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, 2010

CHAIRMAN'S STATEMENT

In the first half of 2010, the world's financial markets were preoccupied with fears on Europe's sovereign debt crisis and concerns of a setback in the global economic recovery. In contrast, China's economy continued its robust and steady growth. However, challenges remained. Faced with such a complex situation, Ping An Insurance (Group) Company of China, Ltd. ("Ping An", "the Group" or "the Company") kept focus on its stated strategic direction and operational targets for the year, continuing to drive towards achieving the goal of building an integrated financial services model. Our core businesses, insurance, banking and investment, all recorded healthy and strong growth. Concurrently, we made a major breakthrough in our strategic investment in Shenzhen Development Bank Co., Ltd. ("Shenzhen Development Bank"). For the six months ended June 30, 2010, the Company achieved a net profit of RMB9,866 million, representing an increase of 27.9% compared with the same period last year. This on one hand, was due to the rapid growth in written premiums from our insurance businesses. On the other hand, strong profit growth from our banking, securities and trust businesses also made a significant contribution.

Looking back over the first half of the year, our notable achievements are highlighted below:

- **Our insurance businesses maintained a healthy and fast growing momentum with a significant increase in written premiums from our individual life insurance new businesses. Our property and casualty insurance business made significant progress in improving both scale and quality.** Our life insurance business boosted its efforts to expand its profitable individual life insurance business over the period. First-year written premiums from individual life insurance business soared, increasing 52.1% compared with the corresponding period in 2009. Leveraging specialized sales channels, Ping An Property & Casualty Insurance Company of China, Ltd. achieved 61.1% significant growth in premium income in the first half of 2010 and its market share increased by 1.5 percentage points compared with the end of 2009. As the quality of our property and casualty insurance business further improved, the combined ratio decreased by 4.7 percentage points to 96.5% from the corresponding period of last year. In addition, three major performance indicators of our annuity business – annuity payments received, assets entrusted and assets under investment management – all maintained leading position in the industry.

- **Our strategic investment in Shenzhen Development Bank made breakthrough progress. Ping An Bank Co., Ltd. ("Ping An Bank") delivered strong results and robust business growth.** We made steady progress in our strategic investment in Shenzhen Development Bank. As at June 30, 2010, we hold 29.99% shares in the company. As an associate company of Ping An since May, Shenzhen Development Bank has already started to contribute profit to Ping An. At the same time, Ping An Bank also achieved good performance and superb organic growth, realizing a net profit of RMB900 million in the first half of 2010, an increase of 56.0% on a year-on-year basis. As our business expanded rapidly, our non-performing loan ratio was comfortably controlled at an industry leading level of 0.45% and capital adequacy ratio at 11.8%. Our retail deposits and credit card businesses are growing rapidly, with cross-selling driving a significant part of the strong growth.

- **Investment banking business of Ping An Securities Company, Ltd. ("Ping An Securities") continued to hold its leading position in the market. The transformation of our trust business progressed smoothly.** Ping An Securities reported a growth of 125.6% in net profit. Our investment banking arm continued to maintain its leading position in the SMEs and the GEM underwriting market, sponsoring 22 IPOs and 6 refinancing projects as a lead underwriter. We ranked top in the league table by number of deals and volume of underwriting fees received. China Ping An Trust Co., Ltd. ("Ping An Trust") strived to build an asset management platform serving high worth individuals. Driven by the product innovation and the expanded direct sales channels, the scale of high margin products increased steadily.

In 2010, the Ping An brand continued its outstanding performance in the market. The Company received widespread recognition from domestic and overseas rating agencies and media for its comprehensive strength, corporate governance and corporate social responsibility, as evidenced by several awards received including:

- In January 2010, the Fifth China International Conference on Corporate Social Responsibility was held at the Great Hall of the People. At the event, Ping An was awarded the "Most Responsible Enterprise in China" for the fourth consecutive year and became the only financial insurance corporation among the 15 award winners.

- In March 2010, Ping An was named the "Best Managed Insurance Company in Asia" for the second year in a row in a survey by the international well-known financial magazine *Euromoney*.

- In May 2010, Ping An received four Awards of Excellence from the distinguished financial magazine *Finance Asia*, namely the "Best Managed Company", "Best Investor Relations", "Best Corporate Social Responsibility" and "Most Committed to a Strong Dividend Policy".

- In July 2010, Ping An was successfully elected as the "Best Low-carbon Enterprise in China" jointly by the *Economic Observer* and the Economic Observer Research Institute and was the only financial insurance corporation among the top 20 enterprises.

- In July 2010, Ping An again made *Fortune*'s Global 500 list and was ranked top among the PRC non-state owned enterprises. We occupied the 383rd position in the overall list, jumping 79 places from our previous ranking in 2008.

In the first half of the year, we got lots of support and understanding from the relevant regulatory bodies and community at large on our strategic investment in Shenzhen Development Bank. After the share-swap transaction with NEWBRIDGE and subscription of new shares of Shenzhen Development Bank, we are now the largest shareholder of Shenzhen Development Bank. We fully understand that the completion of previous investment transactions just signifies a start. The key to value creation and synergy lies in how to get the best part of the two banks and fully leverage on our integrated financial strategy. We will comply with laws and regulations and achieve a balance of interests. In future, we will pursue on the restructuring and integration of Shenzhen Development Bank and Ping An Bank. We aim at a "win-win" situation for different parties.

Looking into the second half of the year, China's economy is expected to continue its robust growth. However, at the same time, we face challenges caused by the fade out of stimulus monetary policies and economic structural adjustments. As market expectations on the timing and magnitude of interest rates increase ease, it is possible that the bond yields will remain at a relatively low level. Together with the volatile stock market, all these will put pressure on our second half year results. In order to maintain steady growth in each business line and improve the overall value of the Company in a sustainable way under such a complex economic situation, we will pursue relentlessly to push ahead with the implementation of our stated plans to build an integrated financial services platform. While continuously focusing on the healthy growth of our insurance business, we will accelerate the pace of development of our banking and investment businesses and push ahead with the centralization of the mid- and back-office operations to reinforce the foundations of the integrated platform of our financial services and to fully support enhanced cross-selling. We will continue to make progress on the merger of Ping An Bank and Shenzhen Development Bank, further exploiting and leveraging the synergies, and will move steadily forward towards our goal of developing Ping An into a leading international integrated financial services provider.

KEY FINANCIAL AND OPERATION INFORMATION

The figures below of corresponding period 2009 have been restated according to the accounting policies adopted by the Company after implementation of No.2 Interpretation.

Overview

During the first half of 2010, China continued its momentum of development and achieved rapid economic growth, despite the unsteady recovery of the global economy. Leveraging this relatively stable operating environment in China, the Company accelerated the development of integrated finance. Our three pillars: insurance, banking and investment, all achieved rapid and healthy growth. Written premiums from our new individual life insurance business grew vigorously. Property and casualty insurance business achieved substantial improvement in both scale and quality. Annuity business continued to maintain its leading position in the market. Total assets of Ping An Bank expanded rapidly with the number of credit cards issued approaching 5 million. Our investment business swiftly adapted to the changes in the capital market. Investment banking business of Ping An Securities accomplished remarkable achievements, and the transformation of the individual trust business advanced smoothly. Our investment in the banking business achieved substantive results as we made steady progress in our strategic investment in Shenzhen Development Bank. This was an important step forward towards our goal to develop into a leading international integrated financial services provider.

For the six months ended June 30, 2010, the Company recorded a net profit of RMB9,866 million, representing an increase of 27.9% compared to the same period last year. This was partly attributable to the sharp increase in written premiums of the insurance business, and partly due to the strong growth in profit generated by banking, securities and trust businesses.

Consolidated results

For the six months ended June 30, (in RMB million)	**2010**	2009
Total income	**96,980**	75,171
Total expenses	**(84,772)**	(64,044)
Profit before tax	**12,208**	11,127
Net profit	**9,866**	7,712

Net profit by business segment

For the six months ended June 30, (in RMB million)	**2010**	2009
Life insurance	**6,551**	6,942
Property and casualty insurance	**1,088**	(25)
Banking	**1,104**	577
Securities	**828**	367
Other businesses[1]	**295**	(149)
Net profit	**9,866**	7,712

(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.

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

For the six months ended June 30, (in RMB million)	**2010**	2009
Net investment income[(1)]	**12,618**	8,746
Net realized and unrealized gains[(2)]	**(2,156)**	5,562
Impairment losses	**(89)**	(270)
Others	**(8)**	(114)
Total investment income	**10,365**	13,924
Net investment yield (%)[(3)]	**4.1**	3.7
Total investment yield (%)[(3)]	**3.7**	4.8

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

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

(3) Net foreign currency gains/losses on investment assets denominated in foreign currencies are excluded 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 44.3% to RMB12,618 million in the six months ended June 30, 2010 from RMB8,746 million in the same period 2009. 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, as well as the increase in dividend income from equity investments as compared with the same period 2009. Net investment yield increased to 4.1% in the six months ended June 30, 2010 from 3.7% in the same period 2009, mainly because of the above mentioned increase in dividend income from equity investments.

As total investment income declined by 25.6% to RMB10,365 million in the six months ended June 30, 2010 from RMB13,924 million in the same period 2009, total investment yield fell to 3.7% from 4.8%. This was mainly due to the significant reduction in net realized and unrealized gains as a result of the depressed and volatile domestic stock market.

In the first half of 2010, the macroeconomic policies implemented by the PRC government were tightened, and bank lending slowed down. Dragged by real estate control policies and the launch of stock index futures, the A-share stock market tumbled significantly. The Hong Kong stock market also underwent considerable corrections. Bond rates fell sharply and hovered at a low level. Against this backdrop, the Company conducted in-depth studies of the macroeconomic conditions in order to mitigate market risks and adjusted the ratio of equity assets to total investments in a timely manner. The Company continued to seek high yield fixed income products and steadily increased its investments in such products so as to strengthen its avenue for fixed rate returns.

We have proactively optimized the asset allocation of investment portfolio to respond to the new economic environment. The percentage of fixed maturity investments increased to 79.3% of total investments as at June 30, 2010 from 76.0% as at December 31, 2009, while the equity investments decreased from 10.8% to 8.1%.

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

(in RMB million)	**June 30, 2010** Carrying Value	%	December 31, 2009 Carrying Value	%
By category				
Fixed maturity investments				
Term deposits(1)	**101,758**	**15.5**	91,599	15.5
Bond investments(1)	**411,131**	**62.7**	351,432	59.6
Other fixed maturity investments(1)	**7,025**	**1.1**	5,434	0.9
Equity investments				
Equity investment funds(1)	**16,236**	**2.5**	19,196	3.3
Equity securities	**36,967**	**5.6**	44,380	7.5
Infrastructure investments	**9,121**	**1.4**	8,932	1.5
Cash, cash equivalents and others	**73,409**	**11.2**	68,740	11.7
Total investments	**655,647**	**100.0**	589,713	100.0
By purpose				
Carried at fair value through profit or loss	**20,260**	**3.1**	21,469	3.7
Available-for-sale	**189,974**	**29.0**	196,462	33.3
Held-to-maturity	**257,390**	**39.3**	208,299	35.3
Loans and receivables	**173,288**	**26.4**	149,204	25.3
Others	**14,735**	**2.2**	14,279	2.4
Total investments	**655,647**	**100.0**	589,713	100.0

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

General and administrative expenses

General and administrative expenses increased by 42.4% to RMB15,611 million in the six months ended June 30, 2010 from RMB10,959 million in the same period 2009, mainly due to the rapid growth of our businesses, as well as increased marketing inputs and investment in strategic initiatives.

Income tax

For the six months ended June 30, (in RMB million)	**2010**	2009
Current income tax	**1,315**	2,747
Deferred income tax	**1,027**	668
Total	**2,342**	3,415

Income tax decreased by 31.4% to RMB2,342 million in the six months ended June 30, 2010 from RMB3,415 million in the same period 2009, mainly due to two reasons. First, taxable income of subsidiaries decreased due to the increase in dividend income from certain equity investment funds, which are exempted from tax. Second, the Company made one-off corporate income tax provisions of RMB812 million in the first half of 2009 based on the results of a tax inspection.

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)	2010	2009
Written premiums		
Individual life insurance	**73,358**	53,990
Including: new business	**25,943**	17,055
renewal business	**47,415**	36,935
Bancassurance	**16,269**	16,299
Group insurance	**3,498**	3,632
Total written premiums[1]	**93,125**	73,921

	June 30, 2010	December 31, 2009
Market share(%)[2]	**15.8**	16.5

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

(2) Calculated in accordance with the PRC insurance industry data published by the China Insurance Regulatory Commission ("CIRC").

	June 30, 2010	December 31, 2009
Number of customers (in thousands)		
Individual	**43,044**	40,737
Corporate	**611**	561
Total	**43,655**	41,298
Persistency ratio (%)		
13-month	**93.6**	90.8
25-month	**87.3**	87.3
Agent productivity		
First-year written premiums (per agent per month in RMB)	**10,311**	6,261
New individual life insurance policies (per agent per month)	**1.2**	1.1
Distribution network		
Number of individual life sales agents	**411,709**	416,570
Number of group sales representatives	**2,873**	3,006
Bancassurance outlets	**55,433**	51,269

Property and casualty insurance business

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)	**2010**	2009
Premium income		
Automobile insurance	**22,990**	13,378
Non-automobile insurance	**6,169**	4,418
Accident and health insurance	**1,032**	968
Total premium income	**30,191**	18,764

	June 30, 2010	December 31, 2009
Market share(%)[(1)]	**14.4**	12.9

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

For the six months ended June 30,	**2010**	2009
Combined ratio(%)		
Expense ratio	**40.7**	43.0
Loss ratio	**55.8**	58.2
Combined ratio	**96.5**	101.2

	June 30, 2010	December 31, 2009
Number of customers (in thousands)		
Individual	**12,275**	10,543
Corporate	**1,639**	1,578
Total	**13,914**	12,121
Distribution network		
Number of direct sales representatives	**10,133**	12,473
Number of insurance agents	**22,229**	13,714

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)	2010	2009
Interest income	**4,371**	3,065
Interest expenses	**(1,914)**	(1,557)
Net interest income	**2,457**	1,508
Net interest spread(%)[1]	**2.0**	1.7
Net interest margin(%)[2]	**2.1**	1.8

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

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

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

(in RMB million)	June 30, 2010	December 31, 2009
Corporate loans	**81,565**	67,828
Retail loans	**34,410**	32,165
Discounted bills	**4,646**	7,569
Total loans	**120,621**	107,562

(in RMB million)	**June 30, 2010**	December 31, 2009
Pass	**119,388**	106,166
Special mention	**692**	901
Sub-Standard	**209**	218
Doubtful	**114**	113
Loss	**218**	164
Total loans	**120,621**	107,562
Total non-performing loans	**541**	495
Non-performing loan ratio	**0.45%**	0.46%
Impairment provision balance	**848**	772
Provision coverage ratio	**156.7%**	156.0%

Investment Business

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

For the six months ended June 30, (in RMB million)	**2010**	2009
Securities business		
Operating income	**1,814**	863
Net profit	**828**	367
Trust business[(1)]		
Operating income	**706**	413
Net profit	**326**	192

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

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

Interim Consolidated Income Statement
For the six months ended 30 June 2010

For the six months ended 30 June (in RMB million)	*Notes*	2010 (Unaudited)	2009 (Unaudited) (Restated)
Gross written premiums and policy fees	*5*	**85,079**	59,502
Less: Premiums ceded to reinsurers		**(4,542)**	(3,706)
Net written premiums and policy fees		**80,537**	55,796
Change in unearned premium reserves		**(5,952)**	(3,461)
Net earned premiums		**74,585**	52,335
Reinsurance commission income		**1,337**	996
Interest income of banking operations	*6*	**4,371**	3,065
Fees and commission income of non-insurance operations		**2,492**	1,029
Investment income	*7*	**10,909**	14,682
Share of profits and losses of associates and joint ventures		**282**	52
Other income		**3,004**	3,012
Total income		**96,980**	75,171
Claims and policyholders' benefits		**(56,165)**	(42,590)
Commission expenses of insurance operations		**(7,663)**	(5,952)
Interest expenses of banking operations	*6*	**(1,585)**	(1,141)
Fees and commission expenses of non-insurance operations		**(228)**	(123)
Loan loss provisions, net of reversals		**(110)**	(85)
Foreign exchange losses		**(28)**	(17)
General and administrative expenses		**(15,611)**	(10,959)
Finance costs		**(391)**	(420)
Other expenses		**(2,991)**	(2,757)
Total expenses		**(84,772)**	(64,044)
Profit before tax	*8*	**12,208**	11,127
Income tax	*9*	**(2,342)**	(3,415)
Profit for the period		**9,866**	7,712
Attributable to:			
– Owners of the parent		**9,611**	7,477
– Non-controlling interests		**255**	235
		9,866	7,712
		RMB	RMB
Earnings per share attributable to ordinary equity holders of the parent:	*11*		
– Basic		**1.30**	1.02
– Diluted		**1.30**	1.02

Interim Consolidated Statement of Comprehensive Income

For the six months ended 30 June 2010

For the six months ended 30 June **(in RMB million)**	*Note*	**2010** **(Unaudited)**	2009 (Unaudited) (Restated)
Profit for the period		**9,866**	7,712
Other comprehensive income			
Exchange differences on translation of foreign operations		**25**	72
Available-for-sale financial assets		**(5,561)**	8,422
Shadow accounting adjustments		**1,468**	448
Income tax relating to components of other comprehensive income		**829**	(1,804)
Other comprehensive income for the period, net of tax	*10*	**(3,239)**	7,138
Total comprehensive income for the period		**6,627**	14,850
Attributable to:			
– Owners of the parent		**6,398**	14,606
– Non-controlling interests		**229**	244
		6,627	14,850

Interim Consolidated Statement of Financial Position
As at 30 June 2010

(in RMB million)	30 June 2010 (Unaudited)	31 December 2009 (Audited)
ASSETS		
Balances with central bank and statutory deposits	**30,964**	31,006
Cash and amounts due from banks and other financial institutions	**161,798**	158,219
Fixed maturity investments	**507,230**	428,417
Equity investments	**62,780**	82,116
Derivative financial assets	**6**	9
Loans and advances to customers	**122,398**	109,060
Investments in associates and joint ventures	**38,386**	12,063
Premium receivables	**5,784**	4,576
Accounts receivable	**–**	3,284
Inventories	**–**	1,562
Reinsurers' share of insurance liabilities	**6,346**	4,983
Policyholder account assets in respect of insurance contracts	**37,620**	42,506
Policyholder account assets in respect of investment contracts	**4,055**	4,416
Investment properties	**6,677**	6,430
Property and equipment	**9,576**	10,666
Intangible assets	**9,794**	12,874
Deferred tax assets	**6,895**	7,001
Other assets	**22,599**	16,524
Total assets	**1,032,908**	935,712
EQUITY AND LIABILITIES		
Equity		
Share capital	**7,644**	7,345
Reserves	**74,976**	62,406
Retained profits	**22,491**	15,219
Equity attributable to owners of the parent	**105,111**	84,970
Non-controlling interests	**4,784**	6,773
Total equity	**109,895**	91,743
Liabilities		
Due to banks and other financial institutions	**38,553**	48,122
Assets sold under agreements to repurchase	**57,905**	60,364
Derivative financial liabilities	**12**	10
Customer deposits and payables to brokerage customers	**159,584**	140,544
Insurance payables	**17,039**	14,777
Insurance contract liabilities	**579,511**	516,330
Investment contract liabilities for policyholders	**27,307**	26,898
Policyholder dividend payable	**17,338**	15,196
Income tax payable	**1,014**	381
Bonds payable	**7,517**	4,990
Deferred tax liabilities	**734**	1,007
Other liabilities	**16,499**	15,350
Total liabilities	**923,013**	843,969
Total equity and liabilities	**1,032,908**	935,712

Interim Consolidated Statement of Changes in Equity

For the six months ended 30 June 2010

		Equity attributable to owners of the parent									
			Reserves								
For the six months ended 30 June 2010 (in RMB million)	*Note*	**Share capital (Unaudited)**	**Share premium (Unaudited)**	**Foreign currency translation reserve (Unaudited)**	**Available-for-sale investments reserve (Unaudited)**	**Shadow accounting adjustments (Unaudited)**	**Surplus reserve fund (Unaudited)**	**General reserve (Unaudited)**	**Retained profits (Unaudited)**	**Non-controlling interests (Unaudited)**	**Total equity (Unaudited)**
As at 1 January 2010		**7,345**	**51,907**	**43**	**4,612**	**(759)**	**6,208**	**395**	**15,219**	**6,773**	**91,743**
Profit for the period		**–**	**–**	**–**	**–**	**–**	**–**	**–**	**9,611**	**255**	**9,866**
Other comprehensive income for the period	*10*	**–**	**–**	**25**	**(4,404)**	**1,166**	**–**	**–**	**–**	**(26)**	**(3,239)**
Total comprehensive income for the period		**–**	**–**	**25**	**(4,404)**	**1,166**	**–**	**–**	**9,611**	**229**	**6,627**
Appropriations to surplus reserve fund		**–**	**–**	**–**	**–**	**–**	**46**	**–**	**(46)**	**–**	**–**
Dividend declared		**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(2,293)**	**(1)**	**(2,294)**
Issue of share capital		**299**	**15,737**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**16,036**
Changes in subsidiaries		**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(2,217)**	**(2,217)**
As at 30 June 2010		**7,644**	**67,644**	**68**	**208**	**407**	**6,254**	**395**	**22,491**	**4,784**	**109,895**

		Equity attributable to owners of the parent									
			Reserves								
For the six months ended 30 June 2009 (in RMB million)	*Note*	Share capital (Unaudited)	Share premium (Unaudited)	Foreign currency translation reserve (Unaudited)	Available-for-sale investments reserve (Unaudited) (Restated)	Shadow accounting adjustments (Unaudited) (Restated)	Surplus reserve fund (Unaudited)	General reserve (Unaudited)	Retained profits (Unaudited) (Restated)	Non-controlling interests (Unaudited) (Restated)	Total equity (Unaudited) (Restated)
As at 1 January 2009		7,345	51,907	(23)	(1,033)	(2,695)	6,125	395	2,521	2,617	67,159
Profit for the period		–	–	–	–	–	–	–	7,477	235	7,712
Other comprehensive income for the period	*10*	–	–	72	6,735	322	–	–	–	9	7,138
Total comprehensive income for the period		–	–	72	6,735	322	–	–	7,477	244	14,850
Changes in subsidiaries		–	–	–	–	–	–	–	–	3,424	3,424
As at 30 June 2009		7,345	51,907	49	5,702	(2,373)	6,125	395	9,998	6,285	85,433

Supplementary Information

1. Corporate information

Ping An Insurance (Group) Company of China, Ltd. (the "Company") was incorporated 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 the deployment of funds. 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 the life insurance, property and casualty insurance, trust, securities, banking and other businesses, which have no significantly seasonal or periodic characteristic.

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

2. Changes in accounting policies

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2009, except for the adoption of new standards and interpretations as of 1 January 2010, noted below:

- Amendment to IFRS 2 *Share-based Payment – Group Cash-settled Share-based Payment Transactions*

  The standard has been amended to clarify the accounting for group cash-settled share-based payment transactions. This amendment also supersedes IFRIC 8 and IFRIC 11. The adoption of this amendment did not have any impact on the financial position or performance of the Group.

- IFRS 3 *Business Combinations (Revised)* and IAS 27 *Consolidated and Separate Financial Statements (Amended)*

  The Group applies the revised standards from 1 January 2010. IFRS 3 (Revised) introduces significant changes in the accounting for business combinations occurring after this date. Changes affect the valuation of non-controlling interest, the accounting for transaction costs, the initial recognition and subsequent measurement of a contingent consideration and business combinations achieved in stages. These changes also impact the amount of goodwill recognised, the reported results in the period that an acquisition occurs and future reported results.

  IAS 27 (Amended) requires that a change in the ownership interest of a subsidiary (without loss of control) is accounted for as a transaction with owners in their capacity as owners. Therefore, such transactions will no longer give rise to goodwill, nor will they give rise to gains or losses. Furthermore, the amended standard changes the accounting for losses incurred by the subsidiary as well as the loss of control of a subsidiary. The changes by IFRS 3 (Revised) and IAS 27 (Amended) affect future acquisitions or loss of control of subsidiaries and transactions with non-controlling interests.

  The change in accounting policy was applied prospectively and had no material impact on the financial position or performance of the Group.

- Amendment to IAS 39 *Financial Instruments: Recognition and Measurement* – Eligible Hedged Items

  The amendment addresses the designation of a one-sided risk in a hedged item, and the designation of inflation as a hedged risk or portion in particular situations. The adoption of this amendment did not have any effect on the financial position or performance of the Group.

- IFRIC 17 *Distribution of Non-cash Assets to Owners*

  This interpretation provides guidance on accounting for arrangements whereby an entity distributes non-cash assets to shareholders either as a distribution of reserves or as dividends. The interpretation had no effect on the financial position nor performance of the Group.

Improvements to IFRSs (issued May 2008)

In May 2008, the International Accounting Standard Board (the "Board") issued its first omnibus of amendments to its standards. All amendments issued are effective for the Group as at 31 December 2009, apart from the following:

- Amendment to IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*: clarifies when a subsidiary is classified as held for sale, all its assets and liabilities are classified as held for sale, even when the entity remains a non-controlling interest after the sale transaction. The amendment is applied prospectively and had no impact on the financial position nor financial performance of the Group.

Improvements to IFRSs (issued April 2009)

In April 2009 the Board issued its second omnibus of amendments to its standards, primarily with a view to removing inconsistencies and clarifying wording. There are separate transitional provisions for each standard. The adoption of the following amendments resulted in changes to accounting policies but did not have any impact on the financial position or performance of the Group.

- IFRS 8 *Operating Segment Information*: clarifies that segment assets and liabilities need only be reported when those assets and liabilities are included in measures that are used by the chief operating decision maker. The amendment has no impact on the Group.

- IAS 36 *Impairment of Assets*: The amendment clarified that the largest unit permitted for allocating goodwill, acquired in a business combination, is the operating segment as defined in IFRS 8 before aggregation for reporting purposes. The amendment has no impact on the Group as the annual impairment test is performed before aggregation.

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

- IFRS 2 *Share-based Payment*
- IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*
- IAS 1 *Presentation of Financial Statements*
- IAS 7 *Statement of Cash Flows*
- IAS 17 *Leases*
- IAS 38 *Intangible Assets*
- IAS 39 *Financial Instruments: Recognition and Measurement*
- IFRIC 9 *Reassessment of Embedded Derivatives*
- IFRIC 16 *Hedge of a Net Investment in a Foreign Operation*

The Group has not early adopted any other standard, interpretation or amendment that was issued but is not yet effective.

3. *Changes in major subsidiaries and associates*

(1) Disposal of XJ Group Corporation ("XJ Group")

On 11 February 2010, China Electric Power Research Institute ("CEPRI"), China Ping An Trust & Investment Co., Ltd. (now renamed as "China Ping An Trust Co., Ltd.", "Ping An Trust") and XJ Group entered into "General Agreement Regarding Investment in XJ Group" and "Agreement Regarding Capital Injection into XJ Group". According to these agreements, CEPRI would inject certain assets it holds into XJ Group to acquire 60% equity interest in XJ Group. Upon completion of this capital injection on 28 May 2010, CEPRI and Ping An Trust held 60% and 40% of equity interests in XJ Group respectively, and XJ Group has become an associate of Ping An Trust since then.

(2) Investment in Shenzhen Development Bank Co., Ltd. ("SDB")

On 12 June 2009, the Company entered into a share purchase agreement with Newbridge Asia AIV III L.P. ("Newbridge"), to purchase from Newbridge 520 million SDB shares at the consideration of 299 million of new H shares of the Company or RMB11.4 billion in cash. Upon receipt of all regulatory approvals, the Company issued 299 million of new H shares as the consideration to acquire 520 million SDB shares held by Newbridge. Upon completion of this transaction on 7 May 2010, the Group held 21.44% equity interest in SDB and accounted for SDB as an associate.

On 12 June 2009, Ping An Life Insurance Company of China Ltd. ("Ping An Life") entered into a share subscription agreement with SDB to subscribe for not less than 370 million but not more than 585 million new SDB shares. Upon receipt of all regulatory approvals, Ping An Life subscribed for 379.58 million of new SDB shares at the consideration of RMB6,931 million in cash. Upon completion of this transaction on 29 June 2010, the Group held 29.99% equity interest in SDB.

4. *Segment information*

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

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

The segment analysis for the six months ended 30 June 2010 is as follows:

(in RMB million)	Life insurance (Unaudited)	Property and casualty insurance (Unaudited)	Banking (Unaudited)	Securities (Unaudited)	Corporate (Unaudited)	Others (Unaudited)	Elimination (Unaudited)	Total (Unaudited)
Income statement								
Gross written premiums and policy fees	54,888	30,191	–	–	–	–	–	85,079
Less: Premiums ceded to reinsurers	(868)	(3,674)	–	–	–	–	–	(4,542)
Change in unearned premium reserves	(198)	(5,754)	–	–	–	–	–	(5,952)
Net earned premiums	53,822	20,763	–	–	–	–	–	74,585
Reinsurance commission income	89	1,248	–	–	–	–	–	1,337
Interest income of banking operations	–	–	4,371	–	–	–	–	4,371
Fees and commission income of non-insurance operations	–	–	378	1,751	–	371	(8)	2,492
Including: Inter-segment fees and commission income of non-insurance operations	–	–	2	–	–	6	(8)	–
Investment income/(loss)	9,648	717	92	158	(8)	700	(398)	10,909
Including: Inter-segment Investment income	343	8	–	(14)	21	40	(398)	–
Share of profits and losses of associates and joint ventures	(53)	–	204	–	–	131	–	282
Other income	1,397	71	33	4	88	2,666	(1,255)	3,004
Including: Inter-segment other income	573	14	–	–	83	585	(1,255)	–
Total income	64,903	22,799	5,078	1,913	80	3,868	(1,661)	96,980
Claims and policyholders' benefits	(44,586)	(11,579)	–	–	–	–	–	(56,165)
Commission expenses of insurance operations	(5,041)	(3,202)	–	–	–	–	580	(7,663)
Interest expenses of banking operations	–	–	(1,914)	–	–	–	329	(1,585)
Fees and commission expenses of non-insurance operations	–	–	(58)	(99)	–	(76)	5	(228)
Loan loss provisions, net of reversals	–	–	(84)	–	–	(26)	–	(110)
Foreign exchange gains/(losses)	(35)	(10)	19	–	(1)	(1)	–	(28)
General and administrative expenses	(5,735)	(6,524)	(1,646)	(735)	(152)	(1,500)	681	(15,611)
Finance costs	(53)	(68)	–	–	(123)	(151)	4	(391)
Other expenses	(1,575)	(52)	(29)	(1)	–	(1,377)	43	(2,991)
Total expenses	(57,025)	(21,435)	(3,712)	(835)	(276)	(3,131)	1,642	(84,772)
Profit/(loss) before tax	7,878	1,364	1,366	1,078	(196)	737	(19)	12,208
Income tax	(1,327)	(276)	(262)	(250)	(10)	(217)	–	(2,342)
Profit/(loss) for the period	6,551	1,088	1,104	828	(206)	520	(19)	9,866

The segment analysis for the six months ended 30 June 2009 is as follows:

(in RMB million)	Life insurance (Unaudited) (Restated)	Property and casualty insurance (Unaudited) (Restated)	Banking (Unaudited)	Securities (Unaudited)	Corporate (Unaudited)	Others (Unaudited)	Elimination (Unaudited)	Total (Unaudited) (Restated)
Income statement								
Gross written premiums and policy fees	40,738	18,764	–	–	–	–	–	59,502
Less: Premiums ceded to reinsurers	(904)	(2,802)	–	–	–	–	–	(3,706)
Change in unearned premium reserves	(283)	(3,178)	–	–	–	–	–	(3,461)
Net earned premiums	39,551	12,784	–	–	–	–	–	52,335
Reinsurance commission income	125	871	–	–	–	–	–	996
Interest income of banking operations	–	–	3,065	–	–	–	–	3,065
Fees and commission income of non-insurance operations	–	–	207	671	–	151	–	1,029
Investment income/(loss)	13,799	637	321	255	(415)	563	(478)	14,682
Including: Inter-segment investment income	393	21	–	(2)	37	29	(478)	–
Share of profits and losses of associates and joint ventures	(119)	–	–	–	–	171	–	52
Other income	900	57	18	2	–	2,731	(696)	3,012
Including: Inter-segment other income	212	4	–	–	–	480	(696)	–
Total income	54,256	14,349	3,611	928	(415)	3,616	(1,174)	75,171
Claims and policyholders' benefits	(35,149)	(7,441)	–	–	–	–	–	(42,590)
Commission expenses of insurance operations	(3,859)	(2,309)	–	–	–	–	216	(5,952)
Interest expenses of banking operations	–	–	(1,557)	–	–	–	416	(1,141)
Fees and commission expenses of non-insurance operations	–	–	(21)	(65)	–	(39)	2	(123)
Loan loss provisions, net of reversals	–	–	(69)	–	–	(16)	–	(85)
Foreign exchange gains/(losses)	(25)	(6)	15	–	(1)	–	–	(17)
General and administrative expenses	(4,553)	(4,068)	(1,246)	(406)	(97)	(1,119)	530	(10,959)
Finance costs	(73)	(22)	–	–	–	(328)	3	(420)
Other expenses	(1,104)	(76)	(11)	(1)	(10)	(1,562)	7	(2,757)
Total expenses	(44,763)	(13,922)	(2,889)	(472)	(108)	(3,064)	1,174	(64,044)
Profit/(loss) before tax	9,493	427	722	456	(523)	552	–	11,127
Income tax	(2,551)	(452)	(145)	(89)	(71)	(107)	–	(3,415)
Profit/(loss) for the period	6,942	(25)	577	367	(594)	445	–	7,712

5. *Gross written premiums and policy fees*

For the six months ended 30 June (in RMB million)	**2010 (Unaudited)**	2009 (Unaudited) (Restated)
Gross written premiums, policy fees and premium deposits	**123,316**	92,685
Less: Premium deposits of policies without significant insurance risk transfer	**(1,316)**	(1,511)
Premium deposits unbundled from universal life and investment-linked products	**(36,921)**	(31,672)
Gross written premiums and policy fees	**85,079**	59,502
Long term life business gross written premiums and policy fees	**51,554**	37,510
Short term life business gross written premiums	**3,334**	3,228
Property and casualty business gross written premiums	**30,191**	18,764
Gross written premiums and policy fees	**85,079**	59,502

6. *Net interest income of banking operations*

For the six months ended 30 June (in RMB million)	**2010 (Unaudited)**	2009 (Unaudited)
Interest income of banking operations		
Loans and advances to customers	**2,998**	2,179
Balances with central bank	**191**	133
Bonds	**785**	591
Amounts due from banks and other financial institutions	**397**	162
	4,371	3,065
Interest expenses of banking operations		
Customer deposits	**1,030**	893
Due to banks and other financial institutions	**493**	248
Debt issued	**62**	–
	1,585	1,141
Net Interest income of banking operations	**2,786**	1,924

7. *Investment income*

For the six months ended 30 June (in RMB million)	**2010 (Unaudited)**	2009 (Unaudited)
Net investment income	**12,765**	8,836
Realized gains/(losses)	**(1,043)**	4,266
Unrealized gains/(losses)	**(724)**	1,875
Impairment losses	**(89)**	(295)
Total investment income	**10,909**	14,682

(1) Net investment income

For the six months ended 30 June (in RMB million)	**2010 (Unaudited)**	2009 (Unaudited)
Interest income of non-banking operations on fixed maturity investments:		
Bonds		
– Held-to-maturity	**4,970**	2,693
– Available-for-sale	**3,194**	3,045
– Carried at fair value through profit or loss	**158**	245
– Loans and receivables	**11**	–
Term deposits		
– Loans and receivables	**1,975**	1,711
Current accounts		
– Loans and receivables	**213**	538
Others		
– Loans and receivables	**398**	52
Dividend income on equity investments:		
Equity investment funds		
– Available-for-sale	**1,255**	77
– Carried at fair value through profit or loss	**89**	87
Equity securities		
– Available-for-sale	**529**	267
– Carried at fair value through profit or loss	**13**	12
Operating lease income from investment properties	**240**	212
Interest expenses of assets sold under agreements to repurchase and replacements from banks and other financial institutions	**(280)**	(103)
Total	**12,765**	8,836

(2) Realized gains/(losses)

For the six months ended 30 June (in RMB million)	**2010 (Unaudited)**	2009 (Unaudited)
Fixed maturity investments		
– Available-for-sale	**642**	1,777
– Carried at fair value through profit or loss	**42**	228
Equity investments		
– Available-for-sale	**(1,400)**	3,288
– Carried at fair value through profit or loss	**(326)**	(810)
Derivative financial instruments		
– Carried at fair value through profit or loss	**(1)**	(217)
Total	**(1,043)**	4,266

(3) Unrealized gains/(losses)

For the six months ended 30 June (in RMB million)	**2010 (Unaudited)**	2009 (Unaudited)
Fixed maturity investments		
– Carried at fair value through profit or loss	**131**	(316)
Equity investments		
– Carried at fair value through profit or loss	**(853)**	1,958
Derivative financial instruments		
– Carried at fair value through profit or loss	**(2)**	233
Total	**(724)**	1,875

(4) Impairment losses

For the six months ended 30 June (in RMB million)	**2010 (Unaudited)**	2009 (Unaudited)
Equity investments		
– Available-for-sale	**(89)**	(295)

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)	**2010 (Unaudited)**	2009 (Unaudited) (Restated)
Employee costs	**6,165**	4,211
Cost of sales from XJ Group	**1,064**	1,419
Interest expenses on investment contract reserves	**467**	439
Provision for insurance guarantee fund	**401**	282
Depreciation of investment properties	**126**	116
Depreciation of property and equipment	**584**	521
Amortization of intangible assets	**319**	278
Loss/(gain) on disposal of settled assets	**6**	(20)
Loss/(gain) on disposal of investment properties, property and equipment	**2**	(1)
Provision for doubtful debts, net	**213**	76
Operating lease payments in respect of land and buildings	**709**	618

9. *Income tax*

For the six months ended 30 June (in RMB million)	**2010 (Unaudited)**	2009 (Unaudited) (Restated)
Current income tax	**1,315**	2,747
Deferred income tax	**1,027**	668
Total	**2,342**	3,415

10. Other comprehensive income

For the six months ended 30 June (in RMB million)	2010 (Unaudited)	2009 (Unaudited) (Restated)
Gains/(losses) of available-for-sale financial assets arising during the period	**(6,868)**	13,181
Less: Income tax relating to available-for-sale financial assets	**1,131**	(1,678)
Reclassification adjustments for losses/(gains) included in income statement		
– Losses/(gains) on disposal	**1,218**	(5,054)
– Impairment losses	**89**	295
	(4,430)	6,744
Gains of shadow accounting adjustments arising during the period	**2,070**	1,628
Less: Income tax relating to shadow accounting adjustments	**(302)**	(126)
Reclassification adjustments for losses included in income statement	**(602)**	(1,180)
	1,166	322
Exchange differences on translation of foreign operations	**25**	72
Total other comprehensive income	**(3,239)**	7,138

11. Earnings per share

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 period ended 30 June 2010 and 2009 in respect of a dilution as the Group has no potentially dilutive ordinary shares in issuance during those periods.

The calculations of basic and diluted earnings per share are based on:

For the six months ended 30 June (in RMB million)	2010 (Unaudited)	2009 (Unaudited) (Restated)
Net profit attributable to ordinary shareholders (in RMB million)	**9,611**	7,477
Weighted average number of outstanding shares of the Company (million shares)	**7,395**	7,345
Basic earnings per share (in RMB)	**1.30**	1.02
Diluted earnings per share (in RMB)	**1.30**	1.02

12. Dividends

For the six months ended 30 June (in RMB million)	2010 (Unaudited)	2009 (Unaudited)
Final dividend on ordinary shares declared for 2009: RMB0.30 per ordinary share (2008: Nil)	**2,293**	–
Interim dividends on ordinary shares approved (not recognized as a liability as at 30 June) for 2010: RMB0.15 per share (2009: RMB0.15 per share)	**1,147**	1,102

13. Contingent liabilities

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

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

14. Post balance sheet event

On 24 August 2010, the Board of Directors of the Company approved the 2010 interim dividend distribution of RMB0.15 per ordinary share totalling RMB1,147 million.

EXPOSURE TO FLUCTUATIONS IN EXCHANGE RATES

Foreign currency denominated assets held by the Group are exposed to foreign currency risks. These assets include monetary assets such as deposits and bonds held in foreign currencies, and non-monetary assets measured at fair value such as our stocks and funds held in foreign currencies. The Group's foreign currency denominated liabilities are also exposed to 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 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 monetary liabilities as well as the non-monetary assets and non-monetary liabilities measured at fair value.

As at June 30, 2010, (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 as well as all non-monetary assets and non-monetary liabilities measured at fair value against the Renminbi	248	1,052

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.

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

Components of Economic Value

(in RMB million)	June 30, 2010	December 31, 2009
Risk discount rate	**Earned rate/11.0%**	Earned rate/11.0%
Adjusted net asset value	**112,865**	94,606
Adjusted net asset value of life insurance business	**42,557**	40,052
Value of in-force insurance business written prior to June 1999	**(10,504)**	(11,614)
Value of in-force insurance business written since June 1999	**98,838**	86,579
Cost of holding the required solvency margin	**(16,862)**	(14,314)
Embedded value	**184,338**	155,258
Embedded value of life insurance business	**114,029**	100,704

(in RMB million)	June 30, 2010	December 31, 2009
Risk discount rate	**11.0%**	11.0%
Value of one year's new business	**17,229**	13,945
Cost of holding the required solvency margin	**(2,641)**	(2,141)
Value of one year's new business after cost of solvency	**14,588**	11,805
Value of first half year's new business after cost of solvency	**9,122**	6,339

Notes: (1) Figures may not be additive due to rounding.

(2) In the table above, the assumptions used to calculate the value of first half year's new business in 2009 are the same with current assumptions used to calculate the new business value. If the 2009 mid-year valuation's assumptions were used, the value of first half year's new business in 2009 would be RMB6,246 million.

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, 2010 to June 30, 2010.

AUDIT COMMITTEE

The Company has established an Audit Committee in compliance with the Code on Corporate Governance Practices contained in Appendix 14 to the Listing Rules.

The primary duties of the Audit Committee are to review and supervise the Company's financial reporting process, internal audit and control procedures. The Audit Committee, comprising five Independent Non-executive Directors, namely Mr. Tang Yunwei, Mr. Chow Wing Kin Anthony, Mr. Zhang Hongyi, Mr. Chen Su, and Mr. Chung Yu-wo Danny and one Non-executive Director, namely Mr. Ng Sing Yip, 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 period ended June 30, 2010.

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES OF 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 for any part of the period from January 1, 2010 to June 30, 2010 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.

Code Provision A.2.1 of the Code on Corporate Governance Practices provides that the roles of Chairman and Chief Executive Officer should be separate and should not be performed by the same individual. However, the Board is of the opinion that the Company has built up a board structure 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 the 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 established 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 a clear delineation in the responsibilities of the Board and the management set out in the Articles of Association of the Company.

Therefore, the Board 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 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 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 were set out under the paragraph headed "Code on Corporate Governance Practices contained in Appendix 14 to the Listing Rules" in the Corporate Governance Report on pages 73 to 74 of the Company's 2009 Annual Report of H Shares dated April 16, 2010.

INTERIM DIVIDEND AND CLOSURE OF REGISTER OF H SHARES

The Board declared that an interim dividend of RMB0.15 (equivalent to HK$0.1716) per share for the six months ended June 30, 2010 totalling RMB1,146,621,313.80, will be paid to shareholders of the Company, based on the total share capital of 7,644,142,092 shares. Holders of H shares whose names are on the Company's register of members of H shares on September 9, 2010 (the "Record Date") will be entitled to the interim dividend. The registration 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, 2010 will be separately announced in the PRC.

According to the Articles of Association of the Company, 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 dollars. The relevant exchange rate will be the average middle exchange rate of Renminbi to Hong Kong dollars as announced by the People's Bank of China for the week prior to the date of declaration of the interim dividends (RMB0.8740 equivalent to HK$1.00).

In order to determine the list of holders of H shares who are entitled to receive the interim dividend for the period ended June 30, 2010, the Company's register of members of H shares will be closed from Thursday, September 9, 2010 to Wednesday, September 15, 2010, both days inclusive, during which period no transfer of H shares will be effected. 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 Wednesday, September 8, 2010. 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 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 September 17, 2010 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.

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 2010 interim dividends 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 of such opinion, the Company will not withhold any enterprise income tax when it distributes 2010 interim dividends to resident enterprise holders of H shares listed on the Company's register of members of H shares on the Record Date. The Company will also not withhold any individual income tax for natural person 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) 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 desire to have the Company 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 Wednesday, September 8, 2010 a legal opinion, issued by a PRC qualified lawyer (inscribed with the seal of the applicable law firm), that establishes its resident enterprise status.

All investors are requested to read this announcement carefully. Should you wish to change your shareholder status, please consult your agent or trust institution over the relevant procedure. The Company will withhold the enterprise income tax for the non-resident enterprise 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 enterprise income tax withholding triggered by failure to submit proof materials within the stipulated time frame.

PUBLICATION OF INTERIM RESULTS ANNOUNCEMENT ON THE WEBSITES OF THE STOCK EXCHANGE AND THE COMPANY

This interim results announcement is published on the website of the Stock Exchange (http://www.hkexnews.hk) and the website of the Company (http://www.pingan.com), respectively.

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

Shenzhen, PRC, August 24, 2010

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