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**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

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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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**PING AN**

Insurance · Banking · Investment

**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  
PROPOSED CHANGE OF NON-EXECUTIVE DIRECTOR**

**Independent Financial Adviser to the Independent Board Committee  
and the Independent Shareholders**



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A letter from the Board of Directors of Ping An Insurance (Group) Company of China, Ltd. (the "Company") is set out on pages 1 to 9 of this circular. A letter from the independent board committee of the Company is set out on pages 10 to 11 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 12 to 21 of this circular.

A notice convening the Extraordinary General Meeting to be held at 10:00 a.m. on Friday, December 18, 2009 at Ping An School of Financial Services, Kukeng, Guanlan, Shenzhen, PRC is reproduced on pages 30 to 33 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.hkexnews.hk](http://www.hkexnews.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 Friday, November 27, 2009 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.

November 3, 2009

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## DEFINITIONS

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

“A Shares”	domestic Shares which are listed on the Shanghai Stock Exchange, and subscribed for and traded in RMB
“Announcement”	the announcement dated October 27, 2009 issued by the Company in relation to, among other things, the Non-exempt Continuing Connected Transactions
“Board”	the board of Directors
“Company”	Ping An Insurance (Group) Company of China, Ltd., a joint stock limited company duly incorporated in the PRC with limited liability, the A Shares of which are listed on the Shanghai Stock Exchange and the H Shares of which are listed on The Stock Exchange of Hong Kong Limited
“Directors”	the directors of the Company
“EGM”	the extraordinary general meeting of the Company to approve, among other things, the Non-exempt Continuing Connected Transactions
“Existing Continuing Connected Transactions”	the bank deposits arrangements with HSBC, ICBC and ICBC (Asia) for each of the three years ending December 31, 2009 as set out in the announcement of the Company dated January 30, 2007 and the circular of the Company dated February 2, 2007
“Group”	the Company and its subsidiaries
“H Shares”	foreign Shares, 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
“IBC” or “Independent Board Committee”	the independent board committee of the Directors convened for the purpose of advising Independent Shareholders in respect of the Non-exempt Continuing Connected Transactions

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## DEFINITIONS

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“ICBC”	Industrial and Commercial Bank of China Limited
“ICBC (Asia)”	Industrial and Commercial Bank of China (Asia) Limited
“IFA” or “Independent Financial Adviser”	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”	shareholders of the Company other than HSBC, ICBC and ICBC (Asia) and the associates of each of them
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange
“LPD”	October 30, 2009, 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 and ICBC (Asia) for each of the three years ending December 31, 2012
“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
“Shares”	ordinary share(s) of RMB1.00 each in the share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“USD”	United States dollars, the lawful currency of the United States of America

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## LETTER FROM THE BOARD

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**PING AN**

Insurance · Banking · Investment

**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

Wang Liping

Jason Bo Yao

*Registered office:*

15/F, 16/F, 17/F and 18/F

Galaxy Development Center

Fu Hua No. 3 Road

Futian District

Shenzhen, Guangdong Province

PRC

*Non-executive Directors:*

Lin Lijun

Hu Aimin

Chen Hongbo

Wong Tung Shun Peter

Ng Sing Yip

Clive Bannister

Li Zhe

*Principal place of business*

*in Hong Kong:*

11th Floor

Dah Sing Financial Center

108 Gloucester Road

Wan Chai

Hong Kong

*Independent non-executive Directors:*

Chow Wing Kin Anthony

Zhang Hongyi

Chen Su

Xia Liping

Tang Yunwei

Lee Ka Sze Carmelo

Chung Yu-wo Danny

November 3, 2009

*To the Shareholders*

Dear Sir or Madam,

### **CONTINUING CONNECTED TRANSACTIONS**

#### **(i) INTRODUCTION**

Reference is made to the Announcement in relation to the bank deposits by the Group with HSBC, ICBC and ICBC (Asia), 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.

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## LETTER FROM THE BOARD

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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 a non-executive Director; and (iv) to give you the notice of EGM.

### **(ii) BACKGROUND OF THE NON-EXEMPT CONTINUING CONNECTED TRANSACTIONS**

Reference is made to the announcement of the Company dated January 30, 2007 and the circular of the Company dated February 2, 2007 in relation to the Existing Continuing Connected Transactions.

In the ordinary and usual course of business of the Group, it maintains bank balances with HSBC, ICBC and ICBC (Asia) on normal commercial terms. As each of HSBC, ICBC and ICBC (Asia) is a connected person of the Company as defined Rule 14A.11 of the Listing Rules, the Group's deposits with each of such 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 Existing Continuing Connected Transactions and the relevant annual caps were approved by the Independent Shareholders at the extraordinary general meeting of the Company held on March 19, 2007. Since the annual caps for the Existing Continuing Connected Transactions will be expired on December 31, 2009, and that the Group will continue to maintain bank deposits with HSBC, ICBC and ICBC (Asia) in the ordinary and usual course of business on normal commercial terms, 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).

On October 27, 2009, the Board approved the Non-exempt Continuing Connected Transactions and the relevant annual caps for each of the three years ending December 31, 2010, 2011 and 2012. The Company will seek Independent Shareholders' approval for each of the Non-exempt Continuing Connected Transactions and their respective proposed annual cap for each of the three years ending December 31, 2010, 2011 and 2012 by way of ordinary 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

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## LETTER FROM THE BOARD

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of time. Interests are accrued on such bank balances at prevailing market rates. The Directors consider that it is in the interest of the Group to continue the bank deposits arrangements with HSBC.

*Historical amounts and proposed caps:*

As at December 31, 2007, December 31, 2008 and June 30, 2009, the aggregate bank balances maintained by the Group with HSBC were approximately USD21 million, USD10 million and USD8 million respectively. The relevant annual cap for the bank deposits arrangement with HSBC approved by Independent Shareholders for each of the three years ending December 31, 2009 was in the amount of USD2,336 million on any given day.

In the course of determining the annual cap of the Continuing Connected Transactions, the Company has taken into account factors including (i) the credit risks of the relevant banks; (ii) the potential increase of the Group's cash flow; (iii) the expected growth of the Group's business; and (iv) the possible expansion of the Group's scope of business, respectively for the next three years.

HSBC, being a banking corporation which has a global network and operation, is one of the major banks which the Group engages for the settlement of its foreign exchange transactions. It is also the principal banker for most of the Group's offshore subsidiaries. The Group foresees that, in the coming three years, there may be opportunities of offshore acquisitions, offshore investments and substantial payments in foreign currencies in relation to its insurance business.

It is expected that for the three years ending December 31, 2012, the maximum bank balance maintained by the Group with HSBC on any given day will not exceed USD1,500 million on any given day.

According to the Interim Report 2009 of the Company, the Group has RMB129,376 million being cash and amounts due from banks and other financial institutions. By obtaining the cap at USD1,500 million for the bank deposits arrangements with HSBC, the Group would be able to have more flexibility to transfer its bank deposits from one bank to another including HSBC, depending on different commercial terms from different banks, thereby seizing the opportunity to maximize the interest income.

The Directors have taken into consideration the historical figures and matters 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.

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## LETTER FROM THE BOARD

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### **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, 2007, December 31, 2008 and June 30, 2009, the aggregate bank balances maintained by the Group with ICBC and ICBC (Asia) totaled approximately RMB7,634 million, RMB10,633 million and RMB11,965 million respectively. The relevant annual cap for the bank deposits arrangement with ICBC and ICBC (Asia) approved by Independent Shareholders for each of the three years ending December 31, 2009 was in the amount of RMB24,900 million on any given day.

In view of the expected growth of the Group's business in the coming three years, the Company considers that the Group's cash flow will increase accordingly. Therefore, it is expected that the amount of cash to be deposited in banks will also increase.

ICBC is one of the four largest commercial bank in the PRC. In the coming three years, the Company intends to develop its investment and fund raising business with ICBC, including assets custody arrangements, and would potentially involve billions of Renminbi of bank deposits in ICBC.

It is expected that for the three years ending December 31, 2012, the maximum bank balance maintained by the Group with ICBC and ICBC (Asia) on any given day will not exceed RMB43,200 million on any given day.

As mentioned above, the Group has RMB129,376 million being cash and amounts due from banks and other financial institutions. By obtaining the cap at RMB43,200 million for the bank deposits arrangements with ICBC and its associates, the Group would be able to have more flexibility to transfer its bank deposits from one bank to another including ICBC and its associates, depending on different commercial terms from different banks, thereby seizing the opportunity to maximize the interest income.

The Directors have taken into consideration the historical figures and matters 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.

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## LETTER FROM THE BOARD

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### (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 (“CCF SNC”), a Rule 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) of the Listing Rules. Further, as ICBC (Asia), a non-wholly owned subsidiary and thus an associate of ICBC, is a substantial shareholder of China Ping An Insurance (Hong Kong) Company Limited (“Ping An Hong Kong”), a 75% owned subsidiary of the Company, and therefore ICBC (Asia) is a connected person of the Company by virtue of Rule 14A.11(1) and (4) of the Listing Rules. ICBC is also a connected person of the Company by virtue of Rule 14A.11(4) of the Listing Rules as it is an associate of ICBC (Asia).

Recently, ICBC (Asia) intends to dispose its shares held in the share capital of Ping An Hong Kong. Upon completion of such transaction, ICBC (Asia) will cease to be a substantial shareholder of Ping An Hong Kong. Thereafter, ICBC will only be regarded as a connected person of the Company solely because it is a promoter of the Company due to historical reasons but not pursuant to Rule 14A.11(4). Therefore, the Company has applied for and the Stock Exchange has granted a waiver to exempt ICBC from being regarded as the Company’s connected person under Rule 14A.11(3) of the Listing Rules subject to the following conditions:

- (i) the disposal of shares held by ICBC (Asia) in the share capital of Ping An Hong Kong so that ICBC (Asia) will cease to be a substantial shareholder of Ping An Hong Kong;
- (ii) the only reason that ICBC remains as the Company’s connected person is due to its capacity as a promoter of the Company;
- (iii) ICBC does not have special rights by virtue of its role as the Company’s promoter, either contractual or statutory;
- (iv) ICBC does not have shareholdings in the Group and does not have rights to appoint any representatives on the board or the supervisory committee of the Group and will not exert any influences over the Group through its role as a promoter of the Company.

The waiver will take effect after the conditions are fulfilled and after which, the bank deposits with ICBC and ICBC (Asia) will no longer be required to comply with the relevant provisions of the Listing Rules regarding continuing connected transactions and the relevant cap will be cancelled.

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## LETTER FROM THE BOARD

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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 of the Listing Rules.

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 arrangement. Reference is made to pages 159 and 161 of the prospectus of the Company dated June 14, 2004.

The Board (including the independent non-executive directors of the Company) considers that the Non-exempt Continuing Connected Transactions have been conducted on normal commercial terms and were entered into on a continuing and regular basis and in the ordinary and usual course of business of the Company, are fair and reasonable and in the interests of the Company and the Shareholders as a whole, and that the annual caps for the three years ending December 31, 2012 for the Non-exempt Continuing Connected Transactions are fair and reasonable.

In accordance with the Listing Rules, HSBC and its associates, which are interested in a total of 1,233,870,388 H Shares representing approximately 48.22% of the total number of H Shares in issue and approximately 16.80% of the total number of Shares in issue of the Company as at the LPD, will abstain from voting for the resolutions in relation to the Non-exempt Continuing Connected Transactions involving the bank deposit arrangements maintained by the Company with HSBC.

### **(v) PROPOSED CHANGE OF NON-EXECUTIVE DIRECTOR**

Mr. Hu Aimin ("Mr. Hu") was appointed as the non-executive director of the Company as a representative of Shum Yip Group Limited (深業集團有限公司) ("Shum Yip"). As Mr. Hu has retired from Shum Yip, Shum Yip tendered a letter to the Company regarding the change of non-executive director of the Company and the recommendation of Mr. Guo Limin ("Mr. Guo") as the non-executive director of the Company.

Mr. Hu has confirmed that he has no disagreement with the Board and there is no other matter that should be brought to the Shareholders' attention in relation to his retirement.

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## LETTER FROM THE BOARD

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The Board has approved the appointment of Mr. Guo as the non-executive director of the Company and to hold office until the expiry of the term of the 8th Session of the Board. Mr. Guo will not receive any director's fee during the term. Such appointment shall only become effective upon the approval from the Shareholders in a general meeting and the approval from the China Insurance Regulatory Commission.

Mr. Hu will retire from the directorship of the Company upon the appointment of Mr. Guo as the non-executive director of the Company becomes effective.

Mr. Guo, aged 46, has served as the chairman of the board of directors of Shum Yip and Shum Yip Holdings Company Limited since September 2009. Mr. Guo holds a master degree in International Business of Hunan University of China and a bachelor degree in Chemical Engineering of Beijing Institute of Chemical Industry. Prior to joining Shum Yip in August 2009, he was the chief of State-owned Assets Supervision and Administration Commission of Shenzhen Municipality, chairman of Shenzhen Airport Group Co., Ltd., deputy director of Development Planning Commission of Shenzhen Municipality, secretary of administration office of Shenzhen Municipal People's Government and secretary of administration office of Ministry of Chemical Industry of PRC.

Mr. Guo is currently the chairman of the board of directors of Shenzhen Investment Limited and a non-executive director of each of Road King Infrastructure Limited and Coastal Greenland Limited. Each of the above three companies is a company listed on the main board of the Stock Exchange.

As at the LPD, to the best knowledge and belief of the Company, Mr. Guo does not have any interest in the shares of the Company (within the meaning of Part XV of the Securities and Futures Ordinance).

Save as disclosed in this circular, Mr. Guo has no relationship with any directors or the senior management of the Company, or with any substantial shareholders or controlling shareholders of the Company. Save as disclosed in this circular, Mr. Guo does not hold any directorship in any other listed company in the last three years.

Save as disclosed in this circular, Mr. Guo has confirmed that there are no other matters that need to be brought to the attention of the Shareholders in connection with his appointment, nor is there any information required to be disclosed pursuant to Rules 13.51(2)(h)-(v) of the Listing Rules.

### **(vi) 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.

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## LETTER FROM THE BOARD

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### (vii) 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.

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.

### (viii) ADDITIONAL INFORMATION

#### **Extraordinary General Meeting**

A notice convening the EGM to be held at 10:00 a.m. on Friday, December 18, 2009 at Ping An School of Financial Services, Kukeng, Guanlan, Shenzhen, PRC, is set out in this circular on pages 30 to 33.

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 Wednesday, November 18, 2009 to Friday, December 18, 2009, both days inclusive, during which period no transfer of shares will be effected. Holders of the Company's H Shares whose names appear on the Company's registers of members on Friday, December 18, 2009 are entitled to attend the EGM. In order to attend and vote at the EGM, 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 4:30 p.m. on Tuesday, November 17, 2009. 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.

A form of proxy for use at the EGM is enclosed and is also published on the website of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)). Whether or not you intend to attend the EGM, you are requested to complete and return (i) the reply slip enclosed in the notice of EGM in accordance with the instructions printed thereon not later than Friday, November 27, 2009 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.

#### **Voting by poll**

According to Article 105 of the articles of association of the Company and Rule 13.39(4) of the Listing Rules, any vote of shareholders at a general meeting shall be taken by poll.

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## LETTER FROM THE BOARD

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### (ix) RECOMMENDATION

Your attention is drawn to the letter from the IBC set out on pages 10 to 11 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, 2012.

Your attention is also drawn to the letter from the IFA, set out on pages 12 to 21 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, 2012. 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 are 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, 2012 are in the best interests of the Company and its Shareholders as a whole. Accordingly, the Board recommends that all the Independent Shareholders should vote in favour of the ordinary resolutions to be proposed at the EGM as set out in the notice of the EGM.

### (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*

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## LETTER FROM THE INDEPENDENT BOARD COMMITTEE

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*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.*

**PING AN**

Insurance · Banking · Investment

# 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)**

November 3, 2009

*To the Independent Shareholders*

Dear Sir or Madam,

### CONTINUING CONNECTED TRANSACTIONS

We refer to the circular dated November 3, 2009 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 Independent Board Committee 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, 2012 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 1 to 9 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 12 to 21 of the Circular.

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## LETTER FROM THE INDEPENDENT BOARD COMMITTEE

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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 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 the Non-exempt Continuing Connected Transactions are 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, 2012.

Yours faithfully,

the Independent Board Committee

**Chow Wing Kin Anthony**

*Independent*

*non-executive Director*

**Zhang Hongyi**

*Independent*

*non-executive Director*

**Chen Su**

*Independent*

*non-executive Director*

**Xia Liping**

*Independent*

*non-executive Director*

**Tang Yunwei**

*Independent*

*non-executive Director*

**Lee Ka Sze Carmelo**

*Independent*

*non-executive Director*

**Chung Yu-wo Danny**

*Independent*

*non-executive Director*

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## LETTER FROM SOMERLEY LIMITED

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*The following is the letter of advice from the independent financial adviser, Somerley Limited, to the IBC and the Independent Shareholders, which has been prepared for the purpose of inclusion in this circular.*



### **SOMERLEY LIMITED**

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

November 3, 2009

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

Dear Sirs,

### **CONTINUING CONNECTED TRANSACTIONS**

We refer to our appointment as independent financial adviser to advise the IBC and the Independent Shareholders in connection with the continuing connected transactions involving bank deposits arrangements with HSBC, ICBC and ICBC (Asia) (together, the “Subject Banks”) subject to the aggregate balances maintained with each of the Subject Banks not exceeding the pre-determined caps on any given day during the three years ending December 31, 2010, 2011 and 2012 (the “Annual Caps”). Details of the Non-exempt Continuing Connected Transactions and the Annual Caps are set out in the “Letter from the Board” contained in the circular of the Company to the Shareholders dated November 3, 2009 (the “Circular”), of which this letter forms part. Capitalised terms used in this letter shall have the same meanings as those defined in the Circular.

We are informed by the Company that HSBC is a subsidiary of HSBC Holdings plc. HSBC Holdings plc, through its subsidiaries, is interested in 1,233,870,388 H Shares representing approximately 48.22% of the total number of H Shares in issue and approximately 16.80% of the total issued share capital of the Company as at the LPD. Therefore, HSBC is a connected person of the Company under the Listing Rules. 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 Hong Kong”). Accordingly, ICBC and ICBC (Asia) are connected persons of the Company under the Listing Rules. Hence, the transactions between the Group and each of the Subject Banks constitute connected transactions for the Company under the Listing Rules. The Non-exempt Continuing Connected Transactions are subject to the reporting, announcement and the Independent Shareholders’ approval requirements under the Listing Rules. The Company obtained Independent Shareholders’ approval of the Existing Continuing Connected Transactions and the relevant annual caps at an extraordinary general

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## LETTER FROM SOMERLEY LIMITED

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meeting held on March 19, 2007. As the Group intends to continue to conduct the Non-exempt Continuing Connected Transactions for coming three years ending December 31, 2010, 2011 and 2012, the Company proposes to seek the Independent Shareholders' approval for the Non-exempt Continuing Connected Transactions and the Annual Caps at the EGM.

It is stated in the "Letter from the Board" contained in the Circular that recently, ICBC (Asia) intends to dispose of its shares held in the share capital of Ping An Hong Kong. Upon completion of such transaction, ICBC (Asia) will cease to be a substantial shareholder of Ping An Hong Kong. Thereafter, ICBC will only be regarded as a connected person of the Company solely because it is a promoter of the Company due to historical reasons but not pursuant to Rule 14A.11(4) of the Listing Rules. Therefore, the Company has applied for and the Stock Exchange has granted a waiver to exempt ICBC from being regarded as the Company's connected person under Rule 14A.11(3) of the Listing Rules subject to the following conditions:

- (i) the disposal of shares held by ICBC (Asia) in the share capital of Ping An Hong Kong so that ICBC (Asia) will cease to be a substantial shareholder of Ping An Hong Kong;
- (ii) the only reason that ICBC remains as the Company's connected person is due to its capacity as a promoter of the Company;
- (iii) ICBC does not have special rights by virtue of its role as the Company's promoter, either contractual or statutory; and
- (iv) ICBC does not have shareholdings in the Group and does not have rights to appoint any representatives on the board or the supervisory committee of the Group and will not exert any influences over the Group through its role as a promoter of the Company.

The waiver will take effect after the conditions are fulfilled and after which, the bank deposits with ICBC and ICBC (Asia) will no longer be required to comply with the relevant provisions of the Listing Rules regarding continuing connected transactions and the relevant cap will be cancelled.

The IBC, comprising all of the 7 independent non-executive Directors, namely Mr. Chow Wing Kin Anthony, Mr. Zhang Hongyi, Mr. Chen Su, Mr. Xia Liping, Mr. Tang Yunwei, Mr. Lee Ka Sze Carmelo and Mr. Chung Yu-wo Danny has been established to consider and make a recommendation to the Independent Shareholders on whether (1) 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; and (2) the terms of the Non-exempt Continuing Connected Transactions and the Annual Caps for the three financial years ending December 31, 2010, 2011 and 2012 are fair and reasonable so far as the Independent Shareholders are concerned. We, Somerley Limited, have been appointed to advise the IBC and the Independent Shareholders in this regard.

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## LETTER FROM SOMERLEY LIMITED

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In formulating our opinion, we have relied on the information and facts supplied, and the opinions expressed, by the executive Directors and management of the Company and have assumed that the information and facts provided and opinions expressed to us are true, accurate and complete in all material aspects and will remain so up to the time of the EGM. We have also sought and received confirmation from the executive 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 our advice and recommendation as set out in this letter and to justify our reliance on such information. We have no reason to believe that any material information has been withheld, nor doubt the truth or accuracy of the information provided. We have, however, not conducted any independent investigation into the business and affairs of the Group and the Subject Banks, 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:

#### **A. Background to and reasons for the Non-exempt Continuing Connected Transactions**

The Group is an insurance and financial services group in the PRC. The Company's principal subsidiaries are mainly engaged in the provision of life insurance, property and casualty insurance, banking and other financial services. Its major line of business includes insurance, banking and investment. As part of its usual business operations, the Group generates substantial amount of cash inflows from various business activities including receipt of insurance premiums. The Group maintains bank balances with a number of financial institutions and utilises other services provided by these financial institutions. As advised by the executive Directors, ICBC group is one of the Group's principal banks and services provided by ICBC group includes, among other things, deposit taking. HSBC serves primarily as a treasury platform for the settlement of the Group's foreign exchange transactions due to its enhanced system and extensive global network. It is also the principal banker for most of the Group's offshore subsidiaries.

ICBC is one of the leading commercial banks in the PRC. As disclosed in its unaudited consolidated accounts as at June 30, 2009, its total consolidated assets amounted to approximately RMB11,435 billion. According to the unaudited consolidated accounts of HSBC Holdings plc, it had total consolidated assets amounted to approximately USD2,422 billion as at June 30, 2009. The Group will take into account various factors when selecting its bankers for placing deposits, including counterparty risk exposure, operational flexibility and return of the deposits. Furthermore, the reputation, branch network and quality of service provided by the banks are also key factors which the Group will consider when choosing its bankers. The executive Directors have informed us that the Group is satisfied with the quality of services provided and the operational flexibility offered by each of the Subject Banks in the past. Also, given the size of operations and standing of the Subject Banks, the executive Directors consider that

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## LETTER FROM SOMERLEY LIMITED

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the counterparty risk of placing deposits with the Subject Banks is low. Due to business growth of the Group, the use of the services provided by the Subject Banks is expected to increase in future.

Based on the above, the executive Directors consider, and we concur, that it is in the interests of the Group to continue the bank deposit arrangements with the Subject Banks. In addition, in light of the principal activities of the Group, we consider that the Non-exempt Continuing Connected Transactions are entered into in the ordinary and usual course of business of the Group.

### **B. Principal terms of the Non-exempt Continuing Connected Transactions**

The account documents executed by the Group with each of the Subject Banks stipulate the terms of the Non-exempt Continuing Connected Transactions. These documents include account opening documents which set out the general terms and conditions of maintaining a deposit account. There are also other transaction documents which set out the terms of each specific deposits, for example, the deposit type, interest rate and maturity period. As advised by the executive Directors, the interest rates for deposits maintained by the Group with each of the Subject Banks are accrued at prevailing market rates based on the size, duration, nature of the deposits and/or applicable industry regulations.

We have reviewed samples of term deposits placed by the Group with the Subject Banks during the two years ended December 31, 2007 and 2008 and the eight months ended August 31, 2009, and noted that the terms for the Group's deposits offered by the Subject Banks are in general comparable to those offered by other independent banks. The auditors of the Company have reviewed samples of the Existing Continuing Connected Transactions for the two financial years ended December 31, 2007 and 2008 (the "Past Transactions"). We note from the 2007 and 2008 annual reports of the Company that the auditors have reported that such transactions were conducted in the manner stated in Rule 14A.38 of the Listing Rules (that is (a) they had received the approval of the Board; (b) they were entered into in accordance with the relevant agreements governing such transactions; and (c) they did not exceed the respective annual caps).

Based on the analysis above and the above-mentioned reports of the auditors on the Past Transactions, we consider that the Non-exempt Continuing Connected Transactions are being conducted on normal commercial terms.

### **C. The Annual Caps**

#### *(i) Basis of the Annual Caps*

The Non-exempt Continuing Connected Transactions will be subject to the Annual Caps whereby for each of the three financial years ending December 31, 2010, 2011 and 2012, the amount of the Non-exempt Continuing Connected Transactions will not exceed the applicable cap on any given day stated in the

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## LETTER FROM SOMERLEY LIMITED

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“Letter from the Board” contained in the Circular. In assessing the reasonableness of the Annual Caps, we have discussed with the executive Directors and management of the Company the basis and underlying assumptions for the purpose of setting the Annual Caps.

Set out below are the approximate amount of (a) the maximum daily deposit balances maintained with the Subject Banks during the two years ended December 31, 2007 and 2008 and the eight months ended August 31, 2009; and (b) the maximum and minimum daily term deposits and cash at bank balances of the Group during two years ended December 31, 2007 and 2008 and the eight months ended August 31, 2009.

	<b>Financial year ended</b>		<b>Eight</b>
	<b>December 31,</b>		<b>months</b>
	<b>2007</b>	<b>2008</b>	<b>ended</b>
	<i>(in million)</i>	<i>(in million)</i>	<b>August 31,</b>
			<b>2009</b>
			<i>(in million)</i>
<b>Approximate maximum</b>			
<b>daily deposit balances</b>			
HSBC	USD383	USD130	USD60
ICBC and its associates	RMB7,634	RMB10,633	RMB15,137
<b>Approximate daily term</b>			
<b>deposits and cash at bank</b>			
<b>balances of the Group</b>			
Maximum	RMB150,900	RMB115,800	RMB128,300
Minimum	RMB80,600	RMB80,600	RMB108,000

We are advised by the executive Directors that the maximum daily deposit balance maintained with HSBC during the year ended December 31, 2007 was primarily attributable to funds of approximately USD250 million received by an overseas subsidiary of the Group relating to overseas investment. The funds were previously paid by such overseas subsidiary on behalf of other group companies. In 2008, the maximum daily deposit balance was mainly contributed by fund transfers from the Group’s account(s) with another bank of approximately USD88 million.

There has been an increase in the deposit balances maintained with ICBC and its associates. We understand from the executive Directors that the Group’s usage of services provided by ICBC has been on an increasing trend and is in line with the business growth of the Group. In particular, the extensive branch network of ICBC in the PRC provides operational efficiency and flexibility to the Group which satisfies its needs. Accordingly, it is expected that the Group’s relationship with ICBC and its associates will continue to be strong and the Group will utilise an expanded range of services offered by ICBC and its associates in future.

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## LETTER FROM SOMERLEY LIMITED

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The executive Directors advise us that HSBC has been used by the Group as a main treasury platform for foreign currency funds transfer within the Group and for other purposes. HSBC's global network and enhanced systems have provided the Group with reliable and convenient services. The executive Directors foresee that there may be opportunities for the Group to conduct offshore acquisitions and investments overseas, and to inject additional capital into its non-PRC subsidiaries. In this connection, approximately USD500 million will be involved in the Annual Cap for HSBC for the coming three years ending December 31, 2010, 2011 and 2012. Furthermore, the Group sees the need to allow funds for large claims from customers which may arise from major accidents or natural disasters (such as earthquake in Szechuan Province in 2008), and some of these large claims may be required to be settled in foreign currencies. Based on past claims paid by the Group, the executive Directors estimate that an amount of approximately USD600 million will be involved in the Annual Cap for this purpose in the coming three years. Since the beginning of 2009, the Group has offered its customers in a PRC city to pay insurance premiums using an online platform operated by HSBC. The Group also uses this platform to make payments to customers with respect to their claims. The executive Directors anticipate that the use of such online platform will be expanded into other PRC cities, therefore the deposits amount maintained with HSBC is expected to increase. In addition to the above factors, the executive Directors anticipate opportunities for overseas fund raising activities. Therefore, the executive Directors consider that the Annual Cap for HSBC should be sufficiently large, in particular, to provide flexibility for the Group to handle sizable fund raising exercise or corporate transactions overseas.

As illustrated above, the maximum daily deposits which the Group placed with ICBC and its associates reached approximately RMB15,000 million during the eight months ended August 31, 2009. Out of the RMB15,000 million, around RMB4,300 million is fixed term deposits. In order to ensure the Group will achieve long-term and stable investment returns, the executive Directors anticipate that the Group's term deposits with ICBC and its associates will continue to increase in the coming three years ending December 31, 2010, 2011 and 2012. In addition to achieving long-term and stable investment returns, the executive Directors estimate that the deposits maintained with ICBC and its associates will continue to increase in view of the expected growth of business of the Group. We further understand from the executive Directors that the Group currently has assets custody arrangements with Bank of China and China Construction Bank in the PRC, whereby such banks act as custodians for certain investment of the Group. The Group is currently exploring opportunities to establish such assets custody arrangements with ICBC and this would potentially involve billions of RMB of bank deposits in ICBC. In view of the need for long-term and stable investment returns, the increase in existing business of the Group and potential new business to be established with ICBC, the executive Directors expect that the deposits to be placed with ICBC and its associates will reach approximately RMB41,500 million in aggregate. Together with a buffer of RMB1,700 million, the Annual Cap of RMB43,200 million is proposed for each of the coming three years ending December 31, 2010, 2011 and 2012.

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## LETTER FROM SOMERLEY LIMITED

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In determining the Annual Caps, the executive Directors have also taken into account the Group's need in maximising interest income by placing deposits with different banks based on different commercial terms. By obtaining the Annual Caps, the Group would be able to have more flexibility to transfer its bank deposits from one bank to another including HSBC and ICBC and its associates.

Taking into account for the aforesaid factors, the Annual Caps for each of the Non-exempt Continuing Connected Transactions for each of the three years ending December 31, 2010, 2011 and 2012 are set as follows:

*(in million)*

**Annual Caps**

HSBC	USD1,500
ICBC and its associates	RMB43,200

In setting the Annual Caps, references are made to counterparty limits for the Subject Banks with which the Group places deposits and the counterparty limits are determined after an internal assessment of the credit risk of the Subject Banks. In evaluating the credit risk of HSBC and ICBC and its associates, the executive Directors have considered the size of the total assets and the credit rating of the Subject Banks. In this connection, we note that the Annual Caps for HSBC, and ICBC and its associates represent less than 1% of the latest published total consolidated assets of HSBC Holding plc and ICBC respectively.

According to the audited consolidated accounts of the Group, the Group recorded net cash inflow from operating activities of approximately RMB31,561 million for the year ended December 31, 2007. Net cash inflow from operating activities of the Group has increased to approximately RMB61,990 million for the year ended December 31, 2008. Based on the unaudited consolidated accounts of the Group for the six months ended June 30, 2009, the Group recorded net cash inflow from operating activities of approximately RMB57,188 million. In view of past substantial growth of annual operating cashflow and the continuous business growth including the possible expansion of the Group's scope of business, it is expected by the executive Directors that there will be an increase in cash balances requiring deposit services in future.

Having considered the basis on which the Annual Caps are determined as described above, in particular, (a) the possible extent of fluctuations in daily deposits; (b) the potential increase of the Group's cashflow as a result of the possible expansion of the Group's scope of business and the expected business growth, as well as the need to maximise interest income; and (c) on the basis that the Non-exempt Continuing Connected Transactions will be conducted on normal commercial terms, we are of the view that the Annual Caps are fair and reasonable.

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## LETTER FROM SOMERLEY LIMITED

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(ii) *Duration of bank accounts*

As the duration of the bank accounts are not governed by the bank accounts documentation executed with each of the Subject Banks, therefore the bank deposit arrangements can be maintained in excess of three years normally allowed under the Listing Rules. We consider it is normal banking business practice that bank accounts of depositors run perpetually unless being terminated by the bank or the depositor.

### **D. Conditions of the Non-exempt Continuing Connected Transactions**

In compliance with the Listing Rules, the conduct of the Non-exempt Continuing Connected Transactions is subject to a number of conditions which include, among other things:

- (i) the Annual Caps for each of the three financial years ending December 31, 2010, 2011 and 2012 will not be exceeded;
- (ii) the independent non-executive Directors must, in accordance with Rule 14A.37 of the Listing Rules, review annually 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 Group; (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 Group 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 of the Company will, in accordance with Rule 14A.38 of the Listing Rules, review annually the Non-exempt Continuing Connected Transactions and they will confirm in a letter to the Board (a copy of which letter will be provided to the Stock Exchange at least ten business days prior to the bulk printing of the annual report of the Company) whether the Non-exempt Continuing Connected Transactions:
  - (a) have received the approval of the Board;
  - (b) have been entered into in accordance with the relevant agreements governing the Non-exempt Continuing Connected Transactions; and
  - (c) have not exceeded the Annual Caps;

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## LETTER FROM SOMERLEY LIMITED

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- (iv) the Company shall promptly notify the Stock Exchange and publish an announcement in accordance with the Listing Rules if it knows or has reason to believe that the independent non-executive Directors and/or the auditors will not be able to confirm the matters set out in the points (ii) and/or (iii) above respectively;
- (v) the Company will allow, and procure that the Subject Banks will allow, the auditors of the Company sufficient access to the relevant records of the Non-exempt Continuing Connected Transactions for the purpose of the auditors' review as referred to in point (iii) above. The Board must state in the annual report whether its auditors have confirmed the matters stated in Rule 14A.38 of the Listing Rules; and
- (vi) 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 Non-exempt Continuing Connected Transactions.

In light of the conditions attached to the Non-exempt Continuing Connected Transactions, in particular, (1) the restriction of the amount of the Non-exempt Continuing Connected Transactions by way of the Annual Caps; (2) the ongoing review by the independent non-executive Directors and auditors of the Company regarding the terms of the Non-exempt Continuing Connected Transactions; and (3) the continuing review by the auditors of the Company confirming 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 and reasons, we consider that (1) 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; (2) the terms of the Non-exempt Continuing Connected Transactions and the Annual Caps for the three financial years ending December 31, 2010, 2011 and 2012 are fair and reasonable so far as the Independent Shareholders are concerned and the entering into of the Non-exempt Continuing Connected Transactions are 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.

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**LETTER FROM SOMERLEY LIMITED**

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Accordingly, we advise the IBC to recommend, and we ourselves recommend, the Independent Shareholders to vote in favour of the ordinary resolutions in respect of the Non-exempt Continuing Connected Transactions to be proposed at the EGM.

Yours faithfully,  
for and on behalf of  
**SOMERLEY LIMITED**  
**Richard Leung**  
*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/A shares	Capacity	No. of H/A shares	Nature of interest	Percentage		
					of total number of H/A shares in issue (%)	Percentage of total shares in issue (%)	
Cheung Chi Yan Louis	Executive Director	H	Beneficial owner	248,000	Long position	0.01	0.003
Jason Bo Yao	Executive Director	H	Beneficial owner	12,000	Long position	0.00047	0.000
Chow Wing Kin Anthony	Independent non-executive Director	H	Interest held jointly with another person*	7,500	Long position	0.00029	0.000

\* Chow Wing Kin Anthony jointly held these H Shares with Chow Suk Han Anna.

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:

*(i) Interests and short positions of substantial shareholders who are entitled to exercise or control the exercise of 10% or more of the voting power at any general meeting of the Company*

Name of substantial shareholder	H/A shares	Capacity	Notes	No. of H/A shares	Nature of interest	Percentage	Percentage
						of total number of H/A shares in issue (%)	of total shares in issue (%)
HSBC Holdings plc	H	Interest of controlled corporations	1, 2, 3	1,233,870,388	Long position	48.22	16.80

(ii) *Interests and short positions of other substantial shareholders*

Name of substantial shareholder	H/A shares	Capacity	Notes	No. of H/A shares	Nature of interest	Percentage of total number of H/A shares in issue (%)	Percentage of total shares in issue (%)
HSBC Insurance Holdings Limited	H	Beneficial owner	1	618,886,334	Long position	24.19	8.43
The Hongkong and Shanghai Banking Corporation Limited	H	Beneficial owner	3	614,099,279	Long position	24.00	8.36
JPMorgan Chase & Co.	H	Beneficial owner		4,609,055	Long position	0.18	0.06
		Investment manager		84,312,500	Long position	3.26	1.15
		Custodian		90,442,400	Long position	3.53	1.23
		Total:	4	179,363,955		7.01	2.44
		Beneficial owner	4	1,810,644	Short position	0.07	0.02
Shenzhen Investment Holdings Co., Ltd.	A	Beneficial owner	5	546,672,967	Long position	11.42	7.44
Shenzhen Jingao Industrial Development Co., Ltd.	A	Beneficial owner	5	331,117,788	Long position	6.92	4.51
Ping An Securities Company, Ltd. Labor Union	A	Interest of controlled corporations	5	331,117,788	Long position	6.92	4.51
China Ping An Trust & Investment Co., Ltd. Labor Union	A	Interest of controlled corporations	5	331,117,788	Long position	6.92	4.51
Shenzhen New Horse Investment Development Co., Ltd.	A	Beneficial owner	6	389,592,366	Long position	8.14	5.30
Ping An Insurance (Group) Company of China, Ltd. Labor Union	A	Interest of controlled corporations	6	389,592,366	Long position	8.14	5.30

Name of substantial shareholder	H/A shares	Capacity	Notes	No. of H/A shares	Nature of interest	Percentage of total number of H/A shares in issue (%)	Percentage of total shares in issue (%)
Yuan Trust Investment Company Ltd.	A	Beneficial owner		380,000,000	Long position	7.94	5.17
Shum Yip Group Limited	A	Beneficial owner		243,742,233	Long position	5.09	3.32

*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. The interest in 884,775 shares of the Company was held through cash settled unlisted securities.

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 100% owned 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. HSBC Finance (Netherlands), a wholly-owned subsidiary of HSBC Holdings plc, owned 100% interest in HSBC Holdings BV.
- (4) JPMorgan Chase & Co. held interest in a total of 179,363,955H shares (Long position) and 1,810,644 H shares (Short position) in the Company by virtue of its control over the following corporations:
- (i) JPMorgan Chase Bank, N.A., which is a wholly-owned subsidiary of JPMorgan Chase & Co., held 92,887,400 H shares (Long position) in the Company;
  - (ii) J.P. Morgan Whitefriars Inc. held 4,463,608 H shares (Long position) and 1,681,197 H shares (Short position) in the Company. J.P. Morgan Whitefriars Inc. was a wholly-owned subsidiary of J.P. Morgan Overseas Capital Corporation, which in turn was a wholly-owned subsidiary of J.P. Morgan International Finance Limited. J.P. Morgan Finance Limited was wholly-owned by Bank One International Holdings Corporation which is in turn wholly-owned by J.P. Morgan International Inc. and JPMorgan Chase Bank, N.A. (as mentioned in (i) above) owned 100% interest in J.P. Morgan International Inc.;
  - (iii) J.P. Morgan Securities Ltd. held 122,058 H shares (Long position) and 105,058 H shares (Short position) in the Company. J.P. Morgan Securities Ltd. is a 98.95%-owned subsidiary of J.P. Morgan Chase International Holdings Limited which was in turn a wholly-owned subsidiary of J.P. Morgan Chase (UK) Holdings Limited. J.P. Morgan Chase (UK) Holdings Limited is wholly-owned subsidiary of J.P. Morgan Capital Holdings Limited which in turn was wholly-owned by J.P. Morgan International Finance Limited as mentioned in (ii) above;
  - (iv) J.P. Morgan Investment Management Inc. held 7,699,000 H share (Long position) in the Company and was a wholly-owned subsidiary of JPMorgan Asset Management Holdings Inc. which was in turn wholly-owned by JPMorgan Chase & Co.;

- (v) JF Asset Management Limited held 32,796,000 H shares (Long position) in the Company. JF Asset Management Limited was wholly-owned by JPMorgan Asset Management (Asia) Inc. which is in turn wholly-owned by JPMorgan Asset Management Holdings Inc referred to in (iv) above;
- (vi) JPMorgan Asset Management (UK) Limited held 22,642,500 H share (Long position) in the Company. JPMorgan Asset Management (UK) Limited was wholly-owned by JPMorgan Asset Management Holdings (UK) Limited. JPMorgan Asset Management Holdings (UK) Limited was in wholly-owned by JPMorgan Asset Management International Limited which was in turn wholly-owned by JPMorgan Asset Management Holdings Inc. referred to in (iv) above;
- (vii) JPMorgan Asset Management (Taiwan) Limited held 1,584,500 H shares (Long position) in the Company and was wholly-owned by JPMorgan Asset Management (Asia) Inc. referred to in (v) above;
- (viii) J.P. Morgan Structured Products B.V. held 1,000 H shares (Short position) in the Company and was wholly-owned by J.P. Morgan International Finance Limited referred to in (ii) above.
- (ix) JPMorgan Asset Management (Singapore) Limited held 11,727,500 H shares (Long position) in the Company and was wholly-owned by JPMorgan Asset Management (Asia) Inc. referred to in (v) above;
- (x) JF International Management Inc. held 306,000 H shares (Long position) in the Company and was wholly-owned by JPMorgan Asset Management (Asia) Inc. referred to in (v) above;
- (xi) China International Fund Management Co., Ltd. held 5,052,000 H shares (Long position) in the Company and was controlled by JPMorgan Asset Management (UK) Limited as to 49%. JPMorgan Asset Management (UK) Limited is in turn wholly-owned by JPMorgan Asset Management Holdings (UK) Limited referred to in (vi) above;
- (xii) JPMorgan Asset Management (Korea) Company Limited held 60,000 H shares (Long position) in the Company and was wholly-owned by JPMorgan Asset Management (Asia) Inc. referred to in (v) above;
- (xiii) J.P. Morgan Markets Limited held 23,389 H shares (Long position) and 23,389 H shares (Short position) in the Company and was wholly-owned by Bear Sterns Holdings Limited which was in turn indirectly wholly-owned by JPMorgan Chase & Co.

The entire interest of JPMorgan Chase & Co. in the Company included a lending pool of 90,442,400 H shares (Long position). Besides, 1,698,940 H shares (Long position) and 1,682,197 H shares (Short position) were held through derivatives as follows:

- 1,000 H shares (Short position) – through cash settled listed securities
- 548,940 H shares (Long position) – through physically settled unlisted securities  
and 1,681,197 H shares (Short position)
- 1,150,000 H shares (Long position) – through cash settled unlisted securities

- (5) 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 331,117,788 shares relates to the same block of shares in the Company.
- (6) 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.

*(iii) Interest in other members of the Group*

<b>Name of Group member</b>	<b>Name of shareholder</b>	<b>Percentage shareholding</b>
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**

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, 2008 (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 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, 2008.

## 8. EXPERT

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

<b>Name</b>	<b>Qualification</b>
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, 2008 (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.

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 12 to 21 of this circular was given for incorporation in this circular.

**9. MISCELLANEOUS**

- (a) The registered office of the Company is at 15/F, 16/F, 17/F and 18/F, Galaxy Development Center, Fu Hua No. 3 Road, Futian District, Shenzhen, Guangdong Province, 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 company secretary of the Company is Mr. Yao Jun, the Chief Legal Officer of the Company, qualified to practice law in the PRC.

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## NOTICE OF EXTRAORDINARY GENERAL MEETING

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**PING AN**

Insurance · Banking · Investment

# 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 the extraordinary general meeting of Ping An Insurance (Group) Company of China, Ltd. (the “Company”) will be held at 10:00 a.m. on Friday, December 18, 2009 at Ping An School of Financial Services, Kukeng, Guanlan, Shenzhen, PRC for the purposes of considering and, if thought fit, passing the following resolutions:

#### AS 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 announcement (the “Announcement”) of the Company published on October 27, 2009 on the website of The Stock Exchange of Hong Kong Limited (<http://www.hkexnews.hk>) and the Company’s website (<http://www.pingan.com>) and 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 USD1,500 million on any given day for each of the three years ending December 31, 2012 be and are hereby approved; and
  - (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.”

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## NOTICE OF EXTRAORDINARY GENERAL MEETING

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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 Announcement and the proposed annual cap for the said bank deposits arrangements in the amount of RMB43,200 million on any given day for each of the three years ending December 31, 2012 be and are hereby approved; and
  - (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.”
  
3. **“THAT:**
  - (a) the bank deposits arrangements between the Company and its subsidiaries and Bank of Communications Co., Ltd. as referred to in the announcement published on October 27, 2009 on the website of the Shanghai Stock Exchange (<http://www.sse.com.cn>) and the Company’s website (<http://www.pingan.com>) and the proposed annual cap for the said bank deposits arrangements in the amount of RMB39,000 million on any given day for each of the two years ending December 31, 2012 be and are hereby approved; and
  - (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. **“THAT** the Company’s policy on the appointment of auditors as referred to in the announcement published on October 27, 2009 on the website of the Shanghai Stock Exchange (<http://www.sse.com.cn>) and the Company’s website (<http://www.pingan.com>) be and is hereby approved.”

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## NOTICE OF EXTRAORDINARY GENERAL MEETING

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5. “**THAT** the appointment of Mr. Guo Limin as a non-executive director of the Company as referred to in the Announcement be and is hereby approved.”

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

Shenzhen, PRC  
November 3, 2009

*As at the date of notice, the Executive Directors of the Company are Ma Mingzhe, Sun Jianyi, Cheung Chi Yan Louis, Wang Liping and Jason Bo Yao; the Non-executive Directors are Lin Lijun, Hu Aimin, Chen Hongbo, Wong Tung Shun Peter, Ng Sing Yip, Clive Bannister and Li Zhe; and the Independent Non-executive Directors are Chow Wing Kin Anthony, Zhang Hongyi, Chen Su, Xia Liping, Tang Yunwei, Lee Ka Sze Carmelo and Chung Yu-wo Danny.*

*Notes:*

1. According to the articles of association of the Company, the resolutions will be determined by poll.
2. In order to determine the list of shareholders who are entitled to attend the extraordinary general meeting of the Company, the H share register of members will be closed from Wednesday, November 18, 2009 to Friday, December 18, 2009, both days inclusive, during which period no transfer of shares will be effected. Holders of the Company's H shares whose names appear on the register of members on Friday, December 18, 2009 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 4:30 p.m. on Tuesday, November 17, 2009. 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. The registration date and arrangements in relation to the rights of holders of A shares of the Company to attend the extraordinary general meeting of the Company will be separately announced in the PRC.
3. A shareholder entitled to attend and vote at the meeting may appoint one or more proxies to attend and vote in his stead. A proxy need not be a shareholder of the Company.
4. The instrument appointing a proxy must be in writing under the hand of a shareholder or his attorney duly authorized 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 authorized attorney(s). If that instrument is signed by an attorney of the shareholder, the power of attorney authorizing that attorney to sign or other authorization document must be notarized.
5. In order to be valid, the form of proxy together with the power of attorney or other authorization document (if any) must be deposited at 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 Rooms 1806-1807, 18th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong.

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## NOTICE OF EXTRAORDINARY GENERAL MEETING

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6. 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 Friday, November 27, 2009 by hand, by post or by fax. The Company's principal place of business in the PRC is at 15/F to 18/F Galaxy Development Centre, Fu Hua Road, Futian District, Shenzhen, PRC (Tel: (86 755) 400 8866 338, Fax: (86 755) 8243 1029). The contact persons are SHEN Xiaoxiao (沈瀟瀟) (Tel: (86 755) 2262 4243), LIU Cheng (劉程) (Tel: (86 755) 2262 2101) and YANG Xu (楊旭) (Tel: (86 755) 2262 3215). 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).
  
7. The meeting is expected to be concluded within half a day. 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 the identity documents.