

 Investor
 Investment Service Centre
 Listed Companies Information

PING AN<02318> - Results Announcement

Ping An Insurance (Group) Company of China, Limited announced on 18/04/2005:

(stock code: 02318)

Year end date: 31/12/2004

Currency: RMB

Auditors' Report: Unqualified

	(Audited)	(Audited)
	Current	Last
	Period	Corresponding
	from 01/01/2004	Period
	to 31/12/2004	from 01/01/2003
		to 31/12/2003
	Note (' Million)	(' Million)
Turnover	2 : 63,251	66,623
Profit/(Loss) from Operations	: 3,789	3,040
Finance cost	: (42)	(224)
Share of Profit/(Loss) of Associates	: N/A	5
Share of Profit/(Loss) of Jointly Controlled Entities	: N/A	N/A
Profit/(Loss) after Tax & MI	3&4 : 3,116	2,320
% Change over Last Period	: +34.3 %	
EPS/(LPS)-Basic (in dollars)	6 : 0.56	0.47
-Diluted (in dollars)	6 : N/A	N/A
Extraordinary (ETD) Gain/(Loss)	: N/A	N/A
Profit/(Loss) after ETD Items	: 3,116	2,320
Final Dividend per Share	5 : RMB0.14	N/A
(Specify if with other options)	: N/A	N/A
B/C Dates for Final Dividend	: 24/05/2005	to 23/06/2005 bdi.
Payable Date	: 30/06/2005	
B/C Dates for Annual General Meeting	: 24/05/2005	to 23/06/2005 bdi.
Other Distribution for Current Period	: N/A	

B/C Dates for Other

Distribution : N/A

Remarks:

1. The listing date and the basis of presentation

The listing date was June 24, 2004.

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRSs"), which comprise standards and interpretations approved by the IASB, and International Accounting Standards and Standing Interpretations Committee interpretations approved by the International Accounting Standards Committee that remain in effect.

In the Group's preparation of its IFRS financial statements for 2004, IFRS does not have an effective standard governing the accounting treatment of insurance contracts and, at the time when a specific topic is not addressed by IFRSs, the IFRS framework permits reference to another comprehensive body of accounting principles. As a result,

" the Group has chosen to use the revenue accounting practices currently adopted by insurance companies reporting under the Companies Ordinance and Insurance Companies Ordinance of Hong Kong; and

" the Group has made reference to specific accounting principles generally accepted in the United States for guidance on the measurement of its insurance liabilities and associated deferred policy acquisition costs, specifically, the measurement guidance provisions contained within Statements of Financial Accounting Standards Nos. 60 and 97.

2. Turnover

Notes	2004	2003
	RMB Million	RMB Million
Gross written premiums and policy fees 2(a)		
	60,049	63,134
Less: Premiums ceded to reinsurers		
	(4,122)	(3,800)
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Net written premiums and policy fees		
	55,927	59,334
Increase in unearned premium reserves, net		
	(1,191)	(485)

Net earned premiums	54,736	58,849
Reinsurance commission income	1,376	1,247
Net investment income 2(b)	7,261	5,948
Realized and unrealized gains/(losses) 2(c)		
	(773)	395
Other income	651	184

Total revenue	63,251	66,623
	=====	

2(a) Gross written premiums and policy fees

	2004	2003
	RMB Million	RMB Million
Life		
Individual life	35,949	34,617
Bancassurance	5,836	10,562
Group insurance	8,114	9,864
Property and casualty		
Automobile insurance	6,232	4,589
Non-automobile insurance		
	3,545	3,351
Accident and health insurance		
	373	151

Total	60,049	63,134
	=====	

2(b) Net investment income

	2004	2003
	RMB Million	RMB Million
Interest income on fixed maturity investments		
Bonds	3,074	2,142
Term deposits	3,592	3,520
Others	72	118

Dividend income on equity investments		
Equity investment funds	382	69
Equity securities	11	-
Operating lease income from investment properties		
	130	99

Total	7,261	5,948
	=====	

2(c) Realized and unrealized gains/(losses)

	2004	2003
	RMB Million	RMB Million
Fixed maturity investments	22	(8)
Equity investments	(789)	398
Derivative financial assets	(6)	-
Other investments	-	5

Total	(773)	395
	=====	

3. Operating profit

(1) Operating profit is arrived at after charging/(crediting) the following items:

	2004	2003
	RMB Million	RMB Million
Employee costs, excluding directors' emoluments (3(2))	2,720	2,471
Depreciation of investment properties		
	66	55
Depreciation of property, plant and equipment		
	460	399
Amortization of land use rights	19	21
Amortization of goodwill	24	3
Loss on disposal of property, plant and equipment, net		
	10	2
Impairment losses for investment properties, property, plant and equipment, construction-in-progress, and land use rights		
	73	35
Write-back of provision for doubtful debts, net		

	(39)	-
Write-back of provision for loans		
	(12)	-
Auditors' remuneration	10	2
Operating lease payments in respect of land and buildings		
	521	524
	=====	=====

(2) Employee costs, excluding directors' emoluments

	2004	2003
	RMB Million	RMB Million
Wages, salaries and bonuses	2,225	2,077
Retirement benefits, social security contributions and welfare benefits	495	394
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Total	2,720	2,471
	=====	=====

4. Income taxes

According to the "Provisional Regulations of the PRC on Enterprise Income Tax", the taxable income of the Group represents its income for financial reporting purposes, net of deductible items for income tax purposes. The enterprise income tax rates applicable to the Group, the subsidiaries and their branches during the year are as follows:

Tax	Subsidiaries and branches	Tax rate
Enterprise income tax in the PRC		
	- Located in Special Economic Zones	15%
	- Located outside Special Economic Zones	33%

Hong Kong profits tax

- Subsidiaries in Hong Kong Special Administrative Region	17.5%
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	2004	2003
	RMB Million	RMB Million
Current income tax of the Group		
	572	635
Share of tax attributable to an associate		

	-	-

Total current income tax	572	635
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Deferred tax relating to the origination and reversal of temporary differences:

Provision for policyholders' reserves	(246)	(349)
Provision for claim reserves	(81)	(43)
Provision for unearned premium reserves	41	(5)
Deferred policy acquisition costs	339	432
Fair value adjustment on held-for-trading investments	7	(25)
Others	(31)	(5)

Total deferred tax	29	5

	601	640
Less: Tax refund	-	(146)

Income taxes	601	494
	=====	

A numerical reconciliation between the tax expense and the product of accounting profit multiplied by the main applicable tax rate of 15% is as follows:

	2004	2003
	RMB Million	RMB Million
Accounting profit before income tax and minority interests	3,747	2,821
	=====	
Tax computed at the main applicable tax rate of 15%	562	423
Tax effect of income not taxable in determining taxable income	(423)	(215)

Tax effects of expenses not deductible in determining taxable income	393	225
Tax effect of higher tax rate for branches and entities (in the PRC) that are located outside the Special Economic Zones	69	207

Income taxes	601	640
	=====	

5. Dividends

	2004	2003
	RMB Million	RMB Million
Proposed dividends - RMB0.14 per ordinary share (2003: RMB0.12 per ordinary share)	867	592
	=====	
Paid in the year	518	493
	=====	

6. Earnings per share

The basic earnings per share for the year is computed by dividing the net profit for the year by the weighted average number of 5,588,324,591 shares in issue during 2004 (2003: 4,933,333,334 shares in issue as adjusted to reflect the capitalization issue on December 19, 2003).

The Company had no dilutive potential shares, hence no diluted earnings per share amount is presented.

7. Embedded Value

The embedded value represents the shareholders' adjusted net asset value plus the value of the Group'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.

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 Group is measured by the value of the Group's shares on any particular day. In valuing the Group'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 constructed as a direct reflection of the actual market value.

Components of Economic Value

For years ended December 31,
(in RMB million)

	2004	2003
Adjusted net asset value	25,161	13,631
Value of in-force insurance business written prior to June 1999	(16,743)	(22,103)
Value of in-force insurance business written since June 1999	33,127	29,752
Cost of holding the required solvency margin	(4,297)	(2,202)
Embedded Value	37,248	19,078

Value of one year's new business	4,331	4,681
Cost of holding the required solvency margin	(418)	(429)
Value of one year's new business after cost of solvency	3,913	4,252