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中国平安 PINGAN

保险·银行·投资 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, 2012

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, 2012 (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, 2012	December 31, 2011
Total assets	2,450,973	2,285,424
Total liabilities	2,264,819	2,114,082
Total equity	186,154	171,342
Equity attributable to shareholders of the parent company	<u>140,554</u>	<u>130,867</u>
For the three months ended March 31,		
(in RMB million)	2012	2011
Total income	97,532	75,672
Net profit	7,803	5,946
Net profit attributable to shareholders of the parent company	6,064	5,814
Basic earnings per share (in RMB)	<u>0.77</u>	<u>0.76</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

Total number of shareholders as at the end of the Reporting Period	305,912, of which 300,283 were holders of A shares and 5,629 were holders of H shares.	
Particulars of top ten holders of listed shares not subject to trading moratorium		
Name of shareholders	Number of listed shares not subject to trading moratorium held as at the end of the Reporting Period (share)	Class of shares
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
Gongbujiangda Jiangnan Industrial Development Co., Ltd.	139,112,886	A share
Account No.2 of National Council for Social Security Fund transferred from state-owned shares in listed companies	111,007,892	A share

3. BUSINESS REVIEW FOR THE REPORTING PERIOD

In the first quarter of 2012, against the backdrop of a slow recovery in the US and European economies, a pull-back in consumer demand in China's domestic market, as well as potentially weaker prospects over a medium- to long-term horizon, the growth of China's economy had slowed down. In spite of this complex environment in the domestic and external economies, the Company proactively confronted the many challenges in the market and pressed ahead steadily with its integrated financial strategy. As part of our investment portfolio adjustment strategy, the Company realized some of our investment losses in the first quarter. Net profit attributable to shareholders of the parent company was RMB6.064 billion, representing an increase of 4.3% when compared with the same period of last year. Looking at the full year of 2012, the Company is confident that it can achieve sustainable and stable growth in its three pillar businesses, namely insurance, banking and investment.

Our insurance business maintained a stable growth. The total written premiums of life insurance business reached RMB66,583 million, among which, written premiums from the more profitable individual life insurance business were RMB59,289 million, representing an increase of 8.0% when compared with the same period of last year. Premium income of Ping An Property & Casualty was RMB24,232 million, representing an increase of 19.3% when compared with the same period of last year. Among which, premium income from cross-selling and telemarketing accounted for a higher proportion of 42.2%, while business quality remained sound. For our annuity business, assets entrusted and assets under management totalled more than RMB100 billion, maintaining a leading position in the annuity industry.

Profit contribution from the banking business continued to increase, while deposits grew to more than RMB900 billion. Of the net profit attributable to shareholders of the parent company in the first quarter, RMB1,766 million was contributed by the banking business. While the integration of two banks progressing steadily, our business maintained solid pace. As at March 31, 2012, the total assets of banking business exceeded RMB1.3 trillion while deposits leaped past the RMB900 billion level, representing an increase of 7.5% when compared with the beginning of the year at a market-leading growth rate. The proportion of non-interest income increased to 18.6%, further optimizing the business structure.

Our investment business kept a stable development trend. Ping An Trust steadily operated its business with tradable assets under management exceeding RMB280 billion. The fixed income business of Ping An Securities successfully completed 10 bond offerings as lead underwriter, making it one of the top underwriters in the industry based on the number of deals. Fund raising activities for the third fund launched by Ping An-UOB Fund, had kicked off after it had received regulatory approval. In the first quarter of 2012, Ping An Asset Management (Hong Kong) launched three ETF funds listed in the Hong Kong market, which further enriched our asset management product line.

Looking ahead, China's economy is expected to undergo further structural adjustments. The acceleration of industry optimization and upgrading, the rapid increase in wealth in society, together with further diversification of customer demand for financial products, are set to bring more opportunities for the development of the financial industry. However, a higher level of operational management is required for the financial industry due to a number of factors, such as uncertainties in the global and domestic economies, tighter financial regulations, growing market competition, etc. The Company will closely monitor and proactively respond to changes in the external environment and the economic situation. In order to promote the sustainability of our operations, we will explore new ways to enhance our competitiveness while ensuring the steady growth of our business. In addition, we will strengthen the foundation of our operations and enhance risk management so as to ensure the stable development of our business.

4. CHANGES IN MAJOR SUBSIDIARIES, ASSOCIATES AND JOINTLY CONTROLLED ENTITIES

On November 15, 2011, the State-owned Assets Supervision and Administration Commission of Shanghai Municipal Government (the “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. (“Shanghai Jahwa”) held by the Shanghai SASAC to Shanghai Pingpu at a consideration of RMB5,109 million. The transaction of equity shares transfer was completed on February 16, 2012. Shanghai Jahwa has become a subsidiary of the Group.

In this quarterly report, the financial statements of Shanghai Jahwa have been included in the Group’s scope of consolidation. The Group carried out the accounting treatment in accordance with the “Accounting Standards for Business Enterprises” issued by the Ministry of Finance.

5. SIGNIFICANT EVENTS

On December 20, 2011, as mentioned in the announcement of the Company, the Company proposed to issue in aggregate not more than RMB26 billion A Share Convertible Corporate Bonds. Such Convertible Bonds and A Shares to be converted into upon the conversion of the Convertible Bonds will be listed on Shanghai Stock Exchange (hereinafter referred to as the “Bond Issue”).

As at the date of this report, the Bond Issue is subject to the approval of the relevant regulatory authorities.

For further details, please refer to the related announcement published on Shanghai Security News, China Security Journal, Securities Times, Securities Daily and the website of Shanghai Stock Exchange (www.sse.com.cn) on December 21, 2011.

6. UNDERTAKINGS

Shareholders’ Undertakings

The Company received written notices from Linzhi New Horse Investment Development Co., Ltd., Linzhi Jingao Industrial Development Co., Ltd. and Gongbujiangda Jiangnan Industrial Development Co., Ltd. on February 22, 2010. 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 Gongbujiangda 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, 2012, 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 non-public issuing, that it shall not transfer the subscribed shares within 36 months from the listing date 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 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.

As of March 31, 2012, the above undertakings were still being performed.

Undertakings in Respect of the Major Asset Restructuring 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 at completing 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 consideration and granting approval by the regulatory authorities. The Company will conduct frequent communications with the authorities, aiming to obtain the approval and complete the integration as soon as possible.
- (2) The Company undertakes that it shall not, within 36 months since the date of completion of the non-public issuing of shares by SDB, transfer all of the subscribed shares issued through non-public issuing, 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 the 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 within three years upon the completion of the issuing 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 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 (“Compensation Amount”). The Company shall, within the 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 the SDB.
- (4) In respect of the two properties of Ping An Bank, for which the ownership certificates had not been obtained, the Company has issued “The Letter of Undertaking from Ping An Insurance (Group) Company of China, Ltd. in relation to the Compensation for the Losses Arising from the Potential Title Disputes of Ping An Bank Company Limited”. According to the Letter of Undertaking, the Company undertakes that if title disputes occur in respect of the above properties of Ping An Bank in the future, the Company will make efforts to coordinate the parties for proper settlement of the disputes, so as to avoid any adverse effect on the normal operation. If the above branches incur additional costs or their revenue decreases due to the title disputes, the Company promises that it will compensate SDB in cash for the loss arising from the handling of the title disputes by Ping An Bank.

Besides, in respect of the two properties the ownership certificates of which have not been obtained, the Company has issued “The Letter of Undertaking from Ping An Insurance (Group) Company of China, Ltd. in relation to settlement of properties with title defects of Ping An Bank Company Limited”. According to the Letter of Undertaking, the Company undertakes that, within three years following completion of the transaction, if SDB fails to obtain the ownership certificates for the two properties and fails to dispose of the same properly, the Company shall, within three months upon expiry of the three-year period, purchase or designate any third party to purchase those properties at a fair and reasonable price.

- (5) The Company undertakes that, after the completion of the major asset restructuring and during the period when the Company remains as the controlling shareholder of SDB, and in respect of the businesses of the Company and the enterprises under its control intend to carry out or they obtaining the business 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.

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

As of March 31, 2012, the above undertakings were still being performed.

7. GUARANTEE

(in RMB million)

External guarantee of the Company (excluding the guarantee in favor of its subsidiaries)	
Total external guarantee incurred during the Reporting Period	–
Total external guarantee balance as at the end of the Reporting Period	–
Guarantee of the Company in favor of its subsidiaries	
Total guarantee in favor of its subsidiaries incurred during the Reporting Period	315
Total guarantee balance in favor of its subsidiaries as at the end of the Reporting Period	5,907
Total guarantee of the Company (including the guarantee in favor of its subsidiaries)	
Total guarantee	5,907
Total guarantee as a percentage of the Company’s net assets (%)	4.2

Note: The external guarantee business is one of the ordinary banking businesses of Shenzhen Development Bank and Ping An Bank, subsidiaries of the Company, and has been approved by the People’s Bank of China and the China Banking Regulatory Commission. SDB and Ping An Bank have conducted financial guarantee business in strict compliance with the scope approved by relevant regulatory authorities. Therefore, the data set out in the table above does not include the external guarantee of SDB and Ping An Bank.

8. FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH IFRS

(1) Consolidated Income Statement

For the three months ended March 31, 2012

For the three months ended March 31, (in RMB million)	2012 (Unaudited)	2011 (Unaudited)
Gross written premiums and policy fees	74,677	69,600
Less: Premiums ceded to reinsurers	<u>(3,931)</u>	<u>(3,358)</u>
Net written premiums and policy fees	70,746	66,242
Change in unearned premium reserves	<u>(2,876)</u>	<u>(3,818)</u>
Net earned premiums	67,870	62,424
Reinsurance commission income	1,253	973
Interest income from banking operations	18,450	2,931
Fees and commission income		
from non-insurance operations	2,427	1,809
Investment income	6,185	6,202
Share of profits and losses of associates and jointly controlled entities	(6)	474
Other income	<u>1,353</u>	<u>859</u>
Total income	<u>97,532</u>	<u>75,672</u>
Claims and policyholders' benefits	(54,274)	(50,917)
Commission expenses on insurance operations	(6,147)	(5,746)
Interest expenses on banking operations	(9,842)	(1,261)
Fees and commission expenses		
on non-insurance operations	(243)	(172)
Loan loss provisions, net of reversals	(676)	(55)
Foreign exchange gains/(losses)	93	(58)
General and administrative expenses	(14,644)	(9,218)
Finance costs	(355)	(210)
Other expenses	<u>(1,104)</u>	<u>(769)</u>
Total expenses	<u>(87,192)</u>	<u>(68,406)</u>
Profit before tax	10,340	7,266
Income tax	<u>(2,537)</u>	<u>(1,320)</u>
Net profit	<u>7,803</u>	<u>5,946</u>
Attributable to:		
– Owners of the parent	6,064	5,814
– Non-controlling interests	<u>1,739</u>	<u>132</u>
	<u>7,803</u>	<u>5,946</u>
	RMB	RMB
Earnings per share attributable to ordinary equity holders of the parent – basic	<u>0.77</u>	<u>0.76</u>

(2) **Consolidated Statement of Comprehensive Income**
For the three months ended March 31, 2012

For the three months ended March 31, (in RMB million)	2012 (Unaudited)	2011 (Unaudited)
Net profit	<u>7,803</u>	<u>5,946</u>
Other comprehensive income		
Available-for-sale financial assets	6,172	729
Shadow accounting adjustments	(1,359)	682
Exchange differences on translation of foreign operations	61	4
Share of other comprehensive income of associates	13	(54)
Income tax relating to components of other comprehensive income	<u>(1,177)</u>	<u>(310)</u>
Other comprehensive income, net of tax	<u>3,710</u>	<u>1,051</u>
Total comprehensive income	<u>11,513</u>	<u>6,997</u>
Attributable to:		
– Owners of the parent	9,687	6,863
– Non-controlling interests	<u>1,826</u>	<u>134</u>
	<u>11,513</u>	<u>6,997</u>

(3) Consolidated Statement of Financial Position

As at March 31, 2012

(in RMB million)	March 31, 2012 (Unaudited)	December 31, 2011 (Audited)
ASSETS		
Balances with the Central Bank and statutory deposits	180,868	168,366
Cash and amounts due from banks and other financial institutions	344,915	261,006
Fixed maturity investments	794,676	772,353
Equity investments	133,942	116,985
Derivative financial assets	524	818
Loans and advances to customers	641,421	611,731
Investments in associates and jointly controlled entities	11,897	11,837
Premium receivables	12,629	12,089
Accounts receivable	160,374	170,727
Reinsurers' share of insurance liabilities	9,116	7,892
Policyholder account assets in respect of insurance contracts	33,227	33,460
Policyholder account assets in respect of investment contracts	4,059	3,992
Investment properties	9,226	9,076
Property and equipment	16,850	16,027
Intangible assets	38,463	33,584
Deferred tax assets	12,359	13,383
Other assets	46,427	42,098
Total assets	2,450,973	2,285,424
EQUITY AND LIABILITIES		
Equity		
Share capital	7,916	7,916
Reserves	83,028	79,405
Retained profits	49,610	43,546
Equity attributable to owners of the parent	140,554	130,867
Non-controlling interests	45,600	40,475
Total equity	186,154	171,342

(in RMB million)	March 31, 2012 (Unaudited)	December 31, 2011 (Audited)
Liabilities		
Due to banks and other financial institutions	277,325	195,695
Assets sold under agreements to repurchase	87,861	99,734
Derivative financial liabilities	434	732
Customer deposits and payables to brokerage customers	892,246	836,049
Accounts payable	49,013	70,639
Insurance payables	27,914	27,974
Insurance contract liabilities	804,128	758,404
Investment contract liabilities for policyholders	32,839	32,811
Policyholder dividend payable	19,477	17,979
Income tax payable	5,141	4,370
Bonds payable	26,670	26,633
Deferred tax liabilities	5,106	4,612
Other liabilities	36,665	38,450
	<hr/>	<hr/>
Total liabilities	2,264,819	2,114,082
	<hr/>	<hr/>
Total equity and liabilities	2,450,973	2,285,424
	<hr/> <hr/>	<hr/> <hr/>

(4) Consolidated Statement of Cash Flows
For the three months ended March 31, 2012

For the three months ended March 31, (in RMB million)	2012 (Unaudited)	2011 (Unaudited)
Net cash from operating activities	109,421	58,487
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of investment properties, property and equipment, and intangible assets	(810)	(931)
Proceeds from disposal of investment properties, property and equipment, and intangible assets	4	7
Purchases of investments, net	(12,170)	(56,378)
Term deposits placed, net	(28,637)	(3,522)
Acquisition of subsidiaries	(1,477)	(583)
Disposal of subsidiaries	172	201
Interest received	7,296	4,361
Dividends received	329	507
Rentals received	170	86
Increase of policy loans	(1,221)	(1,554)
Net cash used in investing activities	(36,344)	(57,806)
CASH FLOWS FROM FINANCING ACTIVITIES		
Capital injected into subsidiaries by non-controlling interests	38	108
Proceeds from/(Payment for) sales in assets sold under agreements to repurchase	5,587	(21,757)
Proceeds from borrowed funds	18	715
Repayment of borrowed funds	(1,430)	(604)
Interest paid	(720)	(863)
Dividends paid	(1)	–
Net cash from/(used in) financing activities	3,492	(22,401)
Net increase/(decrease) in cash and cash equivalents	76,569	(21,720)
Net foreign exchange differences	44	(53)
Cash and cash equivalents at beginning of the period	110,481	80,938
Cash and cash equivalents at the end of the period	187,094	59,165

9. RELEASE OF RESULTS ANNOUNCEMENT

This results announcement is simultaneously available on the website of The Stock Exchange of Hong Kong Limited (www.hkexnews.hk) and the website of the Company (www.pingan.com). This results announcement is prepared in accordance with IFRS. The full report for the first quarterly results of 2012 prepared in accordance with the Accounting Standards for Business Enterprise issued by the Ministry of Finance of the PRC and the other relevant regulations will be published on the Company's website (www.pingan.com) at the same time as it is published on the website of the Shanghai Stock Exchange (www.sse.com.cn).

By order of the Board

Ma Mingzhe

Chairman and Chief Executive Officer

Shenzhen, PRC, April 27, 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 Carmelo Ka Sze, Chung Yu-wo Danny and Woo Ka Biu Jackson.