Monday, March 19, 2007 are entitled to attend the EGM. In order to attend and vote at the EGM, holders of H Shares whose transfers have not been registered shall deposit the transfer documents together with the relevant share certificates at the H Share registrar of the Company, Computershare Hong Kong Investor Services Limited, at or before 4:00 p.m. on Friday, February 16, 2007. The address of the transfer office of Computershare Hong Kong Investor Services Limited is Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong.

LETTER FROM THE BOARD

A form of proxy for use at the EGM is enclosed and is also published on the website of the Stock Exchange (www.hkex.com.hk). Whether or not you intend to attend the EGM, you are requested to complete and return (i) the enclosed reply slip in accordance with the instructions printed thereon not later than Tuesday, February 27, 2007 and (ii) the enclosed form of proxy in accordance with the instructions printed thereon not less than 24 hours before the time fixed for holding the EGM or any adjournment thereof (as the case may be). Completion and return of the proxy will not preclude you from attending the EGM and voting in person if you so wish.

Procedure for demanding poll at the EGM

According to the Articles, a resolution will be determined on a show of hands unless before or after any vote on a show of hands, a poll is demanded. A poll may be demanded by (i) the chairman of the meeting; or (ii) at least two Shareholders entitled to vote, present in person or by proxy; or (iii) by one or more Shareholders present in person or by proxy representing more than 10% of all Shares carrying the voting rights at the meeting.

(ix) RECOMMENDATION

Your attention is drawn to the letter from the IBC set out on pages 13 to 14 of this circular. The letter contains the recommendation of the IBC to the Independent Shareholders concerning the continuation of the Non-exempt Continuing Connected Transactions and the proposed annual caps of such Non-exempt Continuing Connected Transactions for each of the three years ending December 31, 2009.

Your attention is also drawn to the letter from the IFA, set out on pages 15 to 22 of this circular, in respect of the fairness and reasonableness of the Non-exempt Continuing Connected Transactions and the proposed annual caps of such Non-exempt Continuing Connected Transactions for each of the three years ending December 31, 2009. The IFA considers that the Non-exempt Continuing Connected Transactions are in the ordinary and usual course of business of the Group and are on normal commercial terms, the Non-exempt Continuing Connected Transactions and the proposed annual caps of such transactions are fair and reasonable so far as the Independent Shareholders are concerned and the entering into of the Non-exempt Continuing Connected Transactions is in the interests of the Company and the Shareholders as a whole.

The Board believes that the ordinary resolutions to approve the Non-exempt Continuing Connected Transactions and the proposed annual caps of such transactions for each of the three years ending December 31, 2009 are in the best interests of the Company and its Shareholders as a whole. The Board also believes that the ordinary resolutions to approve the appointment of the independent non-executive Directors and the emoluments for the domestic independent non-executive Directors are in the best interests of the Company and the Shareholders as a whole. Accordingly, the Board recommends that all the Shareholders should vote in favour of the ordinary resolutions to be proposed at the EGM as set out in the notice of the EGM.

LETTER FROM THE BOARD

(x) FURTHER INFORMATION

Your attention is also drawn to the additional information set out in the Appendix to this circular.

Yours faithfully,

For and on behalf of the Board of Directors

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

Ma Mingzhe

Chairman and Chief Executive Officer

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

The following is the text of a letter from the Independent Board Committee to the Shareholders in connection with the Non-exempt Continuing Connected Transactions for inclusion in this circular.



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)

February 2, 2007

To the Independent Shareholders

Dear Sir or Madam,

CONTINUING CONNECTED TRANSACTIONS

We refer to the circular dated February 2, 2007 issued by the Company (the “**Circular**”) of which this letter forms part. Terms used in this letter shall bear the same meanings as given to them in the Circular unless the context otherwise requires.

We have been appointed as members of the IBC to consider the Non-exempt Continuing Connected Transactions which require approval by the Independent Shareholders and the proposed annual caps of such transactions for each of the three years ending December 31, 2009 and to advise the Independent Shareholders as to the fairness and reasonableness of the Non-exempt Continuing Connected Transactions and to recommend how the Independent Shareholders should vote at the EGM. Somerley Limited has been appointed to advise us, the IBC, in relation to the Non-exempt Continuing Connected Transactions.

We wish to draw your attention to the letter from the Board, as set out on pages 3 to 12 of the Circular, and the letter from Somerley Limited to us, the IBC, and the Independent Shareholders containing its advice in respect of the Non-exempt Continuing Connected Transactions, as set out on pages 15 to 22 of the Circular.

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

Having taken into account of the principal factors and reasons considered by Somerley Limited and its conclusion and advice, we concur with the view of Somerley Limited and consider that each of the proposed Non-exempt Continuing Connected Transactions are in the ordinary and usual course of business of the Group and are conducted on normal commercial terms, the Non-exempt Continuing Connected Transactions and the proposed annual caps of such Non-exempt Continuing Connected Transactions are fair and reasonable so far as the Independent Shareholders are concerned and the entering into of the Non-exempt Continuing Connected Transactions is in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Shareholders to vote in favour of the ordinary resolutions to be proposed at the EGM to approve the Non-exempt Continuing Connected Transactions and the proposed annual caps of such Non-exempt Continuing Connected Transactions for each of the three years ending December 31, 2009.

Yours faithfully,
the Independent Board Committee

Bao Youde

Independent non-executive Director

Kwong Che Keung Gordon

Independent non-executive Director

Cheung Wing Yui

Independent non-executive Director

Chow Wing Kin Anthony

Independent non-executive Director

LETTER FROM SOMERLEY LIMITED

The following is the letter of advice from Somerley Limited to the IBC and the Independent Shareholders prepared for the purpose of inclusion in this circular.



SOMERLEY LIMITED

10th Floor
The Hong Kong Club Building
3A Chater Road
Central
Hong Kong

February 2, 2007

*To: the Independent Board Committee and
the Independent Shareholders*

Dear Sirs,

CONTINUING CONNECTED TRANSACTIONS RELATING TO BANK DEPOSIT ARRANGEMENTS

We refer to our appointment as the independent financial adviser to the IBC and the Independent Shareholders in relation to the terms of the Non-exempt Continuing Connected Transactions involving bank deposits arrangements with HSBC, ICBC and its associates and Ping An Bank (together, the “Subject Banks”), for which the Independent Shareholders’ approval is being sought subject to the aggregate balances maintained with each of the Subject Banks not exceeding pre-determined caps on any given day during the three years ending December 31, 2009 (the “Annual Caps”). Details of the Non-exempt Continuing Connected Transactions and the Annual Caps are contained in a circular (the “Circular”) of the Company to the Shareholders dated February 2, 2007, of which this letter forms part. Capitalised terms used in this letter shall have the same meanings as those defined in the Circular.

HSBC is an indirect subsidiary of HSBC Holdings plc. HSBC Holdings plc through its subsidiaries is indirectly interested in 19.9% of the issued share capital of the Company. ICBC is a promoter of the Company. ICBC (Asia), a non-wholly owned subsidiary of ICBC, is a substantial shareholder of a non-wholly owned subsidiary of the Company, China Ping An Insurance (Hong Kong) Company Limited. Ping An Bank, a non-wholly subsidiary of the Company, is owned as to 27% by HSBC. As a result, the Subject Banks are considered as connected persons of the Company under the Listing Rules. Accordingly, transactions between the Group and each of the Subject Banks constitute connected transactions of the Company under the Listing Rules. The Company has obtained a waiver (the “Waiver”) from the Stock Exchange from strict compliance with the relevant provisions of the Listing Rules in respect of the deposit transactions with HSBC, ICBC and ICBC (Asia) for the three years ended December 31, 2006. The Waiver expired on January 1, 2007. As the Group will continue to conduct the Non-exempt Continuing Connected Transactions, the Directors propose to seek Independent Shareholders’ approval of the Non-exempt Continuing Connected Transactions

LETTER FROM SOMERLEY LIMITED

which will be conducted in the three years ending December 31, 2009 subject to the limits specified in the Annual Caps. The voting on the resolutions approving the Non-exempt Continuing Connected Transactions and the Annual Caps will be taken by way of poll.

The Independent Board Committee comprising the independent non-executive Directors, namely, Messrs Bao Youde, Kwong Che Keung Gordon, Cheung Wing Yui and Chow Wing Kin Anthony, has been established to advise the Independent Shareholders as regards the terms of the Non-exempt Continuing Connected Transactions and the Annual Caps. We have been appointed to advise the Independent Board Committee and the Independent Shareholders in this respect.

In formulating our opinion, we have relied on the information and facts supplied, and the opinions expressed, by the Directors and management of the Company and have assumed that the information, facts and opinion are true and accurate. We have also sought and received confirmation from the Directors that no material facts have been omitted from the information supplied and opinions expressed to us. We have relied on such information and consider that the information we have received is sufficient for us to reach an informed view and have no reason to believe that any material information has been withheld, nor doubt the truth or accuracy of the information provided. We have also assumed that all representations contained or referred to in the Circular were true at the date of the Circular and will continue to be true at the date of the EGM. We have, however, not conducted any independent investigation into the business and affairs of the Group, HSBC, ICBC, ICBC (Asia) or Ping An Bank, nor have we carried out any independent verification of the information supplied.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In considering whether the terms of the Non-exempt Continuing Connected Transactions and the Annual Caps are fair and reasonable so far as the Independent Shareholders are concerned, we have taken into account the principal factors and reasons set out below:

1. Background to and reasons for the Non-exempt Continuing Connected Transactions

The Group is an insurance and financial services group in the PRC principally engaged in providing life insurance, property and casualty insurance and other financial services. The Group, in its usual and ordinary course of business, generates substantial amount of cash inflows and maintains bank balances with various financial institutions. At present, the Group has banking relationships with 16 principal bankers including the Subject Banks. The bank accounts of the Group with HSBC, ICBC and its associates and Ping An Bank were opened in 2003, 1990 and 2004 respectively. At present, the Subject Banks provide principally deposit services to the Group.

We have been advised by the management of the Company that in placing deposits with different financial institutions, the Group will take into account factors including counterparty risk exposure, return and operational flexibility of the deposits. In this regard, the Company

LETTER FROM SOMERLEY LIMITED

considers the counterparty risk for the Subject Banks is low, given that HSBC is a member of the 4th largest banking group in the world and ICBC is the largest commercial bank in China, both in terms of total assets; and Ping An Bank is a 72.91% owned subsidiary of the Company which has been granted licence to operate Renminbi services to corporate clients in 2006. In addition, the Group is satisfied with the quality of services provided and the terms of the deposits offered by each of the Subject Banks in the past.

Having considered the above, the Board considers that it is in the interest of the Group to continue the bank deposit arrangements with the Subject Banks. We concur with the Board's view in this regard. We also consider that the Non-exempt Continuing Connected Transactions are entered into in the ordinary and usual course of business of the Group in light of the respective principal activities of the Group, HSBC, ICBC and its associates and Ping An Bank.

2. Principal terms of the Non-exempt Continuing Connected Transactions

The terms of the Non-exempt Continuing Connected Transactions are governed by the bank account documents executed by the Group with the relevant Subject Banks. These bank account documents include account opening documents which set out the general terms and conditions of maintaining a deposit account and other transaction documents which set out the terms of each specific deposits such as type of deposits, interest rate and maturity period. Interest rate for deposits maintained by the Group with each of the Subject Banks is agreed on arm's length basis taking into account the size, duration and nature of the deposit, prevailing market conditions and applicable industry regulations.

We have reviewed samples of deposits placed by the Group with the Subject Banks during the three years ended December 31, 2006 and noted that the terms for the Group's deposits offered by the Subject Banks were in general comparable to those offered by other independent banks. We have also discussed with the auditors of the Company (the "Auditors") on the scope of their review of the Non-exempt Continuing Connected Transactions during the two years ended December 31, 2004 and 2005 and reviewed the reports issued by the Auditors thereon, and noted that the Auditors have confirmed that the Non-exempt Continuing Connected Transactions had been entered into in accordance with relevant agreements governing the transactions. The review of the Non-exempt Continuing Connected Transactions conducted during the year ended December 31, 2006 is yet to be performed by the Auditors in conjunction with the annual statutory audit of the Company.

Based on the above, we consider that the Non-exempt Continuing Connected Transactions are conducted on normal commercial terms which are fair and reasonable so far as the Independent Shareholders are concerned.

3. Basis of the Annual Caps

The Non-exempt Continuing Connected Transactions are subject to the terms and conditions as more particularly discussed under the section headed "Conditions of the Non-exempt Continuing Connected Transactions" below. In particular, the Non-exempt

LETTER FROM SOMERLEY LIMITED

Continuing Connected Transactions with each of the Subject Banks are subject to the Annual Caps for the three years ending December 31, 2009 of USD2,336 million, RMB24,900 million and RMB20,000 million respectively.

(i) Review of past transactions

The following table sets out (i) the caps on bank deposits between the Group and each of HSBC, ICBC and its associates under the Waiver for the three years ended December 31, 2006; (ii) the maximum daily deposit balances maintained with each of the Subject Banks during each of the three years ended December 31, 2004, 2005 and 2006; and (iii) the maximum and minimum daily term deposits, cash and cash equivalent balances of the Group during each of the three years ended December 31, 2004, 2005 and 2006.

	2004	2005	2006
	<i>(in million)</i>	<i>(in million)</i>	<i>(in million)</i>
Caps			
HSBC	USD2,336	USD2,336	USD2,336
ICBC and its associates	RMB24,900	RMB24,900	RMB24,900
Ping An Bank	N/A	N/A	N/A
Maximum daily deposit balances			
HSBC	USD1,749	USD223	USD189
ICBC and its associates	RMB14,160	RMB13,017	RMB12,848
Ping An Bank	RMB83	RMB815	RMB5,622
Daily term deposits, cash and cash equivalent of the Group			
Maximum	RMB116,444	RMB102,556	RMB132,409
Minimum	RMB90,402	RMB81,950	RMB82,429

We understand from the Company that the large bank deposit balance maintained with HSBC during the year ended December 31, 2004 was mainly attributable to the fund raised from the initial public offering of shares by the Company in 2004. The bank deposits with ICBC and its associates were in general maintained at a stable level over the three years ended December 31, 2006. In June 2006, Ping An Bank obtained the licence to include provision of Renminbi services to corporate customers. Since then, it has been actively expanding this service, resulting in the substantial increase in the bank balance maintained by the Group with Ping An Bank during the year ended December 31, 2006.

LETTER FROM SOMERLEY LIMITED

(ii) *Basis of the Annual Caps*

The Annual Caps being sought for each of the Non-exempt Continuing Connected Transactions for each of the three years ending December 31, 2009 are as follows:

(in million)

Annual Caps

HSBC	USD2,336
ICBC and its associates	RMB24,900
Ping An Bank	RMB20,000

In assessing the reasonableness of the Annual Caps, we have discussed with the Directors the basis considered in setting the Annual Caps. The Directors advised us that the Annual Caps for the Non-exempt Continuing Connected Transactions were determined after taking into account factors including (i) the internal assessment of the credit risk of the relevant Subject Banks; (ii) the concentration risk of the Group's assets; (iii) the possible increase in cash inflow of the Group in the coming three years; (iv) the historical deposit balances maintained by the Group with the Subject Banks; and (v) the expansion of total assets and business scope of Ping An Bank, as discussed more fully below.

- (a) In evaluating the credit risk of HSBC and ICBC and its associates, we understand that the Directors have taken into account the size of the total assets and the credit rating of the relevant banks. In this regard, we note that the Annual Caps for HSBC and ICBC and its associates represent less than 1% of the latest published total assets of the relevant banks. As Ping An Bank is a 72.91% owned subsidiary of the Group, the Directors consider that the Company is able to oversee and control the business of Ping An Bank and accordingly the credit risk of deposits placed with Ping An Bank is low when compared to other banks.
- (b) In respect of concentration risk, we note that the amounts of the Annual Caps limit the balances to be maintained with each of the Subject Banks to below 20% of the Group's maximum aggregate daily term deposit, cash and cash equivalent balances in 2006. We consider such limit serves to diversify the credit risk of the Group and is in the interest of the Company and its Shareholders as a whole.
- (c) During the past, the Group generated substantial annual operating cashflow. The net operating cash inflow amounted to over RMB30,000 million for each of the two years ended December 31, 2004 and 2005 and over RMB20,000 million for the first half of 2006 respectively. The Directors advised us that they expect the cash inflow of the Group will continue to grow in future in view of the continuous business growth of the Group and the expansion into asset management business.

LETTER FROM SOMERLEY LIMITED

During the three years ended December 31, 2006, the aggregate daily term deposit, cash and cash equivalent balances of the Group fluctuated within the range of approximately RMB82,000 million to RMB132,000 million. Such fluctuations may be attributable to operating cash movements in the ordinary and usual course of business of the Group, as well as interim financing obtained by the Group to finance acquisitions and share subscriptions. In this regard, we note that the Group has made investments in the shares of ICBC and Shanghai Pudong Development Bank with aggregate investment amount over RMB3,000 million and acquired a majority stake in Shenzhen Commercial Bank Company Limited at a consideration of about RMB1,008 million during 2006. The Directors advised us that the Group will continue to seek for suitable investment targets in future. Should such opportunities arise, the Group may obtain financing to fund these acquisitions ahead of completion which may result in a short-term increase in cash balances requiring deposit services.

- (d) HSBC is currently the main banker for the Group's foreign currency deposits and is the only banking group among the 16 principal bankers of the Group that possesses global network and operations. Despite the caps for HSBC have not been fully utilised in 2005 and 2006, the Directors consider it in the interests of the Company to maintain the cap amounts for HSBC for the next three years sufficiently large to provide flexibility for the Group to handle sizeable fund raising exercise or corporate transactions involving international investors and counterparties. We concur with the Directors' view in this regard.
- (e) The amount of deposits placed with Ping An Bank by the Group grew exponentially by around 10 times in 2005 and 7 times in 2006. The substantial increase in deposit balance in 2006 was mainly attributable to the commencement of the provision of Renminbi services to corporate clients after Ping An Bank obtained the necessary licence in 2006. With the expansion of Ping An Bank's business scope and total asset base, the Directors expect more deposits will be placed by the Group with Ping An Bank in future.

On the basis that the Non-exempt Continuing Connected Transactions are conducted on normal commercial terms and having taken into consideration the above factors, in particular, the substantial cash inflow expected to be generated by the Group from its operations, the possible extent of fluctuations in daily term deposit, cash and cash equivalent balances of the Group, and the expansion of business scope of Ping An Bank, we consider that the Annual Caps for the Non-exempt Continuing Connected Transactions for each of the three years ending December 31, 2009 provide sufficient flexibility for the Group to cater for possible increases in cash balance and therefore demand for deposit services and are fair and reasonable.

LETTER FROM SOMERLEY LIMITED

4. Duration of bank accounts

The bank accounts documentations with each of the Subject Banks do not provide for the bank accounts to be maintained for any fixed period of time which means that the bank deposit arrangements can be maintained in excess of three years normally allowed under the Listing Rules. In this regard, we believe it is normal banking business practice that bank accounts with depositors run perpetually unless being terminated by the bank or the depositor.

5. Conditions of the Non-exempt Continuing Connected Transactions

The Non-exempt Continuing Connected Transactions are subject to a number of conditions which include, among other things:

- (i) the Annual Caps for each of the bank deposit arrangements with HSBC, ICBC and its associates and Ping An Bank for the three years ending December 31, 2009 will not exceed USD2,336 million, RMB24,900 million and RMB20,000 million respectively;
- (ii) the independent non-executive Directors must review the Non-exempt Continuing Connected Transactions and confirm in the Company's annual report and accounts that the Non-exempt Continuing Connected Transactions have been entered into (a) in the ordinary and usual course of business of the Company; (b) either on normal commercial terms or, if there are not sufficient comparable transactions to judge whether they are on normal commercial terms, on terms no less favourable to the Company than terms available to or from independent third parties; and (c) in accordance with the relevant agreements governing them on terms that are fair and reasonable and in the interests of the Shareholders as a whole;
- (iii) the Auditors will, in accordance with Rule 14A.38 of the Listing Rules, review the Non-exempt Continuing Connected Transactions and they will confirm the same in a letter to the Directors (a copy of which letter will be provided to the Stock Exchange at least 10 business days prior to the bulk printing of the annual report of the Company) in respect of each of the three years ending December 31, 2009, during which the Non-exempt Continuing Connected Transactions have been conducted;
- (iv) the Company will allow and will procure that the Subject Banks will provide the Auditors with sufficient access to the relevant records of the Non-exempt Continuing Connected Transactions for the purpose of the Auditors' review as referred to in paragraph (iii) above. The Board must state in the annual report whether the Auditors have confirmed the matters stated in Rule 14A.38 of the Listing Rules; and

LETTER FROM SOMERLEY LIMITED

- (v) the Company will comply with the applicable provisions of the Listing Rules governing connected transactions in the event that the total amount of the Non-exempt Continuing Connected Transactions exceeds the Annual Caps, or that there is any material amendment to the terms of the Non-exempt Continuing Connected Transactions.

In light of the conditions attached to the Non-exempt Continuing Connected Transactions, in particular, (i) the restriction of the value of the Non-exempt Continuing Connected Transactions by way of the Annual Caps; and (ii) the ongoing review by the independent non-executive Directors and the Auditors of the terms of the Non-exempt Continuing Connected Transactions and the Annual Caps not being exceeded, we are of the view that appropriate measures will be in place to govern the conduct of the Non-exempt Continuing Connected Transactions and safeguard the interests of the Independent Shareholders.

OPINION

Having taken into account the above principal factors, we consider that the Non-exempt Continuing Connected Transactions are in the ordinary and usual course of business of the Group and are conducted on normal commercial terms. We also consider that the terms of Non-exempt Continuing Connected Transactions and the Annual Caps are fair and reasonable so far as the Independent Shareholders are concerned and the entering into of the Non-exempt Continuing Connected Transactions is in the interests of the Company and the Shareholders as a whole. We also consider no specific time limit being fixed for the duration of the bank accounts maintained with the Subject Banks is in line with normal banking business practice. Accordingly, we advise the Independent Board Committee to recommend the Independent Shareholders to vote in favour of the ordinary resolutions to be proposed at the EGM to approve the Non-exempt Continuing Connected Transactions and the Annual Caps.

Yours faithfully,
for and on behalf of
SOMERLEY LIMITED
Beatrice Lung
Director

1. RESPONSIBILITY STATEMENT

This circular includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors collectively and individually accept full responsibility for the accuracy of the information contained in this circular and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief there are no other facts the omission of which would make any statement herein misleading.

2. DISCLOSURE OF INTERESTS

(a) Directors' and supervisors' interests and short positions in the securities of the Company and its associated corporations

As at the LPD, the interests and short positions of the directors, chief executive or supervisors of the Company in the shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which were required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (b) pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies as contained in Appendix 10 to the Listing Rules, were as follows:

Long positions in shares of the Company

Name of Director/supervisor	H/Domestic ("D")		Capacity	Note	No. of H/D shares	Nature of interest	Percentage	Percentage
	shares						of total number of H/D shares in issue %	of total shares in issue %
Cheung Chi Yan Louis	Executive Director	H	Beneficial owner		248,000	Long position	0.01	0.004
Lin Li	Supervisor	D	Interest of controlled corporations	(a)	176,000,000	Long position	4.84	2.84

Note:

- (a) Lin Li was interested in shares of the Company by virtue of his control over 93.33% shareholding of Shenzhen Liye Group Company Limited, which held a direct interest in 176,000,000 shares in the Company.

Save as disclosed above, as at the LPD, none of the directors, chief executive or supervisors of the Company had or was deemed to have any interests or short positions in the shares, underlying shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which were required (a) to be

notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (b) pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies as contained in Appendix 10 to the Listing Rules.

(b) Persons who have an interest or short position which is discloseable under Divisions 2 and 3 of Part XV of the SFO and substantial shareholders

So far as is known to the Directors, as at the LPD, the following persons (not being a director, chief executive or supervisor of the Company) had, or were deemed to have, interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO or as otherwise notified to the Company and the Stock Exchange, or who are directly or indirectly interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group:

Long positions in shares of the Company

Name of substantial shareholder	H/Domestic ("D") shares	Capacity	Notes	No. of H/D shares	Nature of interest	Percentage of total number of H/D shares in issue (%)	Percentage of total shares in issue (%)
HSBC Holdings plc	H	Interest of controlled corporations	1, 2, 3	1,233,870,388	Long position	48.22	19.92
HSBC Insurance Holdings Limited	H	Beneficial owner	1	618,886,334	Long position	24.19	9.99
The Hongkong and Shanghai Banking Corporation Limited	H	Beneficial owner	3	614,099,279	Long position	24.00	9.91
Shenzhen Investment Holdings Co., Ltd.	D	Beneficial owner		543,181,445	Long position	14.94	8.77
Shenzhen Jingao Industrial Development Co., Ltd.	D	Interest of controlled corporations	4	148,000,000	Long position	4.07	2.39
		Beneficial owner		331,117,788	Long position	9.11	5.34
Ping An Securities Company, Ltd. Labor Union	D	Interest of controlled corporations	4	479,117,788	Long position	13.18	7.73
China Ping An Trust & Investment Co., Ltd. Labor Union	D	Interest of controlled corporations	4	479,117,788	Long position	13.18	7.73

Name of substantial shareholder	H/Domestic ("D")		Notes	No. of H/D shares	Nature of interest	Percentage	Percentage
	shares	Capacity				of total number of H/D shares in issue (%)	of total shares in issue (%)
Shenzhen New Horse Investment Development Co., Ltd.	D	Beneficial owner	5	389,592,366	Long position	10.71	6.29
Ping An Insurance (Group) Company of China, Ltd. Labor Union	D	Interest of controlled corporations	5	389,592,366	Long position	10.71	6.29
Yuan Trust Investment Company Ltd.	D	Beneficial owner		380,000,000	Long position	10.45	6.13
Shenzhen Shum Yip Investment Development Company Ltd.	D	Beneficial owner		301,585,684	Long position	8.29	4.87
Guangzhou Hengde Trade Development Co., Ltd.	D	Beneficial owner	6	200,000,000	Long position	5.50	3.23
Li Siu Nam	D	Interest of controlled corporations	6	200,000,000	Long position	5.50	3.23
Shenzhen Wuxin Yufu Industrial Co., Ltd*	D	Beneficial owner		195,455,920	Long position	5.37	3.16

* Formerly known as Wuhan Wuxin Industrial Co., Ltd.

Notes:

- (1) HSBC Insurance Holdings Limited was a wholly-owned subsidiary of HSBC Holdings plc and its interest in 618,886,334 shares of the Company was deemed to be the interest of HSBC Holdings plc.
- (2) Besides (1) above, HSBC Holdings plc was also interested in the Company by virtue of its control over HSBC CCF Financial Products (France) SNC ("CCF SNC") which held a direct interest in 884,775 shares in the Company.

CCF SNC was 100% owned by CCF S.A. which was owned as to 99.99% by HSBC Bank plc. HSBC Holdings plc owned 100% interest in HSBC Bank plc.
- (3) The Hongkong and Shanghai Banking Corporation Limited was owned as to 84.19% by HSBC Asia Holdings BV, a wholly-owned subsidiary of HSBC Asia Holdings (UK), which in turn was a wholly-owned subsidiary of HSBC Holdings BV. The remaining 15.81% of The Hongkong and Shanghai Banking Corporation Limited was owned by HSBC Finance (Netherlands), a wholly-owned subsidiary of HSBC Holdings plc. HSBC Finance (Netherlands) owned 100% interest in HSBC Holdings BV.
- (4) Shenzhen Jingao Industrial Development Co., Ltd., was owned as to 80% and 20% by Ping An Securities Company, Ltd. Labor Union and China Ping An Trust & Investment Co., Ltd. Labor Union respectively. The interest in 479,117,788 shares relates to the same block of shares in the Company.
- (5) Shenzhen New Horse Investment Development Co., Ltd. was owned as to 95% by Ping An Insurance (Group) Company of China, Ltd. Labor Union. The interest in 389,592,366 shares relates to the same block of shares in the Company.
- (6) Guangzhou Hengde Trade Development Co., Ltd. was 90% owned by Li Siu Nam. The interest in 200,000,000 shares relates to the same block of shares in the Company.

Interest in other members of the Group

Name of Group member	Name of shareholder	Percentage shareholding
Ping An Bank Limited	The Hongkong and Shanghai Banking Corporation Limited	27%
China Ping An Insurance (Hong Kong) Company Limited	Industrial and Commercial Bank of China (Asia) Limited	25%

Save as disclosed above, as at the LPD, the Directors were not aware of any other person (other than the directors, chief executive or supervisors of the Company) who had, or was deemed to have, interests or short positions in the shares or underlying shares of the Company (including any interests in options in respect of such capital), which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO or as otherwise notified to the Company and the Stock Exchange, or who are directly or indirectly interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group.

3. DIRECTORS' COMPETING INTEREST

The following Directors are considered to have interests in a business which competes or is likely to compete, directly or indirectly, with the business of the Group, as defined in the Listing Rules, as set out below:

Mr. Anthony Philip HOPE, a non-executive director of the Company, is also a director of HSBC Life (International) Limited and HSBC Insurance (Asia) Limited, which are authorized by the Hong Kong Insurance Authority to conduct long term, property and casualty and composite insurance business in Hong Kong, respectively. As China Ping An Insurance (Hong Kong) Company Limited, a subsidiary of the Company, is authorized by the Hong Kong Insurance Authority to conduct property and casualty insurance business, the respective authorized insurance business of HSBC Life (International) Limited and HSBC Insurance (Asia) Limited has, to a certain extent, overlapped and thus may compete with those of China Ping An Insurance (Hong Kong) Company Limited.

Mr. Wong Tung Shun Peter, a non-executive director of the Company, is currently an executive director of The Hong Kong and Shanghai Banking Corporation Limited, which is the largest among foreign banks in mainland China and offers a wide range of banking and financial services by ever-expanding network. As Ping An Bank, a subsidiary of the Company, is primarily engaged in the foreign currency commercial banking business in the PRC as approved by the CBRC, the authorized banking business of The Hongkong and Shanghai Banking Corporation Limited has, to a certain extent, overlapped and thus may compete with those of Ping An Bank.

Save as disclosed above, as at the LPD, none of the directors or supervisors of the Company nor their respective associates had any business which competes or is likely to compete, either directly or indirectly, with the business of the Group.

4. DIRECTORS' MATERIAL INTERESTS

As at the LPD, none of the directors or supervisors of the Company had any direct or indirect interests in any assets which have since December 31, 2005 been acquired or disposed of by or leased to any member of the Group, or were proposed to be acquired or disposed of by or leased to any member of the Group.

As at the LPD, none of the directors or supervisors of the Company was materially interested in any contract or arrangement which is significant in relation to the business of the Group.

5. LITIGATION AND CLAIMS

As at the LPD, neither the Company nor any other member of the Group is engaged in any litigation or claims of material importance pending and no litigation or claim of material importance is known to the Directors to be pending or threatened by or against any member of the Group.

6. SERVICE CONTRACTS

As at the LPD, none of the Directors had any existing or proposed service contract with any member of the Group (excluding contracts expiring or determinable by the employer within one year without payment of compensations (other than statutory compensation)).

7. MATERIAL ADVERSE CHANGE

As at the LPD, the Directors are not aware of any material adverse change in the financial or trading position of the Group since December 31, 2005.

8. EXPERTS

The following are the qualifications of the expert who has given its opinion or advice contained in this circular:

Name	Qualification
Somerley Limited	a corporation licensed in Hong Kong to conduct type 1 (dealing in securities), type 4 (advising on securities), type 6 (advising on corporate finance) and type 9 (asset management) regulated activities under the SFO

As at the LPD, Somerley Limited (i) did not have any beneficial interests in the share capital of any member of the Group; (ii) did not have any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for any shares, convertible securities, warrants, options or derivatives which carry voting rights in any member of the Group; and (iii) did not have any direct or indirect interests in any assets which have since December 31, 2005 been acquired or disposed of by or leased to any member of the Group, or were proposed to be acquired or disposed of by or leased to any member of the Group.

Somerley Limited has given and has not withdrawn its written consent to the issue of this circular with the inclusion herein of its letter and/or references to its name in the form and context in which they appear. The letter of Somerley Limited set out in the section headed “Letter from Somerley Limited” on pages 15 to 22 of this circular was given for incorporation in this circular.

9. MISCELLANEOUS

- (a) The registered office of the Company is at Ping An Building, Ba Gua No. 3 Road, Shenzhen, PRC and the principal place of business of the Company in Hong Kong is at 11th Floor, Dah Sing Financial Center, 108 Gloucester Road, Wan Chai, Hong Kong.
- (b) The H share registrar and transfer office of the Company is Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong.
- (c) The joint company secretaries of the Company are Mr. Yao Jun, the Chief Legal Officer of the Company, qualified to practice law in the PRC, and Mrs. Natalia Seng Sze Ka Mee, a Fellow of The Hong Kong Institute of Company Secretaries, The Institute of Chartered Secretaries and Administrators and The Hong Kong Institute of Directors.
- (d) The qualified accountant of the Company is Mr. Mai Wai Lam William, a member of The Fellowship of Chartered Certified Accountants of England and the Hong Kong Institute of Certified Public Accountants.

NOTICE OF EXTRAORDINARY GENERAL MEETING



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)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that a extraordinary general meeting of Ping An Insurance (Group) Company of China, Ltd. (the "Company") will be held at 10:00 a.m. on Monday, March 19, 2007 at 6th Floor, Ping An Building, Ba Gua No. 3 Road, Shenzhen, PRC for the purposes of considering and, if thought fit, passing the following resolutions:

ORDINARY RESOLUTIONS

1. **"THAT**

- (a) the bank deposits arrangements between the Company and its subsidiaries and The Hongkong and Shanghai Banking Corporation Limited as referred to in the circular (the "Circular") of the Company despatched to the Shareholders of the Company together with this notice and the proposed annual cap for the said bank deposits arrangements in the amount of USD2,336 million on any given day for each of the three years ending December 31, 2009 be and are hereby approved;
- (b) the board of directors of the Company be and is hereby authorised to do all such acts and things and execute such documents and take all steps which in its opinion may be necessary, desirable or expedient in relation to the said bank deposits arrangements."

2. **"THAT**

- (a) the bank deposits arrangements between the Company and its subsidiaries and Industrial and Commercial Bank of China Limited and Industrial and Commercial Bank of China (Asia) Limited as referred to in the Circular and the proposed annual cap for the said bank deposits arrangements in the amount of RMB24,900 million on any given day for each of the three years ending December 31, 2009 be and are hereby approved;
- (b) the board of directors of the Company be and is hereby authorised to do all such acts and things and execute such documents and take all steps which in its opinion may be necessary, desirable or expedient in relation to the said bank deposits arrangements."

NOTICE OF EXTRAORDINARY GENERAL MEETING

3. “**THAT**

- (a) the bank deposits arrangements between the Company and its subsidiaries and Ping An Bank Limited as referred to in the Circular and the proposed annual cap for the said bank deposits arrangements in the amount of RMB20,000 million on any given day for each of the three years ending December 31, 2009 be and are hereby approved;
 - (b) the board of directors of the Company be and is hereby authorised to do all such acts and things and execute such documents and take all steps which in its opinion may be necessary, desirable or expedient in relation to the said bank deposits arrangements.”
4. To consider and approve the appointment of Mr. Wang Zhongfu as an independent non-executive director of the Company with immediate effect to hold office until the expiration of the term of the current board of directors.
 5. To consider and approve the appointment of Mr. Zhang Hongyi as an independent non-executive director of the Company with immediate effect to hold office until the expiration of the term of the current board of directors.
 6. To consider and approve the appointment of Mr. Chen Su as an independent non-executive director of the Company with immediate effect to hold office until the expiration of the term of the current board of directors.
 7. To consider and approve the annual directors’ fee of RMB200,000 for each of the domestic independent non-executive directors of the Company.

By order of the Board of Directors
Ma Mingzhe
Chairman and Chief Executive Officer

Shenzhen, PRC
February 2, 2007

As at the date of this notice, the Executive Directors of the Company are Ma Mingzhe, Sun Jianyi and Cheung Chi Yan Louis, the Non-executive Directors of the Company 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.

NOTICE OF EXTRAORDINARY GENERAL MEETING

Notes:

1. In order to determine the list of Shareholders who are entitled to attend the EGM, the registers of members will be closed from Saturday, February 17, 2007 to Monday, March 19, 2007, both days inclusive, during which period no transfer of shares will be effected. Holders of the Company's H shares and domestic shares whose names appear on the registers of members on Monday, March 19, 2007 are entitled to attend the meeting. In order to attend and vote at the meeting, holders of H shares of the Company whose transfers have not been registered shall deposit the transfer documents together with the relevant share certificates at the H share registrar of the Company, Computershare Hong Kong Investor Services Limited at or before 4:00 p.m. on Friday, February 16, 2007. The address of the transfer office of Computershare Hong Kong Investor Services Limited is Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong.
2. A Shareholder entitled to attend and vote at the EGM may appoint one or more proxies to attend and vote in his stead. A proxy need not be a Shareholder.
3. The instrument appointing a proxy must be in writing under the hand of a Shareholder or his attorney duly authorised in writing. If the Shareholder is a corporation, that instrument must be either under its common seal or under the hand of its director(s) or duly authorised attorney(s). If that instrument is signed by an attorney of the Shareholder, the power of attorney authorising that attorney to sign or other authorisation document must be notarized.
4. In order to be valid, the form of proxy together with the power of attorney or other authorisation document (if any) must be deposited with the Secretariat of the Board of Directors of the Company for holders of domestic shares and with the H share registrar of the Company for holders of H shares not less than 24 hours before the time fixed for holding the meeting or any adjournment thereof (as the case may be). Completion and return of a form of proxy will not preclude a Shareholder from attending and voting in person at the meeting if he so wishes. The H share registrar of the Company is Computershare Hong Kong Investor Services Limited at 46th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong.
5. Shareholders who intend to attend the meeting in person or by proxy should return the reply slip to the Company's principal place of business in the PRC or Hong Kong on or before Tuesday, February 27, 2007 by hand, by post or by fax. The Company's principal place of business in the PRC is at Ping An Building, Ba Gua No. 3 Road, Shenzhen, PRC (Tel: (86 755) 8226 2888, Fax: (86 755) 8243 1029). The contact persons are LIU Cheng (劉程) (Tel: (86 755) 2262 2101) and WANG Xiaoli (王小利) (Tel: (86 755) 2262 2828). The Company's principal place of business in Hong Kong is at 11th Floor, Dah Sing Financial Center, 108 Gloucester Road, Wan Chai, Hong Kong (Tel: (852) 2827 1883, Fax: (852) 2802 0018).
6. Shareholders (in person or by proxy) attending the meeting are responsible for their own transportation and accommodation expenses. Shareholders or their proxies attending the meeting shall produce their identity documents.