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 AUDITED RESULTS FOR THE YEAR ENDED DECEMBER 31, 2011

CHAIRMAN'S STATEMENT

We are living in an era where the customer experience is paramount. It is a time abundant with innovations and opportunities. The development in science and technology has made life easier for people in all corners of the world. Ping An Insurance (Group) Company of China, Ltd. ("Ping An", "the Company" or "the Group") is fortunate to be one of the pioneers of this evolution. We want to transcend the traditional thinking that different financial services must be conducted through different financial institutions. Our mission is to use our expertise to deliver one-stop services to customers, which we believe is the very essence of customer experience, and which resonates with our belief that "Expertise Makes Life Simple".

Innovation is a continuous process of growth and renewal, filled with give and take along the way. In 2011, we were faced with a severe and complicated macroeconomic environment. But we responded to market changes and challenges in a proactive manner, and persevered with the belief that the bedrock of our existence is professionalism, value and innovation. We strived to provide one-stop integrated financial services to our customers, with an emphasis on offering them a more convenient and valuable consumer experience. At the same time, we further strengthened our integrated financial platform. As a result, our three pillar businesses, namely insurance, banking and investment, all delivered steady and healthy growth. The Group's total assets exceeded RMB2 trillion. The standards of our corporate governance and risk management continued to improve, along with our growing competitive strength. The Group also pressed ahead with the integration of its banking business by successfully completing the acquisition of a controlling stake in SDB. Our banking business was further enhanced, which not only complements our integrated financial services but also provides us with added protection against the cyclical impacts inherent in the financial industry.

As at December 31, 2011, total assets of the Company were RMB2,285,424 million, representing an increase of 95.1% as compared with the beginning of the year. Equity attributable to shareholders of the parent company was RMB130,867 million, representing an increase of 16.8% as compared with the beginning of the year. Net profit attributable to shareholders of the parent company for the year was RMB19,475 million, representing an increase of 12.5% as compared with the previous year. The Company was affected by an one-off accounting treatment of RMB1,952 million as a result of the consolidation of financial statements of Shenzhen Development Bank Co., Ltd. ("SDB" or "Shenzhen Development Bank") in the third quarter. Excluding this factor, the Company realized a net profit attributable to shareholders of the parent company of RMB21,427 million for the year, representing an increase of 23.8% as compared with the previous year.

Business Highlights

In 2011, each pillar of Ping An's businesses performed strongly. Notable achievements include:

- **Our insurance business maintained a fast and healthy growth momentum with stable increases in both scale and the number of agents of our life insurance business. Premium income of our property and casualty insurance business exceeded RMB80 billion.** Written premiums of life insurance were RMB187,256 million, representing an increase of 13.9% as compared with last year. Among which, written premiums from the more profitable individual life insurance business were RMB159,990 million, representing an increase of 22.9% as compared with last year. The market share of Ping An Life Insurance Company of China, Ltd. ("Ping An Life") increased by 1.3 percentage points to 16.4% as compared with 2010. Through continued expansion of sales channels, the number of sales agents of individual life insurance steadily increased to 487 thousand, representing an increase of 7.4% as compared with the end of last year. The Mobile Integrated Terminal (MIT) was also widely implemented, which contributed to the continued increase of per capita productivity. More than 400,000 agents had used MIT, and over 3.5 million customers insured through MIT. New policies secured through MIT accounted for 62.9% for the whole year and exceeded 90% on a monthly basis in December. Premium income of Ping An Property & Casualty Insurance Company of China, Ltd. ("Ping An Property & Casualty") surged 34.2%, exceeding RMB80 billion, while market share increased by 2.0 percentage points to 17.4% from the end of last year, which further consolidated its position as the second largest leader in the market. We also made satisfactory progress on professionalizing operation channels. Premium income from cross-selling and telephone marketing increased by 61.6% and accounted for a higher proportion of sales through channels at 41.2%. While our business maintained a rapid pace of growth, its quality remained sound, with combined ratio remaining at a remarkable 93.5%. Our annuity business also achieved rapid and healthy growth, with three major performance indicators – annuity payments received, assets entrusted, and assets under investment management – all maintaining leading positions in the annuity industry. On health insurance business, through the introduction of intellectual property rights of business systems (e.g. Claims System) and management tools (e.g. Medical Risk Management tool) from the South African company Discovery, we took gradual steps to set up a professional medical risk management platform as well as a foundation for products and services innovation, which had established our core competencies in the mid-to-high-end medical insurance market.

- **Successfully completed the major asset restructuring through transactions to gain control of SDB, profit from our banking business significantly increased by 176.8% as compared with last year and total assets of the bank after merger exceeded RMB1.2 trillion.** In July 2011, the Company successfully completed the major asset restructuring to gain control of SDB. The Company and its subsidiaries hold 52.38% of the issued shares of SDB, which has since become a subsidiary of Ping An. Ping An Bank Co., Ltd. ("Ping An Bank") in turn has become a subsidiary of SDB. In 2011, profit contributed by our banking business amounted to RMB7,977 million, a significant increase of 176.8%. After the merger with Ping An Bank, the overall strength of SDB was further enhanced with total assets exceeding RMB1.2 trillion. During the transition period of the integration of the banks, our banking business maintained its solid pace and good quality. Total deposits amounted to RMB850,845 million, an increase of 14.2%, of which retail deposits amounted to RMB152,280 million, up 30.3%. Total loans amounted to RMB620,642 million, up 15.3%. The number of trade finance customers exceeded 10,000, while trade finance facilities balance amounted to RMB233,356 million, representing an increase of 28.3% as compared with the end of 2010. The accumulated number of credit cards in circulation reached 9,040 thousand while new cards issued through cross-selling in 2011 exceeded one million. Our asset quality was stable and has strong resistance to risks. Non-performing loan ratio and provision coverage ratio were 0.53% and 320.66% respectively, both ahead of industry level. Our capital adequacy ratio and core capital adequacy ratio were 11.51% and 8.46% respectively, in line with regulatory requirement.

- **The personal wealth management business of Ping An Trust grew at a rapid and stable pace while the investment banking business of Ping An Securities continued to hold its leading position in the market. Ping An-UOB Fund Management Company Limited ("Ping An-UOB Fund") was officially set up followed by the successful launches of two funds.** The personal wealth management business of China Ping An Trust Co., Ltd. ("Ping An Trust") achieved satisfactory growth, with the number of high net worth customers exceeding 13,000. The average fund raised per month reached RMB6 billion, representing an increase of 200.0% as compared with last year. Management fees income of trust products amounted to RMB1,802 million, a surge of 152.4%. The investment banking business of Ping An Securities Company, Ltd. ("Ping An Securities") continued to top the SMEs and the GEM underwriting market, having sponsored 34 IPOs and seven refinancing projects as lead underwriter. We were ranked top in the league table by the number of deals and underwriting fees for IPO transactions. The fixed income business experienced rapid growth, and had completed 17 corporate bond issuances as lead underwriter, a new record in our history. Based on its outstanding performance and comprehensive strength, Ping An Securities was rated AA grade under category A as unveiled by the China Securities Regulatory Commission for the classification of securities companies, which was the highest grade among all domestic securities companies. Ping An-UOB Fund was officially set up on January 7, 2011, which further enriched the product lines of our investment business and helped to enhance our integrated financial service capability. During 2011, Ping An-UOB Fund successfully issued two funds. One of its first products, Ping An-UOB Industries Pioneer Equity Fund, by leveraging the Group's comprehensive financial strength successfully raised more than RMB3 billion, making it the largest equity fund launched in terms of funds raised in the same period. Our investment management business actively explored new business opportunities and launched the "Ping An of China SIF-RMB Bond Fund" – the first retail fund in Hong Kong for overseas investors. The fund, designed to meet market trends and customers' needs, had achieved first-mover advantages in Hong Kong's fund market and contributed positively to Ping An's reputation of being a professional offshore investment brand.

- **Continuous enhancement in cross-selling synergy, smooth completion of the back-office centralization project, constant improvement in service standard.** We have set up a well-established cross-selling and remote selling management platform, which has unleashed growing synergy. In 2011, Ping An Property & Casualty generated 51.0% of its premium income from automobile insurance through cross-selling and telemarketing. Cross-selling also accounted for 42.9% of the new credit cards issued by SDB and Ping An Bank, 42.9% of new retail deposits at Ping An Bank and 63.3% of the funds raised by the first fund of Ping An-UOB Fund. In 2011, the Company's back office centralization project was completed as scheduled, thus establishing two distinct back office operating models: centralized and decentralized. Going forward, our back office centralization platform will continue to focus on four core values, namely risk control, service enhancement, strengthened professionalism and cost reduction. Through effective and quality operation and services, we aim to give full support to the rapid development of every business and deepen the implementation of our integrated financial strategy. In 2011, by implementing optimizing measures such as operation sharing and increased automation, claims processing time for life insurance and automobile insurance was shortened to 7.25 hours and 10 hours respectively, a direct result of continued improvement in our insurance claims service. Ping An Life's commitment of "72-hour settlement for standard cases with full documentation" was fulfilled 99.7% of the time, while Ping An Property & Casualty's commitment of "24-hour settlement for claims below RMB10,000 with full documentation" was fulfilled 99.9% of the time.

Corporate Honors

In 2011, Ping An brand continued to maintain a leading position with widespread recognition for overall strength, corporate governance and corporate social responsibility from domestic and overseas rating agencies and media, and received a range of honors and awards:

- Ranked 328th in 2011 Fortune 500, and maintained first place among mainland Chinese companies in the non-SOE category.

- Included in the Forbes Global 2000 for the seventh time and advanced by 319 places in the ranking to 147th from the year ago; ranked 10th among mainland Chinese companies. In the global diversified insurance company category, Ping An was ranked No.9 and was the only Chinese company included in the list.

- Included in the renowned financial magazine Euromoney's "Best Managed Insurer in Asia" for the third consecutive year; Ping An was also the only insurance company in Asia included in the list in 2011.

- Winner of "Corporate Governance Asia Recognition Awards" for five consecutive years, as named by Corporate Governance Asia, a leading corporate governance magazine in Asia.

- Winner of "The Most Respected Companies of China – Ten Years Achievement Award" and "The Charitable Enterprise – Ten Years Achievement Award", jointly awarded by the Economic Observer and the Management Case Center of Peking University (MCCP). Ping An is one of only two companies that have ever received the prestigious award of "The Most Respected Companies" since it began ten years ago.

- With a brand value of US$10.54 billion, Ping An was ranked 83rd in the Financial Times' "Brandz Top 100 2011" ranking; it was also ranked 83rd in "2011 BrandZ 100 Most Valuable Global Brand" and No.9 in "BrandZ 50 Most Valuable Chinese Brand" by Millward Brown under the WPP marketing communication group.

- Leveraging the "one-stop" financial services and innovative business model, as well as the seamless integration of modern technology with financial services, Ping An's Mobile Integrated Terminal (MIT) system was named a top winner of "2011 Shenzhen Financial Innovation Award" by Shenzhen Municipal Government.

Corporate Governance

In 2011, we were committed to improving our corporate governance practice against higher standards moving from merely in compliance with relevant laws and regulations with due considerations given to our own operating conditions. The General Meeting, the Board of Directors, the Supervisory Committee and the senior management operated independently and performed their respective rights and obligations in accordance with the Articles of Association of the Company. The Board actively contributed in various aspects, including strategic planning, investment decision, risk management, internal control and compliance, corporate social responsibility as well as talent recruitment and appointment. For the outstanding performance of the Company's corporate governance, we received numerous awards including "Board of Directors Award 2011" by Shanghai Stock Exchange, "Directors of the Year Awards" by Hong Kong Institute of Directors, "Hong Kong Corporate Governance Excellence Awards" by Chamber of Hong Kong Listed Companies (CHKLC), "Top 50 Best Board of Directors of Listed Company on Main Board in China" and "Top 10 Board of Directors in Fastest Value Creation of Listed Company on Main Board in China" by Moneyweek.

Social Responsibility

In 2011, our constant efforts to provide financial services with green features and our commitment to corporate social responsibility have gained wide-spread public recognition. Regarding environmental protection, the promotion of community programmes, such as "Low Carbon 100", have embedded the concept of corporate social responsibility into our professionalized financial services related to each business section, including insurance, banking and investment. Our newly launched second generation MIT system has provided customers with more diversified insurance products through one-stop integrated financial services, with the advantages of being more "speedy", "effective" and "environment friendly". So far more than 3.5 million customers have been insured through the MIT system. The use of MIT, electronic policies and electronic bills for life insurance and credit card business saved a total of approximately 511.7 tons of paper and mailing cost for more than 18 million mails. On education, Ping An has sponsored the building of more than 100 Hope primary schools and 12 "Dream Center" multi-media classrooms. To date, 5,362 students from Ping An Hope Primary Schools have received Ping An Hope Scholarship amounting to a total of RMB2,899,500 and 3,905 university students have received RMB14,090,000 in financial aid granted by the Endeavourers Plan Thesis Award and Future Entrepreneur Award. Charitable donations made by the Company have exceeded RMB100 million in total.

Prospects

The rise of integrated finance is inevitable in the course of the development of the financial industry in the long run. Ping An is, and has always been, devoted to the pursuit of becoming an internationally leading integrated financial services group. The term "integrated finance" signifies the best customer experience that one can come to expect from a company like ours. It begins with one customer and one account, through which a multitude of products and one-stop services are readily available to the customer. The path to becoming a top tier financial group internationally begins with our being professional in everything we do, and setting higher benchmarks in the different sectors of the financial industry. Professionalism is the key to become an internationally leading provider of integrated financial services. We believe "expertise creates value" and integrated financial services will help make life simpler for our customers by saving their time, their worries and efforts. In 2012, Ping An will continue to maintain effective, sustainable, healthy and stable development in its various businesses and further enhance its core competitive advantages. Meanwhile, we will constantly improve the management of platform to facilitate our cross-selling strategy through the merger and integration in the banking business. We will strive to deepen the reform of back-office centralization and actively explore an innovative development model that combines modern technology with financial services. We will also build a solid platform for integrated financial services, aiming at improving service quality and optimizing customer experience. Relying on our one-stop integrated financial services, customers can enjoy comprehensive, outstanding, convenient and professional financial service. We are confident that we can create long term value for our shareholders, customers, employees and society in a sustainable manner.

Looking ahead, China's economy is expected to maintain its upward trend in the long run. With the continued increases in residents' income and in the demand for financial services, as well as further reforms in China's financial system, the room for growth for China's insurance companies remains substantial. It has also created a good environment for innovation in the integrated financial services industry. Meanwhile, under the current fluid internal and external economic environment and with accelerating reforms in China's financial regime, the Company faces a multitude of challenges, such as rising operating cost, uncertainties in the investment markets, and the need to improve the competitiveness of our products and services. However, we are fully confident that Ping An will be able to move with the times, seize every opportunity and meet with the challenges along the way as we forge ahead towards our goal of being an internationally leading integrated financial services provider. This journey begins with each and every one of our employees, every team and every project. Every step we make we make it together, and we shall advance in unison towards our grandiose goal of becoming an internationally leading integrated financial services group!

KEY FINANCIAL AND OPERATION INFORMATION

Overview

In 2011, in the face of the complicated and tough economic situation at home and abroad, the Group was proactive in dealing with market changes and challenges to ensure the robust and steady growth of its three pillar businesses, namely insurance, banking and investment. In particular, Ping An Life achieved stable increases in its business scale and in the number of agents. Ping An Property & Casualty breached the RMB80 billion mark in premium income while its combined ratio was maintained at an excellent level. The integration of our banking business progressed smoothly following the completion of the major asset restructuring to gain control of Shenzhen Development Bank. Profit contribution from the banking business was remarkable, increasing substantially by 176.8% compared with last year, while total assets topped RMB1.2 trillion, marking a new phase in the development of our banking business. Ping An Trust achieved rapid and stable growth in its private wealth management business while Ping An Securities maintained its leading position in the investment banking business arena. Ping An-UOB Fund was officially established and it successfully launched two funds. The management of our cross-selling efforts continued to make progress; the second phase of our operation centralization was fully completed. Our integrated financial strategy continued to make steady progress while the Company's competitiveness was further enhanced.

Whilst its business grew at a brisk pace, the Company's profitability continued to stay at a stable level. Net profit attributable to shareholders of the parent company recorded for 2011 was RMB19,475 million, representing a growth of 12.5% year on year. If excluding the RMB1,952 million one-off accounting treatment resulting from the consolidation of SDB's financial statements in the third quarter, the Company's net profit attributable to shareholders of the parent company for 2011 would have been RMB21,427 million, representing an increase of 23.8% year on year. As at December 31, 2011, total assets of the Company reached RMB2,285,424 million while equity attributable to shareholders of the parent company stood at RMB130,867 million, representing increases of 95.1% and 16.8%, respectively, compared with the end of 2010.

Consolidated results

(in RMB million)	**2011**	2010
Total income	**272,244**	195,814
Total expenses	**(242,218)**	(173,467)
Profit before tax	**30,026**	22,347
Net profit	**22,582**	17,938
Net profit attributable to shareholders of the parent company	**19,475**	17,311

Net profit by business segment

(in RMB million)	2011	2010
Life insurance	**9,974**	8,417
Property and casualty insurance	**4,979**	3,865
Banking	**7,977**	2,882
Securities	**963**	1,594
Other businesses(1)	**641**	1,180
Consolidation adjustments	**(1,952)**	–
Net profit	**22,582**	17,938

(1) Other businesses mainly include corporate, trust business and asset management business, etc.

Our life insurance business realized a net profit of RMB9,974 million, up 18.5% over last year due to a combination of factors such as the growth in life insurance business, the volatilities in capital market and changes in assumptions of the benchmark yield curve for the measurement of insurance contract liabilities. Net profit from our property and casualty insurance business increased by 28.8% from RMB3,865 million in 2010 to RMB4,979 million in 2011. Under the stable and favourable operating environment, Ping An Property & Casualty intensified its professional channel operation in promoting business growth as well as stabilising its profitability through continued refinement in management. Profit contribution from our banking business increased significantly, producing RMB7,977 million in net profit, including RMB5,620 million from Shenzhen Development Bank and RMB2,357 million from Ping An Bank. Shenzhen Development Bank has become a subsidiary of the Group since July 2011 and its operating results for the second half of 2011 was consolidated into that of the Group. Net profit from our securities business decreased by 39.6% from RMB1,594 million in 2010 to RMB963 million in 2011, mainly as a result of the downturn in the stock market and the slowdown in the investment banking business.

The financial statements of Shenzhen Development Bank have been consolidated into the Group. The loss of RMB1,952 million arising from the consolidation adjustments, as listed in the above table, was a result of the accounting treatment of the one-off re-measurement of the 29.99% equity interest previously held in Shenzhen Development Bank. According to the "Accounting Standards for Business Enterprises" and other relevant accounting regulations issued by the Ministry of Finance, in a business merger carried out by stages, the acquirer shall re-measure its previously held equity interest in the acquiree at fair value when preparing consolidated financial statements. This one-off re-measurement reduced the Group's investment income for 2011 by RMB1,952 million. Correspondingly, the Group's consolidated net profit and net profit attributable to shareholders of the parent company for the year decreased by RMB1,952 million.

Investment portfolio of insurance funds

Insurance is the core business of the Group. The insurance funds represent the funds that can be invested by the Company and its subsidiaries engaged in the insurance business. The investment of insurance funds is subject to relevant laws and regulations. The investment portfolio of insurance funds represents a majority of the investment assets of the Group.

In 2011, the economies and financial markets around the world made for a complicated picture. Affected by the sovereign debt crisis, economic growth in developed countries was lower than expected as they continued to implement quantitative easing monetary policies. Emerging markets, suffering from high inflation, responded by tightening their monetary policies. The PRC government considered the control of inflation and property prices as the top priorities of its macroeconomic policies. China's economic growth had slowed on a quarterly basis. Affected by the multitude of negative factors at home and abroad, the A-share market trended downward, while the bond market climbed higher despite intermittent setbacks. Thanks to our in-depth research into the changing macroeconomic conditions, continuous improvement in risk control measures and optimization of assets allocation, we managed to achieve relatively stable return on investment.

The following table sets forth the investment income from insurance funds:

(in RMB million)	**2011**	2010
Net investment income(1)	**33,148**	25,343
Net realized and unrealized gains(2)	**(961)**	4,372
Impairment losses	**(2,606)**	(540)
Others	**(65)**	97
Total investment income	**29,516**	29,272
Net investment yield (%)(3)	**4.5**	4.2
Total investment yield (%)(3)	**4.0**	4.9

(1) Net investment income includes interest income from bonds and deposits, dividend income from equity investments, and operating lease income from investment properties, etc.

(2) Net realized and unrealized gains include realized gains from security investments and profit or loss through fair value change.

(3) Net foreign currency gains/losses on investment assets denominated in foreign currencies are excluded in the calculation of the above yields. Average investment assets used as the denominator are computed based on Modified Dietz method in principle.

Net investment income increased by 30.8% to RMB33,148 million in 2011 from RMB25,343 million in 2010. This was primarily attributable to the increase in interest income from fixed maturity investments as a result of an expanded scale of investment assets, as well as the increase in dividend income from equity investments as compared with the previous year. Net investment yield increased to 4.5% in 2011 from 4.2% in 2010, mainly due to higher interest rates of newly-added fixed maturity investments and the increase in dividend income from equity investments.

As a result of the substantial adjustments in the domestic and international stock markets, the Company recorded a substantial decrease in net realized and unrealized gains, from a gain of RMB4,372 million in 2010 to a loss of RMB961 million in 2011. Impairment losses on available-for-sale equity investments in 2011 increased to RMB2,606 million in 2011 from RMB540 million in 2010.

As a result of the above factors, total investment income stood at RMB29,516 million in 2011, compared to RMB29,272 million in 2010. Total investment yield fell to 4.0% in 2011 from 4.9% in 2010.

In accordance with the changes in market conditions, we proactively optimized the asset allocation of our investment portfolio by increasing the allocation of fixed maturity investment assets to take advantage of the potential increase in interest rates in the market. We also controlled the cost of taking positions in the equity investment assets, and reduced the proportion of cash and cash equivalents in our portfolio. The percentage of fixed maturity investments out of total investments increased to 81.0% as at December 31, 2011 from 77.8% as at December 31, 2010, and that of equity investments rose from 9.8% to 11.5%.

The following table presents our investment portfolio allocations of insurance funds:

(in RMB million)	**December 31, 2011** Carrying value	**December 31, 2011** %	December 31, 2010 Carrying value	December 31, 2010 %
By category				
Fixed maturity investments				
Term deposits[1]	**169,946**	**19.6**	133,105	17.5
Bond investments[1]	**504,909**	**58.2**	451,882	59.2
Other fixed maturity investments[1]	**27,372**	**3.2**	8,633	1.1
Equity investments				
Equity investment funds[1]	**25,362**	**2.9**	22,615	3.0
Equity securities	**74,508**	**8.6**	51,673	6.8
Infrastructure investments	**8,938**	**1.0**	9,235	1.2
Cash, cash equivalents and others	**56,266**	**6.5**	85,810	11.2
Total investments	**867,301**	**100.0**	762,953	100.0
By purpose				
Carried at fair value through profit or loss	**21,803**	**2.5**	21,122	2.8
Available-for-sale	**208,991**	**24.1**	188,418	24.7
Held-to-maturity	**373,072**	**43.0**	318,937	41.8
Loans and receivables	**246,715**	**28.5**	217,771	28.5
Others	**16,720**	**1.9**	16,705	2.2
Total investments	**867,301**	**100.0**	762,953	100.0

(1) These figures exclude items that are classified as cash and cash equivalents.

General and administrative expenses

General and administrative expenses increased by 47.1% to RMB50,575 million in 2011 from RMB34,385 million in 2010, partly due to the consolidation of Shenzhen Development Bank's general and administrative expenses of RMB6,615 million for the second half of 2011, but also because of business growth, increased investment in marketing and investment in strategic initiatives.

Income tax

(in RMB million)	2011	2010
Current income tax	**8,541**	2,832
Deferred income tax	**(1,097)**	1,577
Total	**7,444**	4,409

Income tax increased by 68.8% to RMB7,444 million for 2011 from RMB4,409 million in 2010, partly due to the consolidation of Shenzhen Development Bank's income tax of RMB1,144 million for the second half of 2011, but also due to the increase in our other subsidiaries' taxable profits.

Insurance Business

Life insurance business

The following tables set forth certain financial and operating data for our life insurance business:

(in RMB million)	2011	2010
Written premiums(1)		
Individual life	**159,990**	130,146
Including: new business	**45,833**	42,699
renewal business	**114,157**	87,447
Bancassurance	**18,942**	27,098
Group insurance	**8,324**	7,204
Total written premiums	**187,256**	164,448
Premium income(2)		
Individual life	**102,883**	81,526
Including: new business	**31,720**	23,277
renewal business	**71,163**	58,249
Bancassurance	**15,534**	10,555
Group insurance	**5,677**	4,796
Total premium income	**124,094**	96,877

(1) Written premiums mean all premiums received from the policies underwritten by the Company, which is prior to the significant insurance risk testing and unbundling of hybrid contracts.

(2) Premium income refers to premiums calculated according to the "Circular on the Printing and Issuing of the Regulations regarding the Accounting Treatment of Insurance Contracts" (Cai Kuai [2009] No.15), which is after the significant insurance risk testing and unbundling of hybrid contracts.

Of the total written premiums generated by China's life insurance companies in 2011, Ping An Life accounted for 16.4% approximately. It is calculated based on the PRC life insurance industry data published by the China Insurance Regulatory Commission ("CIRC"). In terms of written premiums, Ping An Life is the second largest life insurer in China.

	2011	2010
Number of customers (in thousands)		
Individual	**49,784**	45,318
Corporate	**795**	652
Total	**50,579**	45,970
Persistency ratio (%)		
13-month	**94.2**	93.1
25-month	**89.5**	87.0
Agent productivity		
First-year written premiums per agent per month (in RMB)	**7,527**	7,922
New individual life insurance policies per agent per month	**1.1**	1.1
Distribution network		
Number of individual life sales agents	**486,911**	453,392
Number of group sales representatives	**3,016**	2,906
Bancassurance outlets	**62,022**	60,222

Property and casualty insurance business

The following tables set forth certain financial and operating data for our property and casualty insurance business:

(in RMB million)	**2011**	2010
Automobile insurance	**65,292**	49,420
Non-automobile insurance	**16,249**	11,205
Accident and health insurance	**2,167**	1,882
Total premium income	**83,708**	62,507
Market share of premium income (%) – Ping An Property & Casualty(1)	**17.4**	15.4

(1) Calculated in accordance with the PRC insurance industry data published by the CIRC.

	2011	2010
Combined ratio (%)		
Expense ratio	**35.7**	37.8
Loss ratio	**57.8**	55.4
Combined ratio	**93.5**	93.2
Number of customers (in thousands)		
Individual	**18,894**	14,898
Corporate	**1,892**	1,781
Total	**20,786**	16,679
Distribution network		
Number of direct sales representatives	**7,444**	9,764
Number of insurance agents	**26,067**	22,349

Banking Business

Since July 2011, the financial statements of Shenzhen Development Bank were incorporated into that of the Group's where its operating results for the second half of 2011 were consolidated into that of the Group's.

The following table sets forth the data of interest income and expenses for our banking business:

(in RMB million)	2011	2010
Interest income	**39,314**	9,331
Interest expenses	**(20,943)**	(3,893)
Net interest income	**18,371**	5,438
Net interest spread (%)(1) (3)	**2.33**	2.18
Net interest margin (%)(2) (3)	**2.51**	2.30

(1) Net interest spread refers to the difference between the average interest-earning assets yield and the average cost rate of interest-bearing liabilities.

(2) Net interest margin refers to net interest income/average interest-earning assets balance.

(3) The interest income and interest expenses of SDB following consolidation in July 2011 were annualized when calculating the net interest spread and net interest margin.

The loan mix and loan quality of our banking business are set out as below. The figures at the end of 2011 include that of SDB's, while the figures at the end of 2010 are on Ping An Bank only. The pro forma figures are based on the simulated consolidated loan mix and loan quality of SDB and Ping An Bank as at the end of 2010.

(in RMB million)	December 31, 2011	December 31, 2010	December 31, 2010 (pro forma)[1]
Corporate loans	**413,019**	85,427	354,076
Retail loans	**189,940**	43,172	163,267
Discounted bills	**17,683**	2,199	20,846
Total loans	**620,642**	130,798	538,189

(1) The pro forma data of December 31, 2010 were the summation of the data from SDB and Ping An Bank.

(in RMB million)	December 31, 2011	December 31, 2010	December 31, 2010 (pro forma)
Pass	**612,937**	129,497	533,183
Special mention	**4,410**	768	2,106
Sub-standard	**1,744**	147	1,456
Doubtful	**893**	153	773
Loss	**658**	233	671
Total loans	**620,642**	130,798	538,189
Total non-performing loans	**3,295**	533	2,900
Non-performing loan ratio	**0.53%**	0.41%	0.54%
Impairment provision balance	**10,566**	1,125	7,550
Provision coverage ratio	**320.66%**[1]	211.07%	260.34%

(1) Due to rounding, provision coverage ratio at the end of 2011 does not equal to impairment provision balance/ total non-performing loans as shown in the above table.

Investment Business

The following tables set forth certain financial data for our investment business:

(in RMB million)	2011	2010
Securities business		
Operating income	**3,080**	3,850
Net profit	**963**	1,594
Trust business[1]		
Operating income	**2,407**	2,155
Net profit	**1,063**	1,039

(1) The figures for our trust business are presented at company level, where interests in subsidiaries are accounted at cost.

FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRS")

Consolidated Income Statement

For the year ended December 31, 2011

(in RMB million)	Notes	2011	2010
Gross written premiums and policy fees	5	**207,802**	159,384
Less: Premiums ceded to reinsurers		**(10,970)**	(8,181)
Net written premiums and policy fees		**196,832**	151,203
Change in unearned premium reserves		**(10,170)**	(10,079)
Net earned premiums		**186,662**	141,124
Reinsurance commission income		**3,656**	2,616
Interest income from banking operations	6	**39,314**	9,331
Fees and commission income from non-insurance operations		**8,614**	5,543
Investment income	7	**29,265**	31,083
Share of profits and losses of associates and jointly controlled entities		**1,068**	1,465
Other income		**3,665**	4,652
Total income		**272,244**	195,814
Claims and policyholders' benefits		**(145,764)**	(115,077)
Commission expenses on insurance operations		**(17,767)**	(14,545)
Interest expenses on banking operations	6	**(20,432)**	(3,397)
Fees and commission expenses on non-insurance operations		**(1,050)**	(609)
Loan loss provisions, net of reversals		**(1,704)**	(626)
Foreign exchange losses		**(434)**	(104)
General and administrative expenses		**(50,575)**	(34,385)
Finance costs		**(1,254)**	(913)
Other expenses		**(3,238)**	(3,811)
Total expenses		**(242,218)**	(173,467)
Profit before tax	8	**30,026**	22,347
Income tax	9	**(7,444)**	(4,409)
Profit for the year		**22,582**	17,938
Attributable to:			
– Owners of the parent		**19,475**	17,311
– Non-controlling interests		**3,107**	627
		22,582	17,938
		RMB	RMB
Earnings per share attributable to ordinary equity holders of the parent:			
– Basic	11	**2.50**	2.30
– Diluted	11	**2.50**	2.30

Consolidated Statement of Comprehensive Income
For the year ended December 31, 2011

(in RMB million)	*Note*	2011	2010
Profit for the year		**22,582**	17,938
Other comprehensive income			
Available-for-sale financial assets		**(18,638)**	(6,218)
Shadow accounting adjustments		**2,153**	2,358
Exchange differences on translation of foreign operations		**78**	8
Share of other comprehensive income of associates and jointly controlled entities		**103**	(3)
Income tax relating to components of other comprehensive income		**4,040**	850
Other comprehensive income for the year, net of tax	*10*	**(12,264)**	(3,005)
Total comprehensive income for the year		**10,318**	14,933
Attributable to:			
– Owners of the parent		**6,976**	14,354
– Non-controlling interests		**3,342**	579
		10,318	14,933

Consolidated Statement of Financial Position
As at December 31, 2011

(in RMB million)	*Note*	**31 December 2011**	31 December 2010
Assets			
Balances with the Central Bank and statutory deposits		**168,366**	42,110
Cash and amounts due from banks and other financial institutions		**261,006**	203,315
Fixed maturity investments		**772,353**	553,652
Equity investments		**116,985**	86,369
Derivative financial assets		**818**	6
Loans and advances to customers		**611,731**	131,960
Investments in associates and jointly controlled entities		**11,837**	39,601
Premium receivables		**12,089**	6,298
Accounts receivable		**170,727**	116
Reinsurers' share of insurance liabilities		**7,892**	6,178
Policyholder account assets in respect of insurance contracts		**33,460**	40,284
Policyholder account assets in respect of investment contracts		**3,992**	3,994
Investment properties		**9,076**	8,866
Property and equipment		**16,027**	8,170
Intangible assets		**33,584**	9,902
Deferred tax assets		**13,383**	6,496
Other assets		**42,098**	24,310
Total assets		**2,285,424**	1,171,627

(in RMB million)	*Note*	**31 December 2011**	31 December 2010
Equity and liabilities			
Equity			
Share capital	*12*	**7,916**	7,644
Reserves		**79,405**	75,777
Retained profits		**43,546**	28,609
Equity attributable to owners of the parent		**130,867**	112,030
Non-controlling interests		**40,475**	4,853
Total equity		**171,342**	116,883
Liabilities			
Due to banks and other financial institutions		**195,695**	38,822
Assets sold under agreements to repurchase		**99,734**	107,850
Derivative financial liabilities		**732**	15
Customer deposits and payables to brokerage customers		**836,049**	175,963
Accounts payable		**70,639**	280
Insurance payables		**27,974**	20,007
Insurance contract liabilities		**758,404**	639,947
Investment contract liabilities for policyholders		**32,811**	29,991
Policyholder dividend payable		**17,979**	14,182
Income tax payable		**4,370**	1,359
Bonds payable		**26,633**	7,540
Deferred tax liabilities		**4,612**	869
Other liabilities		**38,450**	17,919
Total liabilities		**2,114,082**	1,054,744
Total equity and liabilities		**2,285,424**	1,171,627

Consolidated Statement of Changes in Equity

For the year ended December 31, 2011

		2011										
		Equity attributable to owners of the parent										
			Reserves									
(in RMB million)	*Notes*	**Share capital**	**Share premium**	**Available-for-sale financial assets**	**Shadow accounting adjustments**	**Other capital reserves**	**Surplus reserve funds**	**General reserves**	**Exchange differences on translation of foreign operations**	**Retained profits**	**Non-controlling interests**	**Total equity**
As at 1 January 2011		**7,644**	**67,644**	**(175)**	**1,066**	**107**	**6,689**	**395**	**51**	**28,609**	**4,853**	**116,883**
Profit for 2011		**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**19,475**	**3,107**	**22,582**
Other comprehensive income for 2011	*10*	**–**	**–**	**(14,237)**	**1,607**	**53**	**–**	**–**	**78**	**–**	**235**	**(12,264)**
Total comprehensive income for 2011		**–**	**–**	**(14,237)**	**1,607**	**53**	**–**	**–**	**78**	**19,475**	**3,342**	**10,318**
Appropriations to surplus reserve fund		**–**	**–**	**–**	**–**	**–**	**293**	**–**	**–**	**(293)**	**–**	**–**
Dividend declared	*13*	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(4,245)**	**(366)**	**(4,611)**
Issue of capital	*12*	**272**	**15,862**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**16,134**
Acquisition of subsidiaries		**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**32,440**	**32,440**
Others		**–**	**–**	**–**	**–**	**(28)**	**–**	**–**	**–**	**–**	**206**	**178**
As at 31 December 2011		**7,916**	**83,506**	**(14,412)**	**2,673**	**132**	**6,982**	**395**	**129**	**43,546**	**40,475**	**171,342**

		2010										
		Equity attributable to owners of the parent										
			Reserves									
(in RMB million)	*Notes*	Share capital	Share premium	Available-for-sale financial assets	Shadow accounting adjustments	Other capital reserves	Surplus reserve funds	General reserves	Exchange differences on translation of foreign operations	Retained profits	Non-controlling interests	Total equity
As at 1 January 2010		7,345	51,907	4,612	(759)	–	6,208	395	43	15,219	6,773	91,743
Profit for 2010		–	–	–	–	–	–	–	–	17,311	627	17,938
Other comprehensive income for 2010	*10*	–	–	(4,787)	1,825	(3)	–	–	8	–	(48)	(3,005)
Total comprehensive income for 2010		–	–	(4,787)	1,825	(3)	–	–	8	17,311	579	14,933
Appropriations to surplus reserve fund		–	–	–	–	–	481	–	–	(481)	–	–
Dividend declared	*13*	–	–	–	–	–	–	–	–	(3,440)	(81)	(3,521)
Issue of capital		299	15,737	–	–	–	–	–	–	–	–	16,036
Disposal of subsidiaries and others		–	–	–	–	110	–	–	–	–	(2,418)	(2,308)
As at 31 December 2010		7,644	67,644	(175)	1,066	107	6,689	395	51	28,609	4,853	116,883

Supplementary Information

1. *Organization and principal activities*

Ping An Insurance (Group) Company of China, Ltd. (the "Company") was registered in Shenzhen, the People's Republic of China (the "PRC") on 21 March 1988. The business scope of the Company includes investing in financial and insurance enterprises, as well as supervising and managing various domestic and overseas businesses of subsidiaries, and investment deployment. The Company and its subsidiaries are collectively referred to as the Group. The Group mainly provides integrated financial products and services and is engaged in life insurance, property and casualty insurance, trust, securities, banking and other businesses.

The registered office address of the Company is 15/F, 16/F, 17/F and 18/F, Galaxy Development Center, Fu Hua No.3 Road, Futian District, Shenzhen, Guangdong Province, China.

2. *Changes in accounting policies and estimates*

<u>Changes in accounting policies</u>

The Group has revised certain accounting policies following the adoption of the revised IFRSs set out below which management considers the most relevant to the Group's current operations:

- IAS 24 (Revised) *Related Party Disclosures*

  The IASB issued a revised IAS 24 that clarifies the definitions of a related party. The new definitions emphasize a symmetrical view of related party relationships and clarify the circumstances in which persons and key management personnel affect related party relationships of an entity. In addition, the revised standard introduces an exemption from the general related party disclosure requirements for transactions with government and entities that are controlled, jointly controlled or significantly influenced by the same government as the reporting entity. The adoption of the revised standard did not have any impact on the financial position or performance of the Group.

- Amendments to IAS 32 *Financial Instruments: Presentation*

  The IASB issued an amendment that alters the definition of a financial liability in IAS 32 to enable entities to classify rights issues and certain options or warrants as equity instruments. The amendment is applicable if the rights are given pro rata to all of the existing owners of the same class of an entity's non-derivative equity instruments in order to acquire a fixed number of the entity's own equity instruments for a fixed amount in any currency. The amendment has had no effect on the financial position or performance of the Group because the Group does not have these types of instruments.

- Amendments to IFRIC 14 *Prepayments of a Minimum Funding Requirement*

  The amendments remove an unintended consequence arising from the treatment of prepayments of future contributions when an entity is subject to minimum funding requirements and makes an early payment of contributions to cover such requirements. The amendments permit a prepayment of future service cost by the entity to be recognized as a pension asset. As the Group is not subject to any minimum funding requirements, the adoption of the amendments has had no effect on the financial position or performance of the Group.

- Improvements to IFRSs

  In May 2010, the IASB issued its third omnibus of amendments to its standards, primarily with a view to removing inconsistencies and clarifying wording. There are separate transitional provisions for each standard. The adoption of the following amendments resulted in changes to accounting policies, but no impact on the financial position or performance of the Group.

  - IFRS 3 *Business Combinations:* The measurement options available for non-controlling interest (NCI) were amended. Only components of NCI that constitute a present ownership interest that entitles their holder to a proportionate share of the entity's net assets in the event of liquidation should be measured at either fair value or at the present ownership instruments' proportionate share of the acquiree's identifiable net assets. All other components are to be measured at their acquisition date fair value.

    The amendment to IFRS 3 is effective for annual periods beginning on or after 1 July 2011. The Group, however, adopted it as of 1 January 2011 and changed its accounting policy accordingly as the amendment was issued to eliminate unintended consequences that may arise from the adoption of IFRS 3.

  - IFRS 7 *Financial Instruments – Disclosures:* The amendment was intended to simplify the disclosures provided by reducing the volume of disclosures around collateral held and improving disclosures by requiring qualitative information to put the quantitative information in context.

  - IAS 1 *Presentation of Financial Statements:* The amendment clarifies that an entity may present an analysis of each component of other comprehensive income either in the statement of changes in equity or in the notes to the financial statements.

  Other amendments resulting from Improvements to IFRSs to the following standards did not have any impact on the accounting policies, financial position or performance of the Group:

  - IFRS 3 *Business Combinations* (Contingent consideration arising from business combination prior to adoption of IFRS 3 (as revised in 2008))

  - IFRS 3 *Business Combinations* (Un-replaced and voluntarily replaced share-based payment awards)

  - IAS 27 *Consolidated and Separate Financial Statements*

  The following interpretation and amendments to interpretations did not have any impact on the accounting policies, financial position or performance of the Group:

  - IFRIC 13 *Customer Loyalty Programmes* (determining the fair value of award credits)

  - IFRIC 19 *Extinguishing Financial Liabilities with Equity Instruments*

Changes in accounting estimates

Material judgement is required in determining insurance contract liabilities and in choosing discount rates/investment return, mortality, morbidity, lapse rates, policy dividend, and expenses assumptions relating to long term life insurance contracts. Such assumptions should be determined based on current information available at the end of the reporting period. The Group has changed the above assumptions based on current information available as at 31 December 2011 with the corresponding impact on insurance contract liabilities taken into the current year's income statement. As a result of such changes in assumptions, long term life insurance policyholders' reserves were reduced by RMB1,059 million as at 31 December 2011 and the profit before tax for the year 2011 was increased by RMB1,059 million.

3. Changes in major subsidiaries, associates and jointly controlled entities

In September 2010, the Company and SDB entered into a share subscription agreement. According to the agreement, the Company would subscribe for 1,638 million ordinary A shares specifically issued by SDB, and the consideration included approximately 90.75% of Ping An Bank's total shares held by the Company and RMB2,690 million in cash. On 8 July 2011, the Company transferred 90.75% of Ping An Bank's shares to SDB and the relevant business registration change procedures were completed on 12 July 2011. On 18 July 2011, the Company transferred the cash of RMB2,690 million to SDB. On 20 July 2011, SDB completed the registration procedure for the change in shareholdings. Upon the completion of the transaction, the Group's ownership in SDB increased from 29.99% to 52.38% of the total shares issued, and SDB has become a subsidiary of the Group from an associate. The Group is deemed to have gained control of SDB on 18 July 2011, which was regarded as the acquisition date.

Key financial information of SDB as at the acquisition date is as follows:

(in RMB million)	Fair Value (Note 1)	Book Value
Total identifiable assets	867,744	852,057
Total identifiable liabilities	(817,801)	(813,905)
	49,943	38,152
Less: Non-controlling interests	(23,783)	
Fair value of net assets acquired attributable to the Company	26,160	
Goodwill arising on acquisition	8,624	
Acquisition cost	34,784	
(1) Fair value of investment in SDB shares as at the date of acquisition (Note 2)	26,126	
(2) Capital injection to SDB with shares of Ping An Bank:		
– Carrying amount of 90.75% shares of Ping An Bank (Note 3)	15,492	
– Less: Remaining 47.53% effective interest in Ping An Bank after the injection	(8,115)	
(3) Capital injection to SDB in cash:		
– Total cash injection	2,690	
– Less: 52.38% of cash injection remaining with the Group	(1,409)	
Acquisition cost	34,784	

Note 1: The fair values of the above identifiable assets and liabilities (excluding deferred tax) acquired as at the date of acquisition were based on the independent appraisal report.

Note 2: The 29.99% equity interest in SDB previously held by the Group had been remeasured to the fair value at the acquisition date. The difference between the fair value and the book value has been charged to profit or loss for the current year. Fair value was based on an independent appraisal report. The fair value of the 29.99% equity interest in SDB previously held by the Group was determined at RMB26,126 million at the acquisition date and a consequent loss of RMB1,952 million was recognized in the income statement for the current year.

Note 3: The shares of Ping An Bank, as consideration of the transaction, previously held by the Group, remain within the Group after the acquisition, and the investment is still under the control of the Group. As a result, they were measured at the original carrying amounts in the consolidated financial statements of the Group at the acquisition date and no gain or loss was recognized.

4. *Segment reporting*

Business activities of the Group are first segregated by product and type of service: insurance activities, banking activities, securities activities and corporate activities. Due to differences in the nature of products, risks and capital allocation, insurance activities are further divided into life insurance and property and casualty insurance.

Management monitors the operating results of the Group's business units separately for the purpose of making decisions with regard to resources allocation and performance assessment. Segment performance is assessed, based on indicators such as net profit.

The segment analysis as at 31 December 2011 and for the year then ended is as follows:

(in RMB million)	Life insurance	Property and casualty insurance	Banking	Securities	Corporate	Others	Eliminations	Total
Gross written premiums and policy fees	124,094	83,708	–	–	–	–	–	207,802
Less: Premiums ceded to reinsurers	(459)	(10,511)	–	–	–	–	–	(10,970)
Change in unearned premium reserves	(438)	(9,732)	–	–	–	–	–	(10,170)
Net earned premiums	123,197	63,465	–	–	–	–	–	186,662
Reinsurance commission income	(205)	3,861	–	–	–	–	–	3,656
Interest income from banking operations	–	–	39,314	–	–	–	–	39,314
Fees and commission income from non-insurance operations	–	–	3,687	2,959	–	2,030	(62)	8,614
Including: inter-segment fees and commission income from non-insurance operations	–	–	39	–	–	23	(62)	–
Investment income	26,674	2,854	(80)	397	23	2,218	(2,821)	29,265
Including: Inter-segment investment income	540	50	–	18	49	2,164	(2,821)	–
Share of profits and losses of associates and jointly controlled entities	(117)	–	1,200	–	–	(15)	–	1,068
Other income	3,876	305	212	38	189	3,561	(4,516)	3,665
Including: Inter-segment other income	2,269	17	–	–	185	2,045	(4,516)	–
Total income	153,425	70,485	44,333	3,394	212	7,794	(7,399)	272,244
Claims and policyholders' benefits	(109,058)	(36,706)	–	–	–	–	–	(145,764)
Commission expenses on insurance operations	(11,351)	(6,843)	–	–	–	–	427	(17,767)
Interest expenses on banking operations	–	–	(20,943)	–	–	–	511	(20,432)
Fees and commission expenses on non-insurance operations	–	–	(416)	(314)	–	(396)	76	(1,050)
Loan loss provisions, net of reversals	4	–	(1,718)	–	–	10	–	(1,704)
Foreign exchange gains/(losses)	(241)	(32)	129	(8)	(248)	(34)	–	(434)
General and administrative expenses	(15,642)	(19,689)	(11,389)	(1,845)	(414)	(3,581)	1,985	(50,575)
Finance costs	(172)	(247)	–	–	(278)	(557)	–	(1,254)
Other expenses	(4,009)	(208)	(196)	(1)	(3)	(1,199)	2,378	(3,238)
Total expenses	(140,469)	(63,725)	(34,533)	(2,168)	(943)	(5,757)	5,377	(242,218)
Profit/(loss) before tax	12,956	6,760	9,800	1,226	(731)	2,037	(2,022)	30,026
Income tax	(2,982)	(1,781)	(1,823)	(263)	–	(595)	–	(7,444)
Profit/(loss) for the year	9,974	4,979	7,977	963	(731)	1,442	(2,022)	22,582

(in RMB million)	Life insurance	Property and casualty insurance	Banking	Securities	Corporate	Others	Eliminations	Total
Balances with the Central Bank and statutory deposits	6,566	3,400	158,400	–	–	–	–	168,366
Cash and amounts due from banks and other financial institutions	162,530	39,929	50,567	10,617	13,726	7,304	(23,667)	261,006
Fixed maturity investments	487,557	31,448	235,935	14,001	2,622	1,791	(1,001)	772,353
Equity investments	94,171	8,903	136	2,037	766	11,962	(990)	116,985
Loans and advances to customers	800	–	610,075	–	–	1,099	(243)	611,731
Investments in associates and jointly controlled entities	7,459	–	429	–	–	4,020	(71)	11,837
Accounts receivable	–	–	170,589	–	–	138	–	170,727
Others	92,024	25,488	35,193	1,702	8,864	10,942	(1,794)	172,419
Segment assets	851,107	109,168	1,261,324	28,357	25,978	37,256	(27,766)	2,285,424
Due to banks and other financial institutions	1,665	–	181,820	243	5,230	8,233	(1,496)	195,695
Assets sold under agreements to repurchase	46,367	1,722	39,197	11,083	–	2,366	(1,001)	99,734
Customer deposits and payables to brokerage customers	–	–	850,846	8,654	–	(46)	(23,405)	836,049
Accounts payable	–	–	70,561	–	–	78	–	70,639
Insurance payables	18,230	9,946	–	–	–	–	(202)	27,974
Insurance contract liabilities	693,974	64,430	–	–	–	–	–	758,404
Investment contract liabilities for policyholders	32,378	433	–	–	–	–	–	32,811
Policyholder dividend payable	17,979	–	–	–	–	–	–	17,979
Bonds payable	3,997	4,595	16,046	–	–	1,995	–	26,633
Others	6,509	5,768	27,033	935	530	8,811	(1,422)	48,164
Segment liabilities	821,099	86,894	1,185,503	20,915	5,760	21,437	(27,526)	2,114,082

The segment analysis as at 31 December 2010 and for the year then ended is as follows:

(in RMB million)	Life insurance	Property and casualty insurance	Banking	Securities	Corporate	Others	Eliminations	Total
Gross written premiums and policy fees	96,877	62,507	–	–	–	–	–	159,384
Less: Premiums ceded to reinsurers	(1,357)	(6,824)	–	–	–	–	–	(8,181)
Change in unearned premium reserves	66	(10,145)	–	–	–	–	–	(10,079)
Net earned premiums	95,586	45,538	–	–	–	–	–	141,124
Reinsurance commission income	155	2,461	–	–	–	–	–	2,616
Interest income from banking operations	–	–	9,331	–	–	–	–	9,331
Fees and commission income from non-insurance operations	–	–	931	3,705	–	931	(24)	5,543
Including: Inter-segment fees and commission income from non-insurance operations	–	–	7	–	–	17	(24)	–
Investment income	26,681	2,146	75	448	323	2,076	(666)	31,083
Including: Inter-segment investment income	549	34	–	21	29	33	(666)	–
Share of profits and losses of associates and jointly controlled entities	(20)	–	1,145	–	–	340	–	1,465
Other income	3,077	279	38	12	182	4,235	(3,171)	4,652
Including: Inter-segment other income	1,413	6	–	–	166	1,586	(3,171)	–
Total income	125,479	50,424	11,520	4,165	505	7,582	(3,861)	195,814
Claims and policyholders' benefits	(89,841)	(25,236)	–	–	–	–	–	(115,077)
Commission expenses on insurance operations	(8,790)	(5,934)	–	–	–	–	179	(14,545)
Interest expenses on banking operations	–	–	(3,893)	–	–	–	496	(3,397)
Fees and commission expenses on non-insurance operations	–	–	(130)	(315)	–	(181)	17	(609)
Loan loss provisions, net of reversals	–	–	(375)	–	–	(251)	–	(626)
Foreign exchange gains/(losses)	(102)	(34)	44	(1)	(5)	(6)	–	(104)
General and administrative expenses	(13,363)	(13,801)	(3,725)	(1,785)	(348)	(2,868)	1,505	(34,385)
Finance costs	(103)	(197)	–	–	(258)	(364)	9	(913)
Other expenses	(3,132)	(143)	(74)	(6)	(4)	(2,057)	1,605	(3,811)
Total expenses	(115,331)	(45,345)	(8,153)	(2,107)	(615)	(5,727)	3,811	(173,467)
Profit/(loss) before tax	10,148	5,079	3,367	2,058	(110)	1,855	(50)	22,347
Income tax	(1,731)	(1,214)	(485)	(464)	(10)	(505)	–	(4,409)
Profit/(loss) for the year	8,417	3,865	2,882	1,594	(120)	1,350	(50)	17,938

(in RMB million)	Life insurance	Property and casualty insurance	Banking	Securities	Corporate	Others	Eliminations	Total
Balances with the Central Bank and statutory deposits	5,532	2,400	34,178	–	–	–	–	42,110
Cash and amounts due from banks and other financial institutions	161,241	31,252	10,816	17,528	680	4,664	(22,866)	203,315
Fixed maturity investments	430,236	23,643	78,178	10,354	12,437	3,434	(4,630)	553,652
Equity investments	68,860	6,360	25	1,594	3,691	5,839	–	86,369
Loans and advances to customers	800	–	129,673	–	–	1,487	–	131,960
Investments in associates and jointly controlled entities	7,646	–	26,890	–	–	5,113	(48)	39,601
Accounts receivable	–	–	–	–	–	116	–	116
Others	88,763	15,700	3,011	500	1,019	7,464	(1,953)	114,504
Segment assets	763,078	79,355	282,771	29,976	17,827	28,117	(29,497)	1,171,627
Due to banks and other financial institutions	1,845	–	26,940	–	5,230	7,510	(2,703)	38,822
Assets sold under agreements to repurchase	82,557	–	23,773	6,045	–	105	(4,630)	107,850
Customer deposits and payables to brokerage customers	–	–	182,118	14,297	–	(289)	(20,163)	175,963
Accounts payable	–	–	–	–	–	280	–	280
Insurance payables	13,317	6,710	–	–	–	–	(20)	20,007
Insurance contract liabilities	594,189	45,758	–	–	–	–	–	639,947
Investment contract liabilities for policyholders	29,359	632	–	–	–	–	–	29,991
Policyholder dividend payable	14,182	–	–	–	–	–	–	14,182
Bonds payable	–	4,548	2,992	–	–	–	–	7,540
Others	4,644	4,360	4,270	3,090	510	5,087	(1,799)	20,162
Segment liabilities	740,093	62,008	240,093	23,432	5,740	12,693	(29,315)	1,054,744

5. *Gross written premiums and policy fees*

(in RMB million)	2011	2010
Gross written premiums, policy fees and premium deposits	**270,964**	226,955
Less: Premium deposits of policies without significant insurance risk transfer	**(3,568)**	(3,221)
Premium deposits unbundled from universal life and investment-linked products	**(59,594)**	(64,350)
Gross written premiums and policy fees	**207,802**	159,384
Long term life business gross written premiums and policy fees	**116,566**	90,685
Short term life business gross written premiums	**7,528**	6,192
Property and casualty business gross written premiums	**83,708**	62,507
Gross written premiums and policy fees	**207,802**	159,384

6. *Net interest income from banking operations*

(in RMB million)	2011	2010
Interest income from banking operations		
Due from the Central Bank	**1,308**	394
Due from financial institutions		
– Rediscounted bills and reverse repurchase agreements collateralized by bills	**2,944**	322
– Others	**1,736**	290
Loans and advances to customers		
– Corporate loans and advances to customers	**16,764**	4,317
– Individual loans and advances to customers	**7,452**	2,018
– Discounted bills	**493**	195
Bonds	**5,483**	1,795
Others	**3,134**	–
Subtotal	**39,314**	9,331
Interest expenses on banking operations		
Due to the Central Bank	**21**	–
Due to financial institutions		
– Rediscounted bills and repurchase agreements collateralized by bills	**1,310**	482
– Others	**6,021**	668
Customer deposits	**11,086**	2,122
Bonds payable	**561**	125
Others	**1,433**	–
Subtotal	**20,432**	3,397
Net interest income from banking operations	**18,882**	5,934

7. *Investment income*

(in RMB million)	2011	2010
Net investment income	**34,285**	25,972
Realized gains/(losses)	**(2,094)**	5,788
Unrealized losses	**(320)**	(137)
Impairment losses	**(2,606)**	(540)
Total investment income	**29,265**	31,083

(1) Net investment income

(in RMB million)	2011	2010
Interest income from non-banking operations on fixed maturity investments		
Bonds and debt scheme		
– Held-to-maturity	**15,340**	11,191
– Available-for-sale	**5,565**	6,097
– Carried at fair value through profit or loss	**726**	414
– Loans and receivables	**609**	56
Term deposits		
– Loans and receivables	**7,575**	4,845
Current accounts		
– Loans and receivables	**420**	388
Others		
– Loans and receivables	**1,003**	813
– Carried at fair value through profit or loss	**43**	–
Dividend income on equity investments		
Equity investment funds		
– Available-for-sale	**2,276**	1,595
– Carried at fair value through profit or loss	**280**	186
Equity securities		
– Available-for-sale	**1,693**	728
– Carried at fair value through profit or loss	**9**	23
Operating lease income from investment properties	**687**	443
Interest expenses on assets sold under agreements to repurchase and replacements from banks and other financial institutions	**(1,941)**	(807)
	34,285	25,972

(2) Realized gains/(losses)

(in RMB million)	2011	2010
Fixed maturity investments		
– Available-for-sale	**(231)**	3,081
– Carried at fair value through profit or loss	**(174)**	31
Equity investments		
– Available-for-sale	**(382)**	2,313
– Carried at fair value through profit or loss	**(166)**	(87)
– Subsidiaries, associates and jointly controlled entities	**(1,179)**	450
Derivative financial instruments		
– Carried at fair value through profit or loss	**22**	–
Others	**16**	–
	(2,094)	5,788

(3) Unrealized gains/(losses)

(in RMB million)	2011	2010
Fixed maturity investments		
– Carried at fair value through profit or loss	**126**	(174)
Equity investments		
– Carried at fair value through profit or loss	**(452)**	43
Derivative financial instruments		
– Carried at fair value through profit or loss	**6**	(6)
	(320)	(137)

(4) Impairment losses

(in RMB million)	2011	2010
Equity investments		
– Available-for-sale	**(2,606)**	(540)

8. *Profit before tax*

(1) Profit before tax is arrived at after charging/(crediting) the following items:

(in RMB million)	2011	2010
Employee costs (Supplementary Information 8.(2))	**19,975**	12,806
Interest expenses on investment contract reserves	**785**	748
Provision for insurance guarantee fund	**997**	784
Regulatory charges	**338**	249
Depreciation of investment properties	**351**	254
Depreciation of property and equipment	**1,673**	1,224
Amortization of intangible assets	**1,101**	620
Rental expenses	**2,592**	1,811
Advertising expenses	**3,387**	2,184
Traveling expenses	**830**	743
Office miscellaneous expenses	**1,236**	1,056
Other taxes	**277**	157
Postage and telecommunication expenses	**1,196**	838
Vehicle and vessel fuel expenses	**508**	533
Gains on disposal of investment properties, property and equipment, and intangible assets	**(6)**	(20)
Provision/(reversal of provision) for doubtful debts, net	**(25)**	292
Provision for loans, net	**1,704**	626
Cost of sales from XJ Group	**–**	1,391
Auditors' remuneration – annual audit, half-year review and quarterly agreed-upon procedures	**54**	39

(2) Employee costs

(in RMB million)	2011	2010
Wages, salaries and bonuses	**16,098**	10,491
Retirement benefits, social security contributions and welfare benefits	**3,877**	2,315
	19,975	12,806

9. *Income tax*

(in RMB million)	2011	2010
Current income tax	**8,541**	2,832
Deferred income tax	**(1,097)**	1,577
	7,444	4,409

On 16 March 2007, the National People's Congress approved the *Corporate Income Tax Law of the People's Republic of China* (the new "CIT Law"). The new CIT Law unified the domestic corporate income tax rate at 25% with effect from 1 January 2008. For subsidiaries and branches of the Group located in the Special Economic Zones that were entitled to preferential income tax rates, the applicable CIT rate would be transited to 25% over five years. During the transition period, the applicable CIT rate for relevant subsidiaries and branches would be 18%, 20%, 22%, 24% and 25% for years 2008, 2009, 2010, 2011 and 2012, respectively. For other subsidiaries and branches of the Group, the CIT rate for 2011 was 25%.

Subsidiaries of the Group located in the Hong Kong Special Administrative Region are subject to Hong Kong profits tax. The tax rate of Hong Kong profits tax was 16.5% for 2011 (2010:16.5%).

Reconciliation between tax expense and the product of accounting profit multiplied by the applicable tax rate of 24% (2010: 22%) is as follows:

(in RMB million)	2011	2010
Profit before tax	**30,026**	22,347
Tax computed at the applicable tax rate of 24% (2010: 22%)	**7,206**	4,916
Tax effect of expenses not deductible in determining taxable income	**1,839**	1,287
Tax effect of income not taxable in determining taxable income	**(1,787)**	(1,779)
Deferred tax effect of different tax rates between current year and future years	**(5)**	15
Tax effect of higher tax rate on branches and entities (in Mainland China) located outside the Special Economic Zones	**99**	176
Additional tax provision	**92**	23
Tax losses utilized from previous years	**–**	(229)
Income tax per consolidated income statement	**7,444**	4,409

The Group's tax position is subject to assessment and inspection of the tax authorities before finalization.

10. *Other comprehensive income*

(in RMB million)	2011	2010
Losses of available-for-sale financial assets arising during the year	**(21,886)**	(1,439)
Less: Income tax relating to available-for-sale financial assets	**4,578**	1,373
Reclassification adjustments for losses/(gains) included in the income statement		
– Losses/(gains) on disposal	**642**	(5,319)
– Impairment losses	**2,606**	540
	(14,060)	(4,845)
Shadow accounting adjustments	**2,153**	2,358
Less: Income tax relating to shadow accounting adjustments	**(538)**	(523)
	1,615	1,835
Exchange differences on translation of foreign operations	**78**	8
Share of other comprehensive income of associates and jointly controlled entities	**103**	(3)
	(12,264)	(3,005)

11. *Earnings per share*

The basic earnings per share is calculated by dividing the Company's net profit attributable to ordinary shareholders by the weighted average number of outstanding shares.

No adjustment has been made to the basic earnings per share amounts presented for the years ended 31 December 2011 and 2010 in respect of a dilution as the Group had no potentially dilutive ordinary shares in issue during those years.

	2011	2010
Net profit attributable to ordinary shareholders (in RMB million)	**19,475**	17,311
Weighted average number of outstanding shares of the Company (million shares)	**7,780**	7,519
Basic earnings per share (in RMB)	**2.50**	2.30
Diluted earnings per share (in RMB)	**2.50**	2.30

12. *Share capital*

(in millions)	31 December 2011	31 December 2010
Number of shares registered, issued and fully paid, with a par value of RMB1 each	**7,916**	7,644

On 17 June 2011, the Company issued 272 million H shares to JINJUN LIMITED, a company wholly owned by Chow Tai Fook Nominee Limited, for a total consideration of HKD19,448 million, equivalent to RMB16,169 million. The consideration net of issuing expenses was equivalent to RMB16,134 million. The share contribution was verified by the Chinese Certified Public Accountants.

13. *Dividends*

(in RMB million)	2011	2010
Interim dividend – RMB0.15 (2010: RMB0.15) per ordinary share	**1,187**	1,147
Proposed final dividend – RMB0.25 (2010: RMB0.40) per ordinary share (not recognized as a liability as at 31 December)	**1,979**	3,058

The proposed final dividend for the year is subject to the approval of the Company's shareholders at the forthcoming annual general meeting.

On 29 March 2011, the Board of Directors of the Company approved the Resolution of the Profit Appropriation Plan for 2010, agreeing to declare a final cash dividend of RMB0.40 per share for 2010 which amounted to RMB3,058 million based on the total shares of 7,644 million outstanding at that point in time. On 16 June 2011, the above Profit Appropriation Plan was approved by the shareholders' general meeting of the Company.

14. *Distributable reserves*

As at December 31, 2011, the Company's reserves available for distribution totaled RMB22,630 million, of which RMB1,979 million has been proposed as a final dividend for the year. The retained profits were carried forward to 2012. In addition, the Company's capital reserve and surplus reserve fund, in the amount of RMB90,488 million, may be distributed by a future capitalization issue.

15. *Major customers*

In the year under review, operating income from the Group's five largest customers accounted for less than 1% of the total operating income for the year.

None of the Directors of the Company or any of their associates or any shareholders (which, to the best knowledge of the Directors, own more than 5% of the Company's issued share capital) had any beneficial interest in the Group's five largest customers.

16. *Contingent liabilities*

Owing to the nature of the insurance and financial service business, the Group is involved in estimates for contingencies and legal proceedings in the ordinary course of business, including, but not limited to, being the plaintiff or the defendant in litigation and arbitration. Legal proceedings mostly involve claims on the Group's insurance policies and other claims. Provision has been made for probable losses to the Group, including those claims where management can reasonably estimate the outcome of the lawsuits taking into account any legal advice.

No provision has been made for pending assessments, lawsuits or possible violations of contracts when the outcome cannot be reasonably estimated or management believes the probability is low or remote. For pending lawsuits, management also believes that any resulting liabilities will not have a material adverse effect on the financial position or operating results of the Group or any of its subsidiaries.

17. *Events after the reporting period*

(1) On 15 November 2011, the State-owned Assets Supervision and Administration Commission of Shanghai Municipal Government ("Shanghai SASAC") and Shanghai Pingpu Investment Co., Ltd. ("Shanghai Pingpu"), a subsidiary of the Group, entered into a contract to transfer 100% equity shares of Shanghai Jahwa (Group) Company Ltd. held by the Shanghai SASAC to Shanghai Pingpu at a consideration of RMB5,109 million. The transaction of equity shares transfer was completed on 16 February 2012.

(2) On 15 March 2012, the Board of Directors of the Company proposed to distribute a final dividend of RMB1,979 million as stated in Supplementary Information 13.

The financial figures above in respect of the Announcement of Audited Results for the Year Ended December 31, 2011 ("Announcement") have been agreed by the Group's auditors, Ernst & Young, to the amounts set out in the Group's audited financial statements for the year ended December 31, 2011. The work performed by Ernst & Young in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the HKICPA and consequently no assurance has been expressed by Ernst & Young on the Announcement.

FOREIGN CURRENCY RISK

Foreign currency-denominated assets held by the Group are exposed to foreign currency risks. These assets include monetary assets, such as deposits and bonds held in foreign currencies, and non-monetary assets measured at fair value, such as stocks and funds held in foreign currencies. The Group's foreign currency-denominated liabilities are also exposed to the risk as a result of fluctuations in exchange rates. These liabilities include monetary liabilities, such as borrowings, customers' deposits, and claim reserves denominated in foreign currencies, and non-monetary liabilities measured at fair value. The exchange risks related to the above assets and liabilities offset each other.

The Group adopts sensitivity analysis to assess its risk exposure. The sensitivity of foreign currency risk is calculated by assuming a simultaneous and uniform 5% depreciation against the Renminbi of all foreign currency denominated monetary assets and liabilities, as well as non-monetary assets and liabilities measured at fair value as illustrated in the table below:

December 31, 2011 (in RMB million)	**Decrease in profit**	**Decrease in equity**
Net exposure to the fluctuations in exchange rates assuming a simultaneous and uniform 5% depreciation of all foreign currency denominated monetary assets and liabilities and non-monetary assets and liabilities measured at fair value against the Renminbi	325	1,243

EMBEDDED VALUE

In order to provide investors with an additional tool to understand our economic value and business performance results, the Company has disclosed information regarding embedded value in this Announcement. The embedded value represents the shareholders' adjusted net asset value plus the value of the Company's in-force life insurance business adjusted for the cost of regulatory solvency margin deployed to support this business. The embedded value excludes the value of future new business sales.

In accordance with the related provisions of the Rules for the Compilation of Information Disclosures by the Companies Offering Securities to the Public (No. 4) – Special Provisions on Information Disclosures by Insurance Companies, the Company has engaged Ernst & Young (China) Advisory Limited to review the reasonableness of the methodology, the assumptions and the calculation results of the Company's embedded value as at December 31, 2011.

The calculation of embedded value necessarily makes a number of assumptions with respect to future experience. As a result, future experience may vary from that assumed in the calculation, and these variations may be material. The market value of the Company is measured by the value of the Company's shares on any particular day. In valuing the Company's shares, investors take into account a variety of information available to them and their own investment criteria. Therefore, these calculated values should not be construed as a direct reflection of the actual market value.

On December 22, 2009, the Ministry of Finance issued the "Regulations regarding the Accounting Treatment of Insurance Contracts" (Cai Kuai [2009] No.15), regulating the measurement of the premiums income and the reserves on accounting terms, and requiring insurance companies to adopt such regulations since the preparation of their 2009 annual financial statements. On January 25, 2010, CIRC promulgated the "Rules on the Preparation of Insurance Company Solvency Reports-Q&A No.9: Connection between Rules on the Preparation of Solvency Reports and No.2 Interpretation of Accounting Standards for Business Enterprises" (Bao Jian Fa [2010] No.7), pursuant to which, admitted principles for insurance contract liabilities in solvency reports still follow the statutory assessment standards set up by CIRC, while admitted principles for non-insurance contract liabilities in solvency reports should apply to accounting standards. The future profit involved in the calculation of embedded value shall be the distributable profit when solvency requirements are satisfied. Therefore, during the preparation of 2011 embedded value report, relevant contract liabilities of life insurance business were measured according to the assessment standards of the liabilities pursuant to the solvency regulations, and the income tax was also based on the results before adoption of the "Regulations regarding the Accounting Treatment of Insurance Contracts".

Components of Economic Value

(in RMB million)	**December 31, 2011**	December 31, 2010
	Earned Rate/	Earned Rate/
Risk discount rate	**11.0%**	11.0%
Adjusted net asset value	**139,446**	123,573
Including: Adjusted net asset value of life insurance business	**48,219**	43,673
Value of in-force insurance business written prior to June 1999	**(8,549)**	(9,858)
Value of in-force insurance business written since June 1999	**126,099**	104,816
Cost of holding the required solvency margin	**(21,369)**	(17,545)
Embedded value	**235,627**	200,986
Including: Embedded value of life insurance business	**144,400**	121,086

(in RMB million)	**December 31, 2011**	December 31, 2010
Risk discount rate	**11.0%**	11.0%
Value of one year's new business	**19,339**	18,192
Cost of holding the required solvency margin	**(2,518)**	(2,686)
Value of one year's new business after cost of solvency	**16,822**	15,507

Note: Figures may not match totals due to rounding.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

Neither the Company, nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities during the year.

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES CONTAINED IN APPENDIX 14 TO THE LISTING RULES

None of the Directors is aware of any information that would reasonably indicate that the Company did not meet the applicable Code Provisions set out in the Code on Corporate Governance Practices contained in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") for any part of the period from January 1, 2011 to December 31, 2011 except that Mr. Ma Mingzhe has occupied the positions of both the Chairman of the Board of Directors and Chief Executive Officer of the Company. Further details of the Company's arrangements and considered reasons for the Company's intention not to separate the roles of the Chairman of the Board of Directors and the Chief Executive Officer of the Company will be set out in the Corporate Governance Report to be contained in the Company's 2011 annual report.

On May 28, 2004, the Company adopted the Code of Conduct, which was amended on August 17, 2011, regarding securities transactions by Directors and Supervisors of the Company ("Code of Conduct") on terms no less exacting than the required standard set out in the Model Code for Securities Transactions by Directors of Listed Issuer (the "Model Code") set out in Appendix 10 to the Listing Rules. Specific enquiry has been made to all Directors and Supervisors of the Company that they complied with the required standard set out in the Model Code and the Code of Conduct for the period, save and except that Mr. Peng Zhijian, a Supervisor of the Company purchased 6,600 A shares of the Company and completed the reporting on July 22, 2011.

ANNUAL GENERAL MEETING

The annual general meeting of the Company will be held on Wednesday, June 27, 2012 at the Ping An Hall, Ping An School of Financial Services, Guanlan, Shenzhen, Guangdong Province, PRC.

CLOSURE OF THE REGISTER OF MEMBERS

In order to determine the list of holders of H shares of the Company who are entitled to attend the annual general meeting of the Company, the H shares register of members will be closed from Monday, May 28, 2012 to Wednesday, June 27, 2012, both days inclusive. Holders of the Company's H shares whose names appear on the register of members on Wednesday, June 27, 2012 are entitled to attend the meeting. In order to attend and vote at the meeting, holders of H shares of the Company whose transfers have not been registered shall deposit the transfer documents together with the relevant share certificates at the H share registrar of the Company, Computershare Hong Kong Investor Services Limited at or before 4:30 p.m. on Friday, May 25, 2012. The address of the transfer office of Computershare Hong Kong Investor Services Limited is Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong. The registration date and arrangements in relation to the rights of holders of A shares of the Company to attend the annual general meeting of the Company will be separately announced in the PRC.

FINAL DIVIDEND

The Board of Directors recommended that a final dividend of RMB0.25 per share (tax inclusive) for the year ended December 31, 2011, subject to the approval of shareholders of the Company at the forthcoming annual general meeting. If approved, holders of H shares whose names are on the Company's register of members of H shares on July 13, 2012 (the "Record Date") will be entitled to receive the final dividend. The registration date and arrangements in relation to the rights of holders of A shares to receive the final dividend for the year ended December 31, 2011 will be separately announced in the PRC.

In order to determine the list of holders of H shares who are entitled to receive the final dividend for the year ended December 31, 2011, the Company's register of members of H shares will be closed from Friday, July 6, 2012 to Friday, July 13, 2012, both days inclusive, during which period no transfer of H shares will be effected. In order to qualify for the final dividend, holders of H shares whose transfers have not been registered shall deposit the transfer documents together with the relevant share certificates at the H share registrar of the Company, Computershare Hong Kong Investor Services Limited, at or before 4:30 p.m. on Thursday, July 5, 2012. The address of the transfer office of Computershare Hong Kong Investor Services Limited is Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong.

AUDIT AND RISK MANAGEMENT COMMITTEE

The audit and risk management committee of the Board of Directors of the Company comprises five Independent Non-executive Directors, Mr. Tang Yunwei, Mr. Zhang Hongyi, Mr. Chen Su, Mr. Chung Yu-wo Danny and Mr. Woo Ka Biu Jackson and one Non-executive Director, Mr. Ng Sing Yip. The Audit and Risk Management Committee has reviewed, in the presence of the internal and external auditors, the Group's principal accounting policies and the audited financial statements for the year ended December 31, 2011.

PUBLICATION OF RESULTS ANNOUNCEMENT ON THE WEBSITE OF THE COMPANY

This results announcement is published on the Company's website (www.pingan.com) at the same time as it is published on the website of the Stock Exchange (www.hkexnews.hk).

PUBLICATION OF DETAILED RESULTS ON THE WEBSITES OF THE STOCK EXCHANGE AND THE COMPANY

The 2011 annual report of the Company containing all the information required under Appendix 16 to the Listing Rules will be despatched to shareholders of the Company and published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.pingan.com) in due course.

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

Shenzhen, PRC, March 15, 2012

As at the date of this announcement, the Executive Directors of the Company are Ma Mingzhe, Sun Jianyi, Wang Liping and Yao Jason Bo; the Non-executive Directors are Lin Lijun, Wong Tung Shun Peter, Ng Sing Yip, Li Zhe, Guo Limin, Cheung Chi Yan Louis and Fan Mingchun; the Independent Non-executive Directors are Zhang Hongyi, Chen Su, Xia Liping, Tang Yunwei, Lee Ka Sze Carmelo, Chung Yu-wo Danny and Woo Ka Biu Jackson.