

Shenzhen Development Bank

Documents for the first Extraordinary General Meeting in 2012

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Agenda of SDB first EGM in 2012

Time: 14:30, Feb. 9, 2012

Venue: 6/F multi-media hall, SDB Plaza, No. 5407 Shennan East Road, SZ

Sign-in time: 13:00 – 14:15, Feb 9, 2012

Sign-in location: SDB Plaza Meeting Sign-in Desk

SN	Agenda
1	The emcee announces the opening of the meeting
2	The emcee introduces the seniors of the Bank and guests attending the meeting, announces the number of shareholders present and shares represented as well as the agenda of the meeting.
3	Introduction to the proposals: Proposal 1: “Proposal of SDB on the scheme of merger of the controlling subsidiary Ping An Bank Co., Ltd. through absorption” Proposal 2: “Proposal of SDB on signing the absorption merger agreement with Ping An Bank Co., Ltd.” Proposal 3: “Proposal of SDB on renaming” Proposal 4: “Proposal of SDB on requesting Shareholders’ Meeting to grant full authorization to BoD for handling the absorption merger”
4	Announce voting rules
5	The shareholders deliberate and vote on the proposals above
6	Shareholders make speeches
7	The emcee announces voting results
8	The lawyers announce witness result
9	The emcee announces closing of the meeting

Proposal of SDB on the scheme of merger of the controlling subsidiary Ping An Bank Co., Ltd. through absorption

In regard of the absorption merger deal between Shenzhen Development Bank Co., Ltd. (“SDB” or the “Company”) and Ping An Bank Co., Ltd., the Company has formulated the “Plan of SDB on the scheme of merger of the held subsidiary Ping An Bank Co., Ltd. through absorption”. Details of the plan are as follows:

SDB intends to absorb and merge with Ping An Bank Co., Ltd. (“Ping An Bank”). Ping An Bank will cancel its legal person status and SDB, being the subsisting company upon the completion of merger deal, will legally succeed all assets, liabilities, licenses, permits, undertakings, personnel and all other rights and obligations of Ping An Bank (“Absorption Merger Deal”).

1. Parties of absorption merger deal

Absorbing and merging party: Shenzhen Development Bank

Party being absorbed and merged: Ping An Bank

2. Way of absorption and merger

Absorption Merger Deal is conducted by SDB to absorb and merge with Ping An Bank pursuant to the way of absorption and merger as prescribed under the “Company Law of the People’s Republic of China” (the “Company Law”), and is in force under the Company Law. Upon the completion of Absorption Merger Deal: (1) Ping An Bank shall be consolidated into SDB, and Ping An Bank will be dissolved and cease to exist independently as a legal entity; (2) SDB shall be the subsisting company upon the merger; (3) SDB and all of its rights, qualifications and permits will not be affected by the merger; and (4) all assets, liabilities, licenses, permits, undertakings and personnel of Ping An Bank will be legally succeeded by SDB, and all rights and obligations attached on the assets of Ping An Bank will also be legally entitled to and committed by SDB.

3. Ping An Bank's shareholder entitled to the consideration of absorption and merger deal

All Ping An Bank's shareholders (other than SDB) registered in the register of Ping An Bank within the registration time ("minority shareholders") (excluding dissenting Ping An Bank's shareholders) shall be entitled to receive the consideration of the absorption and merger deal. The registration time will be announced upon the negotiation and determination by SDB and Ping An Bank.

Dissenting Ping An Bank's shareholders refer to those minority shareholders who are against the Absorption Merger Deal on Ping An Bank's general meeting and request Ping An Bank to acquire their shares pursuant to the requirements under the Company Law and/or articles of Ping An Bank, who have neither validly withdrawn such request as at the registration time nor cease to have the right of making such request.

4. Consideration for the absorption and merger deal

Ping An Bank's shareholders entitled to receive the consideration of the absorption and merger deal could elect for either cash merger consideration or stock merger consideration pursuant to the requirements under item 5 or item 6 of this proposal.

5. Cash merger consideration and its payment

SDB shall pay a consideration of RMB 3.37 ("Final Price per Share") for each Ping An Bank share to minority shareholders ("Cash Merger Consideration Shareholders", except for those minority shareholders who has validly elected for stock merger consideration and dissenting Ping An Bank's shareholder) as a result of the Absorption Merger Deal. To avoid doubts, on the general meeting which Ping An Bank reviews the Absorption Merger Deal: (1) minority shareholders who vote for the deal and have thereat not validly elected for stock merger consideration, (2) minority shareholders

who abstain from voting or do not participate in voting and have thereat not validly elected for stock merger consideration, (3) minority shareholders who vote against the deal but do not belong to the “dissenting Ping An Bank’s shareholders” mentioned in item 3 of this proposal and have thereat not validly elected for stock merger consideration, shall all belong to Cash Merger Consideration Shareholders.

SDB shall pay Cash Merger Consideration Shareholders in cash for the corresponding consideration of Ping An Bank shares held by them.

SDB shall pay Cash Merger Consideration Shareholders the corresponding cash merger consideration (without interests) for Ping An Bank shares held by them within a reasonable period upon the expiry of the reporting period for stock merger consideration as stated in item 6 of this proposal. Unless otherwise required by applicable laws or regulatory authorities, SDB is entitled to deduct and retain the amount deductible and taxable for such payment in accordance with the requirements of any applicable taxation law out of the cash merger consideration payable to Cash Merger Consideration Shareholders.

6. Stock merger consideration and its payment

Subject to the satisfaction of the conditions of validity of stock merger consideration as stated in this item 6, SDB and Ping An Bank shall, within a reasonable period from the date of satisfying the precedent conditions of Absorption Merger Deal (“Satisfaction Date of Conditions Precedent”) as stipulated in the “Absorption and Merger Deal Agreement between Shenzhen Development Bank Co., Ltd. and Ping An Bank Co., Ltd.” (“Absorption and Merger Deal Agreement”) intended to be signed by SDB with Ping An Bank or within such period otherwise negotiated and determined by both parties, determine the reporting period of stock merger consideration (“Reporting Period for Stock Merger Consideration”) as soon as possible. Minority shareholders are entitled to elect for receiving stock merger consideration during the Reporting Period for Stock Merger Consideration (the

aforesaid Ping An Bank's shareholders who have thereat validly elected for stock merger consideration during the Reporting Period for Stock Merger Consideration are referred as "Stock Merger Consideration Reporting Shareholders"), requiring the exchange of Ping An Bank shares held by them into SDB stocks ("Exchange Shares") acquired from the secondary market in accordance with the ratio calculated based on the formula below.

Number of Exchange Shares = Number of Ping An Bank shares held by Stock Merger Consideration Reporting Shareholders × Final Price per Share/price per SDB price (refers to the average trading price of SDB stock for 20 trading days preceding the pricing date, being the announcement date of this Board resolution, i.e. RMB 15.45/share) ("Price per SDB Share") .

The number of Exchange Shares which Stock Merger Consideration Reporting Shareholders exchange for with Ping An Bank shares held by them shall be in whole number. If the number of Exchange Shares exchanged by Stock Merger Consideration Reporting Shareholders pursuant to the aforesaid formula is in decimal place, such decimal place shall be rounded into 1 share to ensure that the number of Exchange Shares exchanged by those minority shareholders is in whole number.

To smoothly proceed with the payment of stock merger consideration (i.e. acquire Exchange Shares from the secondary market via third party and register those Exchange Shares under the name of Stock Merger Consideration Reporting Shareholders) , SDB and its related parties will sign relevant agreements with Stock Merger Consideration Reporting Shareholders ("Agreement on Payment of Stock Consideration") to agree on relevant arrangements involved in the payment of stock merger consideration. Such arrangements mainly include: (1) Stock Merger Consideration Reporting Shareholders shall open stock account("Stock Account")and capital account("Capital Account") in the operation department of security company and bank designated by SDB within the time designated by SDB respectively, and irrevocably entrust the operation right and control of the Stock Account and Capital

Account to the third party designated by SDB (the “Operator”) for a certain period of time; (2) SDB will provide the fund necessary for the purchase of Exchange Shares to Operator, which will be transferred into the Capital Account by the Operator; (3) the Operator shall utilize the fund within the Capital Account and acquire Exchange Shares from the secondary market via the Stock Account. Within a reasonable period upon the expiry of Reporting Period for Stock Merger Consideration, the operation right and control of the Stock Account (together with those Exchange Shares within the account) and Capital Account will be transferred to Stock Merger Consideration Reporting Shareholders to complete the payment of stock merger consideration. Given the complexity of the procedures involved, the time for Stock Merger Consideration Reporting Shareholders to receive stock merger consideration is expected to be slightly later than Cash Merger Consideration Shareholders receive cash merger consideration.

Subject to the trading operation rules of secondary market (including but not limited to the fact that purchase of shares in the secondary market could only be made in the board lot of 100 shares) , the ultimate number of SDB shares actually acquired (“Number of Shares Actually Acquired”) might be less than the number of Exchange Shares(but the number falls in short shall be limited to within 100 shares. If the aforesaid shortfall of number of SDB shares actually acquired occurs, SDB will pay the Stock Merger Consideration Reporting Shareholders in cash to cover the shortfall (Amount of shortfall= (Number of Exchange Shares - Number of Shares Actually Acquired) ×Price per SDB Share) . Upon the transfer of the operation right and control of the Stock Account (together with those Exchange Shares within the account) and Capital Account from the Operator to Stock Merger Consideration Reporting Shareholders, SDB shall pay an amount equivalent to the shortfall into the bank accounts designated by Stock Merger Consideration Reporting Shareholders.

If SDB has conducted any equity distribution, capital increase from reserve or placing of shares from the date of this Board resolution announcement to the time prior to the transfer of Exchange Shares to Stock Merger Consideration Reporting Shareholders

and results in the ex-rights or ex-dividends of SDB stock, the above Price per SDB Share shall be adjusted correspondingly in accordance with the “ex-rights (dividends) reference price” determined by the calculation formula stipulated under the “Trading Rules of Shenzhen Stock Exchange”.

Unless otherwise required by applicable laws or regulatory authorities, SDB is entitled to deduct and retain the amount deductible and taxable for such payment in accordance with the requirements of any applicable taxation law out of the stock merger consideration payable to Stock Merger Consideration Reporting Shareholders. In such event, the actual number of Exchange Shares obtained by Stock Merger Consideration Reporting Shareholders will be reduced correspondingly.

The stock merger consideration is conditional on no objection from regulatory authorities on the aforesaid stock merger consideration arrangement as at the Satisfaction Date of Conditions Precedent. If regulatory authorities require any adjustment on the current stock merger consideration arrangement, adjustment shall be made based on the suggestions of regulatory authorities. If regulatory authorities disagree with the stock merger consideration arrangement, Stock Merger Consideration Reporting Shareholders are only entitled to elect for the cash merger consideration as stated in item 5 of this proposal. Minority shareholders validly electing for stock merger consideration shall meet the following conditions: (1) report within the Reporting Period for Stock Merger Consideration; (2) Ping An Bank shares being held shall not contain any right limitation (including the imposition of pledge, limitation on any other third party rights or being frozen judicially) ; (3) lodge the intention of electing for stock merger consideration to SDB in the written form recognized by SDB, and open Stock Account and Capital Account in the operation department of security company and bank designated by SDB respectively, as well as sign the Agreement on Payment of Stock Consideration with SDB and its related parties; (4) have neither validly withdrawn the request prior to the expiry of the period with entitlement to elect for stock merger consideration nor cease to have the right to make such request.

If Stock Merger Consideration Reporting Shareholders revoke or lose (due to the non-satisfaction of exercise conditions or other reasons) the right to elect for stock merger consideration, they shall be automatically be revived to entitle to cash merger consideration from the date of revocation or loss of such right.

7. Protection mechanism for dissenting shareholders of absorbing and merging party

To protect the interests of SDB's shareholders, SDB will, by itself or by designated third party, provide the put option to qualified dissenting SDB's shareholders.

For dissenting SDB's shareholders intending to exercise the put option, cash consideration will be paid by SDB or third party designated by SDB in accordance with the Price per SDB Share as determined and announced on the exercise date of the put option for each SDB share validly reported. The specific price is RMB 15.45/share.

If any ex-rights or ex-dividends issue on SDB stock occurs during the period from the date of this Board resolution announcement to the exercise date of put option by dissenting SDB's shareholders, the price of the put option will be adjusted correspondingly.

In case SDB acquires those SDB shares requested to be sold by dissenting SDB's shareholders, SDB will transfer all those SDB shares acquired to others or cancel those shares within 6 months. In case SDB designates third party to acquire those SDB shares requested to be sold by dissenting SDB's shareholders, those dissenting SDB's shareholders could no longer request for the aforesaid put option from SDB or any SDB's shareholder consenting the Absorption Merger Deal.

No put option could be exercised unless dissenting SDB's shareholders cast valid vote against the duly voting on the consideration of the resolution on the Absorption

Merger Deal in the SDB general meeting and the stock is continuously retained until the exercise date of the put option, while successfully perform the reporting procedures during the reporting period for put option.

The number of shares under the put option exercisable by dissenting SDB's shareholders shall not exceed the lower of the followings: (1) number of shares representing the valid votes of opposition; (2) lowest value of SDB shares held by dissenting SDB's shareholders from the equity registration date of SDB's general meeting at which Absorption Merger Deal is considered to the exercise date of put option.

No put option for shares could be exercised by dissenting SDB's shareholders holding the following shares: (1) lock-up shares held by SDB's directors, supervisors and senior management; (2) SDB shares imposed with pledge, under limitation on any other third party rights or being judicially frozen; (3) shares of which the legal owner has committed to SDB to waive the put option; (4) SDB shares already sold by dissenting SDB's shareholders; (5) other shares upon which no put option could not exercised pursuant to the law.

If the Absorption Merger Deal plan is not approved by the general meetings of SDB and Ping An Bank as well as relevant regulatory authorities (if necessary) and ultimately results that the Absorption Merger Deal plan could not be implemented, dissenting SDB's shareholders could not exercise such put option.

8. Protection mechanism for dissenting shareholders of Party being absorbed and merged

Dissenting Ping An Bank's shareholders are not entitled to cash merger consideration or stock merger consideration, but are entitled to those rights conferred under the Company Law and the articles of Ping An Bank. As mentioned in the foregoing of this proposal, dissenting Ping An Bank's shareholders refer to those minority shareholders

who are against the Absorption Merger Deal on Ping An Bank's general meeting and request Ping An Bank to acquire their shares pursuant to the requirements under the Company Law and/or articles of Ping An Bank, who have neither validly withdrawn such request as at the registration time nor cease to have the right of making such request.

If Dissenting Ping An Bank's shareholder revoke or lose (due to the non-satisfaction of exercise conditions or other reasons) the above rights, they shall be automatically be revived to entitle to cash merger consideration or stock merger consideration from the date of revocation or loss of such right (if the period available for minority shareholders to elect for stock merger consideration has not yet expired at the moment) .

9. Succession of undertakings, assets, debentures, liabilities, licenses and permits

Upon the completion of the Absorption Merger Deal, Ping An Bank will cancel its legal person status, and all undertakings, assets, debentures, liabilities, licenses and permits of Ping An Bank will be legally succeeded by SDB upon the completion of the Absorption Merger Deal. Relevant transfer procedures will be handled by Ping An Bank and/or SDB at appropriate times.

10. Settlement of staff

Unless resigning voluntarily or required under appropriate laws or relevant labour contracts, the Absorption Merger Deal shall not result in the termination or release of the labour contracts between any SDB's employees and SDB as well as between any Ping An Bank' employees and Ping An Bank.

11. Obligations in default

According to the requirements under the Absorption and Merger Deal Agreement, the

non-performance of any obligations under the agreement as stipulated by any party of the agreement shall constitute a default. If any loss is incurred by the complying party as a result of such default, compensation for such losses shall be made to the complying party and corresponding measures shall be adopted to protect the suffering party from any further damages.

12. Effective period for the resolution on the Absorption Merger Deal

Resolutions related to this proposal passed in the general meeting of the Company will be effective for 12 months from the date of the approval by the general meeting of the Company.

The above proposal is hereby submitted to the EGM for deliberation.

**Proposal of SDB on signing the absorption merger agreement
with Ping An Bank Co., Ltd.**

In regard of the Company's absorption and merger with Ping An Bank Co., Ltd. ("Ping An Bank"), the Company intends to sign the "Absorption merger agreement between SDB and PAB" with Ping An Bank as detailed in the attachment of this proposal.

The above proposal is hereby submitted to EGM for deliberation.

Appendix: *"Absorption merger agreement between SDB and PAB"*

Appendix:

Absorption Merger Agreement

between

Shenzhen Development Bank Co., Ltd.

and

Ping An Bank Co., Ltd.

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This Agreement is signed by the following two parties on 19 January 2012:

Shenzhen Development Bank Co., Ltd. (“SDB”), a company limited by shares incorporated in the People’s Republic of China (“PRC”) and listed on the Shenzhen Stock Exchange with its registered address in No.5047 Shennan Road East, Shenzhen, Guangdong Province, PRC; and

Ping An Bank Co., Ltd. (“PAB”), a company limited by shares duly incorporated in accordance with the laws of the PRC with its registered address in Semi-basement, 1st, 2nd, 4th-17th and 21st-22nd Floors of Ping An Bank Building, No.1099 Shennan Road Central, Futian District, Shenzhen.

In consideration of:

1. PAB has issued a total of 8,622,824,478 shares to date and SDB currently holds a total of 7,825,181,106 shares of PAB, accounting for approximately 90.75% of PAB’s total number of issued shares; and
2. to achieve integration of the two banks, SDB and PAB agree to a merger in accordance with the provisions and conditions of this Agreement under which PAB agrees to consolidate into SDB and cancel its legal person status whereas SDB agrees to be a subsisting company after the merger.

Both parties have reached agreement on the following items:

1. Definition and Interpretation

1.1 Definition

Except where the context otherwise requires, terms used in this Agreement shall have the meaning ascribed to them in Appendix I.

1.2 Provisions, appendices and others

Except where the context otherwise requires, articles, paragraphs, items and appendices referred to in this Agreement shall mean the articles, paragraphs, items and appendices of this Agreement.

1.3 Headings

Headings of this Agreement shall not affect the interpretation of this Agreement.

1.4 Interpretation

Unless otherwise expressly provided or except where the context otherwise requires:

- 1.4.1 the words “whereof”, “herein”, “hereunder” and words of similar import when used in this Agreement shall mean the Agreement as a whole and not to any particular provision of this Agreement;
- 1.4.2 inclusive words used in this Agreement shall not be construed in a restrictive sense and therefore the words “including” shall be construed as a non-exhaustive and non-specific list;
- 1.4.3 any contract or document referred to in this Agreement shall include amendments, updates, additions, restatements or replacements made to such contract or document from time to time, including but not limited to amendments agreed upon by both parties in response to any relevant opinions of the government agencies; and
- 1.4.4 where any particular obligation or event falls on or by a day that is not a business day, such obligation or event shall be performed or shall occur on or by the next business day.

2. Merger

2.1 Approach

Upon the provisions and conditions and relying on the representations and warranties contained in this Agreement, SDB will merge with PAB by absorption prescribed in the Company Law (the “Merger”). The Merger will be completed on the date of completion of the Merger and, after the Merger is effected: (1) PAB shall be consolidated into SDB and will be dissolved and cease to exist independently as a legal entity; (2) SDB shall be a subsisting company after the Merger; (3) SDB and all of its rights, qualifications and permits will not be affected; and (4) all assets, liabilities, licenses, permits, undertakings and personnel of PAB will be legally succeeded by SDB and all rights and obligations attached to the assets of PAB will also be entitled to and committed by SDB. Relevant procedures for the transfer shall be handled by PAB and/or SDB in a timely manner. The

Merger shall have the validity prescribed in the Company Law.

For the avoidance of doubt, (1) unless resignation on one's initiative or except as provided in applicable laws or relevant labour contracts, the Merger shall not result in the termination or discharge of any contracts between SDB's employees and SDB or between PAB's employees and PAB; (2) unless otherwise agreed upon by both parties, the Merger shall not result in any change in the registered capital of SDB; and (3) unless otherwise agreed upon by both parties, PAB's branches will become the branches of SDB upon completion of the Merger.

2.2 Date of completion of the Merger

After all the terms provided in Article 7 of this Agreement are satisfied, SDB and PAB shall process the cancellation of PAB's registration at the administrative authorities for industry and commerce. The date of completion of the Merger shall be the date of completion of the cancellation of PAB's registration. All PAB's shares will be cancelled on the date of completion of the Merger.

2.3 Articles of the subsisting company

SDB's articles of association shall be the articles of association of the subsisting company from the date of completion of the Merger to the time when any amendment is made in accordance with the procedures prescribed in applicable laws.

2.4 Directors of the subsisting company

SDB's directors as at the date of completion of the Merger shall be directors of the subsisting company since the date of completion of the Merger, except where new directors are elected or appropriately appointed by SDB in accordance with law and that such directors have the corresponding qualifications compliant with applicable laws.

2.5 Further action

If the subsisting company is of the view or informed that it is required or obliged for any application, contract, transfer, guarantee or any other act or event to take place at any time after the date of completion of the Merger in order to grant, improve or confirm any right and interest obtained as a result of the execution of the Merger or this Agreement or

any right and interest of PAB or SDB itself and their properties or assets to be obtained when executing this Agreement, the legal representative of the subsisting company or other party authorized by it shall be entitled to sign and deliver all such applications, contracts, transfers, guarantees and relevant documents and adopt all necessary actions in the name of PAB or SDB or on behalf of PAB or SDB in order to grant, improve or confirm the rights or interests of the subsisting company upon such rights, properties or assets.

2.6 General meetings of shareholders

To complete the Merger, SDB and PAB shall convene general meetings of shareholders in accordance with the Company Law and their articles of association for the review and approval of this Agreement and the Merger.

3. Merger Consideration and its Payment

3.1 Cash merger consideration

3.1.1 SDB shall pay a consideration of RMB3.37 (“Final Price per Share”) for each minority share to minority shareholders (“Cash Merger Consideration Shareholders”, except for those who have validly elected for stock merger consideration and dissenting PAB’s shareholders) as a result of the Merger. For the avoidance of doubt, on the general meeting of shareholder at which PAB considers this absorption merger, (1) minority shareholders who vote for the deal and have thereat not validly elected for stock merger consideration, (2) minority shareholders who abstain from voting or do not participate in voting and have thereat not validly elected for stock merger consideration, and (3) minority shareholders who vote against the deal but do not belong to the “dissenting PAB’s shareholders” mentioned in Article 3.6 of this Agreement and have thereat not validly elected for stock merger consideration shall all belong to Cash Merger Consideration Shareholders. SDB shall pay Cash Merger Consideration Shareholders in cash for the corresponding consideration for the minority shares held by them (“Cash Merger Consideration”).

3.1.2 Subject to the provisions of Article 3.1.3 and unless otherwise agreed upon by both parties, SDB shall make appropriate arrangements within a reasonable period upon the expiry of the reporting period for stock merger consideration

and shall pay all Cash Merger Consideration Shareholders registered in the register of PAB within the reporting period for Cash Merger Consideration (without interests) for the corresponding minority shares held by them in accordance with the provisions of Article 3.1.1 of this Agreement. However, except where Cash Merger Consideration Shareholders fail to receive Cash Merger Consideration due to SDB, SDB shall in no case be liable for a default and shall not be required to pay any penalties, interests or other fees as a result of the failure to settle the Cash Merger Consideration on time. The payment of Cash Merger Consideration referred to in this Article and the completion of such payment shall have the meaning prescribed in the *General Principles of the Civil Law of the People's Republic of China*, the *Contract Law of the People's Republic of China* and relevant laws, regulations and legal interpretations.

- 3.1.3 SDB shall be entitled to deduct and retain the amount deductible and taxable for such payment in accordance with any applicable taxation requirements out of the Cash Merger Consideration payable to Cash Merger Consideration Shareholders. Where corresponding deductions are made by SDB for such reason, the amount paid to corresponding Cash Merger Consideration Shareholders shall be considered as appropriate. PAB shall make best efforts to provide SDB with information relating to the cost incurred for Cash Merger Consideration Shareholders to receive its held minority shares.

3.2 Stock merger consideration

- 3.2.1 Subject to Article 3.4 of this Agreement, unless otherwise agreed upon by both parties, SDB shall determine the reporting period for stock merger consideration as soon as possible within a reasonable period from the date of satisfying the precedent conditions and minority shareholders are entitled to elect for stock merger consideration within the reporting period for stock merger consideration, in other words, the exchange of minority shares held by them into SDB stocks acquired from the secondary market ("Exchange Shares") in accordance with the ratio as stated in this Agreement. PAB's shareholders who have validly elected for stock merger consideration within the reporting period for stock merger consideration referred to above shall be hereinafter referred to as "Stock Merger Consideration Reporting Shareholders".

- 3.2.2 Stock Merger Consideration Reporting Shareholders shall exchange minority

shares held by them for Exchange Shares in accordance with the following formula:

$$\text{Number of Exchange Shares} = \text{Number of minority shares} \times \text{Final Price per Share} / \text{price per SDB Share}$$

The number of Exchange Shares which Stock Merger Consideration Reporting Shareholders exchange for the minority shares held by them shall be in whole number. Where the number of Exchange Shares exchanged by Stock Merger Consideration Reporting Shareholders pursuant to the aforesaid formula is in decimal place, the decimal place shall be rounded into 1 share to ensure that the number of Exchange Shares exchanged by Stock Merger Consideration Reporting Shareholders is in whole number.

- 3.2.3 To smoothly proceed with the payment of stock merger consideration (i.e. acquire Exchange Shares from the secondary market via third party and register those Exchange Shares under the name of Stock Merger Consideration Reporting Shareholders), both parties agree that SDB and its related parties will sign relevant agreements with Stock Merger Consideration Reporting Shareholders (“Agreement on Payment of Stock Consideration”) to agree on relevant arrangements involved in the payment of stock merger consideration. Such arrangements mainly include: (1) Stock Merger Consideration Reporting Shareholders shall open stock account (“Stock Account”) and capital account (“Capital Account”) in the operation department of security company and bank designated by SDB within the time designated by SDB respectively, and irrevocably entrust the operation right and control of the Stock Account and Capital Account to the third party designated by SDB (the “Operator”) for a certain period of time; (2) SDB will provide the fund necessary for the purchase of Exchange Shares to the Operator, which will be transferred into the Capital Account by the Operator; (3) the Operator shall utilize the fund within the Capital Account and acquire Exchange Shares from the secondary market via the Stock Account. Within a reasonable period upon the expiry of Reporting Period for Stock Merger Consideration, the operation right and control of the Stock Account (together with those Exchange Shares within the account) and Capital Account will be transferred to Stock Merger Consideration Reporting Shareholders to complete the payment of stock merger consideration. Given the complexity of the procedures involved, the time for Stock Merger Consideration

Reporting Shareholders to receive stock merger consideration is expected to be slightly later than Cash Merger Consideration Shareholders receive cash merger consideration.

Subject to the trading operation rules of secondary market (including but not limited to the fact that purchase of shares in the secondary market could only be made in the board lot of 100 shares), the ultimate number of SDB shares actually acquired (“Number of Shares Actually Acquired”) might be less than the number of Exchange Shares (but the number falls in short shall be limited to within 100 shares). If the aforesaid shortfall of number of SDB shares actually acquired occurs, SDB will pay the Stock Merger Consideration Reporting Shareholders in cash to cover the shortfall (Amount of shortfall = (Number of Exchange Shares - Number of Shares Actually Acquired) × Price per SDB Share). Upon the transfer of the operation right and control of the Stock Account (together with those Exchange Shares within the account) and Capital Account from the Operator to Stock Merger Consideration Reporting Shareholders, SDB shall pay an amount equivalent to the shortfall into the bank accounts designated by Stock Merger Consideration Reporting Shareholders.

If SDB has conducted any equity distribution, capital increase from reserve or placing of shares from the date of announcement of SDB’s board resolution on the approval of the Merger to the time prior to the transfer of Exchange Shares to Stock Merger Consideration Reporting Shareholders and results in the ex-rights or ex-dividends of SDB stock, the above Price per SDB Share shall be adjusted correspondingly in accordance with the “ex-rights (dividends) reference price” determined by the calculation formula stipulated under the *Trading Rules of Shenzhen Stock Exchange*.

- 3.2.4 Minority shareholders who have validly elected for stock merger consideration shall meet the following conditions: (1) report within the reporting period for stock merger consideration as provided in Article 3.2.1 of this Agreement; (2) the minority shares held shall not contain any right limitation (including the imposition of pledge, the limitation on any third-party right or are judicially frozen); (3) lodge the intention of electing for the stock merger consideration is to SDB in the written form recognized by SDB, and open Stock Account and Capital Account at the sales department of securities companies and banks designated by SDB respectively, as well as sign the agreements relating to the

payment of stock merger consideration with SDB and the related parties; and (4) have neither validly withdrawn the request prior to the expiry of the period with entitlement to elect for stock merger consideration nor cease to have the right to make such request.

3.2.5 Notwithstanding the provisions of Article 3.2.4, where Stock Merger Consideration Reporting Shareholders revoke or lose (due to non-satisfaction of exercise conditions or other reasons) the right to elect for stock merger consideration, they shall be automatically revived to receive Cash Merger Consideration provided in Article 3.1 of this Agreement from the date of revocation or loss of such right.

3.2.6 SDB is entitled to deduct and retain the amount that is deductible in accordance with the requirements of any applicable taxation laws out of Cash Merger Consideration payable to Cash Merger Consideration Shareholders. Where corresponding deductions are made by SDB for such reason, the amount paid to corresponding Cash Merger Consideration Shareholders shall be considered as appropriate. In such event, the actual number of Exchange Shares obtained by Stock Merger Consideration Reporting Shareholders will be reduced accordingly. PAB shall make best efforts to provide SDB with information relating to the cost incurred for Cash Merger Consideration Shareholders to receive its held minority shares.

3.3 Minority shareholders entitled to receive merger consideration

All minority shareholders registered in the register of PAB within the registration time (excluding dissenting PAB's shareholders) shall be entitled to receive Cash Merger Consideration as provided in Article 3.1 of this Agreement or the stock merger consideration as provided in Article 3.2 of this Agreement.

3.4 Conditions for the validity of stock merger consideration

The validity of stock merger consideration as defined in Article 3.2 of this Agreement is based on the premise that regulatory authorities have no objection to the arrangements in respect of stock merger consideration hereunder as at the date of satisfying the conditions precedent. Where regulatory authorities require any adjustments of the existing arrangements in respect of stock merger consideration, the adjustments shall be

handled in accordance with the opinions of regulatory authorities. Where regulatory authorities do not agree on the arrangements in respect of stock merger consideration, minority shareholders shall only be entitled to receive Cash Merger Consideration provided in Article 3.1 of this Agreement.

3.5 Registration of share transfer

Registration of the transfer of PAB shares shall be terminated after the registration time to the time when PAB is dissolved in accordance with Article 2.2 of this Agreement.

Prior to receiving Cash Merger Consideration in accordance with Article 3.1 of this Agreement or electing for stock merger consideration in accordance with Article 3.2 of this Agreement, unless otherwise provided in Article 3.6.1 of this Agreement, each minority share shall only be considered as being entitled to receive Cash Merger Consideration provided in Article 3.1 of this Agreement or the stock merger consideration provided in Article 3.2 of this Agreement at any time after the registration time.

3.6 Dissenting PAB's shareholders

3.6.1 Notwithstanding any provision of this Agreement to the contrary, dissenting PAB's shareholders are not entitled to Cash Merger Consideration or stock merger consideration pursuant to the requirements of Article 3 of this Agreement but are entitled to those rights as conferred by the Company Law and PAB's articles of association.

3.6.2 Notwithstanding the provisions of Article 3.6.1, where dissenting PAB's shareholders revoke or lose (due to non-satisfaction of exercise conditions or other reasons) the right to elect for stock merger consideration, they shall be automatically revived to entitle to the Cash Merger Consideration in Article 3.1 of this Agreement or the stock merger consideration in Article 3.2 of this Agreement from the date of revocation or loss of the right (if the period available for them to elect for stock merger consideration has not yet expired then).

3.7 PAB shares held by SDB

PAB shares held by SDB will be cancelled on the date of completion of the Merger.

3.8 Dissenting SDB's shareholders

3.8.1 Qualified dissenting SDB's shareholders shall be entitled to enjoy the rights as conferred by the Company Law and the articles of association of SDB.

3.8.2 SDB may acquire SDB's dissenting shares held by qualified dissenting SDB's shareholders in cash on its own or through a designated third-party.

For dissenting SDB's shareholders intending to exercise the put option, cash consideration will be paid by SDB or third party designated by SDB in accordance with the Price per SDB Share as determined and announced on the exercise date of the put option for each SDB share validly reported. The specific price is RMB 15.45/share.

If any ex-rights or ex-dividends issue on SDB stock occurs during the period from the date of announcement of SDB's board resolution on the review and approval of the Merger to the exercise date of put option by dissenting SDB's shareholders, the price of the put option will be adjusted correspondingly.

Where SDB acquires those SDB shares requested to be sold by dissenting SDB's shareholders, SDB will transfer all those SDB shares acquired to others or cancel those shares within 6 months. Where SDB designates third party to acquire those SDB shares requested to be sold by dissenting SDB's shareholders, those dissenting SDB's shareholders could no longer request for the aforesaid put option from SDB or any SDB's shareholder agreeing to the absorption merger deal.

No put option could be exercised unless dissenting SDB's shareholders cast valid vote against the duly voting on the consideration of the resolution on the Merger at SDB's general meeting of shareholders and the stock is continuously retained until the exercise date of the put option, while successfully perform the reporting procedures during the reporting period for put option.

The number of shares under the put option exercisable by dissenting SDB's shareholders shall not exceed the lower of the followings: (1) number of shares

representing the valid votes of opposition; and (2) lowest value of SDB shares held by dissenting SDB's shareholders from the equity registration date of SDB's general meeting of shareholders at which the Merger is considered to the exercise date of put option.

No put option for shares could be exercised by dissenting SDB's shareholders holding the following shares: (1) lock-up shares held by SDB's directors, supervisors and senior management; (2) SDB shares imposed with pledge, under limitation on any other third party rights or being judicially frozen; (3) shares of which the legal owner has committed to SDB to waive the put option; (4) SDB shares already sold by dissenting SDB's shareholders; and (5) other shares upon which no put option could not exercised pursuant to the law.

If the scheme of the Merger is not approved by the general meetings of shareholders of SDB and PAB as well as relevant regulatory authorities (if necessary) and ultimately results that the scheme of the Merger could not be implemented, dissenting SDB's shareholders could not exercise such put option.

3.9 Commitment to merger consideration

Both parties agree and confirm that the consideration of the Merger payable to PAB's shareholders shall be committed by SDB. If PAB receives any request from its shareholders requiring PAB to pay the consideration of the Merger, PAB shall notify SDB in a timely manner and provide necessary assistance to SDB to pay those shareholders merger consideration in accordance with relevant arrangements of the Merger.

4. PAB's Representations and Warranties

Except as disclosed by PAB, PAB make the following representations and warranties to SDB and pledges that all these representations and warranties are true, accurate, complete and non-misleading as at the date of signing of this Agreement and the date of satisfying the conditions precedent:

4.1 Organizational structure and qualification

PAB (1) is a duly incorporated and validly existing company limited by shares under the laws of the PRC; and (2) has obtained all valid approvals and licenses required for the ownership and operation of its properties and assets and for the development of its current business and no such approval and license has been or may be revoked.

4.2 Share capital

All of PAB's outstanding shares have been duly authorized, validly issued and settled in full. Except for the aforesaid shares, PAB (1) has no other authorized and issued shares; (2) has no right of priority or conversion or other special rights, contract, request, commitment or convertible security that will or may oblige PAB issue, dispose or transfer any share in the registered capital and no security that is convertible or exchangeable into any share in the registered capital; and (3) has no outstanding contractual obligation to receive any share or equity of PAB through repurchase, redemption or other means except for those under this Agreement.

4.3 Authorization

PAB has taken all necessary internal undertakings to obtain all appropriate authorizations in respect of the signing and delivery of this Agreement.

4.4 No breach of law or contract

Subject to the receipt of approvals listed in Appendix II, the signing, delivery or performance of this Agreement, the completion of merger or the compliance with this Agreement by PAB will not (1) violate any applicable laws that shall be observed by PAB or have binding force on it; (2) lead to any breach of this Agreement as a result of conflict with PAB's articles of association or similar organizational documents; (3) lead to the following consequences in agreements or arrangements with PAB being a party concerned: the violation of any terms of these agreements or arrangements by PAB or the post-merger SDB, or the probability of termination of these agreements or arrangements by any other party, or the removal of any obligation or the entitlement to exercise any right (including any right of termination, preemption or other options), or the loss of any interest, right or permit currently enjoyed by PAB incurred to PAB or the post-merger SDB under these agreements or arrangements, or the adverse change or increase in PAB's existing liabilities or obligations. Such violation or breach of contract mentioned in the above (2) and (3) with no significant adverse impact on PAB, singly or collectively,

will not be considered as a breach of this Article.

4.5 Third-party's consent

Except approvals listed in Appendix II of this Agreement are required, PAB is entitled to merge with SDB in accordance with this Agreement without the need to obtain the consent of any third-party or with all necessary third-party consents properly obtained.

4.6 Legal compliance

PAB has observed and has not violated any law, regulation, policy or guideline applicable to commercial banks in the PRC for all key aspects, including laws applicable to anti-money laundering, anti-commercial bribery, internal risk control and capital adequacy ratio. There is no litigation, government investigation, rectification requirement or regulatory judgment aiming at PAB or its senior management which may produce significant adverse impact on PAB that has not been fully disclosed to SDB.

4.7 No major litigation or dispute

There is no litigation, arbitration, investigation, claim or other procedures aiming at PAB which is pending or may be filed as according to the knowledge of PAB, excluding litigation, arbitration, investigation, claim or other procedures aiming at PAB having no significant adverse impact on PAB, singly or collectively.

4.8 Foreign investment

PAB is not committed to any party's equity, equity-like investment or investment, regardless of the compliance with applicable laws.

4.9 Non-performing assets and loans

PAB has no material non-performing assets or loans that have not been fully disclosed to SDB (the non-performing assets and loans shall be identified in accordance with the provisions of applicable laws and/or accounting standards).

4.10 Material contracts

PAB is neither a party agreeing to nor be bound by the following agreements: (1) material contracts that have not been concluded in the normal course of business; or (2) those agreements with exclusive or other similar arrangements that place limitation on PAB's free business exploration, product development or cooperation and investment with other parties; or (3) agreements that have not been concluded under the normal commercial principle of fairness which have put PAB in a disadvantageous position.

4.11 Important properties

PAB has not set any security interest in its important properties (including but not limited to all intellectual property rights, land use rights and real estate owned or used by it) in respect of its legitimate and valid ownership or right of usage of such important properties, excluding those produced in the normal course of operation. Neither is there any claim made by any relevant government department or any other third-party aiming at such properties nor any property ownership issue, dispute or argument arising from such properties which has produced any sort of material adverse changes in the assets, liabilities and business activities of PAB.

4.12 Normal operation

In no case has PAB been required to pay unreasonable costs as a result of any possible disruption to normal operation or any safeguarding of continuous normal operation, including the normal execution of all important third-party contracts relating to back-office support or the renewal of contracts based on reasonable commercial terms.

4.13 Employees

4.13.1 PAB is not subject to any threat of strikes, lockouts or other major labour contract disputes.

4.13.2 PAB has observed all applicable laws, regulations, rules, policies and judgments or rulings relating to employees, employee welfare and labour matters in all material aspects.

4.13.3 Except as required by applicable laws or contracts with PAB as a party concerned, PAB has not signed any compensation agreements with its employees or made any other similar compensation arrangements, including the

payment of termination fee. There is no shortfall and outstanding payment in terms of social insurance and housing fund, excluding those with no significant adverse impact on PAB, singly or collectively.

4.14 Information disclosure

PAB has disclosed to SDB all important information that may affect SDB in accordance with the provisions and conditions of this Agreement in fulfilling the will of this merger and that such information is true, accurate, complete and non-misleading.

5. SDB's Representations and Warranties

SDB make the following representations and warranties to PAB and pledges that all of these representations and warranties are true, accurate, complete and non-misleading as at the date of signing of this Agreement and the date of satisfying the conditions precedent:

5.1 Organizational structure and qualification

SDB (1) is a duly incorporated and validly existing company limited by shares under the laws of the PRC; and (2) has full power and authority to conduct its current banking operations and to sign and deliver this Agreement.

5.2 Consent and approval; no breach of contract

Subject to the receipt of approvals listed in Appendix II, the signing and performance of this Agreement have not and will not (1) violate any applicable laws that shall be observed by SDB or have binding force on it; or (2) lead to any breach of this Agreement as a result of conflict with SDB's articles of association or similar organizational documents.

5.3 Authorization

SDB has taken all necessary internal undertakings to obtain all appropriate authorizations in respect of its signing and delivery of this Agreement.

5.4 Third-party's consent

Except approvals listed in Appendix II of this Agreement are required, SDB is entitled to merge with PAB in accordance with this Agreement without the need to obtain the consent of any third-party or with all necessary third-party consents properly obtained.

6. Transitional Arrangements

6.1 Operation in the course of transition

Unless (1) expressly provided in this Agreement, (2) expressly required by applicable laws; or (3) agreed upon by both parties in writing, for the period from the date of signing of this Agreement to the date of completion of the Merger, PAB pledges that:

- 6.1.1 PAB's operations shall be run in the normal way and PAB shall make all reasonable efforts to maintain the completeness of its corporate structure so that its existing persons-in-charge and key employees can continue to provide service to the company and maintain existing significant relationships with its customers, suppliers, creditors, business partners and other business-related parties so that its good reputation and business continuity will not be jeopardized on the date of completion of the Merger;
- 6.1.2 Without the consent of SDB, PAB shall not (1) amend its articles of association or similar organizational documents; (2) increase or reduce its shares or share capital, or securities convertible into its shares or share capital; (3) declare or distribute any dividend relating to its shares or share capital or other bonuses in the form of cash, stock or property; (4) subdivide, combine or reclassify any of its shares or share capital; or (5) repurchase or acquire its shares or share capital;
- 6.1.3 Unless in the course of normal business operation or in compliance with past practices or enforced by applicable laws, PAB shall not (1) incur or bear any material long-term or short-term debts; (2) change the terms of any material liabilities or other obligations; (3) bear the major responsibilities of any other party through undertaking, guarantee, endorsement or other means (whether directly, contingently or otherwise); (4) provide major loan, prepayment, capital investment or investment to any other party; (5) make any significant commitments or undertake any major deals (including but not limited to any capital expenditure or the purchase, disposal or leasing of any assets or real estate); (6) amend the provisions and conditions of any employment or

consulting contracts or contracts of similar nature signed with any director, supervisor or senior management personnel of PAB; or (7) change, modify or terminate any significant contracts, or waive or transfer any of its major rights or requirements;

6.1.4 PAB shall not transfer, lease, mortgage or pledge any of its material assets or dispose them otherwise, unless in the course of normal business operation or in compliance with past practices;

6.1.5 PAB shall not formulate plans for the implementation of any full or partial liquidation, dissolution, reorganization, recapitalization or other restructuring (except the Merger);

6.1.6 PAB shall not alter the accounting approach adopted, unless required by the PRC or international accounting standards.

6.2 Notice to creditors and announcements

After the Merger has been approved at the general meeting of shareholders defined in Article 2.6 of this Agreement, SDB and PAB shall notify creditors of the execution of the Merger, undertake legal obligations, including the publication of announcements, and repay in advance or provide guarantee upon the request of creditors in accordance with the Company Law and their respective articles of association.

6.3 Further commitment

Upon the request of the counterparty, both SDB and PAB shall use their reasonable best efforts to fulfill all acts and execute all documents needed in performing the Merger herein and ensuring its full validity or make arrangements for the fulfillment of such acts and execution of such documents.

7. Conditions

7.1 Conditions precedent

Performance of the Merger's precedent conditions herein shall mean that the following conditions are satisfied or appropriately waived on or before the deadline:

- 7.1.1 All approvals listed in Appendix II of this Agreement are properly obtained and continuously valid;
 - 7.1.2 Regulatory authorities have not announced, promulgated or implemented any law, regulation, rule, instruction, order or notice that prohibits the completion of the Merger as proposed in this Agreement;
 - 7.1.3 In respect of SDB's obligations required in completing the Merger, all representations and warranties of PAB under Article 4 of this Agreement shall be true and accurate in all material aspects as at the date of signing of this Agreement and shall continue to be so to the date of satisfying the conditions precedent (as if they are made again on the date of satisfying the conditions precedent);
 - 7.1.4 In respect of PAB's obligations required in completing the Merger, all representations and warranties of SDB under Article 5 of this Agreement shall be true and accurate in all material aspects as at the date of signing of this Agreement and shall continue to be so to the date of satisfying the conditions precedent (as if they are made again on the date of satisfying the conditions precedent);
- 7.2 Non-satisfaction of conditions
- 7.2.1 Where conditions under Article 7 of this Agreement have not been satisfied or are appropriately waived as at the deadline, both parties shall have the right to notify the counterparty of the termination of this Agreement in writing and the effective date of the termination shall be the date on which the notice arrives at the counterparty.
 - 7.2.2 Upon termination of this Agreement, further rights and obligations of both parties under this Agreement shall be terminated at the same time but those rights and obligations that have occurred under this Agreement on the termination day shall not be affected.

8. Mutual Right to Remedy

- 8.1 Right of termination

Where, any time prior to the Merger, (1) any provision under this Agreement is seriously violated by either party, and (2) the breaching party fails to resort to any remedy for such default within 30 days after the complying party has issued a written notice to the breaching party demanding the breaching party to take immediate remedial action for such default, the complying party may issue a written notice to the breaching party and could choose between completing the Merger or terminating this Agreement.

8.2 Consequences of termination

Where either party terminates this Agreement in accordance with Article 8.1 of this Agreement, further rights and obligations of both parties under this Agreement shall be terminated immediately upon termination but those rights and obligations that have occurred under this Agreement on the termination day shall not be affected.

8.3 Obligations in default

The non-performance of any obligations under this Agreement as stipulated by any party of this Agreement shall constitute a default. If any loss is incurred by the complying party as a result of such default, compensation for such losses shall be made to the complying party and corresponding measures shall be adopted to protect the suffering party from any further damages.

9. Announcements

Without prior consultation with the counterparty (such consent shall not be unreasonably withheld), either party shall not make any announcement, press release or circular relating to the deal as described in this Agreement. Unless under circumstances where such announcement, press release or circular is issued in accordance with the laws, or the rules of the listing body with jurisdiction over the shares of either party, or the requirements of the stock exchange on which the shares of either party are listed or traded, government agencies or other related institutions that shall be complied with or observed by either party, the party which is required to issue such announcement, press release or circular shall, within reasonably practicable extent, provide the counterparty with reasonable time to make suggestions for modification of such announcement, press release or circular prior to the issuance of such announcement, press release or circular.

10. Cost

Unless otherwise provided in this Agreement or relevant documents, both parties shall be responsible on their own for the costs relating to the negotiation, drafting, signing and performance of this Agreement as well as every document described in this Agreement.

11. General Provisions

11.1 Amendment

Any amendment to this Agreement shall be made in writing and shall only be effective when executed by the two parties or their authorized representatives.

11.2 Failure or delay in exercising any right

Failure or delay in exercising any right or remedy under this Agreement or provided by the law shall neither impair such right or remedy or constitute a waiver of such right or remedy, nor impair any other right or remedy or constitute a waiver of any other right or remedy; no single or partial exercise of such right or remedy under this Agreement or provided by the law shall preclude any further exercise of such right or remedy or exercise of any other right or remedy.

11.3 Non-exclusivity of remedy

The rights and remedies of both parties under this Agreement shall be cumulative and shall not exclude any right or remedy provided by the law.

11.4 Full agreement

This Agreement shall constitute the full agreement between both parties in respect of the items described in this Agreement and shall replace any previous written or verbal agreements between both parties in respect of the items described in this Agreement.

11.5 Transfer

Unless otherwise agreed, either party shall not transfer, assign, or dispose of all or any part of its obligations or rights under this Agreement by any other means without the prior

written consent of the counterparty.

12. Notices

12.1 Format of notice

Any notice, claim, demand or other communications under or relating to this Agreement (“Notice”) shall be written in Chinese and shall be validly delivered if mailed or delivered to the following address or fax number:

(a) SDB:

Address: No. 5047 Shennan Road East, Shenzhen, Guangdong Province

Postal code: 518001

Fax no.: 0755 8208 1018

Recipient: Chairman and Board Secretary

(b) PAB:

Address: Semi-basement, 1st, 2nd, 4th-17th and 21st-22nd Floors of Ping An Bank Building, No.1099 Shennan Road Central, Futian District, Shenzhen

Postal code: 518031

Fax no.: 0755-2393 6502

Recipient: Chairman and Board Secretary

Or delivered to other address or fax number of the relevant party which has been made known to the other party in accordance with Article 12.1 of this Agreement.

12.2 Delivery of notice

Any Notice may be delivered by hand, fax or courier. Any Notice shall be delivered to the address or fax number as provided in Article 12.1 of this Agreement. If hand-delivered, such Notice shall be deemed to have arrived on the same day. If delivered by fax, such Notice shall be deemed to have arrived on the next business day. If delivered by a widely recognized courier service company, such Notice shall be deemed to have arrived on the fourth business day from the date of delivery to the courier service company (or an earlier date as confirmed by the relevant courier service company in writing).

13. Settlement of Disputes

In case of any dispute relating to this Agreement between the two parties, both parties shall make all reasonable efforts to resolve such issues in a friendly manner. Where either party informs the other party of a major dispute which has already occurred and that both parties fail to resolve such dispute within 15 days upon the arrival of such Notice, such dispute shall be submitted to their respective board of directors for solution. Where both parties fail to resolve such dispute within 30 days upon the arrival of such Notice, either party shall have the right to file the dispute with Shenzhen City People's Court in accordance with this Agreement.

14. Governing Law

This Agreement shall be governed by the laws of the PRC and shall be interpreted based on the laws of the PRC.

15. Language and Validity

This Agreement is written in Chinese. This Agreement shall enter into force when duly executed by SDB and PAB and shall constitute the legal, valid and binding obligations to both parties, enforceable in accordance with its respective terms.

16. Counterparts

This Agreement may be executed in two or more counterparts, each of which shall be deemed to be an original when executed and delivered, but all of which together shall constitute one and the same agreement.

(No text below)

(Signing page of the *Absorption Merger Agreement between Shenzhen Development Bank Co., Ltd. and Ping An Bank Co., Ltd.*)

Shenzhen Development Bank Co., Ltd.

Signature: _____

Name:

Title:

(Signing page of the *Absorption Merger Agreement between Shenzhen Development Bank Co., Ltd. and Ping An Bank Co., Ltd.*)

Ping An Bank Co., Ltd.

Signature: _____

Name:

Title:

Appendix I

Definition

For the purpose of this Agreement, except otherwise provided herein or as the context may otherwise requires, the following terms shall refer to the meaning as below:

The term “agreement” or “this Agreement” refers to the Absorption Merger Agreement.

The term “Company Law” refers to the *Company Law of the People’s Republic of China* and its amendments made from time to time.

The term “business day” refers to any day other than Saturday or Sunday and any day except those on which banks in the PRC may not operate or are required not to operate in accordance with applicable laws.

The term “date of completion of the Merger” refers to the day provided in Article 2.2 of this Agreement.

The term “deadline” refers to, except for those otherwise agreed upon in writing by SDB and PAB, the day on which SDB or PAB provides to the counterparty receivable evidence certifying that regulatory authorities have not approved the deal or such other date on which this Agreement shall be immediately terminated.

The term “Merger” refers to the meaning provided in Article 2.1 of this Agreement.

The term “Final Price per Share” refers to the meaning provided in Article 3.1.1 of this Agreement.

The term “Cash Merger Consideration” shall have the meaning provided in Article 3.1.1 of this Agreement.

The term “stock merger consideration” shall have the meaning provided in Article 3.2 of this Agreement.

The term “Operator” shall have the meaning provided in Article 3.2.3 of this Agreement.

The term “Exchange Shares” refers to the meaning provided in Article 3.2.1 of this

Agreement.

The term “price per SDB share” refers to the average trading price of SDB stock for 20 trading days preceding the price determination date, being the date of announcement SDB’s board resolution on the approval of the Merger, i.e. RMB 15.45.

The term “date of satisfying the conditions precedent” refers to the day on which all conditions mentioned in Article 7 of this Agreement are satisfied or appropriately waived.

The term “registration time” refers to the day as negotiated and determined by both parties which is after the date of satisfying the precedent conditions.

The term “subsisting company” refers to the post-merger SDB.

The term “SDB” refers to Shenzhen Development Bank Co., Ltd.

The term “PAB” refers to Ping An Bank Co., Ltd.

The term “minority shares” refers to all shares issued by PAB other than those held by SDB as at the registration time.

The term “minority shareholders” refers to shareholders holding PAB’s minority shares.

The term “PAB’s dissenting shares” refers to any minority shares of which the owners vote against this Agreement and the Merger at PAB’s general meeting of shareholders and request PAB to acquire their shares in accordance with the Company Law and/or PAB’s articles of association, who have neither validly withdrawn such request as at the registration time nor cease to have the right to make such requests.

The term “dissenting PAB’s shareholders” refers to minority shareholders holding PAB’s dissenting shares.

The term “SDB’s dissenting shares” refers to any SDB shares of which the owners vote against this Agreement and the Merger at SDB’s general meeting of shareholders and request SDB to acquire their shares in accordance with the Company Law and/or SDB’s articles of association, who have neither validly withdrawn such request as at the registration time nor cease to have the right to make such requests.

The term “dissenting SDB’s shareholders” refers to shareholders holding SDB’s dissenting shares.

The term “valuation base date” refers to 30 June 2011.

The term “material adverse changes” refers to material adverse changes in assets and liabilities, businesses, financial position or operational results of SDB or PAB (depending on the situation) and such changes will hinder the fundamental and basic operation of SDB. In respect of this Agreement, material adverse changes shall not include any change due to the following reasons: (1) any change in the PRC GAAP; (2) any change in law; (3) any event that have general impact on the Chinese economy but will not produce disproportionate impact on SDB or PAB (depending on the situation); and (4) any event that have general impact on the banking industry as a whole but will not produce disproportionate impact on SDB or PAB (depending on the situation). For the avoidance of ambiguity, the decrease in the trading price or trading volume of SDB stocks and any facts or circumstances being disclosed by SDB or PAB (depending on the situation) prior to the signing date as well as the developments thereafter shall not be material adverse changes.

The term “regulatory authorities” refers to relevant departments which are entitled to approve or regulate the execution of the Merger of SDB and PAB in accordance with the laws and regulations of the PRC.

The term “PRC” refers to People’s Republic of China and, for the purpose of this Agreement, shall not include Hong Kong Special Administrative Region, Macao Special Administrative Region and the Taiwan region.

The term “RMB” refers to the lawful currency of the PRC.

The term “party” refers to any natural person, legal person or organization, or government institution.

Appendix II

Approvals to be obtained

1. Approval of SDB's general meeting of shareholders on the Merger and this Agreement
2. Approval of PAB's general meeting of shareholders on the Merger and this Agreement
3. Approvals of regulatory authorities on the Merger and other related matters (if necessary)

Proposal of SDB on renaming

The Company plans to change name after registration cancellation of Ping An Bank Co., Ltd. due to merger through absorption, and revise AoA accordingly. Specific proposal content is as follows:

It is agreed that after registration cancellation of Ping An Bank Co., Ltd. due to merger through absorption, the Company's Chinese name will be changed from “深圳发展银行股份有限公司” to “平安银行股份有限公司”, and English name will be changed from “Shenzhen Development Bank Co., Ltd.” to “Ping An Bank Co., Ltd.”. The Company will request Shareholders' Meeting to authorize BoD to make corresponding revisions to AOA, and authorize the management to handle specific issues related to the renaming. The above is to be approved by banking industry regulatory institutions and industrial and commercial management institutions, and the new name is subject to what is approved by the aforementioned institutions.

The above proposal is hereby submitted to EGM for deliberation.

Proposal of SDB on requesting Shareholders' Meeting to grant full authorization to BoD for handling the absorption merger

The Company plans to merge the held subsidiary Ping An Bank Co., Ltd. through absorption. To ensure the absorption merger is conducted in a smooth and efficient manner, as per relevant laws, regulations, and discipline documents incl. *Company Law of the People's Republic of China*, the Company requests Shareholders' Meeting to grant full authorization to BoD, or under appropriate circumstances allow BoD to grant full authorization to Board Chairman, to handle all issues relating to the absorption merger within the scope approved by relevant laws and regulations and resolutions of Shareholders' Meeting and in the principle of maximizing the interests of the Company, including but not limited to:

1. Formulate and implement the specific absorption merger scheme based on actual situation;
2. Make necessary adjustments to the absorption merger scheme as per relevant rules and requirements if state laws/regulations and regulators have new provisions on absorption merger or regulators raise relevant requirements;
3. Take all necessary actions to decide and handle other specific issues related to the absorption merger, including but not limited to signing relevant documents, conducting necessary information disclosure, identifying the third party who offers claims for acquisition to dissenting SDB shareholders during the absorption merger, and making reports on the absorption merger to relevant regulators for approval (if required).

The aforesaid authorization takes effect within 12 months from the day when it is deliberated and approved at the Company's Shareholders' Meeting.

The proposal is hereby submitted to EGM for deliberation.