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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)

ANNOUNCEMENT

CONTINUING CONNECTED TRANSACTIONS PROPOSED CHANGE OF NON-EXECUTIVE DIRECTOR

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 in 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 of the Listing Rules. 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.

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 certain conditions. 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.

A circular containing, among other things, (i) details of the Non-exempt Continuing Connected Transactions; (ii) a letter from an independent financial adviser to the Independent Board Committee and the Independent Shareholders containing its advice on the Non-exempt Continuing Connected Transactions; (iii) the recommendation of the Independent Board Committee in respect of the Non-exempt Continuing Connected Transactions; (iv) the notice of EGM, will be dispatched to shareholders in accordance with the Listing Rules as soon as practicable.

INTRODUCTION

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.

BANK DEPOSITS ARRANGEMENTS WITH HSBC

Details and reasons for the transaction

The Group maintains bank balances with HSBC on normal commercial terms in the ordinary course of business. The relevant banking documents executed by the Group with HSBC do not provide for the bank accounts with HSBC to be maintained for any fixed period of time. Interests are accrued on such bank balances at prevailing market rates. The Directors consider that it is in the interest of the Group to continue the bank deposits arrangements with HSBC.

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 will take 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 (excluding the independent non-executive directors of the Company who are to be advised by the independent financial adviser) 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.

BANK DEPOSITS 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 (excluding the independent non-executive directors of the Company who are to be advised by the independent financial adviser) 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.

LISTING RULES IMPLICATIONS

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 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 under 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.

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 (excluding the independent non-executive directors of the Company who are to be advised by the independent financial adviser) 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.

PROPOSED CHANGE OF NON-EXECUTIVE DIRECTOR

The Board also wishes to announce the change of non-executive director as follows:

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.

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 and secretariat of Shum Yip (formerly known as Shenzhen Shum Yip Investment Development Company Limited) since August 2009. Mr. Guo previously served as the secretariat and supervisor of the State-owned Assets Supervision and Administration Commission of the People's Government of Shenzhen, the chairman of the board of directors and secretariat of Shenzhen Airport (Group) Co., Ltd., and the deputy head and secretariat of the Development and Planning Bureau of the People's Government of Shenzhen. Mr. Guo is a senior engineer and a post-graduate from Beijing Chemical Industry College.

Mr. Guo is currently the chairman of the board of directors of Shenzhen Investment Limited, 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 date of this announcement, 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 announcement, 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 announcement, Mr. Guo does not hold any directorship in any other listed company in the last three years.

Save as disclosed in this announcement, Mr. Guo has confirmed that there are no other matters that need to be brought to the attention of the shareholders of the Company 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.

CIRCULAR

A circular containing, among other things, (i) details of the Non-exempt Continuing Connected Transactions; (ii) a letter from an independent financial adviser to the Independent Board Committee and the Independent Shareholders containing its advice on the Non-exempt Continuing Connected Transactions; (iii) the recommendation of the Independent Board Committee in respect of the Non-exempt Continuing Connected Transactions; and (iv) the notice of EGM, will be despatched to shareholders in accordance with the Listing Rules as soon as practicable.

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.

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 the provision of a broad range of financial products and services to corporate and retail customers.

DEFINITIONS

“Board” the board of directors of the Company

“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
“EGM”	the extraordinary general meeting of the Company to approve 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
“HSBC”	The Hongkong and Shanghai Banking Corporation Limited
“ICBC”	Industrial and Commercial Bank of China Limited
“ICBC (Asia)”	Industrial and Commercial Bank of China (Asia) Limited
“Independent Board Committee”	the independent board committee of the board of directors of the Company convened for the purposes of considering and advising the Independent Shareholders on the Non-exempt Continuing Connected Transactions
“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
“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
“Shareholders”	holders of the shares 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

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

Shenzhen, PRC, October 27, 2009

As at the date of this announcement, 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.