

中国平安保险(集团)股份有限公司

PING AN INSURANCE (GROUP) COMPANY OF CHINA, LTD.

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

(Stock Code: 2318)

ANNOUNCEMENT OF AUDITED RESULTS FOR THE YEAR ENDED DECEMBER 31, 2007

CHAIRMAN'S STATEMENT

In 2007, the PRC economy continued its stable and strong growth, which, together with a series of major breakthroughs in financial system reform and business innovation, have contributed to the prosperous development of the entire financial and insurance sectors. Leveraging on the positive domestic and foreign market trends, the Company continued to enhance its integrated financial services and global investment platform and fully capitalized on the favourable economic environment during 2007, which resulted in the healthy development of all its business segments. In 2007, the Company realized a net profit of RMB19,219 million and total income of RMB137,051 million, representing an increase of 140.2% and 55.4% respectively over the previous year.

Looking back at 2007, all our business segments exhibited strong growth momentum and we have further strengthened our 'three-pillar' strategy for integrated financial services.

- Our insurance businesses continued to maintain a strong growth momentum, resulting in total premium income and premium deposits of over RMB100 billion. In terms of our life insurance business, we achieved a new record high and made significant improvement in business scale and service quality, with an enlarged sales force of over 300,000 people. Our property and casualty insurance business recorded exceptionally strong growth, with total premium income exceeding RMB20 billion for the first time. The asset entrusted under the pension annuity reached RMB4.98 billion.
- The integration and transformation of the banking business was completed smoothly, which substantially strengthened the banking business of the Company. Shenzhen Ping An Bank has achieved significant growth in the business since its establishment. By the end of 2007, Shenzhen Ping An Bank had established five "Anchor Wealth Management" centres, introduced "Ying Dong Li" (赢动力) business for small and medium-sized enterprises and issued nearly 300,000 credit cards.
- The investment business capitalized on the buoyant market conditions and was a major contributor to the significant increase in the Company's profits. The Company realized substantial increase in the returns from investment of the insurance assets, recorded strong growth in income from securities brokerage and investment banking businesses, and witnessed the growth of its wealth management trust assets to RMB47.5 billion. In addition, we have made good progress in establishing the global investment platform which has led to enhanced global asset allocation capability and has resulted in the Company becoming the first mainland China insurance company which has obtained regulatory approval to invest up to 15% of its total assets in the previous year in overseas markets.

In 2007, the Company was ranked first in the “Best Chinese Company in Corporate Governance” award, and was accredited the “Outstanding Asian Company in Corporate Governance 2007” and “Outstanding Board of Directors Award” by well-recognized overseas media publications and international credit rating agencies for our best practice corporate governance and highly disciplined, professional and effective Board of Directors. In addition, the Company was also awarded “Most Respectable Enterprise in China” for the sixth consecutive year and “Best Corporate Citizen in China” for the fourth consecutive year. The Company was also accredited as “Pioneer Company for Driving Local Corporate Citizenship in China”.

We will celebrate the twentieth anniversary of the establishment of Ping An in 2008. During the past 20 years, the Company has grown from a small insurance firm with only 13 employees to an integrated financial services group with almost 70,000 employees and 300,000 sales agents as well as over 40 million customers. Ping An has gradually expanded from a business focused solely on property and casualty insurance to an integrated financial services group covering life insurance, property and casualty insurance, banking, asset management, corporate annuity, trust and securities business. The Company has grown not only in scale and diversity, but has also established a stronger foundation for a more sustainable operation going forward. I am very honored to have witnessed and be part of the Company’s landmark transformation alongside my colleagues.

The year 2008 marks the beginning of the third decade of Ping An’s development as a company. Looking ahead, we are very confident of the long term, strong growth of the Chinese economy and Ping An. Together with the continuous support of our shareholders, the exceptional leadership of our Board of Directors, the full dedication of our employees and the deep trust placed by our customers, we strongly believe that Ping An will be able to achieve its development objectives for the next ten years and to deliver long-term, sustainable returns to our shareholders.

KEY FINANCIAL AND OPERATION INFORMATION

Group’s Consolidated Performance

The following is a summary of the consolidated results of the Group:

For the year ended December 31, (in RMB million)	2007	2006
Total income	137,051	88,198
Total expenses	(115,047)	(79,650)
Operating profit before tax	22,004	8,548
Net profit	19,219	8,000

The following table sets forth the breakdown of our net profit by business segment:

For the year ended December 31, (in RMB million)	2007	2006
Life insurance	10,883	5,704
Property and casualty insurance	2,073	1,048
Banking	1,537	71
Securities	1,492	609
Other businesses ⁽¹⁾	3,234	568
Net profit	19,219	8,000

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

Consolidated Investment Income

For the year ended December 31, (in RMB million, except percentages)	2007	2006
Net investment income	15,257	12,198
Net realized and unrealized gains	36,487	9,773
Total investment income	51,744	21,971
Net investment yield ⁽¹⁾	4.5%	4.3%
Total investment yield ⁽¹⁾	14.1%	7.7%

(1) Lease income from investment properties and interest income from cash and cash equivalents are included in the calculation of the above yields. Net foreign currency gains/losses on investment assets denominated in foreign currencies and investment income from banking business are excluded in the calculation of the above yields. Average investment assets used as the denominator are computed based on Modified Dietz method in principle.

The following table presents our investment portfolio allocations among the major categories of our investments:

As at December 31, (in RMB million, except percentages)	2007		2006	
	Carrying Value	% of Total	Carrying Value	% of Total
Fixed maturity investments				
Term deposits ⁽¹⁾	33,188	7.0%	59,107	17.8%
Bond investments ⁽¹⁾	191,023	40.2%	187,334	56.4%
Other fixed maturity investments ⁽¹⁾	2,411	0.5%	1,381	0.4%
Equity investments ⁽¹⁾⁽²⁾	117,279	24.7%	44,771	13.5%
Investment properties	3,812	0.8%	1,421	0.4%
Cash, cash equivalents and others	127,174	26.8%	38,150	11.5%
Total investments ⁽³⁾	474,887	100.0%	332,164	100.0%

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

(2) Equity investments include equity investment funds, equity securities and investment in an associate.

(3) Investment assets exclude banking business.

Life Insurance

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

For the year ended December 31, (in RMB million, except percentages)	2007	2006
Gross written premiums and policy fees	59,913	53,622
Individual life insurance	51,577	45,870
Bancassurance	678	928
Group insurance	7,658	6,824
Premium deposits	19,270	14,580
Individual life insurance	12,714	9,296
Bancassurance	6,556	5,284
Gross written premiums, policy fees and premium deposits	79,183	68,202
Market share of gross written premiums, policy fees and premium deposits ⁽¹⁾	16.0%	17.0%

(1) Based on our financial data and the PRC insurance industry data calculated in accordance with the PRC Accounting Standards and published by the CIRC.

As at or for the year ended December 31,	2007	2006
Number of customers:		
Individual (in thousand)	33,808	31,761
Corporate (in thousand)	351	307
Total (in thousand)	34,159	32,068
Persistency ratio:		
13-month	90.4%	89.0%
25-month	81.2%	80.3%
Agent productivity:		
First year premiums, policy fees and premium deposits per agent per month	5,316	4,737
New life insurance policies per agent per month ⁽¹⁾	1.3	1.2

(1) Starting from 2007, new insurance policies will not take into account policies containing guaranteed renewal terms, the comparative figures of 2006 have been restated to conform to the current year's presentation.

The following table sets forth certain information of our life insurance distribution channels as at the dates indicated:

As at December 31,	2007	2006
Number of individual life sales agents	301,801	205,437
Number of group sales representatives	2,857	2,127
Bancassurance outlets	26,310	24,214

Property and Casualty Insurance

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

For the year ended December 31, (in RMB million, except percentages)	2007	2006
Gross written premiums	20,493	16,074
Automobile	14,319	11,057
Non-automobile	5,087	4,207
Accident and health	1,087	810
Market share of gross written premiums ⁽¹⁾	10.3%	10.7%

(1) Based on our financial data and the PRC insurance industry data calculated in accordance with the PRC Accounting Standards and published by the CIRC.

As at or for the year ended December 31,	2007	2006
Combined ratio:		
Expense ratio	32.6%	25.8%
Loss ratio	66.0%	69.6%
Combined ratio	98.6%	95.4%
Number of customers:		
Individual (in thousand)	7,140	6,222
Corporate (in thousand)	1,617	1,724
Total (in thousand)	8,757	7,946

The following table sets forth certain information of our property and casualty insurance distribution channels as at the dates indicated:

As at December 31,	2007	2006
Number of direct sales representatives	10,420	8,424
Number of insurance agents	10,948	10,868

Banking Business

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

For the year ended December 31,

(in RMB million, except percentages)

	2007	2006
Interest income	5,314	192
Interest expenses	<u>(1,836)</u>	<u>(80)</u>
Net interest income	<u><u>3,478</u></u>	<u><u>112</u></u>
Net interest spread ⁽¹⁾	<u><u>2.7%</u></u>	<u><u>1.8%</u></u>

(1) Net interest spread represents the difference between the average yield on interest earning assets (excluding recovery of interest income on non performing loans) and the average cost on interest bearing liabilities.

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

As at December 31, (in RMB million)

	2007	2006
Corporate loans	36,142	22,254
Discounted bills	5,976	12,634
Retail loans	<u>19,782</u>	<u>14,038</u>
Total loans and advances	<u><u>61,900</u></u>	<u><u>48,926</u></u>

As at December 31,

(in RMB million, except percentages)

	2007	2006
Pass	58,370	44,914
Special mention	3,019	910
Substandard	296	936
Doubtful	167	1,262
Loss	<u>48</u>	<u>904</u>
Total loans and advances	<u><u>61,900</u></u>	<u><u>48,926</u></u>
Total non performing loans	511	3,102
Non-performing loans ratio	0.8%	6.3%
Impairment provisions balance	420	2,343
Provisions coverage ratio	<u><u>82.2%</u></u>	<u><u>75.5%</u></u>

FINANCIAL STATEMENTS

A. Prepared in accordance with International Financial Reporting Standards (“IFRSs”)

Consolidated Income Statement

For the year ended December 31, 2007

For the year ended December 31,
(in RMB million)

	Notes	2007	2006
Gross written premiums and policy fees	4	80,406	69,696
Less: Premiums ceded to reinsurers		(4,298)	(4,271)
Net written premiums and policy fees		76,108	65,425
Increase in unearned premium reserves, net		(2,502)	(2,299)
Net earned premiums		73,606	63,126
Reinsurance commission income		1,167	1,549
Interest income of banking operations	5	5,314	192
Other fees and commission income		2,616	657
Investment income	6	51,744	21,971
Share of profit or loss of associates		4	–
Other income		2,600	703
Total income		137,051	88,198
Change in deferred policy acquisition costs		9,372	5,480
Claims and policyholders’ benefits		(92,392)	(66,181)
Commission expenses of insurance operations		(10,854)	(8,078)
Interest expenses of banking operations	5	(1,565)	(80)
Other fees and commission expenses		(570)	(92)
Loan loss provisions, net of reversals		118	(3)
Foreign currency losses		(501)	(466)
General and administrative expenses		(18,655)	(10,230)
Total expenses		(115,047)	(79,650)
Operating profit before tax	7	22,004	8,548
Income taxes	8	(2,785)	(548)
Net profit		19,219	8,000
Attributable to:			
– Equity holders of the parent		18,688	7,838
– Minority interests		531	162
		19,219	8,000
		<i>RMB</i>	<i>RMB</i>
Earnings per share for net profit attributable to equity holders of the parent – basic	10	2.61	1.27

Consolidated Balance Sheet

As at December 31, 2007

As at December 31, (in RMB million)	2007	2006
ASSETS		
Balances with central bank and statutory deposits	20,794	9,234
Cash and amounts due from banks and other financial institutions	87,859	95,912
Fixed maturity investments	274,241	213,041
Equity investments	128,931	46,729
Derivative financial assets	177	21
Loans and advances to customers	63,125	49,152
Investment in associates	1,472	176
Premium receivables	4,434	2,939
Reinsurance assets	4,880	4,130
Policyholder account assets in respect of insurance contracts	34,871	20,961
Policyholder account assets in respect of investment contracts	4,622	3,971
Deferred policy acquisition costs	41,305	31,866
Investment properties	3,882	1,528
Property and equipment	8,165	4,766
Intangible assets	4,400	1,484
Deferred income tax assets	87	417
Other assets and receivables	8,053	8,108
Total assets	691,298	494,435
EQUITY AND LIABILITIES		
Equity		
Share capital	7,345	6,195
Reserves	81,322	29,703
Retained profits	23,155	10,477
Equity attributable to equity holders of the parent	111,822	46,375
Minority interests	2,029	1,375
Total equity	113,851	47,750
Liabilities		
Due to banks and other financial institutions	14,644	5,138
Assets sold under agreements to repurchase	13,556	13,436
Derivative financial liabilities	189	178
Customer deposits	91,925	75,960
Insurance contract liabilities	416,474	329,541
Investment contract liabilities for policyholders	5,421	4,233
Policyholder dividend payable and provisions	7,006	4,107
Income tax payable	807	691
Deferred income tax liabilities	6,369	1,657
Other liabilities	21,056	11,744
Total liabilities	577,447	446,685
Total equity and liabilities	691,298	494,435

Consolidated Statement of Changes in Equity

For the year ended December 31, 2007

		Equity attributable to equity holders of the parent									
		Reserves									
(in RMB million)	Notes	Share capital	Capital reserve	Surplus reserve fund	General reserve	Net unrealized gains	Foreign currency translation differences	Retained profits	Minority interests	Total	
As at January 1, 2007		6,195	14,835	6,126	517	8,250	(25)	10,477	1,375	47,750	
Issue of new shares		1,150	37,720	-	-	-	-	-	-	38,870	
Share issue expenses		-	(648)	-	-	-	-	-	-	(648)	
Net profit for 2007		-	-	-	-	-	-	18,688	531	19,219	
Net gains on available-for-sale investments		-	-	-	-	38,003	-	-	380	38,383	
Net gains on available-for-sale investments removed from equity and reported in net profit		-	-	-	-	(20,676)	-	-	(207)	(20,883)	
Deferred tax recognized, net	8	-	-	-	-	(3,403)	-	-	(34)	(3,437)	
Dividends declared	9	-	-	-	-	-	-	(3,085)	-	(3,085)	
Appropriations to statutory reserve		-	-	1,509	-	-	-	(1,509)	-	-	
Appropriations to general reserves		-	-	-	1,422	-	-	(1,422)	-	-	
Transfer of surplus reserve fund		-	-	(6)	-	-	-	6	-	-	
Changes in subsidiaries		-	-	-	-	-	-	-	50	50	
Currency translation adjustments		-	-	-	-	-	(17)	-	-	(17)	
Dividends for minority interests		-	-	-	-	-	-	-	(43)	(43)	
Shadow accounting adjustment		-	-	-	-	(2,285)	-	-	(23)	(2,308)	
As at December 31, 2007		<u>7,345</u>	<u>51,907</u>	<u>7,629</u>	<u>1,939</u>	<u>19,889</u>	<u>(42)</u>	<u>23,155</u>	<u>2,029</u>	<u>113,851</u>	

Equity attributable to equity holders of the parent

(in RMB million)	Notes	Reserves									Total
		Share capital	Capital reserve	Surplus reserve fund	Statutory public welfare fund	General reserve	Net unrealized gains	Foreign currency translation differences	Retained profits	Minority interests	
As at January 1, 2006		6,195	14,835	4,743	783	430	715	(13)	5,308	526	33,522
Net profit for 2006		-	-	-	-	-	-	-	7,838	162	8,000
Net gains on available-for-sale investments		-	-	-	-	-	15,271	-	-	152	15,423
Net gains on available-for-sale investments removed from equity and reported in net profit		-	-	-	-	-	(2,996)	-	-	(30)	(3,026)
Deferred tax recognized, net	8	-	-	-	-	-	(1,330)	-	-	(13)	(1,343)
Dividends declared	9	-	-	-	-	-	-	-	(1,982)	-	(1,982)
Appropriations to statutory reserve		-	-	600	-	-	-	-	(600)	-	-
Appropriations to general reserves		-	-	-	-	87	-	-	(87)	-	-
Change in equity interests in subsidiaries		-	-	-	-	-	-	-	-	54	54
Transfer of surplus reserve fund		-	-	783	(783)	-	-	-	-	-	-
Acquisition of minority interests		-	-	-	-	-	-	-	-	617	617
Currency translation adjustments		-	-	-	-	-	-	(12)	-	(4)	(16)
Dividends for minority interests		-	-	-	-	-	-	-	-	(55)	(55)
Shadow accounting adjustment		-	-	-	-	-	(3,410)	-	-	(34)	(3,444)
As at December 31, 2006		<u>6,195</u>	<u>14,835</u>	<u>6,126</u>	<u>-</u>	<u>517</u>	<u>8,250</u>	<u>(25)</u>	<u>10,477</u>	<u>1,375</u>	<u>47,750</u>

Supplementary Information**1. Organization and principal activities**

Ping An Insurance (Group) Company of China, Ltd. (the “Company”) was incorporated in Shenzhen, the People’s Republic of China (the “PRC”) on March 21, 1988. Its business scope includes investing in insurance enterprises, supervising and managing various domestic and overseas businesses of subsidiaries, and utilizing insurance funds. The Company’s principal subsidiaries are mainly engaged in the provision of life insurance, property and casualty insurance, banking and other financial services.

2. *Changes in accounting policies*

The Group has revised certain significant accounting policies following adoption of the following revised IFRSs which management considers being most relevant to its current operations:

- *IAS 1 Amendment: Capital Disclosures*

IAS 1 Amendment requires the Group to make disclosures that enable users of the financial statements to evaluate the Group's objectives, policies and processes for managing capital. These new disclosures are included in the financial statements.

- *IFRS 7 Financial Instruments: Disclosures*

IFRS 7 requires disclosures that enable users of the financial statements to evaluate the significance of the Group's financial instruments and the nature and extent of risks arising from those financial instruments and also incorporates many of the disclosure requirements of IAS 32. The new disclosures are included throughout the financial statements. While there has been no effect on the financial position or results of operations of the Group, comparative information has been included/ revised where appropriate.

- *IFRIC-Int 7 Applying the Restatement Approach under IAS 29 Financial Reporting in Hyperinflationary Economies*

IFRIC-Int 8 Scope of IFRS 2

IFRIC-Int 9 Reassessment of Embedded Derivatives

IFRIC-Int 10 Interim Financial Reporting and Impairment

Other than additional disclosures, adoption of these revised standards and new interpretations did not have significant impact on the Group's financial statements.

The above revised accounting policies have no significant impact on these financial statements, and the Group considers other new or revised IFRSs and related pronouncements effective in the year do not have significant impact on these financial statements either.

3. *Segment reporting*

The Group's business segment information is currently divided into life insurance business, property and casualty insurance business, banking business, securities business, corporate and other business. Segment net profit represents revenue less expenses directly attributable to a segment and the relevant portion of enterprise revenue less expenses that can be allocated on a reasonable basis to a segment, whether from external transactions or from transactions with other segments of the Group.

The segment analysis for the year ended December 31, 2007 is as follows:

(in RMB million)	Life insurance	Property and casualty insurance	Banking	Securities	Corporate	Others	Elimination	Total
Income statement								
Gross written premiums and policy fees	59,913	20,493	-	-	-	-	-	80,406
Less: Premiums ceded to reinsurers	(710)	(3,588)	-	-	-	-	-	(4,298)
Increase in unearned premium reserves, net	(219)	(2,283)	-	-	-	-	-	(2,502)
Net earned premiums	58,984	14,622	-	-	-	-	-	73,606
Reinsurance commission income	175	992	-	-	-	-	-	1,167
Interest income of banking operations	-	-	5,314	-	-	-	-	5,314
Other fees and commission income	160	-	145	1,899	-	750	(338)	2,616
Investment income	42,782	2,449	5	1,155	4,106	1,251	-	51,748
Other income	1,516	123	456	374	346	291	(506)	2,600
Total income	103,617	18,186	5,920	3,428	4,452	2,292	(844)	137,051
Change in deferred policy acquisition costs	8,820	552	-	-	-	-	-	9,372
Claims and policyholders' benefits	(82,741)	(9,651)	-	-	-	-	-	(92,392)
Commission expenses of insurance operations	(9,004)	(2,003)	-	-	-	-	153	(10,854)
Interest expenses of banking operations	-	-	(1,836)	-	-	-	271	(1,565)
Other fees and commission expenses	-	-	(33)	(228)	-	(309)	-	(570)
Loan loss provisions, net of reversals	-	-	116	-	-	2	-	118
Foreign currency losses	(510)	(10)	35	(4)	(4)	(8)	-	(501)
General and administrative expenses	(8,776)	(4,313)	(2,049)	(1,308)	(1,558)	(984)	333	(18,655)
Total expenses	(92,211)	(15,425)	(3,767)	(1,540)	(1,562)	(1,299)	757	(115,047)
Operating profit before tax	11,406	2,761	2,153	1,888	2,890	993	(87)	22,004
Income taxes	(523)	(688)	(616)	(396)	(354)	(208)	-	(2,785)
Net profit	10,883	2,073	1,537	1,492	2,536	785	(87)	19,219

4. Gross written premiums and policy fees

For the year ended December 31, (in RMB million)	2007	2006
Gross written premiums, policy fees and premium deposits, as reported in accordance with PRC Accounting Standards	100,945	85,405
Less: Business tax and surcharges	(1,269)	(1,129)
	<hr/>	<hr/>
Gross written premiums, policy fees and premium deposits (net of business tax and surcharges)	99,676	84,276
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Less: Premium deposits allocated to policyholder contract deposits	(15,090)	(11,553)
Premium deposits allocated to policyholder accounts	(4,180)	(3,027)
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Gross written premiums and policy fees	80,406	69,696
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Long term life business gross written premiums and policy fees	55,345	49,677
Short term life business gross written premiums	4,568	3,945
Property and casualty business gross written premiums	20,493	16,074
	<hr/>	<hr/>
Gross written premiums and policy fees	80,406	69,696
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5. Interest income and interest expenses of banking operations

(1) Interest income of banking operations

For the year ended December 31, (in RMB million)	2007	2006
Loans and advances to customers	3,200	132
Balances with central bank	163	5
Bond interest income	1,305	–
Cash and amounts due from banks and other financial institutions	646	55
	<hr/>	<hr/>
Total	5,314	192
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(2) Interest expenses of banking operations

For the year ended December 31, (in RMB million)	2007	2006
Customer deposits	1,228	47
Due to banks and other financial institutions	337	33
	<hr/>	<hr/>
Total	1,565	80
	<hr/>	<hr/>

6. *Investment income*

(1) *Net investment income*

For the year ended December 31, (in RMB million)	2007	2006
Interest income on fixed maturity investments		
Bonds		
– Held-to-maturity	5,064	4,836
– Available-for-sale	2,592	1,717
– Carried at fair value through profit or loss	473	92
Term deposits		
– Loans and receivables	2,191	2,991
Others		
– Loans and receivables	222	88
Dividend income on equity investments		
Equity investment funds		
– Available-for-sale	3,653	1,625
– Carried at fair value through profit or loss	1,874	548
Equity securities		
– Available-for-sale	251	237
– Carried at fair value through profit or loss	67	113
Operating lease income from investment properties	299	117
Interest expenses on assets sold under agreements to repurchase	(1,429)	(166)
Total	15,257	12,198

(2) *Realized gains*

For the year ended December 31, (in RMB million)	2007	2006
Fixed maturity investments		
– Available-for-sale	(1,538)	103
– Carried at fair value through profit or loss	10	170
Equity investments		
– Available-for-sale	22,421	2,923
– Carried at fair value through profit or loss	12,896	3,124
Derivative financial instruments		
– Carried at fair value through profit or loss	494	237
Others		
– Loans and receivables	(296)	–
Total	33,987	6,557

(3) *Unrealized gains/(losses)*

**For the year ended December 31,
(in RMB million)**

	2007	2006
Fixed maturity investments		
– Carried at fair value through profit or loss	(258)	(9)
Equity investments		
– Carried at fair value through profit or loss	2,518	3,117
Derivative financial instruments		
– Carried at fair value through profit or loss	240	108
	<u>2,500</u>	<u>3,216</u>
Total	<u>2,500</u>	<u>3,216</u>

(4) *Total investment income*

**For the year ended December 31,
(in RMB million)**

	2007	2006
Net investment income	15,257	12,198
Realized gains	33,987	6,557
Unrealized gains	2,500	3,216
	<u>51,744</u>	<u>21,971</u>
Total	<u>51,744</u>	<u>21,971</u>

7. *Operating profit before tax*

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

**For the year ended December 31,
(in RMB million)**

	2007	2006
Employee costs (<i>Note 7(2)</i>)	8,714	5,121
Provision for insurance guarantee fund	331	271
Depreciation of property and equipment	609	437
Depreciation of investment properties	119	64
Amortization of intangible assets	96	81
Gains on disposal of non-performing assets	(267)	–
Loss/(gain) on disposal of property and equipment and investment properties	10	(45)
Impairment losses on investment properties, property and equipment, and intangible assets	28	(149)
Provision for doubtful debts, net	93	100
Auditors' remuneration – review and audit fees	23	14
Operating lease payments in respect of land and buildings	614	525
	<u>614</u>	<u>525</u>

(2) *Employee costs*

For the year ended December 31, (in RMB million)	2007	2006
Wages, salaries and bonuses	7,806	4,447
Retirement benefits, social security contributions and welfare benefits	908	674
Total	8,714	5,121

8. *Income taxes*

According to the “Provisional Regulations of the PRC on Enterprise Income Tax” which remains effective in 2007 as well as the related current interpretation and practices, the taxable income of the Group represents its income for financial reporting purposes, net of deductible and non-taxable 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 and Ping An Bank	15%
	– Located outside the Special Economic Zones	33%
Hong Kong profits tax	– Subsidiaries in Hong Kong Special Administrative Region	17.5%

For the year ended December 31, (in RMB million)	2007	2006
Consolidated income statement		
Current income tax	1,488	635
Income tax credit received	–	(289)
	1,488	346
Deferred income tax relating to the origination and reversal of temporary differences:		
Policyholders' reserves	(4,790)	(982)
Claim reserves	396	(270)
Unearned premium reserves	23	(2)
Deferred policy acquisition costs	5,224	1,134
Fair value adjustment on financial assets and liabilities carried at fair value through profit or loss	553	462
Others	(109)	(140)
Total deferred income tax	1,297	202
Income taxes reported in consolidated income statement	2,785	548
Consolidated statement of changes in equity		
Deferred income tax related to net unrealized gains charged directly to equity	3,437	1,343

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

For the year ended December 31, (in RMB million)	2007	2006
Operating profit before income tax	22,004	8,548
Tax computed at the main applicable tax rate of 15%	3,301	1,282
Tax effect of income not taxable in determining taxable income	(1,762)	(1,133)
Tax effect of expenses not deductible in determining taxable income	712	531
Tax credit received	–	(289)
Tax effect of higher tax rate on branches and entities (in the PRC) that are located outside the Special Economic Zones	354	157
Tax effect of changes in tax rate	180	–
Income taxes per consolidated income statement	2,785	548

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

On March 16, 2007, the National People's Congress approved the PRC Corporate Income Tax Law (the "New CIT Law") which is effective from January 1, 2008. Under the New CIT Law, corporate income tax rate for domestic companies will decrease from 33% to 25% since January 1, 2008. In addition, for those enterprises benefiting from lower preferential tax rates (e.g. 15%), such preferential rates will be gradually phased out by increasing them over the next five years. This change in income tax rate will directly increase the Group's effective tax rate prospectively from 2008.

9. Dividends

For the year ended December 31, (in RMB million)	2007	2006
Interim dividends on ordinary shares declared during the year:		
Special interim dividend for 2007: Nil (2006: RMB0.20)	–	1,239
Interim dividend for 2007: RMB0.20 (2006: RMB0.12)	1,469	743
	<u>1,469</u>	<u>1,982</u>
Dividends on ordinary shares proposed for approval at annual general meeting (not recognized as a liability as at December 31):		
Final dividend for 2007: RMB0.50 (2006: RMB0.22)	3,673	1,616
	<u>3,673</u>	<u>1,616</u>

10. Earnings per share

The basic earnings per share for the year is computed by dividing the net profit attributable to equity holders of the Company for the year by the weighted average number of 7,153,386,667 shares in issue (2006: weighted average number of 6,195,053,334 shares in issue).

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

11. Distributable reserves

As at December 31, 2007, the Company's reserves available for distribution, calculated in accordance with the relevant regulations, totaled RMB5,587 million, of which RMB3,673 million has been proposed as a final dividend for the year. After deduction of such proposed final dividend, the retained profits (including unrealised gains arising from the fair value changes of the financial assets carried at fair value through profit or loss) were carried forward to 2008. In addition, the Company's capital reserve and surplus reserve fund, in the amount of RMB57,562 million, may be distributed by a future capitalization issue.

12. Major customers

In the year under review, gross written premiums, policy fees and premium deposits from the Group's five largest customers accounted for less than 2% of the total gross written premiums, policy fees and premium deposits for the year.

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

13. *Contingent liabilities*

(1) *Guarantees*

Ping An Real Estate Investment Company Ltd. provided guarantees for value of certain investment properties held under trust schemes managed by China Ping An Trust & Investment Co., Ltd.. No such guarantees were provided as at December 31, 2007 (2006: RMB426 million).

(2) *Litigation*

Owing to the nature of insurance and financial service business, the Group is involved in estimates, 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. 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 of any legal advice.

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

14. *Post balance sheet events*

- (1) The Group's insurance contract liabilities as of December 31, 2007 was an estimate of the Group's outstanding insurance obligations as of December 31, 2007 based on the past experience up to that date. During January and February 2008, certain provinces in China had heavy snowfall. Since this is a non-adjusting post balance sheet event, it was not considered by the Group when the insurance contract liabilities as of December 31, 2007 were estimated. As of the authorization date of these financial statements, claims incurred, net of reinsurance, which are to be borne by the Group are estimated to be RMB400 million.
- (2) On March 19, 2008, the directors proposed 2007 final dividend as stated in note 9.
- (3) Pursuant to resolution of the board of directors on January 18, 2008 and of the extraordinary general meeting, A shareholders Class Meeting and H Shareholders Class Meeting on March 5, 2008, the Company intends to issue not more than 1,200,000,000 A-Shares, and to issue detachable A-Share Bonds with Warrants at par value for not more than RMB41.2 billion. The proceeds will be used as additional capital of the Company and/or in investment projects as approved by the relevant regulatory authorities. The above issuance of A-Shares and detachable A-Share Bonds with Warrants is still subject to approval from the Chinese Securities Regulatory Commission.

B. Prepared in accordance with PRC Accounting Standards

Consolidated Income Statement

For the year ended December 31, 2007

For the year ended December 31, (in RMB million)	2007	2006
Operating income		
Premium income	100,945	85,405
Including reinsurance premium income	85	28
Less: Premium ceded to reinsurers	(4,298)	(4,271)
Change in unearned premium reserves	(2,615)	(2,289)
	<hr/>	<hr/>
Earned premium	94,032	78,845
	<hr/>	<hr/>
Interest income from banking operations	5,314	192
Interest expense of banking operations	(1,565)	(80)
	<hr/>	<hr/>
Net interest income from banking operations	3,749	112
	<hr/>	<hr/>
Fees and commission income	2,616	657
Fees and commission expenses	(570)	(92)
	<hr/>	<hr/>
Net income from fees and commission	2,046	565
	<hr/>	<hr/>
Investment income	56,950	21,292
Gains from changes in fair values	6,885	6,895
Foreign exchange losses	(501)	(463)
Other operating income	2,043	673
	<hr/>	<hr/>
Total Operating income	165,204	107,919
	<hr/>	<hr/>
Operating expenses		
Surrenders	(13,333)	(8,617)
Claims paid	(26,998)	(18,081)
Less: Reinsurers' share of claims paid	2,443	2,446
Change in insurance contract reserves	(77,545)	(56,160)
Less: Reinsurers' share of insurance contract reserves	592	29
Policyholder dividends	(3,514)	(1,487)
Expenses for reinsurance accepted	(16)	(4)
Business tax and surcharges	(3,656)	(1,637)
Insurance related handling charges and commission	(10,838)	(8,074)
General and administrative expenses	(15,465)	(10,008)
Less: Reinsurers' share of expenses	1,167	1,548
Other operating expenses	(585)	(158)
Impairment losses	(289)	(5)
	<hr/>	<hr/>
Total operating expenses	(148,037)	(100,208)
	<hr/>	<hr/>

For the year ended December 31, (in RMB million)	2007	2006
Operating profit	17,167	7,711
Add: Non-operating income	569	87
Less: Non-operating expenses	(253)	(62)
	<hr/>	<hr/>
Profit before tax	17,483	7,736
Less: Income taxes	(1,902)	(240)
	<hr/>	<hr/>
Net Profit	15,581	7,496
	<hr/> <hr/>	<hr/> <hr/>
Attributable to:		
Shareholders of the parent	15,086	7,342
Minority interests	495	154
	<hr/>	<hr/>
	15,581	7,496
	<hr/> <hr/>	<hr/> <hr/>
Earnings per share	RMB	RMB
Basic and diluted earnings per share	2.11	1.19
	<hr/> <hr/>	<hr/> <hr/>

Consolidated Balance Sheet

As at December 31, 2007

As at December 31, (in RMB million)	2007	2006
ASSETS		
Cash on hand and at bank	72,740	42,585
Balances with clearing companies	2,027	875
Precious metal	–	111
Placements with banks and other financial institutions	1,192	1,727
Held-for-trading financial assets	84,938	44,003
Derivative financial assets	177	21
Financial assets purchased under agreements to resell	36,457	7,251
Interest receivables	4,187	3,249
Premium receivables	4,568	3,073
Receivable from reinsurers	2,212	795
Unearned premium reserves receivable from reinsurers	2,615	2,437
Claim reserves receivable from reinsurers	2,304	1,724
Policyholders' reserves for life insurance receivable from reinsurers	6	–
Long-term reserves for health insurance receivable from reinsurers	6	–
Policy loans	2,411	1,381
Loans and advances to customers	63,125	49,152
Deposits with stock and futures exchanges	887	334
Term deposits	41,731	65,416
Available-for-sale financial assets	178,539	95,200
Held-to-maturity investments	127,736	129,250
Long-term equity investments	2,207	415
Goodwill	610	409
Statutory deposits	1,560	1,520
Investment properties	4,051	1,660
Fixed assets	7,894	4,552
Intangible assets	3,621	940
Deferred tax assets	87	888
Other assets	3,216	4,320
Total assets	651,104	463,288

As at December 31, (in RMB million)	2007	2006
LIABILITIES AND SHAREHOLDERS' EQUITY		
LIABILITIES:		
Short-term borrowings	3,719	527
Due to banks and other financial institutions	7,532	3,465
Guarantee deposits	5,398	5,485
Placements from banks and other financial institutions	175	992
Derivative financial liabilities	189	178
Financial assets sold under agreements to repurchase	13,980	14,573
Customer bank deposits	72,133	66,725
Customer brokerage deposits	14,394	3,750
Premiums received in advance	2,981	1,352
Handling charges and commission payable	1,104	894
Due to reinsurers	2,416	746
Salary and welfare payable	4,732	2,133
Taxes payable	1,907	1,166
Interest payable	574	287
Claims payable	5,161	3,981
Policyholder dividends payable	7,006	4,107
Policyholder deposits and investments	5,287	4,049
Unearned premium reserves	15,730	12,937
Claim reserves	7,645	6,480
Policyholders' reserves for life insurance	320,359	248,574
Long-term reserves for health insurance	37,213	30,694
Long-term borrowings	3,218	155
Deferred tax liabilities	4,822	1,441
Other liabilities	4,211	1,971
	<hr/>	<hr/>
Total liabilities	541,886	416,662
SHAREHOLDERS' EQUITY:		
Share capital	7,345	6,195
Capital reserves	72,111	23,246
Surplus reserves	7,629	6,120
General risk provision	1,939	517
Retained profits	18,252	9,182
Foreign currency translation differences	(42)	—
	<hr/>	<hr/>
Attributable to shareholders' of the parent	107,234	45,260
Minority interests	1,984	1,366
	<hr/>	<hr/>
Total shareholders' equity	109,218	46,626
	<hr/>	<hr/>
Total liabilities and shareholders' equity	651,104	463,288
	<hr/> <hr/>	<hr/> <hr/>

Income Statement of the Company
For the year ended December 31, 2007

For the year ended December 31, (in RMB million)	2007	2006
Operating income		
Investment income	8,108	6,443
Gains from changes in fair values	324	414
Foreign exchange losses	(4)	(27)
Other operating income	346	54
	<hr/>	<hr/>
Total operating income	8,774	6,884
	<hr/>	<hr/>
Operating expenses		
Business tax and surcharges	(142)	(24)
General and administrative expenses	(1,414)	(891)
	<hr/>	<hr/>
Total operating expenses	(1,556)	(915)
	<hr/>	<hr/>
Operating profit	7,218	5,969
Less: Non-operating expenses	(2)	(3)
	<hr/>	<hr/>
Profit before tax	7,216	5,966
Less: Income tax	(354)	(44)
	<hr/>	<hr/>
Net profit	6,862	5,922
	<hr/> <hr/>	<hr/> <hr/>

Balance Sheet of the Company

As at December 31, 2007

As at December 31, (in RMB million)	2007	2006
ASSETS		
Cash on hand and at bank	40,858	3,139
Held-for-trading financial assets	8,176	5,458
Financial assets purchased under agreements to resell	1,700	–
Interest receivables	75	29
Term deposits	289	776
Available-for-sale financial assets	4,311	4,227
Long-term equity investments	17,868	17,368
Fixed assets	85	69
Intangible assets	24	18
Deferred tax assets	10	–
Other assets	16	422
	<hr/>	<hr/>
Total assets	73,412	31,506
	<hr/> <hr/>	<hr/> <hr/>
LIABILITIES AND SHAREHOLDERS' EQUITY		
LIABILITIES:		
Placements from banks and other financial institutions	–	820
Salary and welfare payable	1,325	586
Taxes payable	380	75
Deferred tax liabilities	–	93
Other liabilities	219	146
	<hr/>	<hr/>
Total liabilities	1,924	1,720
	<hr/>	<hr/>
SHAREHOLDERS' EQUITY:		
Share capital	7,345	6,195
Capital reserves	52,506	15,731
Surplus reserves	5,655	4,969
General risk provision	395	395
Retained profits	5,587	2,496
	<hr/>	<hr/>
Total shareholders' equity	71,488	29,786
	<hr/>	<hr/>
Total liabilities and shareholders' equity	73,412	31,506
	<hr/> <hr/>	<hr/> <hr/>

C. Reconciliation of GAAP differences between PRC Accounting Standards and IFRS

The material GAAP differences between PRC Accounting Standards and IFRS in preparing financial statements are as follows:

**For the year ended December 31,
(in RMB million)**

Consolidated net profit	<i>Notes</i>	2007	2006
Financial statements prepared in accordance with IFRS		18,688	7,838
Unearned premium reserves	(i)	(113)	16
Policyholders' reserves for life insurance	(ii)	4,988	4,723
Deferred policy acquisition costs	(iii)	(9,373)	(5,480)
Deferred tax	(iv)	883	212
Minority interests and others		13	33
		<hr/>	<hr/>
Financial statements prepared in accordance with PRC Accounting Standards		15,086	7,342
		<hr/> <hr/>	<hr/> <hr/>

As at December 31, (in RMB million)

Consolidated equity	<i>Notes</i>	2007	2006
Financial statements prepared in accordance with IFRS		111,822	46,375
Unearned premium reserves	(i)	(199)	(86)
Policyholders' reserves for life insurance	(ii)	35,262	30,023
Deferred policy acquisition costs	(iii)	(41,305)	(31,866)
Deferred tax	(iv)	1,547	687
Minority interests and others		107	127
		<hr/>	<hr/>
Financial statements prepared in accordance with PRC Accounting Standards		107,234	45,260
		<hr/> <hr/>	<hr/> <hr/>

Minority interests have been deducted from the above amounts.

Notes:

- (i) Under PRC Accounting Standards, unearned premium reserves of life insurance subsidiaries should be no less than 50% of the retained premium for the current period. Under IFRS, unearned premium reserves are provided using actuarial valuation results (1/365 method).
- (ii) Under PRC Accounting Standards, policyholders' reserves are provided in accordance with related actuarial regulations promulgated by CIRC. Under IFRS, policyholders' reserves are provided in accordance with IFRS 4 Insurance Contracts and by reference to US GAAP.
- (iii) Under PRC Accounting Standards, handling costs and commission expenses of acquiring new policies are recognized in the income statement when incurred. Under IFRS, handling costs and commission expenses of acquiring new policies are deferred and amortized over the expected life of the insurance contracts at a constant percentage of expected premiums or at a constant percentage of the present value of estimated gross profits expected to be realized over the life of the insurance contracts, in accordance with IFRS 4 Insurance Contracts and by reference to US GAAP.
- (iv) The above differences between PRC Accounting Standards and IFRS are temporary differences in accordance with IAS 12 Income Taxes. The Group recognizes deferred tax assets and liabilities on the basis of the above differences and the tax rates expected to be applied to taxable income in the years in which those temporary differences are expected to be recovered or settled.

The financial figures above in respect of the Announcement of Audited Results for the Year Ended December 31, 2007 (“Announcement”) have been agreed by the Group’s auditors, Ernst & Young, to the amounts set out in the Group’s audited financial statements for the year ended December 31, 2007. The work performed by Ernst & Young in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the HKICPA and consequently no assurance has been expressed by Ernst & Young on the Announcement.

EXPOSURE TO FLUCTUATIONS IN EXCHANGE RATES

Foreign currency denominated investments held by the Group are exposed to foreign currency risks. These assets include monetary assets, such as deposits and bonds held in foreign currency, and non-monetary assets measured at fair value, such as stocks and funds held in foreign currency. The Group’s foreign currency denominated liabilities are also exposed to fluctuations in exchange rates. These liabilities include monetary liabilities, such as loans, customers’ deposits and claim reserves denominated in foreign currency, and non-monetary liabilities measured at fair value. The exposures to fluctuations in exchange rates from the above assets and liabilities offset each other.

The Group uses sensitivity analysis to estimate its risk exposure. Foreign currency risk sensitivity is estimated by assuming a simultaneous and uniform 5% depreciation, against the Renminbi, of all foreign currency denominated monetary assets and liabilities and non-monetary assets and liabilities measured at fair value.

As at December 31, 2007 (in RMB million)	Decrease in profit	Decrease in equity
Net exposure to fluctuations in exchange rates assuming a simultaneous and uniform 5% depreciation of all foreign currency denominated monetary assets and monetary liabilities and non-monetary assets and liabilities measured at fair value against the Renminbi	<u>504</u>	<u>2,013</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.

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 constructed as a direct reflection of the actual market value.

Components of Economic Value

As at December 31, (in RMB million)	2007	2006
Risk discount rate	Earned Rate/11.5%	Earned Rate/12%
Adjusted net asset value	107,032	46,282
Adjusted net asset value of life insurance business	30,128	19,056
Value of in-force insurance business written prior to June 1999	(9,058)	(20,932)
Value of in-force insurance business written since June 1999	61,921	48,011
Cost of holding the required solvency margin	(9,585)	(7,788)
Embedded value	150,311	65,573
Embedded value of life insurance business	73,407	38,347
As at December 31, (in RMB million)	2007	2006
Risk discount rate	11.5%	12%
Value of one year's new business	8,254	6,007
Cost of holding the required solvency margin	(1,067)	(875)
Value of one year's new business after cost of solvency	7,187	5,132

Note: Figures may not be additive due to rounding.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

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

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

None of the directors 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 Code on Corporate Governance Practices (the "Code on Corporate Governance Practices") contained in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Listing Rules") for any part of the period from January 1, 2007 to December 31, 2007 except that Mr. Ma Mingzhe has occupied the positions of both the Chairman of the Board of Directors and Chief Executive Officer of the Company. Further details of the Company's arrangements and considered reasons for the Company's intention not to separate the roles of the Chairman of the Board of Directors and the Chief Executive Officer of the Company will be set out under the paragraph headed "Code on Corporate Governance Practices contained in Appendix 14 to the Listing Rules" in the Corporate Governance Report to be contained in the Company's 2007 annual report.

INTERESTS AND SHORT POSITIONS OF DIRECTORS AND SUPERVISORS

As at December 31, 2007 the interests and short positions of the Directors and Supervisors of the Company in the shares, underlying shares and debentures of the Company and its associated corporations, (within the meaning of Part XV of the Securities and Futures Ordinance (“SFO”)), which have been notified to the Company and The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) pursuant to Divisions 7 and 8 of Part XV of the SFO, including interests and short positions which the Directors and Supervisors of the Company are taken or deemed to have under such provisions of the SFO, or which are required to be and are recorded in the register required to be kept pursuant to section 352 of the SFO or as otherwise required to be notified by the Directors or Supervisors to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies set out in Appendix 10 to the Listing Rules (“Model Code”), were as follows:

Interests in ordinary shares of the Company

Name of Director/ Supervisor	Position	H/A Shares	Capacity	No. of H/A Shares	Nature of interest	Percentage of total number of H/A Shares in issue (%)	Percentage of total shares in issue (%)
Cheung Chi Yan Louis	Executive Director	H	Beneficial owner	248,000	Long position	0.01	0.003
Chow Wing Kin Anthony	Independent Non-executive Director	H	Interest held jointly with another person*	7,500	Long position	0.00029	0.000
Lin Li	Supervisor	A	Interest of controlled corporations**	176,000,000	Long position	3.68	2.40

* Chow Wing Kin Anthony jointly held these shares with Chow Suk Han Anna.

** Lin Li was interested in the Company by virtue of his control over 93.33% shareholding of Shenzhen Liye Group Company Limited, which held a direct interest in 176,000,000 shares in the Company.

Save as disclosed above, as at December 31, 2007, none of the Directors or Supervisors held or was deemed to hold any interests or short positions in the shares and underlying shares or debentures of the Company or any of its associated corporations (as defined in the SFO), which were required to be recorded in the register required to be kept under Section 352 of the SFO, or otherwise required to be notified by the Directors or Supervisors to the Company and the Stock Exchange pursuant to the Model Code nor have they been granted the right to acquire any interests in shares or debentures of the Company or any of its associated corporations.

ANNUAL GENERAL MEETING

The annual general meeting of the Company will be held at 10:00 a.m. on Tuesday, May 13, 2008 at Ping An School of Financial Services, Kukeng, Guanlan, Shenzhen, PRC.

CLOSURE OF THE REGISTER OF MEMBERS

In order to determine the list of H share shareholders who are entitled to attend the annual general meeting of the Company and to receive the final dividend for the year ended December 31, 2007, the H shares register of members will be closed from Sunday, April 13, 2008 to Tuesday, May 13, 2008, both days inclusive, during which period no transfer of shares will be effected. Holders of the Company's H shares whose names appear on the register of members on Tuesday, May 13, 2008 are entitled to attend the meeting. In order to qualify for the final dividend and to attend and vote at the meeting, holders of H shares of the Company whose transfers have not been registered shall deposit the transfer documents together with the relevant share certificates at the H share registrar of the Company, Computershare Hong Kong Investor Services Limited at or before 4:30 p.m. on Friday, April 11, 2008. The address of the transfer office of Computershare Hong Kong Investor Services Limited is Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong. The final dividend for the year ended December 31, 2007 is expected to be paid on or before May 27, 2008 to the shareholders whose names appear on the H share register of members of the Company on Tuesday, May 13, 2008. The registration date and arrangements in relation to the rights of A share shareholders to attend the annual general meeting of the Company and to receive the final dividend for the year ended December 31, 2007 will be separately announced in the PRC.

AUDIT COMMITTEE

The audit committee of the Board of Directors of the Company (the "Audit Committee") comprises four Independent Non-executive Directors, Mr. Bao Youde, Mr. Kwong Che Keung Gordon, Mr. Cheung Wing Yui and Mr. Chow Wing Kin Anthony and one Non-executive Director, Mr. Anthony Philip HOPE. The Audit Committee has reviewed, in the presence of the internal and external auditors, the Group's principal accounting policies and the audited financial statements for the year ended December 31, 2007.

DETAILED RESULTS ANNOUNCEMENT ON THE WEBSITE OF THE COMPANY

The above detailed results announcement will be published on the website of the Company (www.pingan.com.cn) at around 9:00 a.m. on March 20, 2008.

PUBLICATION OF DETAILED RESULTS ON THE WEBSITE OF THE STOCK EXCHANGE

The 2007 annual report of the Company containing all the information required under Appendix 16 to the Listing Rules will be submitted to the Stock Exchange and published on the website of the Stock Exchange (www.hkexnews.hk) in due course.

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

Shenzhen, PRC, March 19, 2008

As at the date of this announcement, the Executive Directors of the Company are Ma Mingzhe, Sun Jianyi and Cheung Chi Yan Louis, the Non-executive Directors are Lin Yu Fen, Cheung Lee Wah, Anthony Philip HOPE, Lin Lijun, Fan Gang, Hu Aimin, Chen Hongbo, Wong Tung Shun Peter and Ng Sing Yip, and the Independent Non-executive Directors are Bao Youde, Kwong Che Keung Gordon, Cheung Wing Yui, Chow Wing Kin Anthony, Zhang Hongyi, Chen Su and Xia Liping.