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, 2011

CHAIRMAN'S STATEMENT

In the first half of 2011, China's economy was generally sound and gravitated towards the expected direction of macroeconomic control. Notwithstanding this overall pattern, the economic development at home and abroad remained extremely complicated, given numerous instabilities and uncertainties throughout the period. Ping An Insurance (Group) Company of China, Ltd. ("Ping An", "the Company", or "the Group") closely monitored changes in the external environment and seized opportunities to promote rapid and healthy growth in all business lines by taking full advantage of our integrated financial platform. As a result, our three pillar businesses, namely insurance, banking and investment, all achieved satisfactory growth. Meanwhile, our strategic investment in Shenzhen Development Bank Co., Ltd. ("Shenzhen Development Bank", or "SDB") made remarkable progress, laying a solid foundation for further implementation of our integrated financial strategy. In the first half of 2011, the Company realized a net profit attributable to shareholders of the parent company of RMB12,757 million, representing an increase of 32.7% as compared with the same period of last year. The increase in profit was in part attributable to the surge in written premiums of our insurance business, in particular the property and casualty insurance business, with a relatively low combined ratio alongside a rapid increase in premiums. Additionally, the fact that Shenzhen Development Bank becoming an associate of the Company as well as the improvement in profitability of Ping An Bank Co., Ltd. ("Ping An Bank") also contributed to the growth in profit. Profit contribution from banking and investment businesses increased by 4.7 percentage points to 27.3% as compared with the same period of last year, resulting a more balanced profit composition.

Looking back over the first half of the year, each pillar of the Company's businesses delivered a strong performance. Notable achievements include:

- **Our insurance business maintained a healthy and fast growing momentum with a rapid increase in written premiums from our individual life insurance business. Our property and casualty insurance business achieved significant progress in the improvement of both scale and quality.** The total written premiums of Ping An Life Insurance Company of China, Ltd. ("Ping An Life") surpassed RMB100 billion for the period, representing an increase of 20.8% compared to the same period of last year, among which the more profitable individual life insurance business soared 29.3%. During the first half of 2011, the total number of sales agents amounted to 474,600, representing an increase of 15.3% over the same period last year and an increase of more than 20,000 over the end of last year. The Mobile Integrated Terminal (MIT) was also widely implemented and the number of customers insured through MIT exceeded 1.4 million, which contributed to the continual enhancement of agent productivity. Leveraging specialized sales channels, Ping An Property & Casualty Insurance Company of China, Ltd. ("Ping An Property & Casualty") achieved a fast growth of 35.9% in premium income in the first half of 2011, and its market share increased by 1.3 percentage points to 16.7% compared with the end of 2010. Of which, premium income from cross-selling and telephone marketing surged 69.1%, with contributions to the business from these channels increasing to 38.1%. Meanwhile, business quality continuously improved and the combined ratio decreased by 3.6 percentage points to 92.9%, as compared with the same period of last year. Our annuity business also progressed smoothly, with three major performance indicators – annuity payments received, assets entrusted, and assets under investment management – all maintaining leading positions in the annuity industry.

- **Ping An Bank achieved rapid and healthy growth and the Company obtained formal approval for the major asset restructuring with Shenzhen Development Bank.** During the first half of 2011, our banking business contributed a profit of RMB2,397 million, up 117.1% compared with the same period of last year. Ping An Bank realized a net profit of RMB1,214 million, representing an increase of 34.9% compared with the same period of last year, with total deposits surpassing RMB200 billion, and the assets and liabilities structure further optimized. Total deposits increased by 14.9% compared with the end of 2010, outpacing the industry average. As part of this, retail deposits surged 34.3% from the end of 2010, 36.2% of which was contributed through cross-selling. The balance of loans to SMEs amounted to approximately RMB30 billion, up 41.0% from the end of 2010 and 80.5% of total amount of new corporate loans extended were from SMEs. As an associate company of the Group in the first half of 2011, Shenzhen Development Bank contributed a net profit of RMB1,183 million. Additionally, the risk management in our banking business was further improved in terms of risks prevention and monitoring, providing a solid foundation for the integration of Shenzhen Development Bank and Ping An Bank. In late June 2011, the Company obtained the formal approval from China Securities Regulatory Commission ("CSRC") regarding the major asset restructuring with Shenzhen Development Bank. The transaction was completed in July 2011. Following this transaction, Ping An holds 52.38% of the shares of Shenzhen Development Bank and the latter becomes a subsidiary of the Company. In the meantime, Shenzhen Development Bank holds 90.75% shares of Ping An Bank and the latter is now a subsidiary of Shenzhen Development Bank.

- **The investment banking business of Ping An Securities Company, Ltd. ("Ping An Securities") continued to hold its leading position in the market while the personal wealth management business of China Ping An Trust Co., Ltd. ("Ping An Trust") grew at a rapid and stable pace.** Our investment banking business continued to excel in the primary market, sponsoring 18 IPOs and three refinancing projects as a lead underwriter. We ranked top in terms of underwriting fees for IPO transactions and second in the league table by number of deals. We acted as the lead underwriter and completed eight corporate bond issuances for our fixed income business. We actively expanded our business outlets and obtained approval for the opening of five more branch offices. The personal wealth management business of Ping An Trust achieved rapid and stable growth, with the number of high net worth customers exceeding 10,000. The average fund raised per month reached RMB5 billion, representing an increase of more than 200%. Management fees of trust products amounted to RMB756 million, representing an increase of 175% compared with the same period of last year. Leveraging our integrated competitive advantages, Ping An Trust received the "2010 Honesty Trust – Excellent Enterprise Award", the second time it has been honoured with this top accolade. On July 14, 2011, Ping An-UOB Fund Management Company Limited received approval from the CSRC to launch its first fund product named Ping An-UOB Industries Pioneer Equity Fund. Our investment management business actively explored new business opportunities and launched the "Ping An of China SIF-RMB Bond Fund" – the first retail fund in Hong Kong for overseas investors, marking an important step forward in entering the overseas retail market.

In the first half of 2011, the Ping An brand continued its outstanding performance in the market. The Company received widespread recognition from domestic and overseas rating agencies and the media for its comprehensive strength, corporate governance, investor relations, corporate social responsibility, etc., as evidenced by numerous awards received:

- Ranked 328th in Fortune Global 500 and first among the non state-owned enterprises from mainland China.

- Listed among the "Forbes Global 2000" for the seventh time and ranked 147th overall, up significant 319 places from the previous year, out of the top 2000 leading companies in the world; Ping An ranked 10th among the Mainland China Enterprises category, and 9th among the Global Diversified Insurance Companies category, notably as the only Chinese company in the category.

- Won the Platinum Award in the category of the "Most Trusted Insurance Brand" by consumers in Mainland China in the well known American magazine *Reader's Digest (Chinese Edition)* "2011 Trusted Brand" survey results.

- Named the "Best Managed Insurer" by *Euromoney*, one of the world's most prestigious financial publications, in its "2011 Best Managed Companies in Asia" competition. This is the third consecutive year that Ping An has won this title and Ping An was the only insurance company in Asia ranking on the list.

- Awarded the "Best Innovation Award" for the Chinese financial sector in an award selection of the "2011 Innovative Research Report in Chinese Financial Industry", organized by the *Financial Times*, the renowned financial publication based in the United Kingdom.

- Received accolades as the "Most Respected Enterprises in China – Achievement of the Decade" and for "Public Welfare Achievement of the Decade", jointly awarded by *The Economic Observer* and *The MCCP of Peking University*. Ping An is one of only two companies that have received this honour since the inception of the award.

Since the first half of the year, we received enormous support and understanding from relevant regulatory bodies and the community at large. The Company's asset restructuring proposal with Shenzhen Development Bank was formally approved and the transaction is now completed, further accelerating the pace of development in our banking business. Following the integration of Shenzhen Development Bank and Ping An Bank, the total assets of our banking business will exceed RMB1 trillion, with over 10 million credit cards and approximately 370 business outlets across 28 provinces and cities, covering more than 80% of Ping An's 60 million customer base. The "win-win" outcome of the merger of Shenzhen Development Bank and the subsidiaries of the Company, with industry-leading platforms offered by Ping An Life, Ping An Property & Casualty, Ping An Annuity Insurance Company of China, Ltd., Ping An Securities, Ping An Trust and Ping An Asset Management Co., Ltd., will create sustainable value for our shareholders, customers, employees and the community as a whole. This will help enrich China's experiences in financial innovation and serve as an example for the implementation of an integrated operating model. In compliance with laws and regulations and guided by the corporate principle of "fairness, win-win, persistency and growth", going forward, we will fully support further integration of the two banks and leverage the synergies from the integration and other subsidiaries, continuing to work towards the goal of achieving rapid and healthy growth of the banking business and, ultimately, becoming a leading commercial bank in China.

Currently, the economic and financial conditions both at home and abroad remain challenging and complicated, and the recovery of the global economy is uncertain. Although China's economy maintains stable and rapid growth, it faces mounting inflationary pressure. As the major factors affecting the performance of the Company, changes in state macroeconomic policy, the challenges of the external investment environment and growing internal operating costs will exert pressure on our second half-year results. In the second half of the year, we will actively explore ways to further drive the growth of our businesses, expedite the development of our banking, investment and other businesses and maintain a healthy growth of our insurance business on the back of our integrated financial platform and competitive advantages. At the same time, we will continue to enhance the professional level of our operation, aiming to achieve above-market growth. To strengthen our core competitiveness, we will continue to implement the back-office centralization project, improve the cross-selling business management platform of the Group and take full advantage of the synergies from integrated financial services.

Looking forward, we expect that China's economy will continue to maintain steady growth in the long term and the macroeconomic environment for the development of domestic financial industry will see gradual improvements. As personal wealth accrues in China, demand for diversified financial services is also on the rise. This offers huge potential for integrated financial products and services. Meanwhile, as the mobile internet and other modern technologies continue to exert their profound influence on the economy, our daily lives and the way businesses are run, we see changes and growth opportunities in the operating models as well as the competitive landscape of the financial industry. **In the face of the abundant opportunities presented by these exciting challenges, we will relentlessly pursue the goal of becoming a leading international provider of integrated financial services, by combining comprehensive financial services with modern technology and striving to grow into a well-respected and enduring great company.**

KEY FINANCIAL AND OPERATION INFORMATION

Overview

During the first half of 2011, China's economy was sound in general and kept moving towards the expected direction of macroeconomic control. Against the backdrop of this stable operating environment, our businesses achieved value-added and sustainable growth, placing us at the front of the market and our three pillar businesses – insurance, banking and investment – all experienced healthy development. Written premiums from our individual life insurance business grew vigorously. The property and casualty insurance business achieved substantial improvement in both volume and quality. The annuity business continued to command a leading position in the industry. With continuous improvement in profitability, the net profit of Ping An Bank increased by 34.9% compared with the corresponding period of last year and total deposits surpassed RMB200 billion. Our investment banking business maintained its market leading position and our private wealth management business under Ping An Trust achieved rapid and stable growth. Meanwhile, our strategic investment in Shenzhen Development Bank recorded another breakthrough as regulatory approval on the proposal on major asset restructuring was obtained, and implementation of which was completed. SDB has become a subsidiary of the Group and the integration of our banking business will enter the implementation stage. This will enable the Company to further accelerate the implementation of our integrated financial strategy as well as enhance long-term investment value.

For the first half of 2011, the Company recorded a net profit attributable to shareholders of the parent company of RMB12,757 million, representing an increase of 32.7% compared to the same period last year. The growth in profit was on one hand attributable to the surge in written premiums of our insurance business, in particular property and casualty insurance business, with relatively low combined ratio alongside a rapid increase in premium income. On the other hand, our investment in Shenzhen Development Bank and enhanced profitability of Ping An Bank also contributed to the growth. As at June 30, 2011, total assets reached RMB1,310.06 billion and equity attributable to shareholders of the parent company was RMB134.33 billion, representing an increase of 11.8% and 19.9%, respectively, compared with the end of 2010.

Consolidated results

For the six months ended June 30 (in RMB million)	**2011**	2010
Total income	**133,810**	96,980
Total expenses	**(117,544)**	(84,772)
Profit before tax	**16,266**	12,208
Net profit	**12,998**	9,866
Net profit attributable to shareholders of the parent company	**12,757**	9,611

Net profit by business segment

For the six months ended June 30 (in RMB million)	**2011**	2010
Life insurance	**6,762**	6,551
Property and casualty insurance	**2,693**	1,088
Banking	**2,397**	1,104
Securities	**715**	828
Other businesses[(1)]	**431**	295
Net profit	**12,998**	9,866

(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)	2011	2010
Net investment income(1)	**16,225**	12,618
Net realized and unrealized gains(2)	**551**	(2,156)
Impairment losses	**(942)**	(89)
Others	**2**	(8)
Total investment income	**15,836**	10,365
Net investment yield (%)(3)	**4.3**	4.1
Total investment yield (%)(3)	**4.2**	3.7

(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 or losses on investment assets denominated in foreign currencies are excluded from the calculation of the above yields. Average investment assets used as the denominator are computed based on the Modified Dietz method in principle.

Net investment income increased by 28.6% to RMB16,225 million in the first half of 2011 from RMB12,618 million in the same period 2010. 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 last year. Net investment yield increased to 4.3% in the first half of 2011 from 4.1% in the same period 2010, mainly due to higher interest rates of newly-added fixed maturity investments and the above mentioned increase in dividend income from equity investments.

As a result of the volatile domestic stock market, reported net realized and unrealized gains were up to RMB551 million in the first half of 2011 from a loss of RMB2,156 million in the same period 2010, and impairment losses on the available-for-sale equity investments increased to RMB942 million in the first half of 2011 from RMB89 million in the same period 2010.

As a result, total investment income increased by 52.8% to RMB15,836 million in the first half of 2011 from RMB10,365 million in the same period 2010, total investment yield rose to 4.2% from 3.7%.

During the first half of 2011, the global economy was on a rough ride to recovery, with ongoing negative influence from the European sovereign debt crisis. While at home in China, monetary policy was tightened, bank lending slowed down and inflation was at a high level as witnessed in recent years. Due to the impact of the slowdown in economic growth and the macroeconomic policy adjustment, the A-share stock market retreated after an initial rise in the first quarter. The Hong Kong stock market also underwent certain corrections and bond yields remained high. The Company has conducted intensive research on the changes in macroeconomic conditions, with the goal of proactively managing market risks and adjusting assets allocation in a timely manner. By steadily increasing the proportion of the high-interest fixed income investments in the portfolio, the Company has enhanced its investment return.

We have proactively optimized the asset allocation of the investment portfolio in order to respond effectively to the new economic environment. The percentage of equity investments increased to 11.5% of total investments as at June 30, 2011 from 9.8% as at December 31, 2010, while those for fixed maturity investments increased from 77.8% to 78.2%.

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

	June 30, 2011		December 31, 2010	
(in RMB million)	**Carrying Value**	**%**	Carrying Value	%
By category				
Fixed maturity investments				
Term deposits[1]	**160,771**	**19.2**	133,105	17.5
Bond investments[1]	**483,212**	**57.6**	451,882	59.2
Other fixed maturity investments[1]	**11,824**	**1.4**	8,633	1.1
Equity investments				
Equity investment funds[1]	**25,623**	**3.1**	22,615	3.0
Equity securities	**70,015**	**8.4**	51,673	6.8
Infrastructure investments	**9,047**	**1.1**	9,235	1.2
Cash, cash equivalents and others	**77,579**	**9.2**	85,810	11.2
Total investments	**838,071**	**100.0**	762,953	100.0
By purpose				
Carried at fair value through profit or loss	**10,419**	**1.2**	21,122	2.8
Available-for-sale	**201,168**	**24.0**	188,418	24.7
Held-to-maturity	**356,687**	**42.6**	318,937	41.8
Loans and receivables	**253,172**	**30.2**	217,771	28.5
Others	**16,625**	**2.0**	16,705	2.2
Total investments	**838,071**	**100.0**	762,953	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 22.7% to RMB19,160 million in the first half of 2011 from RMB15,611 million in the same period 2010, 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)	**2011**	2010
Current income tax	**3,306**	1,315
Deferred income tax	**(38)**	1,027
Total	**3,268**	2,342

Income tax increased by 39.5% to RMB3,268 million in the first half of 2011 from RMB2,342 million in the same period 2010, mainly due to the increase in the Company's taxable profits.

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)	**2011**	2010
Written premiums		
Individual life	**94,860**	73,358
Including: new business	**29,855**	25,943
renewal business	**65,005**	47,415
Bancassurance	**13,459**	16,269
Group insurance	**4,311**	3,498
Total written premiums(1)	**112,630**	93,125
Premium income		
Individual life	**61,554**	47,346
Including: new business	**19,664**	15,322
renewal business	**41,890**	32,024
Bancassurance	**10,362**	4,949
Group insurance	**3,242**	2,593
Total premium income(2)	**75,158**	54,888

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

(2) Premium income of life insurance business refers to premiums calculated according to the Company's accounting policy after adoption of the "Circular on the Printing and Issuing of the Regulations regarding the Accounting Treatment of Insurance Contracts" (Cai Kuai【2009】No.15), which is after the significant insurance risk testing and unbundling of hybrid contracts.

Of the total premium income generated by the life insurance companies in the PRC in the first half of 2011, our life insurance business has a market share of 13.4%. It is calculated in accordance with the PRC insurance industry data published by China Insurance Regulatory Commission ("CIRC") following implementation of the "Circular on the Printing and Issuing of the Regulations regarding the Accounting Treatment of Insurance Contracts" (Cai Kuai【2009】No.15). In terms of premium income, Ping An Life is the second largest life insurance company in China.

	June 30, 2011	December 31, 2010
Number of customers (in thousands)		
Individual	**47,926**	45,318
Corporate	**718**	652
Total	**48,644**	45,970

	June 30, 2011	December 31, 2010
Persistency ratio (%)		
13-month	**95.2**	93.1
25-month	**90.6**	87.0
Agent productivity		
First-year written premiums (per agent per month in RMB)	**10,477**	7,922
New individual life insurance policies (per agent per month)	**1.3**	1.1
Distribution network		
Number of individual life sales agents	**474,586**	453,392
Number of group sales representatives	**2,893**	2,906
Bancassurance outlets	**63,201**	60,222

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)	2011	2010
Premium income		
Automobile insurance	**30,792**	22,990
Non-automobile insurance	**8,979**	6,169
Accident and health insurance	**1,151**	1,032
Total premium income	**40,922**	30,191

	June 30, 2011	December 31, 2010
Market share of premium income(%)[1]	**16.7**	15.4

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

For the six months ended June 30	2011	2010
Combined ratio(%)		
Expense ratio	**34.7**	40.7
Loss ratio	**58.2**	55.8
Combined ratio	**92.9**	96.5

	June 30, 2011	December 31, 2010
Number of customers (in thousands)		
Individual	**16,846**	14,898
Corporate	**1,701**	1,781
Total	**18,547**	16,679
Distribution network		
Number of direct sales representatives	**7,224**	9,764
Number of insurance agents	**26,491**	22,349

Banking Business

Ping An Bank

The following tables set forth certain financial and operating data for Ping An Bank:

For the six months ended June 30 (in RMB million)	2011	2010
Interest income	**6,331**	4,371
Interest expenses	**(3,023)**	(1,914)
Net interest income	**3,308**	2,457
Net interest spread(%)(1)	**2.28**	1.97
Net interest margin(%)(2)	**2.44**	2.09

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

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

The following tables set forth loan mix and loan quality for Ping An Bank:

(in RMB million)	June 30, 2011	December 31, 2010
Corporate loans	**96,399**	85,427
Retail loans	**46,433**	43,172
Discounted bills	**1,582**	2,199
Total loans	**144,414**	130,798

(in RMB million)	June 30, 2011	December 31, 2010
Pass	**143,035**	129,497
Special mention	**919**	768
Sub-standard	**154**	147
Doubtful	**126**	153
Loss	**180**	233
Total loans	**144,414**	130,798
Total non-performing loans	**460**	533
Non-performing loan ratio	**0.32%**	0.41%
Impairment provision balance	**1,315**	1,125
Provision coverage ratio	**285.89%**	211.14%

Shenzhen Development Bank

The major asset restructuring plan between the Company and Shenzhen Development Bank was approved by the CSRC in late June 2011, and implementation of which was completed in July. Up to now, the Company and its subsidiaries hold approximately 2,684 million shares or 52.38% of the shares of Shenzhen Development Bank. As a result, Shenzhen Development Bank has become a subsidiary of the Company.

In the first half of 2011, SDB remained as an associate of the Company. The Company recorded its share of profits from SDB at RMB1,183 million. This calculation is based on the equity method.

Investment Business

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

For the six months ended June 30 (in RMB million)	2011	2010
Securities business		
Operating income	**1,779**	1,814
Net profit	**715**	828
Trust business[(1)]		
Operating income	**877**	706
Net profit	**343**	326

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

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

Interim Consolidated Income Statement
For the six months ended June 30, 2011

For the six months ended 30 June (in RMB million)	*Notes*	**2011 (Unaudited)**	2010 (Unaudited)
Gross written premiums and policy fees	*5*	**116,080**	85,079
Less: Premiums ceded to reinsurers		**(5,857)**	(4,542)
Net written premiums and policy fees		**110,223**	80,537
Change in unearned premium reserves		**(6,824)**	(5,952)
Net earned premiums		**103,399**	74,585
Reinsurance commission income		**1,622**	1,337
Interest income of banking operations	*6*	**6,331**	4,371
Fees and commission income of non-insurance operations		**3,462**	2,492
Investment income	*7*	**15,912**	10,909
Share of profits and losses of associates and jointly controlled entities		**1,159**	282
Other income		**1,925**	3,004
Total income		**133,810**	96,980
Claims and policyholders' benefits		**(83,372)**	(56,394)
Commission expenses of insurance operations		**(9,388)**	(7,663)
Interest expenses of banking operations	*6*	**(2,783)**	(1,585)
Fees and commission expenses of non-insurance operations		**(368)**	(228)
Loan loss provisions, net of reversals		**(261)**	(110)
Foreign exchange losses		**(149)**	(28)
General and administrative expenses		**(19,160)**	(15,611)
Finance costs		**(448)**	(391)
Other expenses		**(1,615)**	(2,762)
Total expenses		**(117,544)**	(84,772)
Profit before tax	*8*	**16,266**	12,208
Income tax	*9*	**(3,268)**	(2,342)
Profit for the period		**12,998**	9,866
Attributable to:			
– Owners of the parent		**12,757**	9,611
– Non-controlling interests		**241**	255
		12,998	9,866
		RMB	*RMB*
Earnings per share attributable to ordinary equity holders of the parent:	*11*		
– Basic		**1.67**	1.30
– Diluted		**1.67**	1.30

Interim Consolidated Statement of Comprehensive Income
For the six months ended June 30, 2011

For the six months ended 30 June **(in RMB million)**	*Note*	**2011** **(Unaudited)**	2010 (Unaudited)
Profit for the period		**12,998**	9,866
Other comprehensive income			
Available-for-sale financial assets		**(6,002)**	(5,561)
Shadow accounting adjustments		**1,326**	1,468
Exchange differences on translation of foreign operations		**51**	25
Share of other comprehensive income of associates		**(42)**	–
Income tax relating to components of other comprehensive income		**1,122**	829
Other comprehensive income for the period, net of tax	*10*	**(3,545)**	(3,239)
Total comprehensive income for the period		**9,453**	6,627
Attributable to:			
– Owners of the parent		**9,228**	6,398
– Non-controlling interests		**225**	229
		9,453	6,627

Interim Consolidated Statement of Financial Position
As at June 30, 2011

(in RMB million)	*Note*	**30 June 2011 (Unaudited)**	31 December 2010 (Audited)
ASSETS			
Balances with central bank and statutory deposits		**48,579**	42,110
Cash and amounts due from banks and other financial institutions		**233,365**	203,315
Fixed maturity investments		**595,585**	553,652
Equity investments		**107,284**	86,369
Derivative financial assets		**20**	6
Loans and advances to customers		**144,363**	131,960
Investments in associates and jointly controlled entities		**40,660**	39,601
Premium receivables		**8,275**	6,298
Reinsurers' share of insurance liabilities		**7,732**	6,178
Policyholder account assets in respect of insurance contracts		**36,818**	40,284
Policyholder account assets in respect of investment contracts		**3,913**	3,994
Investment properties		**8,363**	8,866
Property and equipment		**9,112**	8,170
Intangible assets		**10,160**	9,902
Deferred tax assets		**7,691**	6,496
Other assets		**48,144**	24,426
Total assets		**1,310,064**	1,171,627
EQUITY AND LIABILITIES			
Equity			
Share capital	*12*	**7,916**	7,644
Reserves		**88,403**	75,777
Retained profits		**38,015**	28,609
Equity attributable to owners of the parent		**134,334**	112,030
Non-controlling interests		**5,091**	4,853
Total equity		**139,425**	116,883
Liabilities			
Due to banks and other financial institutions		**42,070**	38,822
Assets sold under agreements to repurchase		**110,478**	107,850
Derivative financial liabilities		**10**	15
Customer deposits and payables to brokerage customers		**198,604**	175,963
Insurance payables		**22,406**	20,007
Insurance contract liabilities		**717,964**	639,947
Investment contract liabilities for policyholders		**31,309**	29,991
Policyholder dividend payable		**16,563**	14,182
Income tax payable		**2,113**	1,359
Bonds payable		**9,558**	7,540
Deferred tax liabilities		**920**	869
Other liabilities		**18,644**	18,199
Total liabilities		**1,170,639**	1,054,744
Total equity and liabilities		**1,310,064**	1,171,627

Interim Consolidated Statement of Changes in Equity

For the six months ended June 30, 2011

For the six months ended 30 June 2011 (in RMB million)	Notes	Equity attributable to owners of the parent	Reserves									
		Share capital (Unaudited)	Share premium (Unaudited)	Available-for-sale financial assets (Unaudited)	Shadow accounting adjustments (Unaudited)	Other capital reserve (Unaudited)	Surplus reserve fund (Unaudited)	General reserves (Unaudited)	Translation of foreign operations (Unaudited)	Retained profits (Unaudited)	Non-controlling interests (Unaudited)	Total equity (Unaudited)
As at 1 January 2011		**7,644**	**67,644**	**(175)**	**1,066**	**107**	**6,689**	**395**	**51**	**28,609**	**4,853**	**116,883**
Profit for the period		**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**12,757**	**241**	**12,998**
Other comprehensive income for the period	*10*	**–**	**–**	**(4,527)**	**989**	**(42)**	**–**	**–**	**51**	**–**	**(16)**	**(3,545)**
Total comprehensive income for the period		**–**	**–**	**(4,527)**	**989**	**(42)**	**–**	**–**	**51**	**12,757**	**225**	**9,453**
Appropriations to surplus reserve fund		**–**	**–**	**–**	**–**	**–**	**293**	**–**	**–**	**(293)**	**–**	**–**
Dividend declared	*13*	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(3,058)**	**(20)**	**(3,078)**
Issue of capital	*12*	**272**	**15,862**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**16,134**
Changes in subsidiaries		**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**33**	**33**
As at 30 June 2011		**7,916**	**83,506**	**(4,702)**	**2,055**	**65**	**6,982**	**395**	**102**	**38,015**	**5,091**	**139,425**

For the six months ended 30 June 2010 (in RMB million)	Notes	Equity attributable to owners of the parent	Reserves								
		Share capital (Unaudited)	Share premium (Unaudited)	Available-for-sale financial assets (Unaudited)	Shadow accounting adjustments (Unaudited)	Surplus reserve fund (Unaudited)	General reserves (Unaudited)	Translation of foreign operations (Unaudited)	Retained profits (Unaudited)	Non-controlling interests (Unaudited)	Total equity (Unaudited)
As at 1 January 2010		7,345	51,907	4,612	(759)	6,208	395	43	15,219	6,773	91,743
Profit for the period		–	–	–	–	–	–	–	9,611	255	9,866
Other comprehensive income for the period	10	–	–	(4,404)	1,166	–	–	25	–	(26)	(3,239)
Total comprehensive income for the period		–	–	(4,404)	1,166	–	–	25	9,611	229	6,627
Appropriations to surplus reserve fund		–	–	–	–	46	–	–	(46)	–	–
Dividend declared	13	–	–	–	–	–	–	–	(2,293)	(1)	(2,294)
Issue of capital		299	15,737	–	–	–	–	–	–	–	16,036
Changes in subsidiaries		–	–	–	–	–	–	–	–	(2,217)	(2,217)
As at 30 June 2010		7,644	67,644	208	407	6,254	395	68	22,491	4,784	109,895

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 investment deployment. 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. The business of the Group is not regarded as highly seasonal or cyclical.

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

2. Changes in accounting policies and accounting estimates

These interim condensed consolidated financial statements have been prepared in accordance with IAS 34 *Interim Financial Reporting*. These interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the audited annual financial statements of the Group for the year ended 31 December 2010.

New standards, interpretations and amendments thereof, adopted by the Group

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 2010, except for the adoption of new standards and interpretations as of 1 January 2011, noted below:

- IAS 24 *Related Party Disclosures (Amendment)*

  The International Accounting Standard Board ("IASB") has issued an amendment to IAS 24 that clarifies the definitions of a related party. The new definitions emphasize a symmetrical view of related party relationships as well as clarifying in which circumstances persons and key management personnel affect related party relationships of an entity. Secondly, the amendment introduces an exemption from the general related party disclosure requirements for transactions with a government and entities that are controlled, jointly controlled or significantly influenced by the same government as the reporting entity. The adoption of the amendment did not have material impact on the financial position or performance of the Group.

- IAS 32 *Financial Instruments: Presentation (Amendment)*

  The amendment alters the definition of a financial liability in IAS 32 to enable entities to classify rights issues and certain options or warrants as equity instruments. The amendment is applicable if the rights are given pro rata to all of the existing owners of the same class of an entity's non-derivative equity instruments, to acquire a fixed number of the entity's own equity instruments for a fixed amount in any currency. The amendment had no material effect on the financial position or performance of the Group.

- IFRIC 14 *Prepayments of a Minimum Funding Requirement (Amendment)*

  The amendment removes an unintended consequence when an entity is subject to minimum funding requirements (MFR) and makes an early payment of contributions to cover such requirements. The amendment permits a prepayment of future service cost by the entity to be recognized as a pension asset. The amendment to the interpretation had no material effect on the financial position or performance of the Group.

- IFRIC 19 *Extinguishing Financial Liabilities with Equity Instruments*

  The interpretation clarifies that equity instruments issued to a creditor to extinguish a financial liability qualify as consideration paid. The equity instruments issued are measured at their fair value. In case that this cannot be reliably measured, the instruments are measured at the fair value of the liability extinguished. Any gain or loss is recognized immediately in profit or loss. The adoption of this interpretation had no material effect on the financial position or performance of the Group.

- Improvements to IFRSs (issued May 2010)

  In May 2010, the IASB issued its third 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 material impact on the financial position or performance of the Group.

  - IFRS 3 *Business Combinations*: The measurement options available for non-controlling interest (NCI) have been amended. Only components of NCI that constitute a present ownership interest that entitles its holder to a proportionate share of the entity's net assets in the event of liquidation shall be measured at either fair value or at the present ownership instruments' proportionate share of the acquiree's identifiable net assets. All other components are to be measured at their acquisition date fair value.

  - IFRS 7 *Financial Instruments – Disclosures*: The amendment was intended to simplify the disclosures provided by reducing the volume of disclosures around collateral held and improve disclosures by requiring qualitative information to put the quantitative information in context.

  - IAS 1 *Presentation of Financial Statements*: The amendment clarifies that an option to present an analysis of each component of other comprehensive income may be included either in the statement of changes in equity or in the notes to the financial statements.

  - IAS 34 *Interim Financial Reporting*: The amendment requires additional disclosures for fair values and changes in classification of financial assets, as well as changes to contingent assets and liabilities in interim condensed financial statements.

  Other amendments resulting from Improvements to IFRSs to the following standards did not have material impact on the accounting policies, financial position or performance of the Group:

  - IFRS 1 *First-time Adoption of IFRSs* – Limited Exemption from Comparative IFRS 7 Disclosures for First-time Adopters

  - IFRS 3 *Business Combinations* – Clarification that contingent consideration arising from business combinations prior to adoption of IFRS 3 (as revised in 2008) are accounted for in accordance with IFRS 3 (2005)

  - IFRS 3 *Business Combinations* – Unreplaced and voluntarily replaced share-based payment awards and their accounting treatment within a business combination

  - IAS 27 *Consolidated and Separate Financial Statements* – Applying the IAS 27 (as revised in 2008) transition requirements to consequentially amended standards

  - IFRIC 13 *Customer Loyalty Programmes* – In determining the fair value of award credits, an entity shall consider discounts and incentives that would otherwise be offered to customers not participating in the loyalty programme

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

Changes in accounting estimates

Material judgement is required in determining insurance contract liabilities and in choosing discount rates/ investment return, mortality, morbidity, lapse rates, expenses assumptions relating to long term life insurance contracts. Such assumptions should be determined based on current information available at the end of the reporting period. The Group has changed the above assumptions based on current information available as at 30 June 2011 with the corresponding impact on insurance contract liabilities taken into the current period's income statement. As a result of such changes in assumptions, long term life insurance policyholders' reserves were increased by RMB471 million as at 30 June 2011 and the profit before tax for the six months ended 30 June 2011 (the "Period") was reduced by RMB471 million, while the long term life insurance policyholders' reserves as at 30 June 2010 were reduced by RMB963 million and the profit before tax for the six months ended 30 June 2010 was increased by RMB963 million.

3. Changes in major subsidiaries, associates and jointly controlled entities

There are no significant changes in the scope of consolidation and the Group's major associates and jointly controlled entities for the period compared to the year ended 31 December 2010.

4. Operating segment information

The composition of the Group's operating segments for the period ended 30 June 2011 is consistent with that for the year ended 31 December 2010.

The segment analysis for the six months ended June 30, 2011 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)
Gross written premiums and policy fees	75,158	40,922	–	–	–	–	–	116,080
Less: Premiums ceded to reinsurers	(374)	(5,483)	–	–	–	–	–	(5,857)
Change in unearned premium reserves	(827)	(5,997)	–	–	–	–	–	(6,824)
Net earned premiums	73,957	29,442	–	–	–	–	–	103,399
Reinsurance commission income	(223)	1,845	–	–	–	–	–	1,622
Interest income of banking operations	–	–	6,331	–	–	–	–	6,331
Fees and commission income of non-insurance operations	–	–	887	1,695	–	894	(14)	3,462
Including: Inter-segment fees and commission income of non-insurance operations	–	–	4	–	–	10	(14)	–
Investment income/(losses)	13,951	1,583	(24)	231	284	287	(400)	15,912
Including: Inter-segment investment income	316	27	–	7	37	13	(400)	–
Share of profits and losses of associates and jointly controlled entities	(60)	–	1,183	–	–	36	–	1,159
Other income	1,815	118	8	6	94	2,017	(2,133)	1,925
Including: Inter-segment other income	921	5	–	–	93	1,114	(2,133)	–
Total income	89,440	32,988	8,385	1,932	378	3,234	(2,547)	133,810
Claims and policyholders' benefits	(66,242)	(17,130)	–	–	–	–	–	(83,372)
Commission expenses of insurance operations	(6,080)	(3,359)	–	–	–	–	51	(9,388)
Interest expenses of banking operations	–	–	(3,023)	–	–	–	240	(2,783)
Fees and commission expenses of non-insurance operations	–	–	(93)	(153)	–	(136)	14	(368)
Loan loss provisions, net of reversals	–	–	(298)	–	–	37	–	(261)
Foreign exchange losses	(121)	(13)	(1)	(4)	(7)	(3)	–	(149)
General and administrative expenses	(6,613)	(8,717)	(2,128)	(876)	(173)	(1,586)	933	(19,160)
Finance costs	(52)	(122)	–	–	(133)	(141)	–	(448)
Other expenses	(1,892)	(93)	(99)	(1)	(2)	(826)	1,298	(1,615)
Total expenses	(81,000)	(29,434)	(5,642)	(1,034)	(315)	(2,655)	2,536	(117,544)
Profit before tax	8,440	3,554	2,743	898	63	579	(11)	16,266
Income tax	(1,678)	(861)	(346)	(183)	–	(200)	–	(3,268)
Profit for the period	6,762	2,693	2,397	715	63	379	(11)	12,998

The segment analysis for the six months ended June 30, 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)
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/(losses)	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 jointly controlled entities	(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	(44,815)	(11,579)	–	–	–	–	–	(56,394)
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	(1,346)	(52)	(29)	(1)	–	(1,377)	43	(2,762)
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

5. Gross written premiums and policy fees

For the six months ended 30 June (in RMB million)	2011 (Unaudited)	2010 (Unaudited)
Gross written premiums, policy fees and premium deposits	**153,552**	123,316
Less: Premium deposits of policies without significant insurance risk transfer	**(1,527)**	(1,316)
Premium deposits unbundled from universal life and investment-linked products	**(35,945)**	(36,921)
Gross written premiums and policy fees	**116,080**	85,079
Long term life business gross written premiums and policy fees	**73,854**	51,554
Short term life business gross written premiums	**1,304**	3,334
Property and casualty business gross written premiums	**40,922**	30,191
Gross written premiums and policy fees	**116,080**	85,079

6. Net interest income of banking operations

For the six months ended 30 June (in RMB million)	2011 (Unaudited)	2010 (Unaudited)
Interest income of banking operations		
Loans and advances to customers	**4,317**	2,998
Balances with central bank	**250**	191
Bonds	**1,357**	785
Amounts due from banks and other financial institutions	**407**	397
	6,331	4,371
Interest expenses of banking operations		
Customer deposits	**1,530**	1,030
Due to banks and other financial institutions	**1,191**	493
Bonds payable	**62**	62
	2,783	1,585
Net interest income of banking operations	**3,548**	2,786

7. Investment income

For the six months ended 30 June (in RMB million)	2011 (Unaudited)	2010 (Unaudited)
Net investment income	**16,507**	12,765
Realized gains/(losses)	**733**	(1,043)
Unrealized losses	**(386)**	(724)
Impairment losses	**(942)**	(89)
Total investment income	**15,912**	10,909

(1) Net investment income

For the six months ended 30 June (in RMB million)	**2011 (Unaudited)**	2010 (Unaudited)
Interest income of non-banking operations on fixed maturity investments		
Bonds and debt schemes		
– Held-to-maturity	**7,167**	4,970
– Available-for-sale	**2,699**	3,194
– Carried at fair value through profit or loss	**249**	158
– Loans and receivables	**239**	11
Term deposits		
– Loans and receivables	**3,397**	1,975
Current accounts		
– Loans and receivables	**158**	213
Others		
– Carried at fair value through profit or loss	**3**	–
– Loans and receivables	**438**	398
Dividend income on equity investments		
Equity investment funds		
– Available-for-sale	**1,210**	1,255
– Carried at fair value through profit or loss	**230**	89
Equity securities		
– Available-for-sale	**1,430**	529
– Carried at fair value through profit or loss	**6**	13
Operating lease income from investment properties	**222**	240
Interest expenses on assets sold under agreements to repurchase and replacements from banks and other financial institutions	**(941)**	(280)
	16,507	12,765

(2) Realized gains/(losses)

For the six months ended 30 June (in RMB million)	**2011 (Unaudited)**	2010 (Unaudited)
Fixed maturity investments		
– Available-for-sale	**(174)**	642
– Carried at fair value through profit or loss	**(88)**	42
Equity investments		
– Available-for-sale	**878**	(1,400)
– Carried at fair value through profit or loss	**116**	(326)
Derivative financial instruments		
– Carried at fair value through profit or loss	**1**	(1)
	733	(1,043)

(3) Unrealized gains/(losses)

For the six months ended 30 June (in RMB million)	**2011 (Unaudited)**	2010 (Unaudited)
Fixed maturity investments		
– Carried at fair value through profit or loss	**60**	131
Equity investments		
– Carried at fair value through profit or loss	**(465)**	(853)
Derivative financial instruments		
– Carried at fair value through profit or loss	**19**	(2)
	(386)	(724)

(4) Impairment losses

For the six months ended 30 June (in RMB million)	**2011 (Unaudited)**	2010 (Unaudited)
Equity investments		
– Available-for-sale	**(942)**	(89)

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)	**2011 (Unaudited)**	2010 (Unaudited)
Employee costs	**7,791**	6,165
Cost of sales from XJ Group	**–**	1,064
Interest expenses on investment contract reserves	**374**	238
Provision for insurance guarantee fund	**522**	401
Regulatory charges	**166**	135
Depreciation of investment properties	**154**	126
Depreciation of property and equipment	**603**	584
Amortization of intangible assets	**332**	319
Rental expenses	**1,008**	709
Advertising expenses	**1,212**	699
Traveling expenses	**332**	302
Other taxes	**99**	75
Postage and telecommunication expenses	**477**	328
Vehicle and vessel usage fees	**226**	316
Losses on disposal of settled assets	**26**	6
Losses/(gains) on disposal of investment properties, property and equipment	**(18)**	2
Provision for doubtful debts, net	**(74)**	213
Provision for loans, net	**261**	110
Other administrative expenses	**423**	454

9. *Income tax*

For the six months ended 30 June (in RMB million)	**2011 (Unaudited)**	2010 (Unaudited)
Current income tax	**3,306**	1,315
Deferred income tax	**(38)**	1,027
	3,268	2,342

10. Other comprehensive income

For the six months ended 30 June (in RMB million)	2011 (Unaudited)	2010 (Unaudited)
Losses of available-for-sale financial assets arising during the period	**(6,256)**	(6,868)
Less: Income tax relating to available-for-sale financial assets	**1,455**	1,131
Reclassification adjustments for losses/(gains) included in income statement		
– Losses/(gains) on disposal	**(688)**	1,218
– Impairment losses	**942**	89
	(4,547)	(4,430)
Gains of shadow accounting adjustments arising during the period	**659**	2,070
Less: Income tax relating to shadow accounting adjustments	**(333)**	(302)
Reclassification adjustments for losses/(gains) included in income statement	**667**	(602)
	993	1,166
Exchange differences on translation of foreign operations	**51**	25
Share of other comprehensive income of associates	**(42)**	–
	(3,545)	(3,239)

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 presented for the periods ended 30 June 2011 and 2010 in respect of a dilution as the Company had no potentially dilutive ordinary shares in issuance during both periods.

For the six months ended 30 June	2011 (Unaudited)	2010 (Unaudited)
Net profit attributable to ordinary shareholders (in RMB million)	**12,757**	9,611
Weighted average number of outstanding shares of the Company (million shares)	**7,644**	7,395
Basic earnings per share (in RMB)	**1.67**	1.30
Diluted earnings per share (in RMB)	**1.67**	1.30

12. Share capital

(in millions)	30 June 2011 (Unaudited)	31 December 2010 (Audited)
Number of shares issued and fully paid, with a par value of RMB1 each	**7,916**	7,644

In June 2011, the Company issued 272 million H shares to JINJUN Limited, a company wholly owned by Chow Tai Fook Nominee Limited, for the aggregate consideration of HK$19,448 million. As at 30 June 2011, the above mentioned consideration was deposited into an escrow bank account under the name of JINJUN Limited but controlled by the Company and was included in other assets of the Company. As at 8 July 2011, the deposit was transferred to the Company's bank account from the escrow account and verified by CPAs. As at the date of approval of these financial statements, the relevant business registration change procedures were in progress.

13. Dividends

For the six months ended 30 June (in RMB million)	2011 (Unaudited)	2010 (Unaudited)
Final dividend on ordinary shares declared for 2010: RMB0.40 per share (2009: RMB0.30 per share)	**3,058**	2,293
Interim dividend on ordinary shares approved (not recognized as a liability as at 30 June) for 2011: RMB0.15 per share (2010: RMB0.15 per share)	**1,187**	1,147

14. Contingent liabilities

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

15. Events after the reporting period

(1) In September 2010, the Company and SDB entered into a share subscription agreement. According to the agreement, the Group would subscribe for 1,638 million ordinary A shares specifically issued by SDB, and the consideration would be approximately 90.75% of Ping An Bank's total shares held by the Company and RMB2,690 million in cash. As at 30 June 2011, the transaction was approved by regulators.

On 8 July 2011, the Company transferred 90.75% of Ping An Bank's shares to SDB and the relevant business registration change procedures were completed on 12 July 2011. On 18 July 2011, the Company transferred the cash consideration of RMB2,690 million to SDB. Upon the completion of the transaction, the Group has held 52.38% of SDB's total shares and SDB has become a subsidiary of the Group. On 20 July 2011, SDB registered the 1,638 million specifically issued ordinary A shares via China Securities Depository and Clearing Corporation Limited.

Because the above acquisition was effected shortly before the date of approval of these financial statements and the valuation of the acquiree's identifiable assets and liabilities is in progress, it is not practical to disclose further details about the acquisition.

(2) On 17 August 2011, the Board of Directors of the Company approved the 2011 interim dividend distribution of RMB0.15 per ordinary share totalling RMB1,187 million.

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 construed as a direct reflection of the actual market value.

On December 22, 2009, the Ministry of Finance of the People's Republic of China issued the "Regulations regarding the Accounting Treatment of Insurance Contracts" (Cai Kuai【2009】No.15), regulating the measurement of the premium 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 the 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 2011 interim embedded value report, relevant contract liabilities of life insurance business were measured according to the assessment standards of the liabilities pursuant to the solvency regulations, and the income tax was 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, 2011**	December 31, 2010
Risk discount rate	**Earned rate/11.0%**	Earned rate/11.0%
Adjusted net asset value	**146,020**	123,573
Adjusted net asset value of life insurance business	**46,252**	43,673
Value of in-force insurance business written prior to June 1999	**(9,005)**	(9,858)
Value of in-force insurance business written since June 1999	**116,877**	104,816
Cost of holding the required solvency margin	**(19,928)**	(17,545)
Embedded value	**233,966**	200,986
Embedded value of life insurance business	**134,198**	121,086

(in RMB million)	**June 30, 2011**	December 31, 2010
Risk discount rate	**11.0%**	11.0%
Value of one year's new business	**19,673**	18,192
Cost of holding the required solvency margin	**(2,622)**	(2,686)
Value of one year's new business after cost of solvency	**17,051**	15,507
Value of first half year's new business after cost of solvency	**10,148**	8,603

Notes: (1) Figures may not match totals due to rounding.

(2) In the table above, the assumptions used to calculate the value of first half year's new business in 2010 are the same with current assumptions used to calculate the new business value. If the 2010 mid-year valuation's assumptions were used, the value of first half year's new business in 2010 would be RMB9,122 million.

OTHER INFORMATION

Purchase, Sale, or Redemption of Listed Shares

Neither the Company, nor any of its subsidiaries, had purchased, sold or redeemed any of the Company's listed shares from January 1, 2011 to June 30, 2011.

Audit and Risk Management Committee

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

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

During the reporting period, the Audit and Risk Management Committee comprised 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. The Audit and Risk Management Committee is chaired by Mr. Tang Yunwei, an Independent Non-executive Director, who possesses the professional qualifications of accounting and related financial management expertise.

The Audit and Risk Management Committee has reviewed with the management the accounting principles and practices adopted by the Company and discussed the internal controls and financial reporting matters including a review of the interim accounts of the Company.

The Company has also established Strategy and Investment Committee, Remuneration Committee and Nomination Committee. Further details of the roles and functions, composition and summary of the work of these board committees were set out under the paragraph headed "The specialized committees under the Board" in the Corporate Governance Report on pages 94 to 97 of the Company's 2010 annual report of H shares.

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, 2011 to June 30, 2011 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 Director. 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 recognized in the industry and this model proves to be reliable, efficient and successful, therefore the continuous adoption of this model will be beneficial to the future development of the Company. There is also clear delineation in the responsibilities of the Board 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 reasons for the Company's intention not to separate the roles of the Chairman of the Board of Directors and the Chief Executive Officer of the Company were set out under the paragraph headed "Our Compliance with the Code On Corporate Governance Practices and the Model Code for Securities Transactions by Directors and Supervisors of the Company" in the Corporate Governance Report on page 103 of the Company's 2010 annual report of H Shares.

On May 28, 2004, the Company adopted the Code of Conduct, which was amended on August 17, 2011, regarding securities transactions by Directors and Supervisors of the Company ("Code of Conduct") on terms no less exacting than the required standard set out in the Model Code. Specific enquiry has been made to all Directors and Supervisors of the Company that they complied with the required standard set out in the Model Code and the Code of Conduct for the period, save and except that Mr. Peng Zhijian, a Supervisor of the Company purchased 6,600 A shares of the Company and completed the reporting on July 22, 2011.

Interim Dividend and Closure of Register

The Board declared that an interim dividend of RMB0.15 (tax inclusive, equivalent to HK$0.1828) per share for the six months ended June 30, 2011 will be paid to shareholders of the Company. Holders of H shares whose names are on the Company's register of members of H shares on September 8, 2011 (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, 2011 will be separately announced on the website of Shanghai Stock Exchange.

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 is 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 dividend (RMB0.8207 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 six months ended June 30, 2011, the Company's register of members of H shares will be closed from Friday, September 2, 2011 to Thursday, September 8, 2011, 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 Thursday, September 1, 2011. 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 23, 2011 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

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 2011 interim dividend to non-resident enterprise holders of H shares, including Hong Kong Securities Clearing Company Nominees Limited, as listed on the Company's register of members of H shares on the Record Date; after the legal opinion is provided by the resident enterprise shareholders within the stipulated time frame and upon the Company's confirmation of such opinion, the Company will not withhold any enterprise income tax when it distributes 2011 interim dividend to resident enterprise holders of H shares listed on the Company's register of members of H shares on the Record Date.

If any resident enterprise (as defined in the Enterprise Income Tax Law) 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 the Company to withhold the said 10% enterprise income tax, it shall submit to Computershare Hong Kong Investor Services Limited at or before 4:30 p.m. on Thursday, September 1, 2011 a legal opinion, issued by a PRC qualified lawyer (inscribed with the seal of the applicable law firm), that verifies its resident enterprise status.

Individual income tax withholding of overseas individual shareholders

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

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

If individual holders appear on the Company's register of members of H shares, and who are citizens from the countries applying a tax rate of less than 10% under tax agreements, are not applicable to be withheld individual tax at the rate of 10% by the Company, the Company may handle applications on their behalf for preferential treatments as stipulated in relevant agreements pursuant to the Notice of the State Administration of Taxation on Issues about the Administrative Measures for Non-residents to Enjoy the Treatments of Tax Treaties (for Trial Implementation) (Guo Shui Fa【2009】No. 124). Qualifying shareholders are required to submit to Computershare Hong Kong Investor Services Limited at or before 4:30 p.m. on Thursday, September 1, 2011 a written authorization and relevant evidencing documents, which shall be handed on by the Company to the applicable tax authorities for approval, and then excess portion of the tax amounts withheld can be refunded.

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

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

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

The 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 17, 2011

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