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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)

PROPOSED ADOPTION OF SHARE OPTION SCHEME BY A SUBSIDIARY

The board of directors (the “**Board**”) of Ping An Insurance (Group) Company of China, Ltd. (the “**Company**”) announces that Shanghai Jahwa United Co., Ltd. (the “**Subsidiary**”), an approximately 52.17% owned subsidiary of the Company and a company listed on the Shanghai Stock Exchange (stock code: 600315), proposed to adopt an equity incentive scheme (the “**Shanghai Jahwa Equity Incentive Scheme**”) pursuant to Chapter 17 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”).

The principal terms of the Shanghai Jahwa Equity Incentive Scheme are as follows:

THE PURPOSE

The purpose of Shanghai Jahwa Equity Incentive Scheme is to further improve the Subsidiary’s corporate governance structure, promote the establishment and improvement of its incentive and disciplinary mechanism, encourage the initiative and commitment of its directors, senior management and key employees, so as to effectively align the shareholders’ interests, the Subsidiary’s interests, and operators’ individual interests, and make all parties stay focused on and strive for the long-term development of the Subsidiary.

THE UNDERLYING SHARES

The way of equity incentive by the Subsidiary is through share options and the source of the shares is the issuance of RMB ordinary shares to the incentive participants.

The Subsidiary intends to grant 4.25 million share options to the incentive participants, where the shares involved represent approximately 0.6327% of the Subsidiary’s total share capital of 671,713,547 shares as at the date of announcement of the Shanghai Jahwa Equity Incentive Scheme, among which 3,400,000 share options will be granted initially, representing approximately 0.5062% of the Subsidiary’s total share capital as at the date of announcement of the Shanghai Jahwa Equity Incentive Scheme and representing approximately 80% of the total share options to be granted under the Shanghai Jahwa Equity Incentive Scheme; and 850,000 share options will be reserved, representing approximately 0.1265% of the Subsidiary’s total share capital as at the date of announcement of the Shanghai Jahwa Equity Incentive Scheme and representing approximately 20% of the total share options to be granted under the Shanghai Jahwa Equity Incentive Scheme. Both the initial grant (representing approximately 80% of the total share options to be granted under the Shanghai Jahwa Equity Incentive Scheme) and the grant of reserved share options

(representing approximately 20% of the total share options to be granted under the Shanghai Jahwa Equity Incentive Scheme) are one-off, with the initial grant having three exercise periods. Each share option granted to an incentive participant may, upon fulfilment of the exercise conditions, be exercised to purchase one share at the exercise price during the validity period. The cumulative total number of underlying shares of the Subsidiary involved under all the fully effective equity incentive schemes shall not exceed 10% of the total share capital of the Subsidiary. Unless otherwise approved by a special resolution at the general meeting of the Subsidiary, the cumulative total number of shares of the Subsidiary to be granted to any of the incentive participants under the fully effective Equity Incentive Scheme shall not exceed 1% of the total share capital of the Subsidiary.

SCOPE OF INCENTIVE PARTICIPANTS

The incentive participants of the Shanghai Jahwa Equity Incentive Scheme comprise the following persons, and shall exclude independent directors and supervisors, as well as shareholders individually or in aggregate holding 5% or more of the shares of the Subsidiary or the de facto controllers and their spouses, parents or children:

- (i) directors and senior management of the Subsidiary; and
- (ii) the core management personnel and core technical personnel who have direct influence on the overall results and sustainable development of the Subsidiary. Such personnel refer to those who report directly to the chief executive officer and those who are independently responsible for different units and businesses of the Subsidiary, including that of branding, research and development, supply chain, financing, human resources and strategic investment.

EXERCISE PERIOD AND EXERCISE PRICE

The validity period of the Shanghai Jahwa Equity Incentive Scheme shall be 68 months.

The exercise price of the share options under the initial grant of the Shanghai Jahwa Equity Incentive Scheme shall be RMB35.75 per share, i.e., each incentive participant may, upon fulfilment of the exercise conditions, purchase shares of the Subsidiary issued by the Subsidiary to the incentive participant at the price of RMB35.75 per share.

EXERCISE CONDITIONS

Performance indicators of the Subsidiary's share options include two levels, namely, company-level assessment and individual-level assessment. At the company level, financial performance indicators of the Subsidiary will be assessed annually, and achieving such assessing financial performance targets of the year is an exercise condition by the incentive participant of the corresponding year. At the individual level, individual performance assessment is required to decide if such individual's share options have reached exercise condition. Otherwise, such options shall be voided and cancelled by the Subsidiary.

AUTOMATIC LAPSE OF THE SHARE OPTIONS

The share options which have been granted to the incentive participants under the Shanghai Jahwa Equity Incentive Scheme but not yet exercised shall not be exercised anymore and shall be cancelled by the Subsidiary if any of the following occurs to the Subsidiary:

- (i) issue of an auditors' report with adverse opinion or which indicates an inability to give opinion by a certified public accountant with respect to the accounting financial report of the Subsidiary for its the latest accounting year;
- (ii) issue of an auditors' report with adverse opinion or which indicates an inability to give opinion by a certified public accountant with respect to the internal control of the Subsidiary for its latest accounting year;
- (iii) failure to conduct profit distribution in accordance with laws and regulations, the articles of association of the Subsidiary and public undertakings during the most recent 36 months after listing;
- (iv) prohibition from implementation of a share incentive scheme by laws and regulations; and
- (v) other circumstances as determined by the China Securities Regulatory Commission.

CIRCULAR

A circular containing finalised details of the Shanghai Jahwa Equity Incentive Scheme to be considered by the shareholders of the Company at the annual general meeting to be held on May 23, 2018 will be despatched to the shareholders of the Company in accordance with the Listing Rules.

By order of the Board
Yao Jun
Company Secretary

Shenzhen, PRC, April 26, 2018

As at the date of this announcement, the Executive Directors of the Company are Ma Mingzhe, Sun Jianyi, Ren Huichuan, Yao Jason Bo, Lee Yuansiong and Cai Fangfang; the Non-executive Directors are Lin Lijun, Soopakij Chearavanont, Yang Xiaoping, Xiong Peijin and Liu Chong; the Independent Non-executive Directors are Stephen Thomas Meldrum, Yip Dicky Peter, Wong Oscar Sai Hung, Sun Dongdong, Ge Ming and Ouyang Hui.