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PING AN

Insurance • Banking • Investment

中国平安保险(集团)股份有限公司

Ping An Insurance (Group) Company of China, Ltd.

(A joint stock limited company incorporated in the People's Republic of China with limited liability)

(Stock Code: 2318)

ANNOUNCEMENT OF UNAUDITED RESULTS FOR THE SIX MONTHS ENDED JUNE 30, 2013

CHAIRMAN'S STATEMENT

The past half year has seen a constant stream of new technological innovations, and intensifying conflicts between traditional and new business models. This has hastened the passage of time while underscoring a sense of urgency and preciousness of time. Facing the complex domestic and global economic trends, and the opportunities and challenges arising from technological developments, Ping An has embraced a mindset characterized by a strong sense of urgency, enthusiasm and diligence, to offer customers an integrated financial experience based on the philosophy of "Expertise Makes Life Simple". While maintaining stability in our operations and healthy growth in our business, Ping An stepped up its innovation and development efforts for the integrated financial model, to make itself the leading personal financial services group in China offering the best customer experience.

In sum, the global economy turned around against a complex backdrop in the first half of the year. The economy of China progressed overall in a steady manner, as growth slowed and reforms made headway with structural adjustments proceeding. Under these circumstances, Ping An was able to achieve sound operational results with steady business growth in the first half of the year, and achieved outstanding performance in the following areas:

- **The overall performance of the Company maintained stable and healthy growth.** The Company's net profit attributable to shareholders of the parent company for the first half of 2013 amounted to RMB17,910 million, up 28.3% compared with the same period last year. As at June 30, 2013, equity attributable to shareholders of the parent company was RMB172,756 million, 8.2% higher over the beginning of 2013. Total assets of the Company reached RMB3,172,572 million, representing an increase of 11.5% compared with the beginning of 2013.

- **Our life insurance business recorded stable and healthy growth, while the quality of our property and casualty insurance business remained sound, and our annuity business maintained its leading position in the industry. The net investment yield of our insurance funds reached a three-year high.** In the first half of 2013, life insurance business recorded RMB126,808 million in written premiums, up 10.4% over the same period last year. Written premiums for individual life insurance business amounted to RMB114,772 million, an increase of 12.1% compared with the same period in 2012, among which the new business written premiums were RMB26,312 million, an increase of 13.0% compared with the same period in 2012. The value of new business for the first half of 2013 grew 14.2%, contributing to the continuous optimization of the business structure. As at June 30, 2013, the number of life insurance agents was about 549 thousand, growing 7.0% over the beginning of 2013. Ping An Property & Casualty continued to focus on the quality of its business and recorded a premium income of RMB53,744 million, representing an increase of 10.2% as compared with the same period last year. Its market share was 16.4%, maintaining its second-largest position in the market. Meanwhile, the profitability of its business remained sound with a combined ratio that stood at 95.5%. Ping An Annuity's business grew rapidly with a steady improvement in its profitability. Assets under investment management and assets entrusted reached RMB75,547 million and RMB67,984 million respectively, enabling the business to maintain its leading position in the market.

The Company continued to optimize the investment structure of the insurance funds, raising the proportion of fixed income assets as well as allocation in quality debt schemes investments, which resulted in net investment yield hitting a three-year high. As at June 30, 2013, the investment scale of insurance funds stood at RMB1,150,442 million. In the first half of 2013, the annualized net investment yield and total investment yield were 4.8% and 4.9%, up by 0.3 and 1.2 percentage points respectively over the same period last year.

- **Our banking business actively changed its growth model and steadily grew its business scale.** Ping An Bank actively changed its growth model and proactively adjusted its business structure, to emphasize the development of specialty businesses in personal finance such as microfinance, credit cards and automobile finance. Ping An Bank continued to leverage the Company's advantage in integrated finance and allocated more resources on business innovation and product development, leading to breakthroughs in the investment banking and trust businesses. Meanwhile, to keep pace with the bank's strategy and the needs of rapid development in the future, Ping An Bank further strengthened its management capability and set up business divisions, establishing the strategic target of "A Different Ping An Bank".

In the first half of 2013, the banking business contributed a profit of RMB3,877 million to the Group, an increase of 11.8% over the same period last year. As at June 30, 2013, total assets of the bank amounted to RMB1.83 trillion, representing an increase of 13.7% compared with the beginning of 2013, and total deposits amounted to RMB1,175,361 million, up by 15.1% compared with the beginning of the year, while total loans were RMB786,484 million, representing an increase of 9.1% compared with the beginning of the year. Trade finance facilities balance was RMB305,028 million, up by 6.2% compared with the beginning of the year. Micro-loans balance exceeded RMB70 billion. The number of credit cards in force (CIF) was 12.3 million; and the automobile finance balance reached RMB33 billion. Non-performing loan ratio was 0.97% as the quality of credit assets remained stable and risk was under control.

- **Ping An Trust continued to focus on exploring high quality business, while the credit bonds underwriting business of Ping An Securities took a leading position in the industry.** In the first half of 2013, Ping An Trust’s private wealth management business maintained stable and healthy growth as the number of high net-worth customers exceeded 20,000, growing about 9% over the beginning of the year. Assets held in trust reached RMB228.3 billion, of which the paid-in capital of collective trust products, mainly to individual customers, exceeded RMB120 billion, placing Ping An Trust at the forefront of the industry with a business structure superior to those of its peers. The Company actively managed assets held in trust with strict risk control measures, and saw the successful redemption of products reaching maturity. Ping An Securities successfully sponsored 26 bond projects, ranking the third in the industry in terms of the number of credit bonds issued. Entrusted assets of the securities asset management business reached about RMB39.7 billion, up 237.1% over the beginning of 2013.
- **Integrated finance progress accelerated, with technology spurring the business development.** In terms of personal integrated finance, the Company adhered to its “customer-oriented” philosophy and carried out multifaceted analysis and research on existing customers in order to deeply explore customer value, meanwhile further strengthened integrated financial services and promoted the migration of customers. With the maturing of the cross-selling and long-distance sales management platform, there was greater synergy. 43.3% premium income of Ping An Property & Casualty was generated by cross-selling and telemarketing. Cross-selling also contributed 40.0% of newly issued credit cards and 15.8% of new retail deposits to Ping An Bank.

The Company actively promoted the use of innovation and technology to improve the quality of service and enhance the customer experience. We also expedited the setting up of the comprehensive stores and continued to enhance the automation of the operational platform through technology. Continuous improvements were made to the E-sales platform and mobile insurance survey tool. In the first half of the year, over 2.5 million life insurance customers were served through the Mobile Integrated Terminal.

In the first half of 2013, the Ping An brand continued to maintain its leading position and won widespread recognition for its overall strength, corporate governance, investor relations and corporate social responsibility from domestic and overseas rating agencies and media. The Group received the following honors and awards:

- Included in the *Fortune 500* again, ranking 181st, 61 places higher than last year and maintained top ranking among mainland Chinese enterprises in the non-SOE category.
- Included in the *Forbes Global 2000* list for the ninth time, ranking 83rd, 17 places higher than last year and ranking 8th among mainland Chinese enterprises. Also, Ping An was the only Chinese enterprise to be nominated in the global diversified insurance companies, ranking 6th.
- Winner of “Corporate Governance Asia Award” for seventh consecutive time given by *Corporate Governance Asia*.
- Ranked 84th in the Top 100 Most Valuable Global Brands 2013 by Millward Brown of WPP, a global high-end brand communications group.
- Named the “Most Respected Company” by the *Economic Observer*, becoming one of the only two companies to have received this prestigious award 12 years in a row since it was launched and was also the only integrated financial and insurance group to win this award.

- Nominated “The Most Potential Chinese Enterprise in 2012” by *The Asset*.
- Winner of the “Most Responsible Enterprise” award for the seventh consecutive time given by China News Service and *China News Weekly*. Ping An has been the most frequent winner in the history of the award.
- Won the “Best Insurance Brand in 2012 Award” given by *Shanghai Security News* and *cnstock.com*.

Ping An marked its 25th year in business in 2013, a milestone which the Company celebrated in a simple and subtle way. The above honors and awards represented the best compliment and motivation for Ping An on its 25th anniversary.

Looking ahead, the global economic recovery will continue at a slow pace, albeit with many uncertainties. China’s economy will maintain a steady and healthy growth trajectory. With rising urbanization, informatization and economic structural transformation, reforms will be more thoroughly implemented and there remains a huge potential for economic growth. Also, we recognize that technological advance has introduced a new form of competition in the financial industry, as it spurs the gradual improvement of the traditional financial operating model and industry competition focused on the customer experience.

In the second half of the year, the Group will continue to exemplify the brand philosophy of “Expertise Makes Life Simple” and implement the operational strategy of “reasonable growth, structural optimization and planning for the future”. We are confident in our ability to continuously enhance our customer experience, strengthen the professionalism on management of various businesses, and enhance our core competitiveness, to achieve value-driven and sustainable growth.

Finally, on behalf of the Board of Directors and Executive Committees of Ping An Group, I would like to express my most sincere gratitude to the customers, investors, partners and society members who have given their trust, concern and support to Ping An Group, as well as our colleagues who have contributed to the Company’s long-term and healthy development.

KEY FINANCIAL AND OPERATION INFORMATION

Overview

In the first half of 2013, facing a complex economic situation and market environment, Ping An adhered to its prudent operational strategy and actively explored new opportunities and innovation. Its three key pillars of businesses, namely insurance, banking and investment, achieved healthy and steady growth. Our individual life insurance business scale and number of insurance agents grew at a steady pace, while our property and casualty insurance business maintained sound quality. Ping An Annuity maintained its leading position in the industry. Ping An Bank steadily expanded its business scale by actively transforming its growth model, proactively strengthening its business structure, and continuously leveraging its advantage in integrated financial services. Ping An Trust continued to focus on high quality business, steadily growing its private wealth management business. Ping An Securities maintained its leading position in the industry for its credit bonds underwriting business. We made full use of opportunities arising from the new policy introduced by the regulators, making continuous improvements to the asset allocation of our investment assets portfolio of insurance funds.

In the first half of 2013, net profit attributable to shareholders of the parent company reached RMB17,910 million, up 28.3% as compared with the same period last year.

Consolidated results

For the six months ended June 30 (in RMB million)	2013	2012
Total income	215,857	179,003
Total expenses	(188,506)	(158,482)
Profit before tax	27,351	20,521
Net profit	21,771	17,527
Net profit attributable to shareholders of the parent company	17,910	13,959

Net profit by business segment

For the six months ended June 30 (in RMB million)	2013	2012
Life insurance	9,339	7,031
Property and casualty insurance	3,492	2,746
Banking	7,400	6,731
Securities	245	663
Other businesses and elimination ⁽¹⁾	1,295	356
Net profit	21,771	17,527

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

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 insurance business. The investment of insurance funds is subject to relevant laws and regulations. The investment assets of insurance funds account for a majority of the investment assets of the Group. This section analyzes the investment portfolio of insurance funds.

In the first half of 2013, the global economy turned around against a complex backdrop. The economy of China progressed overall in a steady manner, as growth slowed and reforms made headway with structural adjustments proceeding. Uncertainties continued to plague the capital market. The A-share stock market improved slightly at the beginning of 2013, but subsequently declined in June due to slowing economic growth and lower expectations of corporate profits. The Hong Kong stock market saw a significant adjustment as well. The bond market remained stable, but short-term interest rates showed greater volatility in June.

The Company has closely monitored changes in macroeconomic conditions in order to expand the channels for the deployment of its insurance funds and actively manage the market risks. Meanwhile, the Company optimized the asset allocation by steadily increasing high-interest fixed income investments in its portfolio, seizing the opportunities in equity investment and strengthening dynamic management of the debt schemes in their duration, so as to enhance the investment returns.

The following table sets out the investment income of the Group's insurance funds:

For the six months ended June 30 (in RMB million)	2013	2012
Net investment income ⁽¹⁾	25,965	20,944
Net realized and unrealized gains ⁽²⁾	1,524	(3,130)
Impairment losses	(1,052)	(3,912)
	<hr/>	<hr/>
Total investment income	26,437	13,902
	<hr/>	<hr/>
Net investment yield (%) ⁽³⁾	4.8	4.5
Total investment yield (%) ⁽³⁾	4.9	3.7
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(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 or losses on investment assets denominated in foreign currencies are excluded from the calculation of the above yields. Average investment assets used as the denominator are computed based on the Modified Dietz method in principle.

Net investment income increased by 24.0% to RMB25,965 million in the first half of 2013 from RMB20,944 million in the same period in 2012. This was primarily due to the increase of interest income from fixed maturity investments as a result of the increase in scale of investment assets. Net investment yield increased to 4.8% in the first half of 2013 from 4.5% in the same period in 2012, mainly due to that the Company increased the proportion of fixed maturity investments and the newly-added fixed maturity investments had higher interest rates.

In the first half of 2013, the Company seized the investment opportunities arising from volatile capital markets and optimized its asset structure, as a result, recording a substantial increase in net realized and unrealized gains, from a loss of RMB3,130 million in the first half of 2012 to a gain of RMB1,524 million for the same period in 2013. Impairment loss of available-for-sale financial assets was reduced from RMB3,912 million in the first half of 2012 to RMB1,052 million for the same period in 2013.

As a result, total investment income largely increased by 90.2% to RMB26,437 million in the first half of 2013 from RMB13,902 million in the same period in 2012, and total investment yield increased to 4.9% from 3.7%.

We have proactively optimized the asset allocation of the investment portfolio. The percentage of fixed maturity investments increased from 81.4% of total investments as at December 31, 2012 to 83.6% as at June 30, 2013, and that of equity investments decreased from 9.5% to 9.4%.

The following table sets out the allocations of our investment portfolio with regard to our insurance funds:

(in RMB million)	June 30, 2013		December 31, 2012	
	Carrying Value	%	Carrying Value	%
By category				
Fixed maturity investments				
Term deposits ⁽¹⁾	237,822	20.7	241,600	22.5
Bond investments ⁽¹⁾	613,832	53.3	560,042	52.1
Debt schemes investment	69,841	6.1	37,429	3.5
Other fixed maturity investments ⁽¹⁾	39,704	3.5	35,165	3.3
Equity investments				
Equity investment funds ⁽¹⁾	28,778	2.5	25,099	2.4
Equity securities	79,014	6.9	76,371	7.1
Infrastructure investments	8,764	0.8	8,802	0.8
Investment properties	18,035	1.5	16,385	1.5
Cash, cash equivalents and others	54,652	4.7	73,295	6.8
Total investments	1,150,442	100.0	1,074,188	100.0
By purpose				
Carried at fair value through profit or loss	13,222	1.2	17,082	1.6
Available-for-sale	196,040	17.0	186,745	17.4
Held-to-maturity	515,436	44.8	463,237	43.1
Loans and receivables	398,945	34.7	381,937	35.6
Others	26,799	2.3	25,187	2.3
Total investments	1,150,442	100.0	1,074,188	100.0

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

General and administrative expenses

In the first half of 2013, general and administrative expenses were RMB35,675 million, representing an increase of 17.2% compared with the same period last year. We continued to implement cost control measures and undertook more efficient input and production management by introducing a strategic cost management concept and setting up input and production models, which helped to slow down the growth of expenses.

Income tax

For the six months ended June 30 (in RMB million)	2013	2012
Current income tax	6,414	4,177
Deferred income tax	(834)	(1,183)
Total	5,580	2,994

Affected by increased income tax expenses in the insurance and banking businesses, the combined income tax expenses grew compared with the same period last year.

Insurance Business

Life insurance business

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

For the six months ended June 30 (in RMB million)	2013	2012
Written premiums⁽¹⁾		
Individual life	114,772	102,367
Including: New business	26,312	23,291
Renewal business	88,460	79,076
Bancassurance	6,688	7,598
Group insurance	5,348	4,872
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Total written premiums	126,808	114,837
	<hr/> <hr/>	<hr/> <hr/>
Premium income⁽²⁾		
Individual life	79,450	67,535
Including: New business	22,243	18,826
Renewal business	57,207	48,709
Bancassurance	6,707	7,566
Group insurance	4,400	3,797
	<hr/>	<hr/>
Total premium income	90,557	78,898
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(1) Written premiums of life insurance business mean all premiums received from the policies underwritten by the Company, which are prior to the significant insurance risk testing and unbundling of hybrid contracts.

(2) Premium income of life insurance business 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.

For the six months ended June 30	2013	2012
Market share of premium income(%) – Ping An Life	13.8	13.2
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Of the total premium income generated by all life insurance companies in China in the first half of 2013, Ping An Life captured a market share of 13.8%, as calculated in accordance with the PRC insurance industry data published by the CIRC. In terms of premium income, Ping An Life is the second largest life insurance company in China.

	June 30, 2013	December 31, 2012
Number of customers (in thousands)		
Individual	55,631	53,666
Corporate	945	896
Total	56,576	54,562
Distribution network		
Number of individual life sales agents	548,814	512,937
Number of group sales representatives	3,318	3,310
Bancassurance outlets	64,240	63,929
For the six months ended June 30	2013	2012
Agent productivity		
First-year written premiums (per agent per month in RMB)	7,631	7,316
New individual life insurance policies (per agent per month)	1.1	1.1
Persistency ratio (%)		
13-month	92.8	93.7
25-month	89.7	91.6
<i>Property and casualty insurance business</i>		
The following tables set forth certain financial and operating data for our property and casualty insurance business:		
For the six months ended June 30 (in RMB million)	2013	2012
Premium income		
Automobile insurance	40,884	36,660
Non-automobile insurance	11,589	10,993
Accident and health insurance	1,430	1,261
Total premium income	53,903	48,914
For the six months ended June 30	2013	2012
Market share of premium income(%)		
– Ping An Property & Casualty	16.4	17.4

Ping An Property & Casualty accounted for approximately 16.4% of the total premium income received by property and casualty insurance companies in China, as calculated in accordance with the PRC insurance industry data published by the CIRC. Ping An Property & Casualty is currently the second largest property and casualty insurance company in China in terms of premium income.

For the six months ended June 30	2013	2012
Combined ratio(%)		
Expense ratio	35.3	34.6
Loss ratio	60.2	58.5
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Combined ratio	95.5	93.1
	<hr/> <hr/>	<hr/> <hr/>
	June 30,	December 31,
	2013	2012
Number of customers (in thousands)		
Individual	25,226	23,024
Corporate	1,489	1,646
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Total	26,715	24,670
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Distribution network		
Number of direct sales representatives	7,429	7,315
Number of insurance agents	31,084	30,240
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Banking Business

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

For the six months ended June 30 (in RMB million)	2013	2012
Interest income	43,354	37,371
Interest expenses	(24,690)	(21,085)
	<hr/>	<hr/>
Net interest income	18,664	16,286
	<hr/> <hr/>	<hr/> <hr/>
Net interest spread(%) ⁽¹⁾	2.03	2.22
Net interest margin(%) ⁽²⁾	2.19	2.42
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(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 balance of interest-earning assets.

The following tables set forth loan mix and loan quality for our banking business:

(in RMB million)	June 30, 2013	December 31, 2012
Corporate loans	499,490	494,945
Retail loans	210,035	176,110
Accounts receivable on credit cards	76,959	49,725
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Total loans	786,484	720,780
	<hr/> <hr/>	<hr/> <hr/>
(in RMB million)	June 30, 2013	December 31, 2012
Pass	764,511	706,738
Special mention	14,336	7,176
Sub-standard	4,970	5,030
Doubtful	1,433	962
Loss	1,234	874
	<hr/>	<hr/>
Total loans	786,484	720,780
Total non-performing loans	7,637	6,866
Non-performing loan ratio	0.97%	0.95%
Impairment provision balance	14,017	12,518
Provision coverage ratio	183.54%	182.32%
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Investment Business

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

For the six months ended June 30 (in RMB million)	2013	2012
Trust business⁽¹⁾		
Operating income	947	982
Net profit	358	409
	<hr/>	<hr/>
Securities business		
Operating income	1,380	1,724
Net profit	245	663
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(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”)

Interim Consolidated Income Statement

For the six-month period ended 30 June 2013

For the six months ended 30 June (in RMB million)	<i>Notes</i>	2013 (Unaudited)	2012 (Unaudited)
Gross written premiums and policy fees	5	144,460	127,812
Less: Premiums ceded to reinsurers		(9,441)	(7,173)
Net written premiums and policy fees		135,019	120,639
Change in unearned premium reserves		(3,989)	(5,068)
Net earned premiums		131,030	115,571
Reinsurance commission income		2,560	2,429
Interest income from banking operations	6	43,354	37,371
Fees and commission income from non-insurance operations		6,678	5,027
Investment income	7	27,448	14,960
Share of profits and losses of associates and jointly controlled entities		(21)	(18)
Other income		4,808	3,663
Total income		215,857	179,003
Claims and policyholders’ benefits		(107,872)	(90,452)
Commission expenses on insurance operations		(12,875)	(11,141)
Interest expenses on banking operations	6	(23,914)	(20,505)
Fees and commission expenses on non-insurance operations		(745)	(605)
Loan loss provisions, net of reversals		(2,571)	(1,536)
Foreign exchange (losses)/gains		(105)	236
General and administrative expenses		(35,675)	(30,439)
Finance costs		(1,355)	(899)
Other expenses		(3,394)	(3,141)
Total expenses		(188,506)	(158,482)
Profit before tax	8	27,351	20,521
Income tax	9	(5,580)	(2,994)
Profit for the period		21,771	17,527
Attributable to:			
– Owners of the parent		17,910	13,959
– Non-controlling interests		3,861	3,568
		21,771	17,527
		RMB	RMB
Earnings per share attributable to ordinary equity holders of the parent:	11		
– Basic		2.26	1.76
– Diluted		2.26	1.76

Interim Consolidated Statement of Comprehensive Income

For the six-month period ended 30 June 2013

For the six months ended 30 June (in RMB million)	Note	2013 (Unaudited)	2012 (Unaudited)
Profit for the period		<u>21,771</u>	<u>17,527</u>
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss:			
Available-for-sale financial assets		(3,929)	8,318
Shadow accounting adjustments		576	(2,398)
Exchange differences on translation of foreign operations		8	111
Share of other comprehensive income of associates and jointly controlled entities		2	3
Income tax relating to components of other comprehensive income		<u>854</u>	<u>(1,451)</u>
Other comprehensive income for the period, net of tax	10	<u>(2,489)</u>	<u>4,583</u>
Total comprehensive income for the period		<u><u>19,282</u></u>	<u><u>22,110</u></u>
Attributable to:			
– Owners of the parent		15,490	18,328
– Non-controlling interests		<u>3,792</u>	<u>3,782</u>
		<u><u>19,282</u></u>	<u><u>22,110</u></u>

Interim Consolidated Statement of Financial Position

As at 30 June 2013

(in RMB million)	30 June 2013 (Unaudited)	31 December 2012 (Audited)
ASSETS		
Cash and amounts due from banks and other financial institutions	362,015	451,414
Balances with the Central Bank and statutory deposits	243,187	227,072
Fixed maturity investments	1,405,980	1,109,248
Equity investments	129,485	126,124
Derivative financial assets	1,077	972
Loans and advances to customers	788,834	709,402
Premium receivables	19,064	18,756
Accounts receivable	5,742	8,979
Inventories	1,824	1,119
Reinsurers' share of insurance liabilities	11,546	9,341
Policyholder account assets in respect of insurance contracts	34,167	32,417
Policyholder account assets in respect of investment contracts	4,205	3,824
Investments in associates and jointly controlled entities	10,163	9,960
Investment properties	15,817	14,850
Property and equipment	17,023	17,539
Intangible assets	36,955	37,536
Deferred tax assets	10,858	10,680
Other assets	74,630	55,033
Total assets	3,172,572	2,844,266
EQUITY AND LIABILITIES		
Equity		
Share capital	7,916	7,916
Reserves	88,875	91,271
Retained profits	75,965	60,430
Equity attributable to owners of the parent	172,756	159,617
Non-controlling interests	54,347	50,032
Total equity	227,103	209,649

(in RMB million)	30 June 2013 (Unaudited)	31 December 2012 (Audited)
Liabilities		
Due to banks and other financial institutions	442,385	420,315
Assets sold under agreements to repurchase	188,867	154,977
Other financial liabilities held for trading	3,056	1,722
Derivative financial liabilities	1,318	952
Customer deposits and payables to brokerage customers	1,143,848	986,936
Accounts payable	1,673	3,615
Income tax payable	3,413	2,352
Insurance payables	36,504	38,293
Insurance contract liabilities	970,917	882,593
Investment contract liabilities for policyholders	36,740	34,669
Policyholder dividend payable	24,308	21,681
Bonds payable	32,402	38,793
Deferred tax liabilities	4,146	5,599
Other liabilities	55,892	42,120
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Total liabilities	2,945,469	2,634,617
	<hr/>	<hr/>
Total equity and liabilities	3,172,572	2,844,266
	<hr/> <hr/>	<hr/> <hr/>

Interim Consolidated Statement of Changes in Equity
For the six-month period ended 30 June 2013

For the six months ended 30 June 2013 (in RMB million)	Equity attributable to owners of the parent										
	Reserves										Total equity
	Share capital (Unaudited)	Share premium (Unaudited)	Available-for-sale financial assets (Unaudited)	Shadow accounting adjustments (Unaudited)	Other capital reserves (Unaudited)	Surplus reserve funds (Unaudited)	General reserves (Unaudited)	Exchange differences on translation of foreign operations (Unaudited)	Retained profits (Unaudited)	Non- controlling interests (Unaudited)	
As at 1 January 2013	7,916	83,506	533	115	(360)	6,982	395	100	60,430	50,032	209,649
Profit for the period	-	-	-	-	-	-	-	-	17,910	3,861	21,771
Other comprehensive income for the period	-	-	(2,862)	432	2	-	-	8	-	(69)	(2,489)
Total comprehensive income for the period	-	-	(2,862)	432	2	-	-	8	17,910	3,792	19,282
Dividend declared (note 12)	-	-	-	-	-	-	-	-	(2,375)	(449)	(2,824)
Capital contribution to subsidiary	-	-	-	-	-	-	-	-	-	1,080	1,080
Others	-	-	-	-	24	-	-	-	-	(108)	(84)
As at 30 June 2013	7,916	83,506	(2,329)	547	(334)	6,982	395	108	75,965	54,347	227,103

For the six months ended 30 June 2012 (in RMB million)	Equity attributable to owners of the parent										
	Reserves										Total equity
	Share capital (Unaudited)	Share premium (Unaudited)	Available-for-sale financial assets (Unaudited)	Shadow accounting adjustments (Unaudited)	Other capital reserves (Unaudited)	Surplus reserve funds (Unaudited)	General reserves (Unaudited)	Exchange differences on translation of foreign operations (Unaudited)	Retained profits (Unaudited)	Non- controlling interests (Unaudited)	
As at 1 January 2012	7,916	83,506	(14,412)	2,673	132	6,982	395	129	43,546	40,475	171,342
Profit for the period	-	-	-	-	-	-	-	-	13,959	3,568	17,527
Other comprehensive income for the period	-	-	6,045	(1,790)	3	-	-	111	-	214	4,583
Total comprehensive income for the period	-	-	6,045	(1,790)	3	-	-	111	13,959	3,782	22,110
Dividend declared (note 12)	-	-	-	-	-	-	-	-	(1,979)	(29)	(2,008)
Acquisition of subsidiaries	-	-	-	-	-	-	-	-	-	4,222	4,222
Disposal of subsidiaries	-	-	-	-	-	-	-	-	-	(993)	(993)
Equity transaction with non-controlling interests	-	-	-	-	(454)	-	-	-	-	(570)	(1,024)
Others	-	-	-	-	-	-	-	-	-	32	32
As at 30 June 2012	7,916	83,506	(8,367)	883	(319)	6,982	395	240	55,526	46,919	193,681

Supplementary Information

1. *Corporate Information*

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 deployment of fund. 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. *Basis of Preparation*

This interim condensed consolidated financial information has been prepared in accordance with International Accounting Standard 34 “Interim Financial Reporting” (“IAS 34”). This interim condensed consolidated financial information does not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the audited annual financial statements of the Group for the year ended 31 December 2012.

3. *Significant Accounting Policies*

(1) The accounting policies adopted in the preparation of the interim condensed consolidated financial information are consistent with those followed in the preparation of the Group’s annual financial statements for the year ended 31 December 2012, except for the adoption of new and revised standards and interpretations as of 1 January 2013, as follows:

- IAS 1 (revised) “*Presentation of financial statements*”

The main change resulting from these amendments is a requirement for entities to group items presented in “other comprehensive income” (OCI) on the basis of whether they are potentially reclassifiable to profit or loss subsequently (reclassification adjustments). The amendments do not address which items are presented in OCI.

- IAS 19 (revised) “*Employee benefits*”

IAS 19 (revised) amends the accounting for employment benefits. The standard requires past service cost to be recognized immediately in profit or loss. The standard replaces the interest cost and expected return on plan assets with a net interest amount that is calculated by applying the discount rate to the net defined benefit liability.

- IFRS 7 “*Financial instruments: Disclosures – Offsetting financial assets and financial liabilities*”

The amendment requires new disclosure requirements which focus on quantitative information about recognized financial instruments that are offset in the statement of financial position, as well as those recognized financial instruments that are subject to master netting or similar arrangements irrespective of whether they are offset.

- IFRS 10 “*Consolidated financial statements*”

Under IFRS 10, subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group has power over an entity, is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect these returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

- IAS 27 (revised 2011) “*Separate financial statements*”

IAS 27 (revised 2011) includes the provisions on separate financial statements that are left after the control provisions of IAS 27 have been included in the new IFRS 10.

- IFRS 11 “*Joint arrangements*”

Under IFRS 11, investments in joint arrangements are classified either as joint operations or joint ventures, depending on the contractual rights and obligations each investor has rather than the legal structure of the joint arrangement.

- IAS 28 (revised 2011) “*Associates and joint ventures*”

IAS 28 (revised 2011) includes the requirements for joint ventures, as well as associates, to be equity accounted following the issue of IFRS 11.

The adoption of the above new/revised IASs and IFRSs had no significant financial effect on this interim condensed consolidated financial information.

- IFRS 13 “*Fair value measurement*”

IFRS 13 measurement and disclosure requirements are applicable for the December 2013 year end. The Group has included the disclosures required by IAS 34 para 16A(j).

The Group has not early adopted any other standards, interpretations or amendments that have been issued but are not yet effective.

(2) 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 30 June 2013 with the corresponding impact on insurance contract liabilities taken into the current period’s income statement. As a result of such changes in assumptions, long term life insurance policyholders’ reserves were reduced by RMB447 million as at 30 June 2013 and the profit before tax for the six months ended 30 June 2013 increased by RMB447 million.

4. Segment Reporting

The composition of the Group's operating segments for the six-month period ended 30 June 2013 is consistent with that for the year ended 31 December 2012.

The segment analysis for the six months ended 30 June 2013 is as follows:

(in RMB million)	Life insurance (Unaudited)	Property and casualty insurance (Unaudited)	Banking (Unaudited)	Securities (Unaudited)	Corporate (Unaudited)	Others (Unaudited)	Eliminations (Unaudited)	Total (Unaudited)
Gross written premiums and policy fees	90,557	53,903	-	-	-	-	-	144,460
Less: Premiums ceded to reinsurers	(2,054)	(7,387)	-	-	-	-	-	(9,441)
Change in unearned premium reserves	(757)	(3,232)	-	-	-	-	-	(3,989)
Net earned premiums	87,746	43,284	-	-	-	-	-	131,030
Reinsurance commission income	129	2,431	-	-	-	-	-	2,560
Interest income from banking operations	-	-	43,354	-	-	-	-	43,354
Fees and commission income from non-insurance operations	-	-	4,892	839	-	1,341	(394)	6,678
Including: Inter-segment fees and commission income from non-insurance operations	-	-	67	-	-	327	(394)	-
Investment income	23,029	2,946	413	596	378	1,071	(985)	27,448
Including: Inter-segment investment income	839	36	-	14	46	50	(985)	-
Share of profits and losses of associates and jointly controlled entities	(10)	-	17	-	-	(28)	-	(21)
Other income	2,471	176	73	24	128	5,789	(3,853)	4,808
Including: Inter-segment other income	1,710	9	-	-	125	2,009	(3,853)	-
Total income	113,365	48,837	48,749	1,459	506	8,173	(5,232)	215,857
Claims and policyholders' benefits	(81,833)	(26,039)	-	-	-	-	-	(107,872)
Commission expenses on insurance operations	(8,458)	(5,117)	-	-	-	-	700	(12,875)
Interest expenses on banking operations	-	-	(24,690)	-	-	-	776	(23,914)
Fees and commission expenses on non-insurance operations	-	-	(515)	(79)	-	(301)	150	(745)
Loan loss provisions, net of reversals	-	-	(2,564)	-	-	(7)	-	(2,571)
Foreign exchange gains/(losses)	(87)	(17)	23	7	3	(34)	-	(105)
General and administrative expenses	(8,429)	(12,648)	(11,241)	(822)	(239)	(4,168)	1,872	(35,675)
Finance costs	(497)	(211)	-	-	(156)	(491)	-	(1,355)
Other expenses	(3,102)	(97)	(38)	(259)	(1)	(1,580)	1,683	(3,394)
Total expenses	(102,406)	(44,129)	(39,025)	(1,153)	(393)	(6,581)	5,181	(188,506)
Profit before tax	10,959	4,708	9,724	306	113	1,592	(51)	27,351
Income tax	(1,620)	(1,216)	(2,324)	(61)	-	(359)	-	(5,580)
Profit for the period	9,339	3,492	7,400	245	113	1,233	(51)	21,771

The segment analysis for the six months ended 30 June 2012 is as follows:

(in RMB million)	Life insurance (Unaudited)	Property and casualty insurance (Unaudited)	Banking (Unaudited)	Securities (Unaudited)	Corporate (Unaudited)	Others (Unaudited)	Eliminations (Unaudited)	Total (Unaudited)
Gross written premiums and policy fees	78,898	48,914	-	-	-	-	-	127,812
Less: Premiums ceded to reinsurers	(418)	(6,755)	-	-	-	-	-	(7,173)
Change in unearned premium reserves	(623)	(4,445)	-	-	-	-	-	(5,068)
Net earned premiums	77,857	37,714	-	-	-	-	-	115,571
Reinsurance commission income	25	2,404	-	-	-	-	-	2,429
Interest income from banking operations	-	-	37,371	-	-	-	-	37,371
Fees and commission income from non-insurance operations	-	-	3,100	989	-	971	(33)	5,027
Including: Inter-segment fees and commission income from non-insurance operations	-	-	23	-	-	10	(33)	-
Investment income	12,311	1,311	508	840	178	1,410	(1,598)	14,960
Including: Inter-segment investment income	717	33	-	-	11	837	(1,598)	-
Share of profits and losses of associates and jointly controlled entities	34	-	15	-	-	(67)	-	(18)
Other income	2,280	127	116	16	100	4,204	(3,180)	3,663
Including: Inter-segment other income	1,481	9	-	-	97	1,593	(3,180)	-
Total income	92,507	41,556	41,110	1,845	278	6,518	(4,811)	179,003
Claims and policyholders' benefits	(68,399)	(22,053)	-	-	-	-	-	(90,452)
Commission expenses on insurance operations	(7,233)	(4,297)	-	-	-	-	389	(11,141)
Interest expenses on banking operations	-	-	(21,085)	-	-	-	580	(20,505)
Fees and commission expenses on non-insurance operations	-	-	(320)	(121)	-	(242)	78	(605)
Loan loss provisions, net of reversals	-	-	(1,539)	-	-	3	-	(1,536)
Foreign exchange gains/(losses)	19	5	183	1	1	27	-	236
General and administrative expenses	(7,747)	(11,178)	(9,532)	(880)	(183)	(2,377)	1,458	(30,439)
Finance costs	(270)	(125)	-	-	(145)	(359)	-	(899)
Other expenses	(2,611)	(56)	(92)	(2)	(22)	(1,870)	1,512	(3,141)
Total expenses	(86,241)	(37,704)	(32,385)	(1,002)	(349)	(4,818)	4,017	(158,482)
Profit/(loss) before tax	6,266	3,852	8,725	843	(71)	1,700	(794)	20,521
Income tax	765	(1,106)	(1,994)	(180)	(2)	(477)	-	(2,994)
Profit/(loss) for the period	7,031	2,746	6,731	663	(73)	1,223	(794)	17,527

5. *Gross written premiums and policy fees*

For the six months ended 30 June (in RMB million)	2013 (Unaudited)	2012 (Unaudited)
Gross written premiums, policy fees and premium deposits	180,711	163,751
Less: Premium deposits of policies without significant insurance risk transfer	(1,520)	(1,625)
Premium deposits separated out from universal life and investment-linked products	(34,731)	(34,314)
Gross written premiums and policy fees	<u>144,460</u>	<u>127,812</u>
Long term life business gross written premiums and policy fees	84,989	74,182
Short term life business gross written premiums	5,568	4,716
Property and casualty business gross written premiums	53,903	48,914
Gross written premiums and policy fees	<u>144,460</u>	<u>127,812</u>

6. *Net interest income from banking operations*

For the six months ended 30 June (in RMB million)	2013 (Unaudited)	2012 (Unaudited)
Interest income from banking operations		
Due from the Central Bank	1,561	1,320
Due from financial institutions	10,144	4,084
Loans and advances to customers		
Corporate loans and advances to customers	14,638	15,075
Individual loans and advances to customers	9,459	6,746
Discounted bills	158	290
Bonds	7,266	4,853
Others	128	5,003
Subtotal	<u>43,354</u>	<u>37,371</u>
Interest expenses on banking operations		
Due to the Central Bank	15	12
Due to financial institutions	11,699	7,439
Customer deposits	11,821	10,854
Bonds payable	379	515
Others	–	1,685
Subtotal	<u>23,914</u>	<u>20,505</u>
Net interest income from banking operations	<u>19,440</u>	<u>16,866</u>

7. *Investment income*

For the six months ended 30 June (in RMB million)	2013 (Unaudited)	2012 (Unaudited)
Net investment income	26,453	21,113
Realized gains/(losses) from disposals	2,130	(2,375)
Unrealized (losses)/gains	(68)	155
Impairment losses	(1,067)	(3,933)
	<hr/>	<hr/>
Total investment income	27,448	14,960
	<hr/> <hr/>	<hr/> <hr/>

(1) **Net investment income**

For the six months ended 30 June (in RMB million)	2013 (Unaudited)	2012 (Unaudited)
Interest income from non-banking operations on fixed maturity investments		
Bonds and debt schemes		
– Held-to-maturity	11,390	8,572
– Available-for-sale	2,365	2,663
– Carried at fair value through profit or loss	92	133
– Loans and receivables	1,600	634
Term deposits		
– Loans and receivables	5,995	4,952
Current accounts		
– Loans and receivables	341	246
Others		
– Loans and receivables	1,159	741
– Carried at fair value through profit or loss	6	106
Dividend income from equity investments		
Equity investment funds		
– Available-for-sale	580	537
– Carried at fair value through profit or loss	601	292
Equity securities		
– Available-for-sale	3,370	2,757
– Carried at fair value through profit or loss	13	2
Operating lease income from investment properties	565	472
Interest expenses on assets sold under agreements to repurchase and interbank lending	(1,624)	(994)
	<hr/>	<hr/>
	26,453	21,113
	<hr/> <hr/>	<hr/> <hr/>

(2) **Realized gains/(losses)**

For the six months ended 30 June (in RMB million)	2013 (Unaudited)	2012 (Unaudited)
Fixed maturity investments		
– Available-for-sale	(7)	467
– Carried at fair value through profit or loss	30	58
Equity investments		
– Available-for-sale	1,757	(3,091)
– Carried at fair value through profit or loss	(417)	(136)
– Subsidiaries, associates and jointly controlled entities (note)	203	12
Derivative financial instruments		
– Carried at fair value through profit or loss	96	28
Others	468	287
	<u>2,130</u>	<u>(2,375)</u>

note: This refers to gains/(losses) from disposals of subsidiaries, associates and jointly controlled entities.

(3) **Unrealized (losses)/gains**

For the six months ended 30 June (in RMB million)	2013 (Unaudited)	2012 (Unaudited)
Fixed maturity investments		
– Carried at fair value through profit or loss	(55)	121
Equity investments		
– Carried at fair value through profit or loss	(19)	45
Derivative financial instruments		
– Carried at fair value through profit or loss	6	(11)
	<u>(68)</u>	<u>155</u>

(4) **Impairment losses**

For the six months ended 30 June (in RMB million)	2013 (Unaudited)	2012 (Unaudited)
Equity investments		
– Available-for-sale	(1,067)	(3,933)

8. Profit before tax

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

For the six months ended 30 June (in RMB million)	2013 (Unaudited)	2012 (Unaudited)
Employee costs	14,576	12,853
Interest expenses on investment contract reserves	617	404
Provision for insurance guarantee fund	658	594
Regulatory charges	181	139
Depreciation of investment properties	264	238
Depreciation of property and equipment	1,207	1,035
Amortization of intangible assets	814	814
Rental expenses	1,777	1,571
Advertising expenses	2,848	1,995
Travelling expenses	334	348
Office miscellaneous expenses	694	524
Other taxes	176	143
Postage and telecommunication expenses	681	613
Vehicle and vessel fuel expenses	357	292
Losses on disposal of investment properties, property and equipment, and intangible assets	5	8
Provision for doubtful debts, net	58	15
Provision for loans, net	2,571	1,536
Cost of sales from Shanghai Jahwa (Group) Company Ltd.	1,249	860
	<u>1,249</u>	<u>860</u>

9. Income tax

For the six months ended 30 June (in RMB million)	2013 (Unaudited)	2012 (Unaudited)
Current income tax	6,414	4,177
Deferred income tax	(834)	(1,183)
	<u>5,580</u>	<u>2,994</u>

10. Other comprehensive income

For the six months ended 30 June (in RMB million)	2013 (Unaudited)	2012 (Unaudited)
Available-for-sale financial assets:		
Changes in fair value	(3,141)	1,730
Reclassification adjustments for (gains)/losses included in the income statement		
– (Gains)/losses on disposal	(1,840)	2,655
– Impairment losses	1,052	3,933
Income tax effect	996	(2,051)
	<u>(2,933)</u>	<u>6,267</u>
Shadow accounting adjustments	576	(2,398)
Income tax effect	(142)	600
	<u>434</u>	<u>(1,798)</u>
Exchange differences on translation of foreign operations	8	111
Share of other comprehensive income of associates and jointly controlled entities	2	3
	<u>(2,489)</u>	<u>4,583</u>

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 six-month periods ended 30 June 2013 and 2012 in respect of dilution as the Group had no potentially dilutive ordinary shares in issue during those periods.

For the six months ended 30 June	2013 (Unaudited)	2012 (Unaudited)
Net profit attributable to ordinary shareholders (in RMB million)	17,910	13,959
Weighted average number of outstanding shares of the Company (million shares)	7,916	7,916
Basic earnings per share (in RMB)	2.26	1.76
Diluted earnings per share (in RMB)	2.26	1.76

12. Dividends

For the six months ended 30 June (in RMB million)	2013 (Unaudited)	2012 (Unaudited)
Final dividend on ordinary shares declared for 2012: RMB0.30 per share (2011: RMB0.25 per share)	<u>2,375</u>	<u>1,979</u>
Interim dividend on ordinary shares approved (not recognized as a liability as at 30 June) for 2013: RMB0.20 per share (2012: RMB0.15 per share)	<u>1,583</u>	<u>1,187</u>

13. *Contingent liabilities*

Owing to the nature of the insurance and financial services business, the Group is involved in assessing 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 applicable 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 of a loss 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.

14. *Events after the reporting period*

On 29 August 2013, the Board of Directors of the Company proposed to distribute an interim dividend of RMB1,583 million as stated in supplementary information 12.

FOREIGN CURRENCY RISK

Foreign currency-denominated assets held by the Group are exposed to foreign currency risk. These assets include monetary assets such as deposits and bonds held in foreign currencies, and non-monetary assets measured at fair value such as our 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, customer's deposits and claim reserves denominated in foreign currencies and non-monetary liabilities measured at fair value.

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 monetary liabilities as well as the non-monetary assets and non-monetary liabilities measured at fair value as illustrated in the table below:

As at June 30, 2013 (in RMB million)	Decrease in profit before tax	Decrease in equity before tax
Net exposure to fluctuations in exchange rates assuming a simultaneous and uniform 5% depreciation of all foreign currency-denominated monetary assets and monetary liabilities as well as all non-monetary assets and non-monetary liabilities measured at fair value against the Renminbi	<u>324</u>	<u>1,101</u>

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 section. 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 PricewaterhouseCoopers Consultants (Shenzhen) Limited to review the reasonableness of the methodology, the assumptions and the calculation results of the Company’s embedded value as at June 30, 2013.

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 May 15, 2012, the Ministry of Finance and the State Administration of Taxation issued the “Notice on Corporate Income Tax Deduction of Reserves for Insurance Companies” (Cai Shui [2012] No. 45). Based on this notice, during the preparation of 2013 interim embedded value report, the contract liabilities of life insurance business related to distributable profit were measured according to the assessment standards of the liabilities pursuant to the current solvency regulations, but those related to the income tax were measured according to “Regulations regarding the Accounting Treatment of Insurance Contracts” (Cai Kuai [2009] No. 15).

Components of Economic Value

(in RMB million)	June 30, 2013	December 31, 2012
	Earned rate/	Earned rate/
Risk discount rate	11.0%	11.0%
Adjusted net asset value	180,015	165,386
Including: Adjusted net asset value of life insurance business	60,200	56,973
Value of in-force insurance business written prior to June 1999	(7,634)	(8,036)
Value of in-force insurance business written since June 1999	166,821	153,665
Cost of holding the required solvency margin	(27,350)	(25,142)
	<hr/>	<hr/>
Embedded value	311,851	285,874
Including: Embedded value of life insurance business	192,037	177,460
	<hr/> <hr/>	<hr/> <hr/>
(in RMB million)	June 30, 2013	December 31, 2012
Risk discount rate	11.0%	11.0%
Value of one year’s new business	19,830	18,312
Cost of holding the required solvency margin	(2,662)	(2,397)
	<hr/>	<hr/>
Value of one year’s new business after cost of solvency	17,169	15,915
Value of first half year’s new business after cost of solvency	10,110	8,856
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Notes:

- (1) Figures may not match totals due to rounding.
- (2) In the table above, the assumptions and method used to calculate the value of first half year's new business in 2012 are the same with current assumptions and method used to calculate the new business value. If the 2012 mid-year valuation's assumptions and method were used, the value of first half year's new business in 2012 would be RMB9,160 million.

OTHER INFORMATION

Purchase, Sale, or Redemption of Listed Shares

Neither the Company, nor any of its subsidiaries, had purchased, sold or redeemed any of the Company's listed shares from January 1, 2013 to June 30, 2013.

Audit and Risk Management Committee

The Company has established the Audit and Risk Management Committee in compliance with the Corporate Governance Code.

The primary duties of the Audit and Risk Management Committee are to review and supervise the Company's financial reporting process and conduct risk management. The Audit and Risk Management Committee is also responsible for reviewing the external auditor appointment, the external auditor remuneration and any matters relating to the termination of the appointment or resignation of the external auditors. In addition, the Audit and Risk Management Committee also examines the effectiveness of the Company's internal controls, which involves regular reviews of the internal controls of various corporate structures and business processes, and takes into account their respective potential risk and urgency, to ensure the effectiveness of the Company's business operations and the realization of its corporate objectives and strategies. The scope of such examinations and reviews includes finance, operations, regulatory compliance and risk management. The Audit and Risk Management Committee also reviews the Company's internal audit plan, and submits relevant reports and recommendations to the Board of Directors on a regular basis.

As at the date of this announcement, the Audit and Risk Management Committee comprised five Independent Non-executive Directors and one Non-executive Director and is chaired by Mr. Tang Yunwei, an Independent Non-executive Director, who possesses the professional qualifications of accounting and related financial management expertise.

The Audit and Risk Management Committee has reviewed with the management the accounting principles and practices adopted by the Company and discussed the internal controls and financial reporting matters, including a review of the interim accounts of the Company for the six month ended June 30, 2013.

The Company has also established the Strategy and Investment Committee, the Remuneration Committee and the Nomination Committee. Further details of the roles and functions, and summary of the work of these committees under the Board of Directors were set out under the paragraph headed "The specialized committees under the Board" in the Corporate Governance Report on pages 113 to 117 of the Company's 2012 annual report of H shares. The terms of reference and modus operandi of the Audit and Risk Management Committee, the Remuneration Committee and the Nomination Committee have been published on the websites of the Company and the HKEx.

Compliance with the Corporate Governance Code by the Company

None of the Directors of the Company is aware of any information that would reasonably indicate that the Company did not meet the applicable code provisions set out in the Corporate Governance Code for any part of the period from January 1, 2013 to June 30, 2013 save as disclosed below:

Code provision A.2.1 of the Corporate Governance Code provides that the roles of Chairman and Chief Executive Officer should be separate and should not be performed by the same individual. Mr. Ma Mingzhe has occupied the positions of both the Chairman of the Board of Directors and the Chief Executive Officer of the Company. However, the Board of Directors is of the opinion that the Company has built up a structure of the Board of Directors of international standard and has developed a very structured and strict operation system and a set of procedural rules for meeting of the Board of Directors. The Chairman does not have any special power different from that of other Directors in relation to the decision making process. Also, in the day-to-day operation of the Company, the Company has in place an integrated management system and structure. Decisions on all material matters will be subject to complete and stringent deliberation and decision making procedures in order to ensure that the Chief Executive Officer can perform his duties diligently and effectively. Further, the current management model of the Company has been recognised in the industry and this model proves to be reliable, efficient and successful, therefore the continuous adoption of this model will be beneficial to the future development of the Company. There is also clear delineation in the responsibilities of the Board of Directors and the management set out in the Articles of Association.

Therefore, the Board of Directors is of the opinion that the Company's management structure is able to provide the Company with efficient management and at the same time, protect all shareholders' rights to the greatest extent. The Company therefore does not currently intend to separate the roles of the Chairman of the Board of Directors and the Chief Executive Officer of the Company.

Further details of the Company's arrangements and 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 were set out under the paragraph headed "Our Compliance with the Corporate Governance Code" in the Corporate Governance Report on pages 127 to 128 of the Company's 2012 annual report of H Shares.

Compliance with the Model Code by Directors and Supervisors of the Company

On May 28, 2004, the Company adopted a code of conduct, which was amended on August 17, 2011, regarding securities transactions by Directors and Supervisors of the Company on terms no less exacting than the required standard set out in the Model Code for Securities Transactions by Directors of Listed Companies (the "Model Code"). Specific enquiry has been made to all Directors and Supervisors of the Company who have confirmed that they had complied with the required standard set out in the Model Code and the code of conduct for the period from January 1, 2013 to June 30, 2013.

Interim Dividend and Closure of Register

The Board of Directors declared that an interim dividend of RMB0.20 (tax inclusive, equivalent to HK\$0.2514) per share for the six months ended June 30, 2013, in a total amount of RMB1,583,228,418.40, would be paid to the shareholders of the Company, based on its total share capital of 7,916,142,092 shares. Holders of H shares whose names are on the Company's register of members of H shares on September 18, 2013 (the "Record Date") will be entitled to the interim dividend. The record date and arrangements in relation to the rights of holders of A shares to receive the interim dividend for the six months ended June 30, 2013 will be separately announced on the website of Shanghai Stock Exchange.

According to the Articles of Association, dividends will be denominated and declared in Renminbi. Dividends on A shares will be paid in Renminbi and dividends on H shares will be paid in Hong Kong dollar. The relevant exchange rate is the average middle exchange rate of Renminbi to Hong Kong dollar as announced by the People's Bank of China for the week prior to the date of declaration of the interim dividend (RMB0.79541 equivalent to HK\$1.00).

In order to determine the list of holders of H shares who are entitled to the interim dividend for the six months ended June 30, 2013, the Company's register of members of H shares will be closed from Friday, September 13, 2013 to Wednesday, September 18, 2013, both days inclusive. In order to qualify for the interim 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, September 12, 2013. The address of the transfer office of Computershare Hong Kong Investor Services Limited is at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong.

The Company has appointed Bank of China (Hong Kong) Trustees Limited as the receiving agent in Hong Kong (the "Receiving Agent") and will pay to the Receiving Agent the interim dividend declared for payment to holders of H shares. The interim dividend will be paid by the Receiving Agent and relevant cheques will be despatched on or before October 24, 2013 to holders of H shares whose names appear on the register of members of the Company on the Record Date by ordinary post at their own risk.

Income Tax Withholding

Enterprise income tax withholding of overseas non-resident enterprises

Pursuant to the applicable provisions of the Enterprise Income Tax Law of the People's Republic of China which came into effect on January 1, 2008 and its implementing rules, the Company shall be obligated to withhold 10% enterprise income tax when it distributes 2013 interim dividend to non-resident enterprise holders of H shares, including Hong Kong Securities Clearing Company Nominees Limited, as listed on the Company's register of members of H shares on the Record Date; after the legal opinion is provided by the resident enterprise shareholders within the stipulated time frame and upon the Company's confirmation with the relevant tax authorities of such opinion, the Company will not withhold any enterprise income tax when it distributes 2013 interim dividend to resident enterprise holders of H shares listed on the Company's register of members of H shares on the Record Date.

If any resident enterprise (as defined in the Enterprise Income Tax Law of the People's Republic of China) listed on the Company's register of members of H shares which is duly incorporated in the PRC or under the laws of a foreign country (or a region) but with a PRC-based de facto management body, does not want the Company to withhold the said 10% enterprise income tax, it shall submit to Computershare Hong Kong Investor Services Limited at or before 4:30 p.m. on Thursday, September 12, 2013 a legal opinion, issued by a PRC qualified lawyer (inscribed with the seal of the applicable law firm), that verifies its resident enterprise status.

Individual income tax withholding of overseas individual shareholders

The Circular on the Questions Concerning Tax on the Profits Earned by Enterprises with Foreign Investment, Foreign Enterprises and Individual Foreigners from the Transfer of Stocks (Stock Rights) and on Dividend Income (Guo Shui Fa [1993] No. 045) was repealed on January 4, 2011, therefore individual holders of H shares who hold the Company's H shares and whose names appear on the register of members of H shares of the Company can no longer be exempted from PRC individual income tax. Upon the confirmation of the Company after consultation with the relevant tax authorities, and pursuant to the applicable provisions of the Individual Income Tax Law of the People's Republic of China and its implementation regulations, the individual resident shareholders outside the PRC shall pay individual income tax upon their receipt of the distributed dividends and bonus in respect of the shares issued by domestic non-foreign investment enterprises in Hong Kong, which shall be withheld by obligors on behalf of such individual shareholders by law. Those individual resident shareholders outside the PRC may, however, enjoy relevant preferential treatments in accordance with the provisions of applicable tax agreements signed between the countries where they belong to by virtue of residential identification and the PRC as well as the tax arrangements made between the Mainland China and Hong Kong (Macau).

Pursuant to the aforesaid tax regulations and the Notice on Matters Concerning the Levy and Administration of Individual Income Tax after the Repeal of Guo Shui Fa [1993] No. 045 (Guo Shui Han [2011] No. 348), the Company shall generally be obligated to withhold individual income tax at the tax rate of 10% when it distributes 2013 interim dividend to individual holders of H shares appeared on the Company's register of members of H shares on the Record Date. However, if stated in the tax regulations and relevant tax agreements otherwise, the Company will withhold individual income tax based on the amount of the dividend at the relevant tax rate and in accordance with the procedures as stipulated.

If individual holders appeared on the Company's register of members of H shares, and who are citizens from the countries applying a tax rate of less than 10% under tax agreements, are not applicable to be withheld individual tax at the rate of 10% by the Company, the Company may handle applications on their behalf for preferential treatments as stipulated in relevant agreements pursuant to the Notice of the State Administration of Taxation on Issues about the Administrative Measures for Non-residents to Enjoy the Treatments of Tax Treaties (for Trial Implementation) (Guo Shui Fa [2009] No. 124). Qualified shareholders are required to submit to Computershare Hong Kong Investor Services Limited at or before 4:30 p.m. on Thursday, September 12, 2013 a written authorization and relevant evidencing documents, which shall be handed on by the Company to the applicable tax authorities for approval, and the excess portion of the tax amounts withheld can be refunded.

The Company will withhold the enterprise income tax as well as the individual income tax for shareholders as required by law on the basis of the Company's register of members of H shares on the Record Date. The Company assumes no liability and will not deal with any dispute over income tax withholding triggered by failure to submit proof materials within the stipulated time frame, and holders of H shares of the Company shall either personally or appoint a representative to attend to the procedures in accordance with the applicable tax regulations and relevant provisions of PRC.

All investors are requested to read this announcement carefully. Shareholders are recommended to consult their taxation advisors regarding their holding and disposing of H shares of the Company for the PRC, Hong Kong and other tax effects involved.

Publication of Interim Results Announcement on the Websites of the HKEx and the Company

The interim results announcement is published on the websites of the HKEx (<http://www.hkexnews.hk>) and the Company (<http://www.pingan.com>), respectively.

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

Shenzhen, PRC, August 29, 2013

As at the date of this announcement, the Executive Directors of the Company are Ma Mingzhe, Sun Jianyi, Ren Huichuan, Ku Man, Yao Jason Bo and Lee Yuansiong; the Non-executive Directors are Fan Mingchun, Lin Lijun, Li Zhe, Soopakij Chearavanont, Yang Xiaoping and Lu Hua; the Independent Non-executive Directors are Tang Yunwei, Lee Carmelo Ka Sze, Woo Ka Biu Jackson, Stephen Thomas Meldrum, Yip Dicky Peter, Wong Oscar Sai Hung and Sun Dongdong.

DEFINITION

In this announcement, unless the context otherwise indicated, the following expressions shall have the following meanings:

Ping An, Company, the Company, Group, the Group, Ping An Group	Ping An Insurance (Group) Company of China, Ltd.
Ping An Life	Ping An Life Insurance Company of China, Ltd., a subsidiary of the Company
Ping An Property & Casualty	Ping An Property & Casualty Insurance Company of China, Ltd., a subsidiary of the Company
Ping An Health	Ping An Health Insurance Company of China, Ltd., a subsidiary of the Company
Ping An Annuity	Ping An Annuity Insurance Company of China, Ltd., a subsidiary of the Company
Ping An Trust	China Ping An Trust Co., Ltd., a subsidiary of the Company
Ping An Securities	Ping An Securities Company, Ltd., a subsidiary of Ping An Trust
Ping An Bank	Ping An Bank Co., Ltd., a subsidiary of the Company
CBRC	China Banking Regulatory Commission
CIRC	China Insurance Regulatory Commission
HKEx	The Stock Exchange of Hong Kong Limited
Articles of Association	The Articles of Association of Ping An Insurance (Group) Company of China, Ltd.