

# 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 THREE MONTHS ENDED MARCH 31, 2008

The Board of Directors of Ping An Insurance (Group) Company of China, Ltd. (the "Company") is pleased to announce the unaudited results (the "First Quarter Results") of the Company and its subsidiaries (the "Group") for the three months ended March 31, 2008 (the "Reporting Period"). The Board of Directors of the Company and its audit committee have reviewed the First Quarter 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)	As at March 31, 2008	As at December 31, 2007
Total assets	677,149	691,298
Total liabilities	573,563	577,447
Total equity	<u>103,586</u>	<u>113,851</u>
<b>For the three months ended March 31,</b>		
(in RMB million)	2008	2007
Total income	35,585	33,478
Net profit	7,221	5,875
Basic earnings per share (in RMB)	<u>0.97</u>	<u>0.87</u>

**2. TOTAL NUMBER OF SHAREHOLDERS AND TOP TEN HOLDERS OF LISTED SHARES NOT SUBJECT TO TRADING MORATORIUM AS AT THE END OF THE REPORTING PERIOD**

<b>Total number of shareholders as at the end of the Reporting Period (shareholders)</b>	<b>Total number of shareholders was 374,312, of which 368,464 were holders of A shares and 5,848 were holders of H shares</b>	
<b>Particulars of top ten holders of listed shares not subject to trading moratorium</b>		
<b>Name of shareholders</b>	<b>Number of listed shares not subject to moratorium held as at the end of the Reporting Period (share)</b>	<b>Class of shares</b>
HSBC Insurance Holdings Limited	618,886,334	H share
The Hongkong and Shanghai Banking Corporation Limited	613,929,279	H share
Shenzhen Investment Holdings Co., Ltd.	546,672,967	A share
Yuan Trust Investment Co., Ltd.	380,000,000	A share
Shenzhen Shum Yip Investment Development Company Limited	301,585,684	A share
Shenzhen Wuxin Yufu Industrial Co., Ltd	195,455,920	A share
Shenzhen Liye Group Limited	176,000,000	A share
Shanghai Huiye Industrial Co., Ltd.	166,800,000	A share
Guangzhou Hengde Trading Development Co., Ltd.	119,644,326	A share
Shanghai Huihua Industrial Co., Ltd.	113,800,000	A share

**3. BUSINESS REVIEW FOR THE REPORTING PERIOD**

In the first quarter of 2008, the Company continued to strengthen its various business segments and pursue for valuable, sustainable and higher-than-market growth in accordance with its development strategies. Our three principal businesses, i.e. insurance, banking and investment, maintained good momentous growth. For the three months ended March 31, 2008, the Company realized a net profit of RMB7,221 million, representing an increase of 22.9% as compared with the corresponding period in 2007. Gross written premiums, policy fees and premium deposits amounted to RMB35,802 million, an increase of 35.1% as compared with the corresponding period in 2007.

Our insurance business continued to maintain relatively rapid growth. Life insurance business implemented the “Achieve a New Record High” and “Two Tier Market Development” strategies for effective and sustainable growth, resulting in the gross written premiums, policy fees and premium deposits of RMB28,221 million for the first quarter of 2008, representing an increase of 33.3% as compared with the corresponding period in 2007. The property and casualty insurance business also made a significant increase in market share and achieved gross written premiums of RMB7,581 million for the first quarter of 2008, representing an increase of 42.4% as compared with the corresponding period in 2007. Our new financial product “Ping An Li Cai Bao” (平安理財寶) under property and casualty insurance business was launched in the market and recorded satisfactory sales.

Our banking business had strived for further development while focusing on steady and healthy growth. Both corporate and retail banking businesses maintained healthy and stable growth. New products “You Ji Dai” (有機貸) and “Ying Dong Li – Corporate Cash Management” (贏動力 • 企業現金管理) brand were launched and the number of credit cards in circulation has accumulated to 420,000.

The building of a global investment platform for the investment business had achieved further breakthrough. Agreements in relation to partnership on global asset management was executed between the Company and Fortis Bank NV/SA, under which, the Company agreed to acquire approximately 50% shareholding interest in Fortis Investment Management NV/SA, the global asset management business of Fortis SA/NV, and we expected that this would accelerate our pace in setting up a global asset management and QDII business platform. Meanwhile, our third party assets management business had continued to expand, operation of our non capital market investment had achieved steady progress, investment banking and innovative businesses for our securities business had achieved encouraging results, the first asset pool management plan was successfully launched and our trust business realized steady improvement both in added scale and quality.

In the first quarter of 2008, despite the remarkable results of our businesses, there also existed certain challenges, such as the increase in combined ratio of our property and casualty insurance business as a result of the snow storm in early 2008 as well as the impact on the stability of our investment income as a result of the volatile domestic capital market. In view of these, the Company will adopt appropriate measures to actively address these issues and further strengthen the development of the fundamentals of the Company, with an aim to realizing sustainable and healthy growth in our profitability.

#### **4. SIGNIFICANT EVENTS**

- (1) On January 18, 2008, the seventeenth meeting of the seventh board of directors of the Company considered and approved (i) “Resolution in relation to the Proposed Issue of A Shares by the Company to Unspecific Targets” pursuant to which the Company proposed to issue not more than 1,200,000,000 A Shares, representing approximately 16.34% of the total issued share capital of the Company as at March 31, 2008; and (ii) “Resolution in relation to the Proposed Issue of A Share Bonds with Warrants” pursuant to which the Company proposed to issue A share bonds with warrants in the principal amount of not more than RMB41.2 billion in the PRC to institutional and public investors in the PRC respectively (hereinafter collectively referred to as the “Proposed Issues”). On March 5, 2008, the Proposed Issues were considered and approved at the First Extraordinary General Meeting of 2008, the First A Shareholders Class Meeting of 2008 and the First H Shareholders Class Meeting of 2008 respectively. The Proposed Issues are still subject to the approval of the China Securities Regulatory Commission.

For details of the Proposed Issues, please refer to the relevant announcements published by the Company in the Shanghai Securities News, the China Securities Journal, the Securities Times and the website of the Shanghai Stock Exchange ([www.sse.com.cn](http://www.sse.com.cn)) on January 21, 2008 and March 6, 2008 respectively and the announcements dated January 18, 2008 and March 5, 2008 respectively and the circular dated February 13, 2008 published on the website of The Stock Exchange of Hong Kong Limited ([www.hkexnews.hk](http://www.hkexnews.hk)) and the website of the Company ([www.pingan.com.cn](http://www.pingan.com.cn)) respectively.

- (2) On March 19, 2008, the “Resolution in relation to the Investment in Fortis Investment Management NV/SA” was approved at the eighteenth meeting of the seventh board of directors of the Company, pursuant to which the Company entered into a Sale and Purchase Agreement on April 2, 2008 with Fortis Bank NV/SA to acquire from Fortis Bank NV/SA at a price of €2.15 billion (subject to adjustment) 1,000,000 issued shares in Fortis Investment Management NV/SA, which at completion will constitute approximately 50% of the issued and fully diluted share capital of Fortis Investment Management NV/SA after its acquisition of the entire issued share capital of ABN AMRO Asset Management Holding N.V. and having combined with the asset management business (excluding certain non core assets) of ABN AMRO Asset Management Holding N.V., which used to be the holding company of the asset management business of ABN AMRO Bank NV (the “Acquisition”). On the date of the Sale and Purchase Agreement, the Company also entered into the Shareholders’ Agreement, the Deed of Indemnity and certain trademark and name licence agreements in relation to the Acquisition.

For details, please refer to the relevant announcements published by the Company in the Shanghai Securities News, the China Securities Journal, the Securities Times and the website of the Shanghai Stock Exchange ([www.sse.com.cn](http://www.sse.com.cn)) on March 20, 2008 and April 3, 2008 respectively and the announcements dated March 19, 2008 and April 2, 2008 respectively and the circular dated April 23, 2008 published on the website of The Stock Exchange of Hong Kong Limited ([www.hkexnews.hk](http://www.hkexnews.hk)) and the website of the Company ([www.pingan.com.cn](http://www.pingan.com.cn)) respectively.

## **5. UNDERTAKINGS**

After the initial public offering of the A Shares of the Company, 389,592,366 domestic shares held by Shenzhen New Horse Investment Development Co., Ltd., 331,117,788 domestic shares held by Shenzhen Jingao Industrial Development Co., Ltd. and 139,112,886 domestic shares held by Shenzhen Jiangnan Industrial Development Co., Ltd. became tradable A Shares subject to a trading moratorium of 36 months from the date of listing of the A Shares of the Company, and 2,776,586,596 domestic shares held by the other 50 domestic shareholders became tradable A Shares subject to a trading moratorium of 12 months from the date of listing of the A Shares of the Company. 345,000,000 shares held by strategic investors of the Company through strategic placing were subject to a trading moratorium of 12 months from the date of listing of A Shares of the Company. During the Reporting Period, Shenzhen New Horse Investment Development Co., Ltd., Shenzhen Jingao Industrial Development Co., Ltd. and Shenzhen Jiangnan Industrial Development Co., Ltd. did not dispose of any A Share of the Company held by them, and the trading moratorium of the other 50 domestic shareholders and strategic investors as mentioned above has expired on March 1, 2008.

## 6. FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH IFRS

### (1) Condensed Consolidated Income Statement

*For the three months ended March 31, 2008*

<b>For the three months ended March 31, (in RMB million)</b>	<b>(Unaudited) 2008</b>	(Unaudited) 2007
Gross written premiums and policy fees	28,072	21,221
Less: Premiums ceded to reinsurers	(1,848)	(1,166)
Net written premiums and policy fees	26,224	20,055
Increase in unearned premium reserves, net	(1,524)	(985)
Net earned premiums	24,700	19,070
Reinsurance commission income	340	315
Interest income of banking operations	1,672	971
Other fees and commission income	633	626
Investment income	8,023	12,313
Share of profit or loss of associates	(10)	–
Other income	227	183
<b>Total income</b>	<b>35,585</b>	<b>33,478</b>
Change in deferred policy acquisition costs	2,515	1,792
Claims and policyholders' benefits	(21,389)	(22,210)
Commission expenses of insurance operations	(3,551)	(2,580)
Interest expenses of banking operations	(590)	(337)
Other fees and commission expenses	(77)	(79)
Loan loss provisions, net of reversals	(1)	(1)
Impairments of investments	(32)	–
Foreign currency losses	(250)	(136)
General and administrative expenses	(3,378)	(3,270)
Other expenses	(272)	(86)
<b>Total expenses</b>	<b>(27,025)</b>	<b>(26,907)</b>
Operating profit before tax	8,560	6,571
Income taxes	(1,339)	(696)
<b>Net profit</b>	<b>7,221</b>	<b>5,875</b>
<b>Attributable to:</b>		
– Equity holders of the parent	7,101	5,744
– Minority interests	120	131
	<b>7,221</b>	<b>5,875</b>
	<b>RMB</b>	<b>RMB</b>
<b>Earnings per share for net profit attributable to equity holders of the parent – basic</b>	<b>0.97</b>	<b>0.87</b>

**(2) Consolidated Balance Sheet***As at March 31, 2008*

<b>(in RMB million)</b>	<b>(Unaudited) As at March 31, 2008</b>	<b>(Audited) As at December 31, 2007</b>
<b>ASSETS</b>		
Balances with central bank and statutory deposits	17,977	20,794
Cash and amounts due from banks and other financial institutions	93,616	87,859
Fixed maturity investments	266,714	274,241
Equity investments	101,114	128,931
Derivative financial assets	19	177
Loans and advances to customers	67,123	63,125
Investment in associates	2,938	1,472
Premium receivables	5,613	4,434
Reinsurance assets	5,955	4,880
Policyholder account assets in respect of insurance contracts	34,223	34,871
Policyholder account assets in respect of investment contracts	4,463	4,622
Deferred policy acquisition costs	43,820	41,305
Investment properties	3,630	3,882
Property and equipment	7,696	8,165
Intangible assets	9,931	4,400
Deferred income tax assets	680	87
Other assets and receivables	11,637	8,053
<b>Total assets</b>	<b>677,149</b>	<b>691,298</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity</b>		
Share capital	7,345	7,345
Reserves	63,323	81,322
Retained profits	30,257	23,155
Equity attributable to equity holders of the parent	100,925	111,822
Minority interests	2,661	2,029
<b>Total equity</b>	<b>103,586</b>	<b>113,851</b>

<b>(in RMB million)</b>	<b>(Unaudited) As at March 31, 2008</b>	<b>(Audited) As at December 31, 2007</b>
<b>Liabilities</b>		
Due to banks and other financial institutions	<b>16,317</b>	14,644
Assets sold under agreements to repurchase	<b>10,699</b>	13,556
Derivative financial liabilities	<b>236</b>	189
Customer deposits	<b>80,333</b>	91,925
Insurance contract liabilities	<b>424,238</b>	416,474
Investment contract liabilities for policyholders	<b>7,342</b>	5,421
Policyholder dividend payable and provisions	<b>9,490</b>	7,006
Income tax payable	<b>1,663</b>	807
Deferred income tax liabilities	<b>3,213</b>	6,369
Other liabilities	<b>20,032</b>	21,056
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<b>Total liabilities</b>	<b>573,563</b>	577,447
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<b>Total equity and liabilities</b>	<b>677,149</b>	691,298
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### (3) Consolidated Cashflow Statement

For the three months ended March 31, 2008

For the three months ended March 31, (in RMB million)	(Unaudited) 2008	(Unaudited) 2007
<b>Net cash from operating activities</b>	<b>3,787</b>	16,633
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchases of investment properties, property and equipment, and intangible assets	(360)	(269)
Proceeds from disposal of investment properties, property and equipment, and intangible assets	–	1
Increase of investments, net	(52,161)	(27,548)
Term deposits withdrawal, net	(6,679)	20,849
Net cash outflow in acquisition of subsidiaries	(1,230)	(382)
Proceeds from assets purchased under agreements to resell	25,331	3,286
Interest received	2,439	2,013
Dividends received	1,065	913
Rentals received	74	68
Net cash outflow from other investing activities	(226)	(151)
Net cash outflow from investing activities for policyholders' accounts	(2,004)	(598)
<b>Net cash used in investing activities</b>	<b>(33,751)</b>	(1,818)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from share issued	–	38,222
Proceeds from sales in assets sold under agreements to repurchase, net	(2,857)	(11,877)
Proceeds from borrowed funds	66	8
Interest and dividend paid	(518)	–
Net cash inflow/(outflow) from financing activities for policyholders' accounts	733	(32)
<b>Net cash from financing activities</b>	<b>(2,576)</b>	26,321
Net increase in cash and cash equivalents	(32,540)	41,136
Net foreign exchange differences	(244)	(63)
Cash and cash equivalents at beginning of period	96,296	47,211
<b>Cash and cash equivalents at end of period</b>	<b>63,512</b>	88,284

**(4) Reconciliation of GAAP Differences Between PRC Accounting Standards and IFRS**

The material GAAP differences between PRC Accounting Standards and IFRS in preparing financial statements are as follows:

**For the three months ended March 31,  
(in RMB million)**

<b>Consolidated net profit</b>	<i>Notes</i>	<b>2008</b>	2007
Financial statements prepared in accordance with IFRS		<b>7,101</b>	5,744
Unearned premium reserves	<i>(i)</i>	<b>114</b>	86
Policyholders' reserves for life insurance	<i>(ii)</i>	<b>(625)</b>	(452)
Deferred policy acquisition costs	<i>(iii)</i>	<b>(2,515)</b>	(1,791)
Deferred tax	<i>(iv)</i>	<b>764</b>	313
Minority interests and others		<b>21</b>	(50)
		<hr/>	<hr/>
Financial statements prepared in accordance with PRC Accounting Standards		<b>4,860</b>	3,850
		<hr/> <hr/>	<hr/> <hr/>

<b>(in RMB million) Consolidated equity</b>	<i>Notes</i>	<b>As at March 31, 2008</b>	As at December 31, 2007
Financial statements prepared in accordance with IFRS		<b>100,925</b>	111,822
Unearned premium reserves	<i>(i)</i>	<b>(85)</b>	(199)
Policyholders' reserves for life insurance	<i>(ii)</i>	<b>34,637</b>	35,262
Deferred policy acquisition costs	<i>(iii)</i>	<b>(43,820)</b>	(41,305)
Deferred tax	<i>(iv)</i>	<b>2,311</b>	1,547
Minority interests and others		<b>130</b>	107
		<hr/>	<hr/>
Financial statements prepared in accordance with PRC Accounting Standards		<b>94,098</b>	107,234
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Minority interests have been deducted from the above amounts.

*Notes:*

- (i) Under PRC Accounting Standards, unearned premium reserves of life insurance subsidiaries should be no less than 50% of the retained premium for the current period. Under IFRS, unearned premium reserves are provided using actuarial valuation results (1/365 method).
- (ii) Under PRC Accounting Standards, policyholders' reserves are provided in accordance with related actuarial regulations promulgated by China Insurance Regulatory Commission. Under IFRS, policyholders' reserves are provided in accordance with IFRS 4 Insurance Contracts and by reference to US GAAP.

- (iii) Under PRC Accounting Standards, handling costs and commission expenses of acquiring new policies are recognized in the income statement when incurred. Under IFRS, handling costs and commission expenses of acquiring new policies are deferred and amortized over the expected life of the insurance contracts at a constant percentage of expected premiums or at a constant percentage of the present value of estimated gross profits expected to be realized over the life of the insurance contracts, in accordance with IFRS 4 Insurance Contracts and by reference to US GAAP.
- (iv) The above differences between PRC Accounting Standards and IFRS are temporary differences in accordance with IAS 12 Income Taxes. The Group recognizes deferred tax assets and liabilities on the basis of the above differences and the tax rates expected to be applied to taxable income in the years in which those temporary differences are expected to be recovered or settled.

## 7. RELEASE OF RESULTS ANNOUNCEMENT

This results announcement is simultaneously available on the website of The Stock Exchange of Hong Kong Limited ([www.hkexnews.hk](http://www.hkexnews.hk)) and the website of the Company ([www.pingan.com.cn](http://www.pingan.com.cn)). This results announcement is prepared in accordance with the International Financial Reporting Standards. The results announcement for the first quarter of 2008 prepared in accordance with the PRC Accounting Standards will also be available on the website of the Shanghai Stock Exchange ([www.sse.com.cn](http://www.sse.com.cn)) and the website of the Company ([www.pingan.com.cn](http://www.pingan.com.cn)).

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

Shenzhen, PRC, April 29, 2008

*As at the date of this announcement, the Executive Directors of the Company are Ma Mingzhe, Sun Jianyi and Cheung Chi Yan Louis, the Non-executive Directors are Lin Yu Fen, Cheung Lee Wah, Anthony Philip Hope, Lin Lijun, Fan Gang, Hu Aimin, Chen Hongbo, Wong Tung Shun Peter and Ng Sing Yip, and the Independent Non-executive Directors are Bao Youde, Kwong Che Keung Gordon, Cheung Wing Yui, Chow Wing Kin Anthony, Zhang Hongyi, Chen Su and Xia Liping.*