

News Release from Discovery Holdings
1 December 2009

DISCOVERY SIGNS TERM SHEET TO ACQUIRE UP TO 24.99% IN PING AN HEALTH INSURANCE CO. OF CHINA LTD.

Discovery today announced it has entered into a non-binding term sheet to acquire up to 24.99% stake in Ping An Health Insurance Co. of China Ltd, a wholly-owned subsidiary of Ping An Insurance (Group) Company of China, Ltd. Ping An Group is the second largest insurer in China, and with a market capitalization of 292 billion Yuan (R319 billion) the third largest in the world.

The Chinese private health insurance market, while in its infancy, presents a unique opportunity for growth and scale

The Chinese health care system is experiencing rapid growth and change. Whilst a large proportion of the population is covered by a Social Health Insurance (SHI) system, this has strict coverage caps and co-pays. There is also inadequate access to top-tier hospitals and healthcare facilities. Patients generally land up paying 50-60% out-of-pocket, and often struggle to access high-end care.

This inadequate cover, coupled with increasing consumer awareness about the need for preventive healthcare, has created demand for private medical insurance. The growing disposable income amongst the 25-40 million middle class households means many consumers can afford top-up cover. There is also increasing demand for cover for private healthcare facilities, diagnostics and branded drugs that fall outside the limited SHI schedule of benefits

The Chinese Government recognizes the limitations of the SHI, and through their reform process, is encouraging private healthcare insurance providers to play an active role in developing a “multi-level health insurance system”. Whilst the private health insurance market is still nascent, there is strong growth potential. In 2007 gross written premiums were approximately 19 billion Yuan (R21 billion). McKinsey & Company estimates that in 2008, private healthcare premiums reached approximately 55 billion Yuan (R59 billion).

Ping An Group of China is a leader in the Chinese insurance market, providing immediate scale, brand and distribution

Founded in 1988, Ping An was the first financial conglomerate to be established in China with insurance as its core business. As at 30th June 2009, the consolidated total assets and total equity of the Group were RMB 885.4 billion and RMB 101.8 billion, respectively, under International Financial Reporting Standards (IFRS). The Group offers financial services including insurance, banking, investment and wealth management to about 47 million customers and over two million corporate clients.

Adrian Gore, Discovery’s Chief Executive, said: “Ping An is an excellent partner. The Group is a leader in the Chinese insurance market, providing immediate scale, brand and distribution capability in this rapidly growing market.”

Ping An Health provides an established, scalable entry point into the Chinese private health insurance market

Ping An already has an established presence in the Chinese health insurance market through its insurance businesses and specialist health insurer, Ping An Health – into which Discovery will be investing. Ping An Health currently holds one of a limited number of health insurance licenses issued by the Chinese Insurance Regulatory Commission.

According to Gore: “Ping An Group currently has a 30% share of the ‘riders’ or ‘supplementary’ private health insurance market. In 2005, Ping An grasped the enormous growth opportunity and potential of the comprehensive health insurance market, and Ping An Health was established in Shanghai.”

Ping An Health’s products and services are primarily aimed at middle and upper income customers, and it has branches in Shanghai, Beijing and Guangzhou. It has recorded significant growth over the last three years with sales increasing more than 400% over the period. As Gore notes: “Ping An Health is a fast-growing, well

capitalised business. We are confident that it will be able to maintain its growth trajectory as the Chinese health insurance market develops and it is able to leverage off Ping An Group's comprehensive distribution network and scale in the Chinese market."

Ping An has chosen to partner with Discovery as a result of its unique combination of health insurance assets and understanding of developed and emerging markets

Ping An selected Discovery as a partner for its health insurance subsidiary as a result of Discovery's unique experience in operating in both developed and developing markets. With over 2.4 million health insurance clients in South Africa and the United Kingdom, Discovery is today one of the largest health insurers in the world.

Ping An Health will draw on Discovery's health product, systems, data and risk management assets, and will continue to leverage off Ping An Group's comprehensive distribution network, scale and local market expertise. Over the past year, Discovery has made ready a team, lead by members of its South African executive, that will be deployed in Ping An Health.

Gore said "The chemistry and fit between the two companies was immediate: we both have entrepreneurial, performance driven cultures, and we now have the same ambition to grow Ping An Health into a formidable player."

Financial effects of the transaction

The consideration will be subject to certain closing adjustments and is not expected to exceed of 5% of Discovery's market capitalization. The transaction is not expected to have a significant effect on the earnings per share, headline earnings per share, net asset value per share or net tangible asset value per share of Discovery and accordingly the financial effects have not been disclosed.

The conclusion of the transaction is subject to definitive agreement between the parties, following which it would be subject inter alia to the requisite regulatory approvals and other conditions precedent.

-Ends-

The information in Discovery's press releases is specifically meant for journalists and consumers should not use it to make financial decisions. Detailed information about Discovery's products is available at www.discovery.co.za

FD Media& Investor Relations Ravin Maharaj	Discovery Holdings Adrian Gore, CEO
+ 27 11 214 2400 27 (0) 83 447 5158	+ 27 11 529 2854

Notes to editors

Discovery information

Discovery is an authorised financial services provider.

Discovery operates in healthcare cover and life insurance markets in South Africa and the UK and launched Discovery Invest – its investment business – in 2007. Vitality, Discovery's wellness programme, is the largest provider of individual and corporate wellness initiatives in South Africa, also operating in the UK and US. The company's core purpose is to make people healthier, and to enhance and protect their lives through financial products that clients need and want.

Discovery Health

- Discovery Health is South Africa's largest healthcare funder and manager of medical schemes. It covers over two million lives and manages 13 medical schemes.
- This includes the Discovery Health Medical Scheme, the country's largest open medical scheme and the only one to enjoy an AA rating for its claim paying ability, the highest possible credit rating from international rating agency, Global Credit Ratings.
- Discovery Health pioneered consumer-driven healthcare in South Africa with the introduction of innovations like the Medical Savings Account and its wellness programme, Vitality.
- Discovery Health was voted top medical aid brand in the Sunday Times Top Brands survey for 2009.
- Discovery Health was voted the top health product supplier at the 2008 Financial Intermediaries' Association Awards.

Discovery Life

- Discovery Life is South Africa's fastest growing major life assurer, having captured around 40% of the new business in the independent broker risk market since its inception in 2000.
- It was the first South African insurer to separate risk from investment, leading a change in the environment that is projected to save consumers more than R5 billion by 2010.
- Discovery Life was voted the top life insurance and pension/provident fund in the 2009 Sunday Times Top Brands survey
- Discovery Life was voted the top risk and life assurance supplier at the 2008 Financial Intermediaries' Association Awards.

Discovery Invest

- Discovery Invest was launched in October 2007.
- Discovery Invest combines the breadth and skill of the asset management industry with the existing research and development capabilities of Discovery Life.
- The company now offers consumers a unique and comprehensive product range that addresses the current gaps in the market by offering greater protection against poor investment choices.
- In the short space of time that Discovery Invest has been launched, over 1 600 intermediaries have written business with Discovery Invest.
- By June 2009, assets under management crossed the R4 billion mark.

PruHealth

- PruHealth was launched into the UK market in October 2004 as a joint venture between Discovery and UK insurer, Prudential, in response to a growing need for consumer-directed private medical insurance products.
- PruHealth received several awards at the 2008 Health Insurance Awards, including Health Insurance Company of the Year 2008. The company also won several awards at the 2007 and

2008 Cover Excellence Awards (Individual PMI Provider of the Year and Group PMI Provider of the Year); the 2007 AMII Awards (Insurer of the Year for Service to Intermediaries); and the 2007 Investment Life and Pensions Moneyfacts Awards (Best PMI Provider)

- PruHealth was chosen, among other stakeholders, to champion the Department of Health's *small change, big difference* campaign. This campaign is aimed at encouraging Britons to improve their health by making small lifestyle changes.
- Since then, PruHealth has grown to cover more than 200 000 lives.

PruProtect

- PruProtect's strategy mirrors that of Discovery Life, as it is based on the Vitality structure and enables dynamic pricing to be employed in the UK life assurance market. Built into this strategy is the expectation that premium levels will be competitive and risk-selection will be improved.
- By January 2009, PruProtect has 12 franchises with 91 account managers deployed across the UK

Discovery Vitality

- Discovery Vitality is a science-based wellness programme that underpins each of the Discovery businesses and is an international brand in its own right.
- Vitality encourages healthy behaviours that reduce long-term healthcare costs by rewarding members for improving their health.
- It is accredited by the Sports Science Institute of South Africa and more than 1.2 million people currently belong to Vitality.
- Vitality is available to Discovery Life and Discovery Health members, clients of PruHealth and PruProtect
- In 2008, Vitality launched the *Vitality Schools Programme* to 1 000 public and private schools in South Africa. It is a practical, lesson-based plan with deliverables aimed at stemming unhealthy behaviour and encouraging healthy lifestyles. It is aligned to the National Curriculum Statement for learners. Since its launch, the programme has reached over 1 000 schools, 17 000 teachers and almost 500 000 learners.
- In February 2009, the HealthyFood™ Benefit was launched. This benefit saves members up to 25% on a wide range of healthy foods they buy at Pick n Pay. In the first four months, 170 000 families bought 715 000 trolleys of HealthyFood™
- Vitality's value offering is further enhanced by the DiscoveryCard, which is the only credit card to reward people for looking after their health.

Ping An information

Ping An

Ping An is the first financial conglomerate established in China with insurance as its core business together with a diverse range of businesses including securities, trust, banking, asset management and enterprise annuity. Founded in 1988, the Shenzhen-headquartered Group has listed its shares on the Hong Kong Stock Exchange since June 2004, and on the Shanghai Stock Exchange since March 2007, under the name of "Ping An of China". As at 30th June 2009, the consolidated total assets and total equity of the Group were RMB 885.4 billion and RMB 101.8 billion, respectively, under International Financial Reporting Standards (IFRS). The Group offers financial services including insurance, banking, investment and wealth management to about 47 million customers and over two million corporate clients. In recognition of its growing stature and operational excellence, Ping An has been included in Forbes "Global Listed Companies 2000" and Financial Times "Global 500" numerous times.

Ping An Health

Ping An Health Insurance Co of China Ltd. was founded on 13th of June, 2005, with the approval of the China Insurance Regulatory Commission. It is a professional health insurance company owned by Ping An Group of China with a registered capital of RMB 500 million and headquartered in Shanghai. Ping An Health provides services of health insurance, accident insurance, committed governmental health insurance management, health consulting and reinsurance.