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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)

(1) MAJOR TRANSACTIONS

PROPOSED SUBSCRIPTION OF NEW SHARES IN SHENZHEN DEVELOPMENT BANK CO., LTD. INVOLVING A DISPOSAL OF SHARES IN PING AN BANK CO., LTD.

AND

(2) RESUMPTION OF TRADING

Financial Adviser to the Company



中国国际金融香港证券有限公司
CHINA INTERNATIONAL CAPITAL
HONGKONG SECURITIES LIMITED

(1) PROPOSED SHARE SUBSCRIPTION

On 1 September 2010, the Company entered into the Share Subscription Agreement with SDB pursuant to which the Company conditionally agreed to subscribe for the Subscription Shares by transferring its 7,825,181,106 PAB Shares (representing approximately 90.75% of the total issued share capital of PAB) and paying a cash consideration equivalent to the valuation of 797,643,372 PAB Shares (representing approximately 9.25% of the total issued share capital of PAB), to SDB in satisfaction of the Subscription Consideration. The number of the Subscription Shares to be issued by SDB shall be determined by dividing PAB's Final Valuation by the Subscription Price. The Subscription Price shall be RMB17.75, being the average trading price of the SDB Shares as quoted on SZSE for the 20 consecutive trading days prior to the date of the announcement of the resolutions of the board of directors of SDB approving the Share Subscription. As at the date of this announcement, the Group holds approximately 29.99% of the existing total issued share capital of SDB and approximately 90.75% of the existing total issued share capital of PAB, respectively. Based on the preliminary valuation of 100% of the total issued share capital of PAB (RMB29.1 billion) and the Subscription Price of RMB17.75, the number of Subscription Shares is approximately 1,639 million.

(2) LISTING RULES IMPLICATIONS

The Share Subscription involves (i) an acquisition of further shareholding in SDB by the Company (which constitutes a major transaction of the Company under the Listing Rules as the highest applicable percentage ratio is more than 25% but less than 100%); and (ii) a disposal of the Company's interest in PAB to SDB (which constitutes a discloseable transaction of the Company under the Listing Rules as the highest applicable percentage ratio is more than 5% but less than 25%). Pursuant to Rule 14.24 of the Listing Rules, in the case of a transaction involving both acquisition and disposal elements, the transaction should be classified by reference to the larger of the acquisition or the disposal. As the acquisition element of the Share Subscription is the larger of the two elements, the Share Subscription is therefore classified as a major transaction of the Company under the Listing Rules and subject to the approval of the shareholders of the Company.

(3) GENERAL

A circular containing, among other things, further details of the Share Subscription, a notice of the extraordinary general meeting and other information as required under the Listing Rules will be despatched by the Company on or before 22 September 2010.

(4) SUSPENSION AND RESUMPTION OF TRADING

At the request of the Company, trading in the H Shares was suspended with effect from 9:30 a.m. on 30 June 2010 pending the release of this announcement. An application has been made by the Company to the Hong Kong Stock Exchange for the resumption of trading in the H Shares with effect from 9:30 a.m. on 2 September 2010.

(A) PROPOSED SHARE SUBSCRIPTION

On 1 September 2010, the Company entered into the Share Subscription Agreement with SDB whereby the Company conditionally agreed to subscribe for the Subscription Shares. As at the date of this announcement, the Company directly holds 521,470,862 SDB Shares and Ping An Life (a subsidiary of the Company) directly holds 523,851,825 SDB Shares. The Group in aggregate holds 1,045,322,687 SDB Shares, representing approximately 29.99% of the existing total issued share capital of SDB.

THE SHARE SUBSCRIPTION AGREEMENT

Date: 1 September 2010

Parties:

(a) Issuer of Subscription Shares:

SDB, a joint stock limited company and the SDB Shares are listed on SZSE. Save for the Group's interest in approximately 29.99% of the existing total issued share capital of SDB, and to the best of the Directors' knowledge, information and belief having made reasonable enquiries, SDB is an Independent Third Party under the Listing Rules.

(b) Subscriber of the Subscription Shares:

The Company

The Share Subscription

Pursuant to the Share Subscription Agreement, based on the preliminary valuation of the entire issued share capital of PAB (RMB29.1 billion), SDB has conditionally agreed to issue approximately 1,639 million new SDB Shares. The Subscription Consideration paid by the Company to SDB shall be satisfied by the following two parts:

- (1) Asset Consideration, being the 7,825,181,106 PAB Shares held by the Company as at the date of the Share Subscription Agreement (representing approximately 90.75% of the total issued share capital of PAB); and
- (2) cash consideration in RMB, being the amount equivalent to the Subscription Consideration minus the amount equivalent to the valuation of the Asset Consideration.

The final number of Subscription Shares shall be determined by dividing the PAB's Final Valuation by the Subscription Price of RMB17.75.

PAB's Final Valuation shall be determined by reference to the net asset value of PAB as at 30 June 2010 based on the valuation as audited by an accounting firm and as assessed by an asset valuation institution that possess relevant securities and futures business qualifications, taking into account factors such as profitability and growth potential of PAB, and shall be confirmed by SDB and the Company within three days after the said valuation report is issued.

The parties agree that under permissible circumstances, they will finalise the number of Subscription Shares in accordance with the above formula as soon as practicable, and the number of Subscription Shares shall be subject to the final outcome as approved by CSRC.

Subscription Price

The Subscription Price shall be RMB17.75, being the average trading price of the SDB Shares as quoted on SZSE for the 20 consecutive trading days prior to the date of the announcement of the resolutions of the board of directors of SDB approving the Share Subscription. The Subscription Consideration shall be determined by multiplying the number of Subscription Shares and the Subscription Price.

If prior to the Completion Date, there occurs any interest distribution, transfer of capital surplus into share capital or rights issue of SDB Shares, causing it necessary to make ex-right and ex-dividend adjustments to SDB Shares, then the Subscription Price shall be adjusted correspondingly in accordance with the formula for calculating the "ex-right (ex-dividend) reference price" as stipulated by the Trading Rules of SZSE. In this case, the parties to the Subscription Agreement shall as soon as possible, but no later than the Completion Date, enter into a "confirmation of adjusted Subscription Price for each Subscription Share" to confirm the adjustment in the Subscription Price.

Based on the preliminary valuation of PAB and the Subscription Price, the estimated Subscription Consideration for the Share Subscription shall be RMB29.1 billion and satisfied by the Company as follows:

- (1) 7,825,181,106 PAB Shares shall be satisfied through transfer to SDB within ten Business Days after the Completion Date; and
- (2) the amount equivalent to the valuation of the 797,643,372 PAB Shares as at 30 June 2010 shall be satisfied directly in cash in RMB on the Completion Date.

The funds for the Share Subscription are derived from funds of the Company that can be applied without any restrictions.

The Board considers the Subscription Price is fair and reasonable and in the interests of the Company's shareholders as a whole.

Lock Up Period

The Subscription Shares are subject to a lock up period of 36 months after the end of the issue of the Subscription Shares, during which the Company shall not transfer the Subscription Shares, but subject to applicable laws, transfers of Subscription Shares between associated entities of the Company (being any entity which directly or indirectly controls the Company, is directly or indirectly controlled by the Company or is under the same control as the Company) are not restricted by the lock up period. The Company can dispose of such Subscription Shares in accordance with the relevant requirements of CSRC and SZSE after the expiration of the aforementioned period.

Conditions to the Share Subscription Agreement

Completion of the Share Subscription shall be conditional upon the fulfilment of the following conditions (except for items (c) and (d) below, the other conditions cannot be waived):

- (a) all the following approvals have been properly obtained and remain effective in all aspects on the Completion Date:
 - (i) approval for the Share Subscription at the general meeting of SDB and consent granted at the general meeting of SDB for an exemption of the Company to make a general offer;
 - (ii) approval for the Share Subscription at the general meeting of the Company;
 - (iii) approvals for the Share Subscription from the relevant competent authorities;
 - (iv) approval for the Share Subscription, constituting a major asset restructuring of the Company, from CSRC;
 - (v) approval for the Share Subscription, constituting a major asset restructuring of SDB, from CSRC; and
 - (vi) no opposition by CSRC to the general offer report of the Company and approval by CSRC for an exemption of obligation of the Company to make a general offer;

- (b) the relevant competent authorities have not issued, published or executed any laws, regulations, rules, directives, orders or notices which forbid the Share Subscription or significantly increase the costs of the Company in participating in the Share Subscription;
- (c) there shall be no material adverse effect on the assets, finance and business of PAB and SDB after the date of the Share Subscription Agreement; and
- (d) all representations and warranties given by the Company and SDB under the Share Subscription Agreement shall remain true and accurate in all material respects on the date of the Share Subscription Agreement and at all times after the date of the Share Subscription Agreement up to and including the Completion Date (as if they have been repeated on the Completion Date).

In the event that the above conditions cannot be fulfilled or waived as appropriate on or before the Long Stop Date, each party shall have the right to terminate the Share Subscription Agreement with immediate effect. Following the termination of the Share Subscription Agreement, the rights and obligations of each party under the Share Subscription Agreement shall terminate at the same time, but the termination shall not affect the rights and obligations of each party that have already occurred on the date of termination.

Termination of the Share Subscription Agreement

At any time prior to the completion of the Share Subscription, in the event that (i) any one party is in material breach of any provision under the Share Subscription Agreement; and (ii) the defaulting party does not remedy the breach within 30 days from the date the non-defaulting party issues a written notice to the defaulting party requesting it to take action to remedy such breach, the non-defaulting party can issue a notice in writing to the defaulting party and elect either to complete the transaction immediately or terminate the Share Subscription Agreement, and is entitled to request the defaulting party to bear responsibility of compensation for loss.

Completion of the Share Subscription

Completion of the Share Subscription shall take place on the seventh Business Day after fulfillment (or waiver as appropriate) of the last condition or an earlier date as agreed by both parties to the Share Subscription Agreement, but shall not be earlier than the date the last condition is fulfilled or waived as appropriate.

Immediately after completion of the Share Subscription, based on the preliminary valuation of PAB (RMB29.1 billion), the Company will in aggregate own approximately 52.39% of the total issued share capital of SDB and its financial results will be consolidated with the results of the Group. PAB will become an approximately 90.75% owned subsidiary of SDB and continue to be an indirect subsidiary of the Group, through the Company's controlling shareholding in SDB.

Further Arrangement

Pursuant to the requirements of the relevant authorities, the proposed integration between PAB and SDB shall be completed within a specified period of time (“**Proposed Integration**”). The Share Subscription is part of the Proposed Integration. To further advance the Proposed Integration, the Company and SDB further agree that, SDB can achieve the Proposed Integration at the appropriate time through legally permitted means, including but not limited to, absorption of PAB, according to the progress of the Share Subscription and communications with and approvals from the relevant authorities.

The Company agrees that it will support SDB to proceed with the Proposed Integration and provide necessary assistance to SDB, including but not limited to the situation when SDB adopts the absorption proposal to integrate with PAB, to the extent it is permissible by applicable laws and relevant authorities, the Company will provide, or to designate a third party to provide, the SDB Shares as absorption consideration to the PAB shareholders (other than SDB), and buy back the SDB Shares from any SDB Dissenting Shareholders etc. The parties agree that they will enter into further agreements to regulate the above arrangements, which will be subject to the terms of the then agreements.

(B) REASONS AND BENEFITS FOR THE SHARE SUBSCRIPTION

In May 2010, the Company has completed its acquisition of 520,414,439 SDB Shares from Newbridge Asia AIV III, L.P. (“**Newbridge**”) and in June 2010, the Company, through Ping An Life, further subscribed for 379,580,000 SDB Shares. After the said acquisition and subscription, the Company and Ping An Life hold in aggregate 1,045,322,687 SDB Shares, representing approximately 29.99% of SDB’s existing total issued share capital.

Pursuant to the requirements of the “Approval of CBRC on the Share Transfer of SDB and the Relevant Shareholders’ Qualifications” (Yinjianfu [2010] No.147), in order to ensure fair peer competition, PAB shall complete the integration with SDB within one year of the transfer of the SDB Shares from Newbridge to the Company and the subscription of the SDB Shares by Ping An Life.

Through the Share Subscription, the Company will inject all of its PAB Shares into SDB, in order to avoid potential peer competition between PAB and SDB, which is in compliance with the requirements of the regulatory authorities, including CBRC, for the Proposed Integration. The implementation of the Share Subscription also allows the synergies among SDB, PAB and the Company to be fully utilized, maximizing value for the shareholders of the Company and SDB.

From the Company’s perspective, upon the completion of the Share Subscription, the Company will gain control of a bank of a larger scale, which in turn will enhance the capabilities of its banking segment, optimize the resource allocation of the banking business within the Group and contribute to the more balanced development among its three major business segments, namely insurance, banking and investment. Developing on the foundation of SDB’s nationwide banking network, the Company will significantly enhance its cross-selling capabilities within the Group and accelerate to achieve the Company’s strategic objective of being “financially integrated and leading internationally”.

The Directors (including the independent non-executive Directors) consider that the Share Subscription Agreement was entered into on normal commercial terms in the ordinary and usual course of business of the Group and that the terms of the Share Subscription Agreement are fair and reasonable and in the best interests of the Group so far as the interests of the shareholders of the Company are concerned.

(C) RISKS INVOLVED IN THE SHARE SUBSCRIPTION

1. The Share Subscription is subject to the further review and approval at the forthcoming board meetings of the Company and SDB, the approval at the general meetings of the Company and SDB and filing for review, approval and waiver with the relevant competent authorities including CSRC;
2. the valuation in relation to the Share Subscription is yet to be completed, the description of provisional valuation of PAB involved in this announcement is for investors' reference only and may therefore carry the risk of differing from the final valuation results;
3. the Share Subscription is subject to approvals from the relevant competent authorities which shall take a considerable amount of time to complete, and the Share price of the Company may be volatile during such period; and
4. the operating results, financial conditions and development prospects of the assets proposed to be acquired by the Company in the Share Subscription are, to a large extent, subject to the economic conditions, the macro-economic policies and the industry structure adjustment in the PRC. The PRC is in the process of economic transformation through adjusting its industry structure, improving its income allocation structure and increasing its urbanization rate. Such process poses challenges to the traditional operating model of the banking industry. The banking industry, in general, has to adapt to the economic transformation and enhance their products and services. Changes in the means of economic growth, adjustment to the industry structure and changes in market environment are likely to have an impact on the related industries and customers, which in turn affect the operating results of the banking industry. In addition, as the global economy accelerates integration, the domestic enterprises are also exposed to the risks of globalization of economy. The global financial crisis and Europe's debt crisis may result in the slowdown of economic growth or even depression of developed countries. Changes in the global economic landscape may extend to the PRC through various channels and further extend to the banking industry in the PRC.

(D) INFORMATION RELATING TO THE GROUP, PAB AND SDB

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.

SDB

SDB is a joint stock company incorporated and registered in the PRC and the SDB Shares are listed and traded on the SZSE. It is the first commercial bank to issue shares to the general public and be listed on the stock exchange in the PRC. It has excellent business networks and channels through over 300 branches in commercial cities including Beijing, Shanghai, Tianjin, Chongqing, Guangzhou, Shenzhen, Hangzhou, Nanjing, Jinan, Dalian, Qingdao, Chengdu, Kunming, Haikou, Zhuhai, Foshan, Ningbo, Wenzhou, Yiwu and Wuhan. SDB has established a complete product system and has strong market influence on its main business sectors including corporate banking, retail banking and consumer loans.

According to SDB's published 2009 annual report, as of 31 December 2009 prepared in accordance with the IFRS, the net asset value of SDB amounted to RMB20,469,609,000. Its net profit before and after taxation and extraordinary items in 2009 amounted to RMB6,190,537,000 and RMB5,030,729,000, respectively; and net profit before and after taxation and extraordinary items in 2008 amounted to RMB792,609,000 and RMB614,035,000, respectively. The audited net asset value of SDB as of 30 June 2010 amounted to RMB30,421,108,000 according to the SDB's published 2010 interim report.

Upon completion of the Share Subscription, SDB will become a subsidiary of the Company and its financial results will be consolidated with the Group.

PAB

PAB is a joint-stock commercial bank with cross-region operations which is headquartered in Shenzhen with branches covering Shenzhen, Shanghai, Fuzhou, Quanzhou, Xiamen, Hangzhou, Guangzhou, Dongguan, and Huizhou etc. PAB is an essential part of the integrated financial service platform of the Company, which provides innovative products and services. PAB is developing into a bank with retail and small and medium enterprises business focus, embedded with advanced risk management and a high standard of corporate governance.

According to PAB's 2009 annual report, as of 31 December 2009 prepared in accordance with the Accounting Standards for Enterprise – Basic Standards, the net asset value of PAB amounted to RMB14,315,021,000. Its net profit before and after taxation and extraordinary items in 2009 amounted to RMB1,378,927,000 and RMB1,105,096,000, respectively; and net profit before and after taxation and extraordinary items in 2008 amounted to RMB1,609,344,000 and RMB1,636,030,000, respectively. The audited net asset value of PAB as of 30 June 2010 amounted to RMB15,329,093,000 according to the PAB's audit report for the first half of 2010.

(E) LISTING RULES IMPLICATIONS

The Share Subscription involves (i) an acquisition of further shareholding in SDB by the Company (which constitutes a major transaction of the Company under the Listing Rules as the highest applicable percentage ratio is more than 25% but less than 100%); and (ii) a disposal of the Company's interest in PAB to SDB (which constitutes a discloseable transaction of the Company under the Listing Rules as the highest applicable percentage ratio is more than 5% but less than 25%). Pursuant to Rule 14.24 of the Listing Rules, in the case of a transaction involving both acquisition and disposal elements, the transaction should be classified by reference to the larger of the acquisition or the disposal. As the acquisition element of the Share Subscription is the larger of the two elements, the Share Subscription shall be classified as a major transaction of the Company under the Listing Rules and subject to the approval of the shareholders of the Company.

(F) GENERAL

A circular containing, among other things, further details of the Share Subscription, a notice of the extraordinary general meeting and other information as required under the Listing Rules will be despatched by the Company on or before 22 September 2010.

(G) SUSPENSION AND RESUMPTION OF TRADING

At the request of the Company, trading in the H Shares was suspended with effect from 9:30 a.m. on 30 June 2010 pending release of this announcement. An application has been made to the Hong Kong Stock Exchange for the resumption of trading in the H Shares with effect from 9:30 a.m. on 2 September 2010.

(H) DEFINITIONS

“A Shares”	A Share(s) of RMB1.00 each in the capital of the Company which is/are listed and traded on SSE
“Asset Consideration”	7,825,181,106 PAB Shares, representing approximately 90.75% of the total issued share capital of PAB as at the date of this announcement
“Board”	the board of Directors
“Business Days”	any day (excluding a Saturday, Sunday and other public holidays) on which banks in the PRC are generally open for business
“CBRC”	China Banking Regulatory Commission
“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 SSE and the H Shares of which are listed on Hong Kong Stock Exchange
“Completion Date”	the seventh Business Day after fulfillment (or waiver as appropriate) of the last condition under the Share Subscription Agreement or an earlier date as agreed by both parties, but shall not be earlier than the date the last condition under the Share Subscription Agreement is fulfilled or waived as appropriate
“CSRC”	China Securities Regulatory Commission
“Directors”	the directors of the Company
“Group”	the Company and its subsidiaries
“H Shares”	H Share(s) of RMB1.00 each in the capital of the Company which is/are listed and traded on Hong Kong Stock Exchange

“Hong Kong”	The Hong Kong Special Administrative Region of the PRC
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Independent Third Party”	an independent third party which is independent from the Company and its connected persons (as defined under the Listing Rules)
“Listing Rules”	The Rules Governing the Listing of Securities on the Hong Kong Stock Exchange
“Long Stop Date”	except for other date that is agreed in writing by the parties to the Share Subscription Agreement, the date when either party provides the other with acceptable evidence proving that the relevant authorities do not approve the Share Subscription or other date from which the Share Subscription Agreement shall terminate with immediate effect
“PAB”	Ping An Bank Co., Ltd., an approximately 90.75% owned subsidiary of the Company
“PAB Share(s)”	ordinary share(s) of RMB1.00 each in the share capital of PAB
“PAB’s Final Valuation”	the total net asset value of PAB as at 30 June 2010 as confirmed by both SDB and the Company, using PAB’s net asset value as assessed by an asset valuation institution and as audited by an accounting firm that possess the relevant securities and futures business qualifications as basis and taking into account factors such as profitability and growth potential of PAB. The Company and SDB shall confirm PAB’s Final Valuation within three days after the issue of PAB’s valuation report
“Ping An Life”	Ping An Life Insurance Company of China, Ltd., a 99.33% owned subsidiary of the Company
“PRC”	The People’s Republic of China
“RMB”	Renminbi, the lawful currency of the PRC
“SDB”	Shenzhen Development Bank Co., Ltd., a joint stock limited liability company established in the PRC, whose shares are listed and traded on SZSE
“SDB Share(s)”	A share(s) of RMB1.00 each in the share capital of SDB which is/are listed and traded on SZSE

“SDB Dissenting Shareholder(s)”	any shareholder of SDB who votes against any applicable absorption proposal at the general meeting of SDB and requires SDB to buy-back its SDB Shares in accordance with the requirements of the Company Law of the PRC and/or the articles of association of SDB, and has not effectively revoked such request and not lost the right to make such request
“SSE”	The Shanghai Stock Exchange
“Share Subscription”	the subscription of the Subscription Shares by the Company pursuant to the Share Subscription Agreement
“Share Subscription Agreement”	the agreement dated 1 September 2010 entered into between the Company and SDB in relation to the Share Subscription
“Share(s)”	share of RMB1.00 each in the capital of the Company
“Subscription Consideration”	the total consideration for the Share Subscription
“Subscription Price”	RMB17.75 per each Subscription Share, being the average trading price of the SDB Shares as quoted on SZSE for the 20 consecutive trading days prior to the date of the announcement of the resolutions of the board of directors of SDB approving the Share Subscription
“Subscription Shares”	new SDB Shares to be issued by SDB to the Company pursuant to the Share Subscription Agreement
“SZSE”	The Shenzhen Stock Exchange
“%”	per cent.

By order of the Board
Ping An Insurance (Group) Company of China, Ltd.
Yao Jun
Company Secretary

Shenzhen, PRC, 1 September 2010

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 Yao Jason Bo; the Non-executive Directors are Lin Lijun, Chen Hongbo, Wong Tung Shun Peter, Ng Sing Yip, Li Zhe, Guo Limin and David Fried; 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.