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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)

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

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) BACKGROUND

Reference is made to the announcement of the Company dated 1 September 2010 (the “**Announcement**”). Capitalised terms used herein shall have the same meanings as those defined in the Announcement unless otherwise defined.

As disclosed in the Announcement, the Company entered into the Share Subscription Agreement with SDB on 1 September 2010 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 final number of the Subscription Shares to be issued by SDB shall be determined by dividing the PAB’s Final Valuation by the Subscription Price. The parties have agreed that they will determine the PAB’s Final Valuation within three days after the valuation report of PAB (the “**Valuation Report**”) is issued.

(2) SUPPLEMENTAL AGREEMENT TO THE SHARE SUBSCRIPTION AGREEMENT

The Valuation Report was issued on 14 September 2010. The Company also entered into a supplemental agreement to the Share Subscription Agreement with SDB on 14 September 2010 pursuant to which they have determined the following:

1. PAB's Final Valuation:	RMB29,080,475,600
2. Subscription Consideration:	RMB29,080,475,600
3. Asset Consideration:	RMB26,390,423,300
4. Amount of cash consideration payable to SDB pursuant to the Share Subscription:	RMB2,690,052,300
5. Number of Subscription Shares:	1,638,336,654*

* the number of Subscription Shares shall be subject to the final outcome as approved by CSRC

(3) PROFIT FORECAST COMPENSATION AGREEMENT

According to the Valuation Report, the forecasted net profits of PAB (the “**Forecasted Profits**”) prepared in accordance with the PRC Accounting Standards for Business Enterprises for the half year ending 31 December 2010 is RMB838 million, for the year ending 31 December 2011 is RMB2,300 million, for the year ending 31 December 2012 is RMB2,858 million and for the year ending 31 December 2013 is RMB3,597 million.

Considering that the actual profits achieved by PAB and the Forecasted Profits used to determine the Subscription Consideration might be different, the Company has further entered into a profit forecast compensation agreement with SDB on 14 September 2010 (the “**Profit Forecast Compensation Agreement**”) to determine the compensation arrangement. Details of the same are set out as follows:

- SDB shall prepare the pro forma net profit amount of PAB (the “**Actual Profits**”) in accordance with the PRC Accounting Standards for Business Enterprises within four months after the end of each year within three years upon the completion of the Share Subscription (the “**Compensation Period**”) and procure its appointed accounting firm to issue a special audit opinion (the “**Special Audit Opinion**”) in respect of such Actual Profits and the difference between such Actual Profits and the Forecasted Profits as soon as possible. The Special Audit Opinion shall be final and binding upon the parties.
- The Company agrees that if, based on the Special Audit Opinion, the Actual Profits of PAB in any year during the Compensation Period is lower than the corresponding Forecasted Profits stated in the Valuation Report, the Company shall pay 90.75% of the shortfall between the Actual Profits and the Forecasted Profits to SDB in cash.

Conditions to the Profit Forecast Compensation Agreement

The performance of the obligations under the Profit Forecast Compensation Agreement shall be conditional upon the fulfilment of the following conditions:

- (a) approvals for the entering into the Profit Forecast Compensation Agreement at the general meetings of SDB and the Company;
- (b) the transactions contemplated under the Share Subscription Agreement have been completed;
- (c) the relevant authorities have not issued, published or executed any laws, regulations, rules, directives, orders or notices which forbid the obligations of the parties disclosed above.

(4) GENERAL

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

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

Shenzhen, PRC, 14 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.