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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.

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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)

**DISCLOSEABLE TRANSACTION
SUBSCRIPTION OF SHARES
IN SHANGHAI PUDONG DEVELOPMENT BANK**

December 11, 2006

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DEFINITIONS

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

“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
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of the Hong Kong Special Administrative Region of the PRC
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange
“LPD”	December 5, 2006, being the latest practicable date prior to the printing of this circular for ascertaining certain information in this circular
“Ping An Life”	Ping An Life Insurance Company of China, Ltd., a 99% owned subsidiary of the Company
“Ping An Property and Casualty”	Ping An Property and Casualty Insurance Company of China Ltd., a 99% owned subsidiary of the Company
“PRC”	The People’s Republic of China
“RMB”	Renminbi, the lawful currency of the PRC
“Shanghai Stock Exchange”	The Shanghai Stock Exchange
“SPDB”	Shanghai Pudong Development Bank, a joint-stock company which A shares are listed on the Shanghai Stock Exchange
“SPDB A Shares”	ordinary shares of RMB1.00 each issued or to be issued by SPDB and listed or to be listed on the Shanghai Stock Exchange

DEFINITIONS

“SPDB Placing”	the placing of a further 440 million new SPDB A Shares to professional institutions and existing shareholders of SPDB in the PRC
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription”	the subscription by the Company and Ping An Life of 137,706,757 new SPDB A Shares pursuant to the SPDB Placing. Further, pursuant to the relevant PRC regulations, the Company, Ping An Life and Ping An Property and Casualty, as existing shareholders of SPDB, were issued an additional of approximately 7,057,079 new SPDB A Shares in accordance with a ratio of 10 to 1 times the original number of shares held

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

December 11, 2006

To the Shareholders

Dear Sir or Madam,

**DISCLOSEABLE TRANSACTION
SUBSCRIPTION OF SHARES
IN SHANGHAI PUDONG DEVELOPMENT BANK**

INTRODUCTION

On November 20, 2006, the Company announced that it, together with Ping An Life had subscribed for 137,706,757 new SPDB A Shares as part of the SPDB Placing for a total consideration of approximately RMB1,878.32 million. In addition, pursuant to the relevant PRC regulations, the Company, Ping An Life and Ping An Property and Casualty were issued an additional 7,057,079 new SPDB A Shares for a consideration of approximately RMB96.26

LETTER FROM THE BOARD

million. Upon completion of the SPDB Placing, the total number of SPDB A Shares held by the Company represents approximately 4.94% of the enlarged issued share capital of SPDB. The Subscription constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules. The purpose of this circular is to provide you with further details of the Subscription.

THE SUBSCRIPTION

On November 20, 2006, the Company and Ping An Life, a subsidiary of the Company, successfully subscribed for 137,706,757 million new SPDB A Shares to be listed on the Shanghai Stock Exchange. In addition, pursuant to the relevant PRC regulations, the Company, Ping An Life and Ping An Property and Casualty, as existing shareholders of SPDB, were issued an additional 7,057,079 new SPDB A Shares.

The Subscription was effected at RMB13.64 per SPDB A Share, being the final RMB price per SPDB A Share (exclusive of brokerage and levies) at which the SPDB A Shares were issued pursuant to the SPDB Placing. The total subscription price for the 2 groups of shares therefore amounted to RMB1,878.32 million and RMB96.26 million respectively.

The 137,706,757 SPDB A Shares issued to the Company and Ping An Life are subject to a 12-months' lock up period, effective from the date of listing of the SPDB A Shares on the Shanghai Stock Exchange. The additional 7,057,079 SPDB A Shares issued to the Company, Ping An Life and Ping An Property and Casualty in their capacity as existing shareholders are not subject to any lock up period, and there is no restriction against the trading of the 7,057,079 SPDB A Shares on the market. The Subscription was conditional upon the successful listing of the SPDB A Shares on the Shanghai Stock Exchange which took place on November 30, 2006. The Subscription monies were satisfied by internal resources of the Group.

The Group originally owned 70.57 million SPDB A Shares, representing approximately 1.8% of the entire issued share capital of SPDB immediately prior to completion of the Subscription, being 3,915 million shares. Following completion of the Subscription, the Group owned 215.33 million SPDB A Shares, representing approximately 4.94% of the enlarged issued share capital of SPDB, being 4,355 million shares.

REASONS AND BENEFITS FOR THE TRANSACTION

The Subscription complies with the relevant PRC laws, rules and regulations applicable to the use of insurance funds. The Subscription is part of the Company's continued efforts to expand the investment channel and maximize the return from the use of the insurance funds.

FINANCIAL EFFECTS OF THE SUBSCRIPTION

The total consideration of approximately RMB1,974.58 million paid for the Subscription was financed through the Group's own internal resources. The Board believes that the Subscription will not give rise to any material effect on the earnings, assets and liabilities of the Group. However, the cash and cash equivalents of the Group will be reduced and the investment assets value will be increased accordingly.

LETTER FROM THE BOARD

LISTING RULES IMPLICATIONS

The Subscription constitutes a discloseable transaction of the Company under the Listing Rules as the assets ratio of the relevant percentage ratios (as defined under Rule 14.04(9) of the Listing Rules) is more than 5% but less than 25%.

INFORMATION RELATING TO THE GROUP AND SPDB

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.

SPDB, headquartered in Shanghai, is a joint-stock commercial bank approved by the People's Bank of China and engaged in the provision of a broad range of financial products and services to corporate and retail customers. SPDB's issued A shares (stock code 600000) are listed on the Shanghai Stock Exchange. To the best of the directors' knowledge, information and belief having made all reasonable enquiry, SPDB is a third party independent of the Company and the connected persons of the Company.

Based on the published audited accounts of SPDB for the year ended December 31, 2004 and December 31, 2005, it had a revenue of approximately RMB18,302 million and RMB23,340 million respectively. For the years ended December 31, 2004 and December 31, 2005, SPDB reported audited net profits of approximately RMB3,103 million and RMB4,339 million before taxation and extraordinary items respectively and net profits of approximately RMB1,966 million and RMB2,558 million after taxation and extraordinary items respectively. Based on the published audited accounts of SPDB for the year ended December 31, 2005 and published interim accounts of SPDB for the 6 months' ended June 30, 2006, it had a total asset value of RMB573,067 million and RMB630,232 million respectively. Based on the above total asset value, the 137,706,757 and 7,057,079 SPDB A Shares shall have a total book value of approximately RMB20,949 million.

The Subscription was entered into by the Company on normal commercial terms. The directors of the Company (including the independent non-executive directors) are of the view that the terms of the Subscription are fair and reasonable and in the interests of the Company and the shareholders of the Company as a whole.

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

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 of total number of H/D shares in issue (%)	Percentage 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 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:

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
				479,117,788		13.18	7.73
Ping An Securities Company, 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") 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 (%)
China Ping An Trust & Investment Co., Ltd. Labor Union	D	Interest of controlled corporations	4	479,117,788	Long position	13.18	7.73
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.

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.

3. DIRECTORS' COMPETING INTEREST

The following directors of the Company is 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 Limited, 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 Hong Kong and Shanghai Banking Corporation Limited has, to a certain extent, overlapped and thus may compete with those of Ping An Bank Limited.

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 (being the date to which the latest published audited accounts of the Company were made up) 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 of the Company to be pending or threatened by or against any member of the Group.

6. SERVICE CONTRACTS

As at the LPD, none of the directors of the Company 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 of the Company are not aware of any material adverse change in the financial or trading position of the Group since December 31, 2005, being the date to which the latest audited financial statements of the Company were made up.

8. 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 of which 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. Alan Ngo, a member of the Hong Kong Institute of Certified Public Accountants, the Institute of Certified Public Accountants of Singapore, the Institute of Chartered Accountants in Australia, the Chartered Financial Analyst Institute and a fellow member of the Global Association of the Risk Professionals.