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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)

ANNOUNCEMENT OF UNAUDITED RESULTS FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2016

The Board of Directors (the “Board of Directors”) of Ping An Insurance (Group) Company of China, Ltd. (“Ping An” or the “Company”) announces the unaudited results (the “Third Quarterly Results”) of the Company and its subsidiaries (the “Group”) for the nine months ended September 30, 2016 (the “Reporting Period”). The Board of Directors and its Audit and Risk Management Committee have reviewed the Third Quarterly Results.

1. KEY FINANCIAL INFORMATION

During the Reporting Period, the key financial data prepared under International Financial Reporting Standards (“IFRS”) are as follows:

(in RMB million)	September 30, 2016	December 31, 2015
Total assets	5,296,564	4,765,159
Total liabilities	4,815,950	4,351,588
Total equity	480,614	413,571
Equity attributable to shareholders of the parent company	<u>379,378</u>	<u>334,248</u>

(in RMB million)	For the three months ended September 30		For the nine months ended September 30	
	2016	2015	2016	2015
Total income	184,696	151,810	592,524	528,109
Net profit	18,505	16,494	64,813	56,405
Net profit attributable to shareholders of the parent company	15,732	13,627	56,508	48,276
Basic earnings per share (in RMB)	<u>0.88</u>	<u>0.75</u>	<u>3.17</u>	<u>2.64</u>

2. TOTAL NUMBER OF SHAREHOLDERS AND SHAREHOLDINGS OF TOP TEN SHAREHOLDERS AS AT THE END OF THE REPORTING PERIOD

As at September 30, 2016, the total share capital of the Company was 18,280,241,410 shares, of which 10,832,664,498 were A shares and 7,447,576,912 were H shares.

Total number of shareholders as at the end of the Reporting Period		Total number of shareholders was 274,601, of which 269,840 were holders of A shares and 4,761 were holders of H shares.				
Shareholdings of top ten shareholders						
Name of shareholder	Nature of shareholder	Share-holding percentage (%)	Total number of shares held (Shares)	Type of shares	Number of selling-restricted shares held (Shares)	Number of pledged or frozen shares (Shares)
Hong Kong Securities Clearing Company Nominees Limited ⁽¹⁾	Overseas legal person	32.09	5,866,585,622	H Share	–	unknown
Shenzhen Investment Holdings Co., Ltd.	State	5.27	962,719,102	A Share	–	380,060,000 pledged shares
All Gain Trading Limited	Overseas legal person	4.32	789,001,992	H Share	–	789,001,992 pledged shares
China Securities Finance Corporation Limited	State-owned legal person	4.05	740,236,434	A Share	–	–
Huaxia Life Insurance Co., Ltd. – Universal Insurance Products	Others	4.00	731,125,021	A Share	–	–
Bloom Fortune Group Limited	Overseas legal person	2.77	505,772,634	H Share	–	505,772,634 pledged shares
Central Huijin Asset Management Ltd.	State	2.65	483,801,600	A Share	–	–
Business Fortune Holdings Limited	Overseas legal person	1.43	261,581,728	H Share	–	169,463,933 pledged shares
Shum Yip Group Limited	State-owned legal person	1.41	257,728,008	A Share	–	–
Hong Kong Securities Clearing Company Limited ⁽²⁾	Overseas legal person	1.32	240,633,492	A Share	–	–

Note: (1) Shares held by Hong Kong Securities Clearing Company Nominees Limited (“HKSCC Nominees Limited”) are held on behalf of its clients. The shares owned by All Gain Trading Limited, Bloom Fortune Group Limited and Business Fortune Holdings Limited have been registered under the name of HKSCC Nominees Limited. In order to avoid double counting, the shares owned by these three companies have been deducted from the shares held by HKSCC Nominees Limited.

(2) Hong Kong Securities Clearing Company Limited acts as nominee holder for Hong Kong and international investors to hold SSE A shares under the Shanghai-Hong Kong Stock Connect Program.

Explanation of the connected relationship or acting-in-concert relationship of the above shareholders

All Gain Trading Limited, Bloom Fortune Group Limited and Business Fortune Holdings Limited are indirect wholly-owned subsidiaries of Charoen Pokphand Group Company Limited, they are of acting-in-concert relationship since they are under common control.

Save as the above, the Company is not aware of any connected relationship or acting-in-concert relationship among the above-mentioned shareholders.

3. BUSINESS REVIEW FOR THE REPORTING PERIOD

In the third quarter of 2016, the overall economic situation in China was stable, showing an improvement yet still with some downside pressure. The government promoted transformation and upgrading of the economic structure, with reforms and opening-up being further pushed through. Given the uncertainty of macroeconomic trends, Ping An adhered to the established operating concept, continued to follow the strategy of “Integrated Finance + Internet” and “Internet + Integrated Finance”, and kept improving the user and customer value to work towards the goal of being a “World-leading Personal Financial Services Provider”. Through efforts in the first three quarters, the scale of Group’s individual customers increased steadily. The conversion between users and customers turned out to be successful. The core finance businesses such as insurance, banking and asset management maintained steady and healthy growth, and the internet finance business maintained rapid growth.

In the first three quarters of 2016, the Company delivered an impressive performance in the following areas:

The Company saw steady and healthy growth as a whole. Net profit attributable to shareholders of the parent company stood at RMB56,508 million, up by 17.1% over the same period last year. As at September 30, 2016, equity attributable to shareholders of the parent company reached RMB379,378 million, up by 13.5% over the beginning of the year; and total assets were about RMB5.3 trillion, up by 11.2% over the beginning of the year.

Ping An kept strengthening the operation of individual customers, promoting the conversion between users and customers significantly.

As at September 30, 2016, Ping An had an overall individual customer base of 125 million, up by 26.82 million in the first three quarters, among which, the number of online customers reached 76.20 million, accounting for 61.0% of total individual customers. In the first three quarters of 2016, the Group’s internet business continued to develop. As at September 30, 2016, the number of our internet users was about 337 million, including 229 million annual active users, and the user base of the mobile internet service business reached 222 million. In the first three quarters of 2016, 8.23 million new customers were converted from internet users, accounting for 30.7% of total new customers. At the same time, 13.39 million customers of core finance companies became online customers through registration of accounts of internet service platforms, accounting for 14.0% of total new internet users in the first three quarters of 2016.

Life insurance business maintained steady and healthy growth. Scale of individual life insurance business and value of new business of life insurance business grew steadily. The productivity of life insurance sales agents increased steadily. Property and casualty insurance business maintained a sound level of business quality.

In the first three quarters of 2016, written premiums of life insurance business reached RMB295,552 million, an increase of 26.2% over the same period last year, of which, written premiums of individual life business were RMB280,765 million, an increase of 26.6% over the same period last year. Value of new business of life insurance arrived at RMB35,348 million, increasing by 48.1% as compared with the same period last year.

Ping An Life placed customer-focused operations at the core of its business, promoting the synergistic development of multiple channels, striving to achieve the sustainable, healthy and stable growth of the business's embedded value and scale. In the first three quarters of 2016, written premiums of Ping An Life reached RMB282,153 million, an increase of 26.6% as compared with the same period last year. Ping An Life realized a net profit of RMB22,983 million, an increase of 18.7% over the same period last year. The agent channel business realized sound growth, and written premiums of new business reached RMB82,831 million, an increase of 39.5% over the same period last year; the productivity of the agents improved steadily, and the first-year written premiums per agent per month increased by 7.7% over the same period last year. The structure of the bancassurance business kept improving, with regular written premiums of new business growing by 116.5% over the same period last year to RMB2,559 million. The telemarketing business increased by 30.6% as compared with the same period last year to record written premiums of RMB12,335 million in the first three quarters, maintaining its leadership in market share. The internet marketing developed its differentiated advantages with a focus on O2O product operating model, and expanded its product offerings. Its written premiums reached RMB3,588 million in the first three quarters.

Ping An Annuity strives to become the leading pension asset management company and leading social benefits services provider in China. In the first three quarters, short-term insurance and long-term insurance business scale reached RMB12,817 million and RMB5,304 million respectively, with market shares maintaining the leading position in the industry. As at September 30, 2016, the assets under management of Ping An Annuity amounted to RMB417,734 million in total, of which corporate annuity entrusted assets, corporate annuity assets under investment management and other entrusted management business assets were RMB150,402 million, RMB145,069 million and RMB122,263 million, respectively, reinforcing Ping An Annuity's leading position among professional annuity companies in China.

Ping An Property & Casualty has always adhered to an intrinsic growth-focused, intensive development path, kept improving service standards and customer experience, and achieved a balanced development of size and quality. In the first three quarters, Ping An Property & Casualty's net profit arrived at RMB10,507 million, down by 6.0% over the same period last year, with the combined ratio of 94.9%. The premium income of Ping An Property & Casualty was RMB127,427 million, up by 4.8% over the same period last year. Of which, RMB105,409 million was contributed by automobile insurance, up by 11.9% over the same period last year. Premium income from cross-selling, telemarketing and internet marketing reached RMB58,850 million, up by 8.9% over the same period last year. Premium income from car dealers reached RMB28,747 million, up by 18.9% over the same period last year.

For insurance funds management, Ping An kept optimizing asset allocation to steadily improve investment return.

The Company sticks to the bottom line of risk control and steadily increased high-rating fixed income investment and preferred stock investment. It seized the potential of the equity market and dynamically adjusted the allocation of equity assets. As at September 30, 2016, the investment portfolio of insurance funds was valued at RMB1.88 trillion, up by 8.6% over the beginning of the year. In the first three quarters of 2016, the annualized net investment yield was 6.0%, with the annualized total investment yield being 4.9%.

Banking business promoted steady development of its business scale with continued improvement in its operating efficiency, and the asset quality stayed at a manageable level.

In the first three quarters of 2016, Ping An Bank achieved a net profit of RMB18,719 million, up by 5.5% over the same period last year; the net non-interest income reached RMB27,405 million, up by 19.4% over the same period last year, accounting for 33.43% of operation income; the average cost rate of interest bearing liabilities was 2.17%, down by 0.85 percentage point over the same period last year; Ping An Bank continued to raise its efficiency, with the cost-to-income ratio of 27.70%, down by 4.44 percentage points over the same period last year; the business size saw steady growth, with customer deposits increasing by 10.3% over the beginning of the year, and loans and advances to customers increasing by 17.6% over the beginning of the year.

Retail business continued to carry out the reform of big business units. As at the end of the third quarter, the number of customers of wealth or above reached 328.5 thousand, and the assets of retail customers under management were RMB760,670 million. “Orange Bank” provided schemes of electronic signature on a document and opened more asset management products to customers, which brought an increase of customer base by 99.0% from the year beginning. Additional 6,499.9 thousand credit cards were issued, up by 46.8% compared with the same period last year.

Ping An Bank continued to optimize the credit structure, manage existing loans, strictly control new loans, and step up efforts to dissolve and dispose of non-performing assets. As at the end of the third quarter, the non-performing loan ratio was 1.56%, and the provision coverage ratio was 164.39% in Ping An Bank.

Ping An Trust maintained steady growth, proactively promoted the business model change and transformation, and implemented strict baseline control of risk. Ping An Securities built differentiated advantages, outperformed the industry and kept improving its rankings of main operating indicators. Ping An Asset Management saw steady growth in its business as a whole, and continued to expand its third-party business.

Ping An Trust maintained steady business growth, and proactively promoted the implementation of strategic transformation. With “Retail + Fund” as its core business model, and through such initiatives as building a new risk control system, an IT and operation support management platform, Ping An Trust strove to ensure successful strategic transformation. As of September 30, 2016, trust assets under management reached RMB626,489 million, up by 12.2% over the beginning of the year, of which, the scale of administrative trusts increased by 44.9% from the year beginning to RMB325,500 million, the scale of investment trusts decreased by 12.2% from the year beginning to RMB150,768 million, and financing trusts decreased by 7.3% from the year beginning to RMB150,221 million.

Affected by market volatility and a slump in the brokerage trading volume, the net profit of the securities industry in the first three quarters decreased by 49.8% over the same period last year. Ping An Securities generated a net profit down by 20.2% over the same period last year, but outperforming the industry; rankings of operating income and net profit moved upward to No.14 and 17, up by 4 notches and 7 notches, respectively, compared with the end of last year. Ping An Securities won title of rating-A securities company after being upgraded by three levels in a row. In addition, Ping An Securities kept promoting the internet transformation for its brokerage business. In September, the number of monthly active users of “Ping An Securities” APP reached 4.85 million, with the ranking moving up by 7 notches to No. 2 among securities companies compared to that in January. For the institutional business, Ping An Securities continued to expand its advantages at upstream, midstream and downstream links of the fixed-income business, ranking the fourth by the number of bonds underwritten. Bond transactions maintained a high rate of return and the interest rate swap market-making business continued to rank No. 1 among securities companies. Meanwhile, trading technologies were effectively output, with the scale of active investment management business and investment advisory business being up by 74.1% from the beginning of the year.

Ping An Asset Management saw steady growth in its business as a whole, kept improving risk management standards, continued to expand the third-party business, strengthened innovation, and in an effort to create value for customers. As of the end of September 2016, the assets under management reached RMB2.16 trillion, up by 9.8% from the year beginning; of which the third-party assets under management reached RMB282,575 million, up by 15.0% from the year beginning, and generated a management fee income of RMB1,543 million, up by 36.2% over the same period last year.

Internet finance business developed rapidly, with strong growth in various businesses.

Lufax Holding strengthened its presence in areas such as wealth management, consumer finance, and institutional trading of financial assets, and further enhanced its leading advantages in the internet finance industry. As at September 30, 2016, Lufax had a total of 25.50 million registered users, up by 39.3% from the year beginning. The number of active users grew by 80.4% from the year beginning to 6.55 million. In the first three quarters of 2016, the retail transaction volume reached RMB1,077,220 million, up by 239.3% over the same period last year; retail customers’ assets under management as at September 30, 2016 reached RMB390,921 million, up by 55.8% from the end of 2015; and the volume of institutional transaction totalled RMB3,220,583 million, up by 428.8% over the same period last year; Puhui Financial recorded new loans of RMB111,901 million, up by 281.6% over the same period last year, and the balance of loans under management as at September 30, 2016 hit RMB111,650 million, keeping ahead in the industry.

Focused on user experience and closed-loop services, Ping An Doctor is committed to providing both online and offline health management and mobile medical services for users. As of the end of September 2016, Ping An Doctor has provided 110 million users with health management services, with daily peak consultation quantity surpassing 250 thousand, and the peak number of monthly active users exceeding 26 million. Ping An Doctor ranks No.1 among the healthcare consultation apps released by Analysys. According to the Chinese Unicorn Enterprise Valuation Ranking List released by iResearch in 2016, Ping An Doctor ranks No.1 in the internet healthcare industry with its A round of fund-raising of USD500 million and valuation at USD3 billion.

E-wallet Company further clarified its new strategy of integrated development of “Loyalty Points + Payment”, with E-wallet APP at its core. In the first three quarters, trading volume of the payment and loyalty point transaction arrived at RMB2,005,718 million, up by 107.8% compared with the same period last year. The cumulative number of registered users reached 64,987.0 thousand, and the number of monthly active users reached 6,206.9 thousand. The loyalty point management business aimed at providing member benefit solutions for various industries, with loyalty points of RMB8,950 million being newly granted, up by 168.0% over the same period last year.

One Account Management Services aims to become a leading open internet financial services platform in China. As of the end of third quarter of 2016, the services were fully open to both customers and businesses. For customers, One Account Management Services continued to diversify scenarios and provide users with account, wealth, credit and life management services. The number of users approached 157 million, up by 49.9% from the year beginning, and the number of monthly active users exceeded 22.20 million, up by 62.0% over the same period last year; For businesses, One Account Management Cloud Services Platform had cooperated with 174 banks and 996 non-bank financial institutions and quasi-financial institutions.

Looking into the last quarter, on one hand, in a low interest rate environment, the global economic recovery will be faltering, with greater market competition pressure; on the other hand, with the promotion of the economic structure transformation and upgrading, China’s economy is at the critical stage of the change of new and old growth momentum. Given the current complex economic situation and risk challenges, Ping An will pay close attention to the changing of external economic environment, strengthen internal control and delicacy management, improve operating efficiency, and realize sustained and healthy growth in the profit and new business value for the whole year. Meanwhile, Ping An will endeavour to promote comprehensive planning for and innovation in the model of internet finance, make unremitting efforts to carry out the Ping An 3.0 Era strategy, build “Open Platforms + Open Markets”, and continue to create value for investors and society.

4. SIGNIFICANT EVENTS

Subscription of Ping An Bank Preference Shares

On July 15, 2014, the 14th meeting of the 9th Session of the Board of Directors considered and approved the Resolution regarding the Subscription of Ping An Bank Non-public Preference Share Issuance by Ping An Asset Management Co., Ltd.. It was decided that Ping An Asset Management Co., Ltd., a subsidiary of the Company, would subscribe for the preference shares issued under Ping An Bank’s non-public issuance through insurance funds under its management. The subscription ratio would be 50%-60% of the preference shares issued under the non-public issuance of Ping An Bank. The specific subscription ratio of preference shares is subject to the approval of relevant regulatory authorities.

On March 15, 2016, as mentioned in the announcement of the Company, Ping An Bank had issued 200,000,000 preference shares with the issue price of RMB100 per share (which equals to the nominal value) and a coupon rate of 4.37%, which raised a total proceeds of RMB20 billion. Ping An Asset Management Co., Ltd. had subscribed for 116,000,000 preference shares issued under the non-public issuance by Ping An Bank at the abovementioned issue price.

Implementation of the Key Employee Share Purchase Plan of the Company

As deliberated at the 16th Meeting of the 9th session of the Board of Directors held on October 28, 2014 and approved at the 1st Extraordinary General Meeting for 2015 held on February 5, 2015, the Key Employee Share Purchase Plan of the Company (the “Plan”) has been officially implemented. Since the implementation of this plan, the Company has seen sound operations; the shareholders, the Company, and the employees have shared benefits and risks, providing strong guarantee for further improving the Company’s governance structure as well as establishing and improving the long-term incentive and restraint mechanisms to facilitate long-term sustainable and healthy development of the Company.

As of the end of the Reporting Period, two phases of the Plan had been implemented.

Implementation in 2015

The participants were 839 key employees of the Company and its subsidiaries including the directors, employee representative supervisors, and senior management. The sources of funding were legitimate salaries and performance bonuses of the employees.

The share purchase was conducted by the manager of the Plan, China Merchants Securities Co., Ltd. (changed to China Merchants Securities Asset Management Co., Ltd. on September 9, 2015 due to establishment of the subsidiary) from March 20, 2015 to March 26, 2015 in the secondary market; 4,050,253 A shares of the Company in total were purchased for a total price of RMB312,047,645 (inclusive of expenses), accounting for 0.044% of the total share capital of the Company at that time. For details of the share purchase, please refer to the Announcement regarding the Completion of Share Purchase under the 2015 Key Employee Share Purchase Plan published by the Company on websites of the Stock Exchange of Hong Kong Limited (the “Stock Exchange”) and the Shanghai Stock Exchange (the “SSE”) on March 27, 2015 and March 30, 2015, respectively.

As the Company’s profit distribution for 2014 included the conversion of capital reserve into share capital in a proportion of 10 shares for every 10 shares held, the total number of shares held under the Plan for this period had changed to 8,100,506 shares. The Plan for this period was unlocked on March 30, 2016, one third of its shares were vested in two batches, the first batch vested to 514 employees on March 30, 2016, and the second batch vested to 251 employees on April 27, 2016. As to the remaining 74 employees who did not qualify for the vesting, 588,281 shares were forfeited.

Implementation in 2016

The participants were 773 key employees of the Company and its subsidiaries including the directors, employee representative supervisors, and senior management. The sources of funding were legitimate salaries and performance bonuses of the employees.

The share purchase was conducted by the manager of the Plan, China Merchants Securities Asset Management Co., Ltd. from March 17, 2016 to March 21, 2016 in the secondary market; 14,803,850 A shares of the Company in total were purchased for a total price of RMB481,578,936.53 and an average price of RMB32.53 per share, accounting for 0.081% of the total share capital of the Company at that time. These shares are subject to a lock-up period from March 23, 2016 to March 22, 2017. For details of the share purchase, please refer to the Announcement regarding the Completion of Share Purchase under the 2016 Key Employee Share Purchase Plan published by the Company on websites of the Stock Exchange and the SSE on March 22, 2016 and March 23, 2016, respectively. During the Reporting Period, there was no change in equity as a result of disposal by holders of the Plan.

The manager of the Plan is China Merchants Securities Asset Management Co., Ltd. and the manager was not changed during the Reporting Period.

5. UNDERTAKINGS

Undertakings in Respect of the Major Asset Restructuring with Shenzhen Development Bank¹

- (1) The Company undertakes that, after completion of the major asset restructuring with Shenzhen Development Bank, and during the period when the Company remains as the controlling shareholder of Shenzhen Development Bank, and in respect of the businesses or commercial opportunities similar to those of Shenzhen Development Bank that the Company and the enterprises under its control intend to carry out or have substantially obtained whereby the assets and businesses arising from such businesses or commercial opportunities may possibly form potential competition with those of Shenzhen Development Bank, the Company and the enterprises under its control shall not be engaged in the businesses identical or similar to those carried out by Shenzhen Development Bank, so as to avoid direct or indirect competition with the operations of Shenzhen Development Bank.
- (2) The Company undertakes that, after the completion of the major asset restructuring with Shenzhen Development Bank, and in respect of the transactions between the Company and the enterprises under its control and Shenzhen Development Bank which constitute the connected transactions of Shenzhen Development Bank, the Company and the enterprises under its control shall enter into transaction with Shenzhen Development Bank following the principle of “openness, fairness and justness” at fair and reasonable prices, and shall go through the decision-making process according to the requirements of the relevant laws, regulations and regulatory documents, and perform their obligations of information disclosure as required by law. The Company undertakes that the Company and the enterprises under its control shall not procure any illegal interests or let Shenzhen Development Bank undertake any illicit obligations through the transactions with Shenzhen Development Bank.

¹ Shenzhen Development Bank, refers to the original Shenzhen Development Bank Co., Ltd., an associate of the Company from May 2010, became a subsidiary of the Company in July 2011, and was renamed as Ping An Bank Co., Ltd. (“Ping An Bank”) on 27 July 2012.

- (3) The Company undertakes that, after the completion of the major asset restructuring and during the period when the Company remains as the controlling shareholder of Shenzhen Development Bank, the Company shall maintain the independence of Shenzhen Development Bank and ensure that Shenzhen Development Bank is independent from the Company and the enterprises under its control in respect of personnel, assets, finance, organization and business.

As at September 30, 2016, the above undertakings were still in the process of performance and there was no violation of the above undertakings.

Undertaking in Respect of the Issuance of Ping An Convertible Bonds

During the period of issuing Ping An Convertible Bonds by the Company, in terms of certain subsidiaries engaged in construction of private properties and community for the elderly, the Company undertakes that, now and in the future, it will strictly comply with relevant regulations in relation to the insurance funds used in real estate investment and the principle that the insurance funds should only be applied to specific property without property speculations or sale in an inappropriate form. It will not develop or sell commercial housing by means of investment in annuity and private real estate.

As at September 30, 2016, the above undertaking was still in the process of performance and there was no violation of the above undertaking.

Undertaking in Respect of the Subscription for 1,323,384,991 New Shares of Ping An Bank through Non-public Issuance

In relation to the subscription for 1,323,384,991 new shares of Ping An Bank through non-public issuance, the Company undertakes that it shall not transfer the shares within 36 months since the date of listing of the new shares (January 9, 2014), excluding the transfer between the Company and its connected organizations (i.e. any parties directly or indirectly controlling the Company or under the direct or indirect control of the Company or under the control of the same controller as that of the Company) to the extent permitted by the applicable laws. Upon expiry of the above-mentioned term, the Company will be free to dispose of such newly-issued shares pursuant to the requirements of the China Securities Regulatory Commission and Shenzhen Stock Exchange.

As at September 30, 2016, the above undertaking was still in the process of performance and there was no violation of the above undertaking.

Undertaking in Respect of the Subscription for 210,206,652 New Shares of Ping An Bank through Non-public Issuance

In relation to the subscription for 210,206,652 new shares of Ping An Bank through non-public issuance, the Company undertakes that it shall not transfer the shares within 36 months since the date of listing of the new shares (May 21, 2015). Such shares shall not be disposed of and transferred among its non-related parties during the lock-up period, nor transferred and disposed of among its related parties. In addition, no arrangement of any other disposal of interests shall be entered into with respect to such shares subject to lock-up period.

As at September 30, 2016, the above undertaking was still in the process of performance and there was no violation of the above undertaking.

6. GUARANTEE

(in RMB million)

External guarantee of the Company and its subsidiaries (excluding the guarantee in favor of its subsidiaries)	
Total external guarantee incurred during the Reporting Period	–
Total external guarantee balance as at the end of the Reporting Period	–
Guarantee of the Company and its subsidiaries in favor of its subsidiaries	
Total guarantee in favor of its subsidiaries incurred during the Reporting Period	9,403
Total guarantee balance in favor of its subsidiaries as at the end of the Reporting Period	37,138
Total guarantee of the Company (including the guarantee in favor of its subsidiaries)	
Total guarantee	37,138
Total guarantee as a percentage of the Company's net assets (%)	9.8
Including: Direct and indirect guarantee for the companies with gearing ratio over 70% (as at September 30, 2016)	31,394
The amount that the Company's total guarantee balance exceeded 50% of its net assets	–

Note: The data set out in the table above does not include those arise from financial guarantee businesses conducted by Ping An Bank and other subsidiaries of the Company in strict compliance with the scope of operation approved by relevant regulatory authorities.

7. SOLVENCY MARGIN OF SUBSIDIARIES (C-ROSS)

(in RMB million)

September 30, 2016	Ping An Life	Ping An Property & Casualty	Ping An Annuity	Ping An Health
Core capital	502,660	67,894	6,839	222
Actual capital	534,660	75,894	6,839	222
Minimum capital	233,265	25,282	2,432	151
Core solvency margin ratio (%)	215.5	268.5	281.2	147.4
Comprehensive solvency margin ratio (%)	229.2	300.2	281.2	147.4

Note: (1) For details of subsidiaries' solvency margin, please refer to the Company's website (www.pingan.com).

(2) Figures may not match the calculation due to the rounding.

8. FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH IFRS

(1) Consolidated Income Statement

For the nine months ended September 30, 2016

(in RMB million)	For the three months ended September 30		For the nine months ended September 30	
	2016 (unaudited)	2015 (unaudited)	2016 (unaudited)	2015 (unaudited)
Gross written premiums	102,473	84,556	359,346	296,831
Less: Premiums ceded to reinsurers	(3,889)	(5,856)	(13,178)	(18,767)
Net written premiums	98,584	78,700	346,168	278,064
Change in unearned premium reserves	(1,556)	(891)	(5,517)	(8,393)
Net earned premiums	97,028	77,809	340,651	269,671
Reinsurance commission income	1,248	1,881	4,165	5,769
Interest income from banking operations	31,955	33,462	95,609	99,633
Fees and commission income from non-insurance operations	11,016	10,867	33,554	31,298
Investment income	31,952	21,438	87,522	104,612
Share of profits and losses of associates and jointly controlled entities	(308)	(103)	(565)	(333)
Other income	11,805	6,456	31,588	17,459
Total income	184,696	151,810	592,524	528,109
Gross claims and policyholders' benefits	(71,418)	(61,536)	(254,254)	(240,310)
Less: Reinsurers' share and policyholders' benefits	1,883	4,430	7,447	11,616
Claims and policyholders' benefits	(69,535)	(57,106)	(246,807)	(228,694)
Commission expenses on insurance operations	(20,047)	(12,089)	(58,792)	(37,899)
Interest expenses on banking operations	(13,196)	(15,101)	(39,803)	(49,418)
Fees and commission expenses on non-insurance operations	(1,299)	(664)	(3,495)	(2,567)
Loan loss provisions, net of reversals	(11,455)	(6,982)	(31,274)	(19,616)
Foreign exchange (losses)/gains	290	442	606	2

(in RMB million)	For the three months ended September 30		For the nine months ended September 30	
	2016 (unaudited)	2015 (unaudited)	2016 (unaudited)	2015 (unaudited)
General and administrative expenses	(31,893)	(33,665)	(102,048)	(94,869)
Finance costs	(3,050)	(1,269)	(9,368)	(3,685)
Other expenses	(7,995)	(3,951)	(18,965)	(10,395)
Total expenses	(158,180)	(130,385)	(509,946)	(447,141)
Profit before tax	26,516	21,425	82,578	80,968
Income tax	(8,011)	(4,931)	(17,765)	(24,563)
Profit for the period	18,505	16,494	64,813	56,405
Attributable to:				
– Owners of the parent	15,732	13,627	56,508	48,276
– Non-controlling interests	2,773	2,867	8,305	8,129
	18,505	16,494	64,813	56,405
	RMB	RMB	RMB	RMB
Earnings per share attributable to ordinary equity holders of the parent				
– Basic	0.88	0.75	3.17	2.64
– Diluted	0.88	0.75	3.16	2.64

(2) Consolidated Statement of Comprehensive Income*For the nine months ended September 30, 2016*

(in RMB million)	For the three months ended September 30		For the nine months ended September 30	
	2016 (unaudited)	2015 (unaudited)	2016 (unaudited)	2015 (unaudited)
Profit for the period	18,505	16,494	64,813	56,405
Other comprehensive income				
Items that may be reclassified subsequently to profit or loss:				
Available-for-sale financial assets	9,252	(30,890)	(9,043)	(27,583)
Shadow accounting adjustments	(4,800)	13,321	388	9,552
Exchange differences on translation of foreign operations	(8)	(79)	470	(129)
Share of other comprehensive income of associates and jointly controlled entities	98	17	59	71
Income tax relating to components of other comprehensive income	(1,330)	4,399	2,209	4,928
Other comprehensive income for the period, net of tax	3,212	(13,232)	(5,917)	(13,161)
Total comprehensive income for the period	21,717	3,262	58,896	43,244
Attributable to:				
– Owners of the parent	18,824	373	50,503	34,881
– Non-controlling interests	2,893	2,889	8,393	8,363
	21,717	3,262	58,896	43,244

(3) Consolidated Statement of Financial Position*As at September 30, 2016*

(in RMB million)	September 30, 2016 (Unaudited)	December 31, 2015 (Audited)
Assets		
Cash and amounts due from banks and other financial institutions	449,274	439,327
Balances with the Central Bank and statutory deposits	312,274	299,689
Fixed maturity investments	2,082,571	1,911,871
Equity investments	409,829	370,899
Derivative financial assets	5,929	8,272
Loans and advances to customers	1,427,043	1,245,371
Premium receivables	34,864	34,072
Accounts receivable	17,908	16,778
Reinsurers' share of insurance liabilities	15,763	17,872
Finance lease receivable	73,907	57,598
Policyholder account assets in respect of insurance contracts	39,637	48,903
Policyholder account assets in respect of investment contracts	4,318	5,084
Investments in associates and jointly controlled entities	47,354	26,858
Investment properties	33,481	24,827
Property and equipment	39,152	35,158
Intangible assets	59,923	44,916
Deferred tax assets	23,209	15,663
Other assets	220,128	162,001
Total assets	5,296,564	4,765,159
Equity and Liabilities		
Equity		
Share capital	18,280	18,280
Reserves	180,701	180,630
Retained profits	180,397	135,338
Equity attributable to owners of the parent	379,378	334,248
Non-controlling interests	101,236	79,323
Total equity	480,614	413,571

(in RMB million)	September 30, 2016 (Unaudited)	December 31, 2015 (Audited)
Liabilities		
Due to banks and other financial institutions	396,654	410,258
Other financial liabilities held for trading	20,759	8,506
Assets sold under agreements to repurchase	73,518	119,236
Derivative financial liabilities	11,403	4,527
Customer deposits and payables to brokerage customers	1,883,713	1,713,907
Accounts payable	6,830	4,735
Income tax payable	16,652	14,104
Insurance payables	67,635	82,485
Insurance contract liabilities	1,581,331	1,419,958
Investment contract liabilities for policyholders	43,036	42,690
Policyholder dividend payable	38,042	33,028
Bonds payable	405,335	264,413
Deferred tax liabilities	12,044	9,911
Other liabilities	258,998	223,830
	<hr/>	<hr/>
Total liabilities	4,815,950	4,351,588
	<hr/>	<hr/>
Total equity and liabilities	5,296,564	4,765,159
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(4) Consolidated Statement of Cash Flows
For the nine months ended September 30, 2016

For the nine months ended September 30, (in RMB million)	2016 (Unaudited)	2015 (Unaudited)
Net cash from operating activities	(17,025)	171,067
	<hr/>	<hr/>
Cash flows from investing activities		
Purchases of investment properties, property and equipment, and intangible assets	(12,612)	(11,613)
Proceeds from disposal of investment properties, property and equipment, and intangible assets	292	52
Proceeds from disposal of investment	2,383,434	1,180,437
Purchases of investments	(2,654,753)	(1,401,350)
Decrease/(Increase) in term deposits placed, net	1,447	21,850
Acquisition of non-controlling interests in subsidiaries	(4,733)	(1,837)
Acquisition and disposal of subsidiaries, net	(14,873)	(1,214)
Interest received	86,203	71,266
Dividends received	29,924	8,905
Rentals received	953	1,316
Others	(9,543)	(12,050)
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For the nine months ended September 30, (in RMB million)	2016 (Unaudited)	2015 (Unaudited)
Net cash flows used in investing activities	(194,261)	(144,238)
Cash flows from financing activities		
Capital injected into subsidiaries by non-controlling interests	14,720	7,023
Proceeds from bonds issued	646,517	267,052
Increase/(Decrease) in assets sold under agreements to repurchase of insurance operations, net	(43,368)	6,891
Proceeds from borrowed funds	137,833	36,767
Repayment of borrowed funds	(613,000)	(133,795)
Interest paid	(14,134)	(7,026)
Dividends paid	(10,045)	(8,990)
Others	10,617	(394)
Net cash flows from financing activities	129,140	167,528
Net increase/(decrease) in cash and cash equivalents	(82,146)	194,357
Net foreign exchange differences	1,846	1,186
Cash and cash equivalents at the beginning of the period	333,325	263,960
Cash and cash equivalents at the end of the period	253,025	459,503

9. RELEASE OF RESULTS ANNOUNCEMENT

This results announcement is simultaneously available on the website of the Stock Exchange (www.hkexnews.hk) and the website of the Company (www.pingan.com). This results announcement is prepared in accordance with IFRS. The full report for the third quarterly results of 2016 prepared in accordance with the Accounting Standards for Business Enterprise issued by the Ministry of Finance of the PRC and the other relevant regulations will be published on the Company's website (www.pingan.com) at the same time as it is published on the website of the SSE (www.sse.com.cn).

By order of the Board of Directors
Ma Mingzhe
Chairman and Chief Executive Officer

Shenzhen, PRC, October 27, 2016

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 Woo Ka Biu Jackson, Stephen Thomas Meldrum, Yip Dicky Peter, Wong Oscar Sai Hung, Sun Dongdong and Ge Ming.