

Report of the Directors

MANAGEMENT DISCUSSION AND ANALYSIS

For management discussion and analysis, please refer to the section entitled “Management Discussion and Analysis”.

COMPARISON BETWEEN ACTUAL OPERATING ACHIEVEMENT AND THAT LISTED IN THE LISTING DOCUMENT/PROFIT FORECASTS/PLANS, AND EXPLANATION ON THE PROGRESS MADE WITH RESPECT TO SUCH FORECASTS OR PLANS

During the first half of 2010, the Company pushed forward on a series of tasks according to its preset development plan, comprehensively putting its business strategies into action. As a result, our core businesses grew strongly and our integrated capabilities deepened further. 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 realized a net profit of RMB9,866 million and an operating income of RMB96,980 million.

Insurance Business

Written premiums from property and casualty as well as life insurance businesses grew rapidly. Our life insurance business realized written premiums of RMB93,125 million for the first half of the year, representing a year-on-year increase of 26.0%. Ping An Property & Casualty realized a premium income of RMB29,975 million in the first half year, up 61.1% from the corresponding period of last year, with market share increasing 1.5 percentage points over that at the end of 2009. Ping An Annuity continued to maintain its leading position in the market, with its three major performance indicators, namely annuity payment received, assets entrusted, and assets under investment management. Ping An Health focused on offering a broad range of mid- to high-end healthcare insurance products and services. With the introduction of foreign partners and a continual improvement of its healthcare network and services platform, Ping An Health’s risk management in healthcare operations was further empowered.

Banking Business

Our banking business demonstrated robust growing momentum and our cross-selling performed well. During the first half of 2010, Ping An Bank recorded a net profit of RMB900 million, representing a year-on-year growth of 56.0%. Deposits balance amounted to RMB167,839 million, representing an increase of 12.6% as compared to the end of 2009. We took steps to further optimize the business structure, the percentage of retail deposits and SME loans grew steadily. As our business expanded rapidly, the capital adequacy ratio was maintained at 11.8% and non-performing loan ratio at 0.45%, allowing us to continue to stay at the forefront of the industry. Cross-selling reaped good results. For our new corporate deposits and new credit card issuance, contribution from cross-selling was 22.0% and 61.9% of the total respectively. As our initiatives of back office centralization, IT platform development, risk management and cultural system establishment were well underway as scheduled, we have built a solid foundation for Ping An Bank to develop into a top-ranking market player nationwide. In addition, we made steady progress in our strategic investment in Shenzhen Development Bank, and now hold 29.99% of its total shares.

Investment Business

Ping An Securities won approval for opening five more branch offices. Its investment banking arm successfully underwrote 28 IPOs and re-financing projects as a lead underwriter, ranking first in terms of the number of deals. Ping An Trust’s wealth management business recorded rapid growth in both the number of customers and customer assets. Assets held in trust under the management of Ping An Trust amounted to RMB125,396 million. Ping An Asset Management responded to the changes in domestic equity market proactively, taking prudent steps to increase its investment in fixed income assets and optimize its asset allocation. Our net and total investment yields stood at 4.1% and 3.7%, respectively.

AMENDMENTS TO THE OPERATING PLANS DISCLOSED IN LAST YEAR’S ANNUAL REPORT

In adherence to the continuity and stability of our development and operating plans, there is no change in the long-term operating objectives of the Company compared with the operating plans disclosed last year and the plans upon the listing of A-shares.