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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)**

**ISSUE OF NEW H SHARES UNDER GENERAL MANDATE  
AND  
RESUMPTION OF TRADING**

**ISSUE OF NEW H SHARES UNDER GENERAL MANDATE**

On 14 March 2011, the Investor entered into the Subscription Agreement with the Company. Pursuant to the Subscription Agreement, the Investor will subscribe for 272,000,000 new H Shares in the Company, representing approximately 3.44% of the total enlarged issued share capital of the Company, in cash at the aggregate Subscription Price of HK\$19,448 million.

The Subscription Shares are to be issued under the General Mandate granted to the Directors at the annual general meeting of the Company held on 29 June 2010.

**SUSPENSION AND RESUMPTION OF TRADING**

At the request of the Company, trading in the H Shares was suspended with effect from 9:00 a.m. on 14 March 2011 pending the release of this announcement. An application has been made by the Company to the Stock Exchange for the resumption of trading in the H Shares with effect from 9:00 a.m. on 15 March 2011.

## **THE SUBSCRIPTION AGREEMENT**

### **Date**

14 March 2011

### **Parties**

- (1) The Company as the issuer.
- (2) The Investor as the subscriber.

To the best of the Directors' knowledge, information and belief after having made all reasonable enquiries, each of the Investor and its ultimate beneficial owner is a third party independent of the Company and connected persons (as defined in the Listing Rules) of the Company, and is not a connected person of the Company.

### **Number of new H Shares subscribed for**

The Investor will subscribe for 272,000,000 new H Shares. Such new H Shares represent approximately 3.56% of the existing total issued share capital of the Company. Immediately after completion of the Subscription, the Investor will hold 272,000,000 new H Shares representing approximately 3.44% of the enlarged total issued share capital of the Company.

Application will be made by the Company to the Stock Exchange for the listing of, and permission to deal in, all the Subscription Shares.

### **Subscription Price**

The Investor will, at the Subscription Price of HK\$71.50 per Subscription Share, subscribe in cash for 272,000,000 new H Shares in the Company. The aggregate consideration for the Subscription is HK\$19,448 million, which will be payable in cash upon completion of the Subscription. The net Subscription Price (after deducting the costs and expenses in connection with the Subscription) will be disclosed by the Company in a separate announcement.

The Subscription Price of HK\$71.50 per Subscription Share was agreed after arm's length negotiations between the parties with reference to approximately 90.1% of the average closing price of HK\$79.39 per H Share as quoted on the Stock Exchange for the thirty trading days immediately prior to 14 March 2011, being the date of the Board resolution passed to approve the Subscription. The Directors (including the independent non-executive Directors) consider that the Subscription Price to be fair and reasonable and is in the best interest of the Company and Shareholders as a whole.

The Subscription Price represents:

- (i) a discount of approximately 9.94% to the average closing price per H Share of approximately HK\$79.39 as quoted on the Stock Exchange for the last thirty trading days up to and including 11 March 2011 (being the trading day immediately preceding the date of the Subscription Agreement);
- (ii) a discount of approximately 14.74% to the average closing price per H Share of approximately HK\$83.86 as quoted on the Stock Exchange for the last five trading days up to and including 11 March 2011 (being the trading day immediately preceding the date of the Subscription Agreement); and
- (iii) a discount of approximately 12.48% to the closing price per H Share of HK\$81.70 as quoted on the Stock Exchange on 11 March 2011 (being the trading day immediately preceding the date of the Subscription Agreement).

### **Conditions precedent**

Completion of the Subscription is conditional upon the satisfaction of all the following conditions:

- (1) the Subscription has been duly approved by the Board; and
- (2) the Company has made the necessary approval applications as required by the relevant regulatory authorities and institutions, including but not limited to the China Insurance Regulatory Commission (中國保險監督管理委員會), the China Securities Regulatory Commission (中國證券監督管理委員會) and the Stock Exchange etc.; and the Company has successfully obtained the necessary approvals from all the relevant regulatory authorities for the issue, listing of, and permission to deal in, the Subscription Shares.

Completion of the Subscription will take place on the second Business Day immediately after the date upon which the Company advises the Investor in writing that all the above conditions have been fulfilled or on such other time as the Company and the Investor may agree in writing. The parties agree that the time for the obtaining of all necessary approvals, consents and clearances from all the relevant regulatory authorities as described above shall be within three months from the date of signing of the Subscription Agreement, subject to any extension as mutually agreed by the parties through friendly negotiation.

The validity period of the Board resolution approving the Subscription shall be either (i) within 12 months from the date of the Board resolution passed on 14 March 2011; or (ii) the date when the General Mandate is revoked or varied by a special resolution in a general meeting of the Company, whichever is earlier.

## Lock-up

The Investor agrees with and undertakes to the Company, if so required by the applicable laws, legislation or regulatory rules or if so required or requested by the relevant governmental or regulatory authorities with jurisdiction over the Subscription (whether or not as a condition for granting the necessary approval or clearance of the Subscription), the Investor shall not sell or transfer any of the Subscription Shares for such period of not more than six months as required by applicable laws, legislation or regulatory rules or as required or requested by the relevant governmental or regulatory authorities with jurisdiction over the Subscription (the “**Lock-Up**”). If the required period of the Lock-Up exceeds six months or if any of the terms and conditions of the Lock-Up is inconsistent with those described above (in either case, the “**New Lock-Up**”), the parties shall endeavour to reach an agreement as to the acceptability of the New Lock-Up through friendly negotiations, and if the Investor agrees to the New Lock-Up, the parties shall enter into a written supplementary agreement on the New Lock-Up.

## GENERAL MANDATE TO ISSUE THE SUBSCRIPTION SHARES

The Subscription Shares will be allotted and issued under the General Mandate granted to the Directors at the annual general meeting of the Company held on 29 June 2010 to issue up to 571,546,491 new H Shares. The Company has not issued any Shares pursuant to the General Mandate so far, thus the General Mandate still comprises 571,546,491 new H Shares as at the date of this announcement. The 272,000,000 Subscription Shares to be allotted and issued will utilise approximately 47.59% of the General Mandate.

## RANKING OF THE NEW H SHARES TO BE ISSUED

The new H Shares to be issued pursuant to the Subscription will rank *pari passu* in all respects *inter se* and with all other H Shares in issue.

## SHAREHOLDING STRUCTURE OF THE COMPANY

The shareholding structure of the Company immediately prior to, and immediately after, completion of the Subscription is as follows:

Class of Shares	As at the date of this announcement		Immediately after completion of the Subscription	
	No. of Shares	Approximate %	No. of Shares	Approximate %
<b>H Shares</b>				
• HSBC Holdings plc ( <i>Note 1</i> )	1,240,069,099	16.22	1,240,069,099	15.67
• Directors ( <i>Note 2</i> )	267,500	0.00	267,500	0.00
• Public Shareholders	1,617,395,857	21.16	1,617,395,857	20.43
• Investor	–	–	272,000,000	3.44
<b>Sub-total</b>	<b>2,857,732,456</b>	<b>37.38</b>	<b>3,129,732,456</b>	<b>39.54</b>
<b>A Shares</b>	4,786,409,636	62.62	4,786,409,636	60.46
<b>Total</b>	<b>7,644,142,092</b>	<b>100.00</b>	<b>7,916,142,092</b>	<b>100.00</b>

*Notes:*

- (1) HSBC Holdings plc is deemed to be interested in these H Shares by virtue of (1) its wholly-owned subsidiaries, namely HSBC Insurance Holdings Limited and HSBC Bank plc, which are interested in 618,886,334 H Shares and 60,532 H Shares, respectively; (2) its control over (i) The Hongkong and Shanghai Banking Corporation Limited; (ii) Hang Seng Bank (Trustee) Limited; and (iii) Hang Seng Bank Trustee International Limited, which respectively held a direct interest in 613,929,279 H Shares, 120,295 H Shares and 7,072,659 H Shares.
- (2) Mr. Cheung Chi Yan Louis, Mr. Yao Jason Bo and Mr. Chow Wing Kin Anthony, all being Directors, are interested in 248,000 H Shares, 12,000 H Shares, and 7,500 H Shares, respectively.

## **INFORMATION ABOUT THE PARTIES TO THE SUBSCRIPTION**

The Investor is a company wholly owned by Chow Tai Fook Nominee Limited and is principally engaged in investment holding business.

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.

Goldman Sachs (Asia) L.L.C. is the placing agent of, and China International Capital HongKong Securities Limited is the financial adviser to, the Company in respect of the Subscription.

## **REASONS FOR AND BENEFITS OF THE SUBSCRIPTION**

The Directors consider that the Subscription represents an opportunity to raise capital for the Company while broadening the Shareholder base and capital base of the Company. Further, the Subscription will help increase the solvency ratio and broaden the capital scale of the Company, satisfy the capital demand of the three core businesses, namely, insurance, bank and investment, of the Company, achieve the strategic goal of the Company by becoming a “leading integrated financial services provider” so as to further enhance the market competitiveness of the Company.

The Directors (including the independent non-executive Directors) consider that the Subscription Agreement is entered into upon normal commercial terms following arm’s length negotiations between the Company and the Investor and the Subscription Agreement is fair and reasonable and the Subscription is in the interest of the Company and the Shareholders as a whole.

## **RECENT FUND RAISING ACTIVITIES AND USE OF PROCEEDS**

The Company has not conducted any fund raising activities within the 12 months immediately prior to the date of this announcement.

The total gross proceeds to be raised from the Subscription are HK\$19,448 million. The proceeds are currently intended by the Company to use to broaden the capital scale of the Company, increase the solvency ratio and strengthen the capital base of the Company. The net proceeds to be raised from the Subscription will be disclosed by the Company in a separate announcement.

## **SUSPENSION AND RESUMPTION OF TRADING**

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## DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions have the following meanings when used herein:

<b>“A Share(s)”</b>	A Share(s) of RMB1.00 each in the capital of the Company which is/are listed and traded on SSE
<b>“Board”</b>	the board of Directors
<b>“Business Day”</b>	any day (excluding a Saturday) on which banks in Hong Kong are generally open for business
<b>“Company”</b>	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 the Stock Exchange
<b>“Director(s)”</b>	the director(s) of the Company
<b>“General Mandate”</b>	the general mandate granted to the Directors by the Shareholders pursuant to a special resolution passed at the annual general meeting of the Company held on 29 June 2010, pursuant to which a maximum of 571,546,491 new H Shares may fall to be allotted and issued
<b>“H Share(s)”</b>	foreign share(s) of RMB1.00 each in the capital of the Company which is/are listed and traded on the Stock Exchange
<b>“HK\$”</b>	Hong Kong dollars, the lawful currency of Hong Kong
<b>“Hong Kong”</b>	The Hong Kong Special Administrative Region of the PRC
<b>“Investor”</b>	Jinjun Company Limited (金駿有限公司), a company incorporated in the British Virgin Islands and wholly owned by Chow Tai Fook Nominee Limited
<b>“Listing Rules”</b>	the Rules Governing the Listing of Securities on the Stock Exchange
<b>“PRC”</b>	The People’s Republic of China
<b>“Shareholder(s)”</b>	holder(s) of the A Shares and H Shares
<b>“Subscription”</b>	the subscription for the Subscription Shares by the Investor pursuant to the Subscription Agreement
<b>“Subscription Agreement”</b>	the subscription agreement dated 14 March 2011 and entered into between the Company and the Investor under which the Investor agrees to subscribe for, and the Company agrees to issue the Subscription Shares at the Subscription Price

“Subscription Price”	HK\$71.50 per Subscription Share
“Subscription Share(s)”	272,000,000 new H Shares in the Company subscribed for by the Investor pursuant to the Subscription Agreement
“SSE”	The Shanghai Stock Exchange
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent

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

Shenzhen, PRC, 14 March 2011

*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.*