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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 THREE MONTHS ENDED MARCH 31, 2011

The Board of Directors of Ping An Insurance (Group) Company of China, Ltd. (“Ping An” or “the Company”) announces the unaudited results (the “First Quarterly Results”) of the Company and its subsidiaries (“the Group”) for the three months ended March 31, 2011 (the “Reporting Period”). The Board of Directors of the Company and its Audit and Risk Management Committee have reviewed the First 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)	March 31, 2011	December 31, 2010
Total assets	1,231,074	1,171,627
Total liabilities	1,107,128	1,054,744
Total equity	123,946	116,883
Equity attributable to owners of the parent	<u>118,893</u>	<u>112,030</u>
For the three months ended March 31, (in RMB million)	2011	2010
Total income	75,672	53,593
Net profit	5,946	4,617
Net profit attributable to owners of the parent	5,814	4,551
Basic earnings per share (in RMB)	<u>0.76</u>	<u>0.62</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 335,562, of which 329,879 were holders of A shares and 5,683 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 trading 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.	481,359,551	A share
Yuan Trust Investment Co., Ltd.	380,000,000	A share
Linzi New Horse Investment Development Co., Ltd.	319,094,187	A share
Linzi Jingao Industrial Development Co., Ltd.	273,701,889	A share
Shum Yip Group Limited	179,675,070	A share
Shenzhen Wuxin Yufu Industrial Co., Ltd.	178,802,104	A share
Shenzhen Jiangnan Industrial Development Co., Ltd.	139,112,886	A share
Shenzhen Liye Group Co., Ltd	112,687,008	A share

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

The Chinese economy started off on a sound footing by achieving steady growth in the first quarter of 2011. Benefiting from a stable external operating environment, the Company actively propelled the healthy development of its three-pillar businesses – insurance, banking and investment and achieved satisfactory results. For the three months ended March 31, 2011, the Company realized a net profit attributable to owners of the parent of RMB5,814 million, representing a growth of 27.8% as compared with the same period of last year.

Our insurance business achieved a brilliant start, with rapid growth in written premiums. Total written premiums of our life insurance business increased by 25.7% to RMB65,793 million. Written premiums of the relatively more profitable individual life business increased by 37.2% to RMB54,902 million. Ping An Property & Casualty realized a premium income of RMB20,305 million, an increase of 33.8% as compared with the same period of last year. The quality of our property and casualty insurance business was kept at a satisfactory level. Our annuity business maintained its leading position in the industry with total amount of assets entrusted and assets under investment management exceeding RMB75 billion.

Our banking business developed steadily and rapidly. In the first quarter of 2011, Ping An Bank realized a net profit of RMB669 million, representing a significant increase of 66.4% as compared with the same period of last year. Total assets amounted to RMB274,495 million, an increase of 7.3% as compared with the beginning of the year. All business lines continued to make positive contribution. Loans to Small and Medium-sized Enterprises (“SMEs”) increased by 37.4% and retail deposits increased by 16.1%, respectively, as compared with the beginning of the year. Credit cards business continues to contribute profits to our banking business, with 235,800 credit cards issued in the first quarter. Non-performing loan ratio is maintained at 0.39%, demonstrating that assets quality remained at the top-tier level within the industry. With the official opening of Zhongshan branch, Ping An Bank now has a total of 10 branches across the country. As an associate company of Ping An, Shenzhen Development Bank (“SDB”) has already contributed a profit of RMB464 million to the Company in the first quarter of 2011.

For our investment business, the investment banking division of Ping An Securities and fiduciary management business of Ping An Trust attained exceptional results. Ping An Securities continued to top the SMEs and the Growth Enterprises Market underwriting market, sponsoring 10 IPOs and 2 refinancing projects as lead underwriter in the first quarter, ranking the 2nd in the league table in terms of number of deals. Ping An Trust continues to focus on business transformation and personal wealth management business occupies an important position in Ping An Trust’s newly secured assets under management. Ping An Trust also performed with distinction in non-capital market investment by making a breakthrough in bringing in a good external investor and jointly setting up a non-capital market investment fund. Ping An Asset Management actively responded to the changing market, seized investment opportunity in a timely manner and optimized assets allocation, which laid a solid foundation to achieve the full-year earnings target.

Looking into the next three quarters ahead, under the impacts of climbing commodity prices, increasing inflation pressures and other factors, the domestic and global macroeconomic conditions and the financial industry will inevitably undergo new changes. The upcoming inflation is expected to have effects on macroeconomic policies and the stock market, and also subject domestic enterprise to rising cost pressures. We will pay close attention to changes in the external environment and will embrace and tackle these challenges by making thorough plans and taking precautionary measures; we will proactively deploy all our resources, and will continuously strengthen platform construction and enhance the synergies of integrated finance, so as to maintain a healthy and steady growth across all lines of business. Meanwhile, we will also actively and efficiently integrate SDB with Ping An Bank, in order to further strengthen the implementation of our integrated financial strategy.

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

On March 14, 2011, the 13th Meeting of the 8th Session of the Board of the Company considered and passed the “Resolution on Direct Issuance of H Shares” and agreed to the issuance of 272,000,000 new H shares to JINJUN LIMITED at a price of HK\$71.50 per share by the Company under the general mandate granted to the Board at the 2009 Annual General Meeting, so as to raise funds of HK\$19,448 million. The direct issuance is subject to the approval of CIRC and CSRC and other relevant regulatory authorities.

For further details, please refer to the related announcement as at the date of March 15, 2011, published on Shanghai Security News, China Security Journal, Securities Times, Securities Daily and the website of Shanghai Stock Exchange ([www.sse.com.cn](http://www.sse.com.cn)).

#### **5. UNDERTAKINGS**

##### **Shareholders’ Undertakings**

The Company received written notices on February 22, 2010 from Linzhi New Horse Investment Development Co., Ltd. (formerly known as Shenzhen New Horse Investment Development Co., Ltd.), Linzhi Jingao Industrial Development Co., Ltd. (formerly known as Shenzhen Jingao Industrial Development Co., Ltd.) and Shenzhen Jiangnan Industrial Development Co., Ltd.. According to such written notices, Linzhi New Horse Investment Development Co., Ltd. and Linzhi Jingao Industrial Development Co., Ltd. will reduce their shareholdings in the Company by not more than 30% of the 389,592,366 A shares and the 331,117,788 A shares respectively per annum through the offer for sale in the secondary market as well as the block trading platform in the next five years. Out of the A shares held by Shenzhen Jiangnan Industrial Development Co., Ltd., the holding of 88,112,886 A shares will also be reduced in the next five years through the offer for sale in the secondary market as well as the block trading platform, by not more than 30% of the 88,112,886 A shares per annum. As at March 31, 2011, all of the above three shareholders had fulfilled their respective undertakings given in the written notices.

##### **Undertakings in respect of Investment in SDB**

- (1) Ping An Life undertakes, in respect of subscription for the 379,580,000 new shares of SDB issued through private issuance, that it shall not transfer the subscribed shares within 36 months from the date of listing of the above subscribed shares, being September 17, 2010, except for the transfer between Ping An Life and its connected parties (including its controlling shareholders, de facto controllers and the other entities under the control of its de facto controllers) to the extent permitted by the laws and approved by the relevant regulatory authorities. Should Ping An Life enter into any transaction in violation of the above undertakings, the China Securities Depository and Clearing Corporation Limited, Shenzhen branch shall be authorized to transfer the proceeds from the sales of the subscription shares into the account of SDB owned by its shareholders as a whole.

- (2) The Company undertakes that it shall, in strict compliance with the relevant laws and regulations as well as the requirements of the regulatory authorities, take legal and practicable measures to integrate SDB and Ping An Bank within three years from the date of completion of the transaction, by means of, but not limited to, consolidation, so as to avoid competition between the Group members in the same industry.

### **Undertakings in respect of Acquisition of SDB**

- (1) The Company undertakes that it will, in strict compliance with the relevant laws and regulations as well as the requirements of the regulatory authorities, start integration of Ping An Bank and SDB as soon as possible while going through the necessary internal decision-making process and reporting to the relevant regulatory authorities for approval, aiming to complete the integration within one year. As there is uncertainty in obtaining approval from the regulatory authorities, the exact time of completing the integration will depend on the progress of the granting of approvals by the regulatory authorities. The Company will conduct frequent communications with the authorities, aiming to obtain the approvals and complete the integration as soon as possible.
- (2) The Company undertakes that it shall not, within 36 months from the date of completion of the private issuance of shares by SDB, transfer the subscribed shares issued through private issuance, except for the transfer between the Company and its connected parties (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 CSRC and the Shenzhen Stock Exchange.
- (3) According to the Profit Forecast Compensation Agreement entered into between the Company and SDB on September 14, 2010, the Company shall prepare the pro forma net profit amount of Ping An Bank (the “Realized Profits”) in accordance with the PRC Accounting Standards for Business Enterprises within four months after the end of each year for the next three years upon the completion of the issuance of shares for purchase of assets (the “Compensation Period”) and procure its appointed accounting firm to issue a special audit opinion (the “Special Audit Opinion”) in respect of such Realized Profits and the difference between such Realized Profits and the corresponding forecasted profits (the “Forecasted Profits”) as soon as possible. If, based on the Special Audit Opinion, the Actual Profits of Ping An Bank in any year during the Compensation Period is lower than the corresponding Forecasted Profits, the Company shall pay 90.75% of the shortfall between the Actual Profits and the Forecasted Profits to SDB in cash (the “Compensation Amount”). The Company shall, within 20 business days after the issue of the Special Audit Opinion for the year, transfer the amount in full into the bank account designated by SDB.

- (4) The Company undertakes that, after the completion of the major assets reorganization and during the period when the Company remains as the controlling shareholder of SDB, in respect of the businesses of the Company and the enterprises under its control that it intends to carry out or they obtaining the businesses or commercial opportunities similar to those of SDB whereby the assets and businesses arising from such business or commercial opportunities may possibly form potential competition with those of SDB, the Company and the enterprises under its control shall not be engaged in the businesses identical or similar to those carried out by SDB, so as to avoid direct or indirect competition with the operations of SDB.
- (5) The Company undertakes that, after the completion of the major assets reorganization and in respect of the transactions between the Company and the enterprises under its control and SDB which constitute the connected transactions of SDB, the Company and the enterprises under its control shall enter into transactions with SDB following the principle of “fairness, justness and openness” at fair and reasonable prices, and shall go through the decision-making process according to the requirements of the relevant laws and 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 SDB undertake any illicit obligations through the transactions with SDB.
- (6) The Company undertakes that, after the completion of the major assets reorganization and during the period when the Company remains as the controlling shareholder of SDB, the Company shall maintain the independence of SDB and ensure that SDB is independent from the Company and the enterprises under its control in respect of personnel, assets, finance, organization and business.

## 6. GUARANTEE

(in RMB million)

<b>External guarantee of the Company (excluding the guarantee in favor of its subsidiaries)</b>	
Total external guarantee incurred during the Reporting period	–
Total external guarantee balance as at the end of the Reporting period	–
<b>Guarantee of the Company in favor of its subsidiaries</b>	
Total guarantee in favor of its subsidiaries incurred during the Reporting period	525
Total guarantee balance in favor of its subsidiaries as at the end of the Reporting period	6,473
<b>Total guarantee of the Company (including the guarantee in favor of its subsidiaries)</b>	
Total guarantee	6,473
Total guarantee as a percentage of the Company’s net assets (%)	5.4

## 7. FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH IFRS

### (1) Consolidated Income Statement

For the three months ended March 31, 2011

For the three months ended March 31, (in RMB million)	2011 (Unaudited)	2010 (Unaudited)
Gross written premiums and policy fees	69,600	48,091
Less: Premiums ceded to reinsurers	<u>(3,358)</u>	<u>(2,372)</u>
Net written premiums and policy fees	66,242	45,719
Change in unearned premium reserves	<u>(3,818)</u>	<u>(3,428)</u>
Net earned premiums	62,424	42,291
Reinsurance commission income	973	541
Interest income of banking operations	2,931	2,106
Fees and commission income of non-insurance operations	1,809	1,089
Investment income	6,202	6,118
Share of profits and losses of associates and jointly controlled entities	474	(1)
Other income	<u>859</u>	<u>1,449</u>
<b>Total income</b>	<u><b>75,672</b></u>	<u><b>53,593</b></u>
Claims and policyholders' benefits	(50,917)	(33,005)
Commission expenses of insurance operations	(5,746)	(4,694)
Interest expenses of banking operations	(1,261)	(778)
Fees and commission expenses of non-insurance operations	(172)	(101)
Loan loss provisions, net of reversals	(55)	(48)
Foreign exchange gains/(losses)	(58)	2
General and administrative expenses	(9,218)	(7,966)
Finance costs	(210)	(193)
Other expenses	<u>(769)</u>	<u>(1,289)</u>
<b>Total expenses</b>	<u><b>(68,406)</b></u>	<u><b>(48,072)</b></u>
Profit before tax	7,266	5,521
Income tax	<u>(1,320)</u>	<u>(904)</u>
<b>Net profit</b>	<u><b>5,946</b></u>	<u><b>4,617</b></u>
<b>Attributable to:</b>		
– Owners of the parent	5,814	4,551
– Non-controlling interests	<u>132</u>	<u>66</u>
	<u><b>5,946</b></u>	<u><b>4,617</b></u>
	<b>RMB</b>	<b>RMB</b>
<b>Earnings per share attributable to ordinary equity holders of the parent – basic</b>	<u><b>0.76</b></u>	<u><b>0.62</b></u>

(2) **Consolidated Statement of Comprehensive Income**

*For the three months ended March 31, 2011*

<b>For the three months ended March 31, (in RMB million)</b>	<b>2011 (Unaudited)</b>	<b>2010 (Unaudited)</b>
<b>Net profit</b>	<u>5,946</u>	<u>4,617</u>
<b>Other comprehensive income</b>		
Available-for-sale financial assets	729	1,038
Shadow accounting adjustments	682	(754)
Exchange differences on translation of foreign operations	4	(3)
Share of other comprehensive income of associates	(54)	–
Income tax relating to components of other comprehensive income	<u>(310)</u>	<u>(104)</u>
<b>Other comprehensive income, net of tax</b>	<u>1,051</u>	<u>177</u>
<b>Total comprehensive income</b>	<u><u>6,997</u></u>	<u><u>4,794</u></u>
<b>Attributable to:</b>		
– Owners of the parent	6,863	4,702
– Non-controlling interests	<u>134</u>	<u>92</u>
	<u><u>6,997</u></u>	<u><u>4,794</u></u>

(3) **Consolidated Statement of Financial Position**

*As at March 31, 2011*

<b>(in RMB million)</b>	<b>March 31, 2011 (Unaudited)</b>	<b>December 31, 2010 (Audited)</b>
<b>ASSETS</b>		
Balances with central bank and statutory deposits	39,377	42,110
Cash and amounts due from banks and other financial institutions	195,799	203,315
Fixed maturity investments	579,203	553,652
Equity investments	115,090	86,369
Derivative financial assets	11	6
Loans and advances to customers	139,504	131,960
Investments in associates and jointly controlled entities	39,730	39,601
Premium receivables	7,623	6,298
Reinsurers' share of insurance liabilities	7,224	6,178
Policyholder account assets in respect of insurance contracts	39,341	40,284
Policyholder account assets in respect of investment contracts	4,015	3,994

<b>(in RMB million)</b>	<b>March 31, 2011 (Unaudited)</b>	December 31, 2010 (Audited)
Investment properties	8,470	8,866
Property and equipment	8,933	8,170
Intangible assets	11,998	9,902
Deferred tax assets	6,326	6,496
Other assets	28,430	24,426
	<hr/>	<hr/>
<b>Total assets</b>	<b>1,231,074</b>	<b>1,171,627</b>
	<hr/> <hr/>	<hr/> <hr/>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity</b>		
Share capital	7,644	7,644
Reserves	76,826	75,777
Retained profits	34,423	28,609
	<hr/>	<hr/>
Equity attributable to owners of the parent	118,893	112,030
Non-controlling interests	5,053	4,853
	<hr/>	<hr/>
<b>Total equity</b>	<b>123,946</b>	<b>116,883</b>
	<hr/>	<hr/>
<b>Liabilities</b>		
Due to banks and other financial institutions	44,106	38,822
Assets sold under agreements to repurchase	97,960	107,850
Derivative financial liabilities	12	15
Customer deposits and payables to brokerage customers	179,974	175,963
Insurance payables	21,790	20,007
Insurance contract liabilities	689,182	639,947
Investment contract liabilities for policyholders	31,189	29,991
Policyholder dividend payable	15,402	14,182
Income tax payable	1,877	1,359
Bonds payable	7,552	7,540
Deferred tax liabilities	935	869
Other liabilities	17,149	18,199
	<hr/>	<hr/>
<b>Total liabilities</b>	<b>1,107,128</b>	<b>1,054,744</b>
	<hr/>	<hr/>
<b>Total equity and liabilities</b>	<b>1,231,074</b>	<b>1,171,627</b>
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**(4) Consolidated Statement of Cash Flows**  
*For the three months ended March 31, 2011*

<b>For the three months ended March 31, (in RMB million)</b>	<b>2011 (Unaudited)</b>	2010 (Unaudited)
<b>Net cash from operating activities</b>	<b>58,487</b>	22,684
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchases of investment properties, items of property and equipment, and intangible assets	<b>(931)</b>	(522)
Proceeds from disposal of investment properties, items of property and equipment, and intangible assets	<b>7</b>	4
Purchases of investments, net	<b>(56,378)</b>	(37,297)
Term deposits placed, net	<b>(3,522)</b>	(5,204)
Acquisition of subsidiaries	<b>(583)</b>	–
Disposal of subsidiaries	<b>201</b>	–
Interest received	<b>4,361</b>	5,413
Dividends received	<b>507</b>	1,529
Rentals received	<b>86</b>	103
Others	<b>(1,554)</b>	3,393
<b>Net cash used in investing activities</b>	<b>(57,806)</b>	(32,581)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Capital injected into subsidiaries by non-controlling interests	<b>108</b>	34
Proceeds from/(Payment for) sales in assets sold under agreements to repurchase	<b>(21,757)</b>	6,849
Proceeds from borrowed funds	<b>715</b>	2,167
Repayment of borrowed funds	<b>(604)</b>	(1,058)
Interest paid	<b>(863)</b>	(302)
Others	<b>–</b>	19
<b>Net cash from/(used in) financing activities</b>	<b>(22,401)</b>	7,709
<b>Net decrease in cash and cash equivalents</b>	<b>(21,720)</b>	(2,188)
Net foreign exchange differences	<b>(53)</b>	(11)
Cash and cash equivalents at beginning of the period	<b>80,938</b>	88,965
<b>Cash and cash equivalents at the end of the period</b>	<b>59,165</b>	86,766

## 8. 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](http://www.pingan.com)). This results announcement is prepared in accordance with IFRS. The full report for the first quarterly results of 2011 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](http://www.pingan.com)) at the same time as it is published on the website of the Shanghai Stock Exchange ([www.sse.com.cn](http://www.sse.com.cn)).

By order of the Board

**Ma Mingzhe**

*Chairman and Chief Executive Officer*

Shenzhen, PRC, April 27, 2011

*As at the date of this announcement, the Executive Directors of the Company are Ma Mingzhe, Sun Jianyi, Cheung Chi Yan Louis, Wang Liping and Yao Jason Bo, the Non-executive Directors are Lin Lijun, Chen Hongbo, Wong Tung Shun Peter, Ng Sing Yip, Li Zhe, Guo Limin and David Fried, the Independent Non-executive Directors are Chow Wing Kin Anthony, Zhang Hongyi, Chen Su, Xia Liping, Tang Yunwei, Lee Ka Sze Carmelo and Chung Yu-Wo Danny.*