

Report of the Directors

The Directors present their annual report and the audited consolidated financial statements of the Company and its subsidiaries (the “Group”) for the year ended December 31, 2008.

1. PRINCIPAL ACTIVITIES

The principal activities of the Group comprise the provision of a wide range of financial products and services with a focus on the three core businesses namely, insurance, banking and investment. There were no significant changes in the nature of the Group’s principal activities during the year.

2. RESULTS AND DIVIDENDS

The Group’s net profit in 2008 and the state of affairs of the Company and the Group at that date are set out in the financial statements on pages 94 to 185.

On August 15, 2008, the Directors declared an interim dividend of RMB0.20 per share for the six months ended June 30, 2008, which was paid to the shareholders on October 10, 2008.

The Board does not recommend the payment of a final dividend for the year ended December 31, 2008.

3. SUMMARY FINANCIAL INFORMATION

A summary of the published results, assets and liabilities of the Group for the last five financial years is set out as follows:

| Profit and loss (in RMB million) | 2004 | 2005 | 2006 | 2007 | 2008 |
|---|--------|--------|--------|---------|---------------|
| Total Income | 63,193 | 64,995 | 88,198 | 138,213 | 95,192 |
| Net Profit | 3,146 | 4,265 | 8,000 | 19,219 | 477 |

| Balance sheet (in RMB million) | 2004 | 2005 | 2006 | 2007 | 2008 |
|---|---------|---------|---------|---------|----------------|
| Total Assets | 264,439 | 319,706 | 494,435 | 692,222 | 754,718 |
| Total Liabilities | 235,812 | 286,184 | 446,685 | 578,371 | 669,022 |
| Total Equity | 28,627 | 33,522 | 47,750 | 113,851 | 85,696 |

* Certain comparative figures have been reclassified or restated.

4. RESERVES

Details of movements in the reserves of the Company and the Group during the year are set out in note 32 to the financial statements and in the consolidated statement of changes in equity, respectively.

5. CHARITABLE DONATIONS

Charitable donations made by the Company during 2008 totalled RMB59 million.

6. PROPERTY AND EQUIPMENT AND INVESTMENT PROPERTIES

Details of movements in property and equipment and investment properties of the Group during the year are set out in notes 28 and 27 to the consolidated financial statements.

7. SHARE CAPITAL

In 2008, there was no change in the share capital structure of the Company. The share capital structure of the Company as at December 31, 2008 is as follows:

| | as at January 1, 2008 | | Increase in the year | | as at December 31, 2008 | |
|----------|--------------------------|-------------------|----------------------|-------------------|----------------------------|-------------------|
| | Number | Percentage (%) | Number | Percentage (%) | Number | Percentage (%) |
| A shares | 4,786,409,636 | 65.17 | – | – | 4,786,409,636 | 65.17 |
| H shares | 2,558,643,698 | 34.83 | – | – | 2,558,643,698 | 34.83 |
| Total | 7,345,053,334 | 100.00 | – | – | 7,345,053,334 | 100.00 |

8. PRE-EMPTIVE RIGHTS

There are no provisions regarding pre-emptive rights under the PRC Company Law or the Articles of Association, which would oblige the Company to issue new shares to its existing shareholders in proportion to their existing shareholdings.

9. PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

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

10. DISTRIBUTABLE RESERVES

As at December 31, 2008, the Company's reserves available for distribution, calculated in accordance with the relevant regulations, totaled RMB4,678 million. No final dividend has been proposed for the year. All the retained profits (including unrealized gains arising from the fair value changes of the financial assets carried at fair value through profit or loss) were carried forward to 2009. In addition, the Company's capital reserve and surplus reserve fund, in the amount of RMB58,032 million, may be distributed by a future capitalization issue.

11. MAJOR CUSTOMERS

In the year under review, gross written premiums, policy fees and premium deposits from the Group's five largest customers accounted for less than 1% of the total gross written premiums, policy fees and premium deposits for the year.

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

12. DIRECTORS AND SUPERVISORS

The Directors of the Company during the year were as follows:

| Name | Date of Appointment as Director |
|-----------------------------|---------------------------------|
| Executive Directors: | |
| MA Mingzhe | March 21, 1988 |
| SUN Jianyi | March 29, 1995 |
| CHEUNG Chi Yan Louis | May 25, 2006 |

Non-executive Directors:

| | |
|--|-------------------|
| Anthony Philip HOPE (resigned on May 13, 2008) | November 25, 2002 |
| LIN Yu Fen | October 8, 2002 |
| CHEUNG Lee Wah | October 8, 2002 |
| LIN Lijun | May 16, 2003 |
| FAN Gang | May 16, 2003 |
| HU Aimin | March 9, 2004 |
| CHEN Hongbo | June 23, 2005 |
| WONG Tung Shun Peter | May 25, 2006 |
| NG Sing Yip | May 25, 2006 |
| Clive BANNISTER | May 13, 2008 |

Independent Non-executive Directors:

| | |
|------------------------|--------------------|
| BAO Youde | September 27, 1995 |
| KWONG Che Keung Gordon | May 16, 2003 |
| CHEUNG Wing Yui | May 16, 2003 |
| CHOW Wing Kin Anthony | June 23, 2005 |
| ZHANG Hongyi | March 19, 2007 |
| CHEN Su | March 19, 2007 |
| XIA Liping | June 7, 2007 |

The supervisors of the Company during the year were as follows:

| Name | Position | Date of Appointment as Supervisor |
|---------------|------------------------|-----------------------------------|
| XIAO Shaolian | Independent Supervisor | August 3, 1994 |
| SUN Fuxin | Independent Supervisor | May 16, 2003 |
| DONG Likun | Independent Supervisor | May 25, 2006 |
| DUAN Weihong | Supervisor | May 16, 2003 |
| LIN Li | Supervisor | May 25, 2006 |
| CHE Feng | Supervisor | May 25, 2006 |
| HU Jie | Supervisor | May 25, 2006 |
| WANG Wenjun | Supervisor | May 25, 2006 |
| DU Jiangyuan | Supervisor | July 10, 2007 |

There were no changes to the Directors and Supervisors from January 1, 2009 to the date of this annual report.

The Company has received annual confirmations of independence from Mr. Bao Youde, Kwong Che Keung Gordon, Cheung Wing Yui, Chow Wing Kin Anthony, Zhang Hongyi, Chen Su and Xia Liping and, as of the date of this annual report, continues to consider them to be independent as defined under the Listing Rules.

13. BIOGRAPHICAL DETAILS OF DIRECTORS, SUPERVISORS AND MEMBERS OF THE SENIOR MANAGEMENT

Biographical details of Directors, Supervisors and members of the senior management are set out from page 62 to page 68 of this annual report.

14. DIRECTORS' AND SUPERVISORS' SERVICE CONTRACTS AND REMUNERATION

On May 10, 2004, our Company entered into a service contract with each of Mr. MA Mingzhe and Mr. SUN Jianyi being Executive Directors for a term of three years. On May 25, 2006, our Company has reappointed Mr. MA Mingzhe and Mr. SUN Jianyi as Executive Directors for a term of further three years and on the same day, our Company also entered into a service contract with Mr. CHEUNG Chi Yan Louis, as our Executive Director for a term of three years. The service contracts for the Executive Directors are subject to termination by either party giving not less than six months' written notice to the other party. Pursuant to the Articles of Association, the remuneration of the Directors and Supervisors will be determined by the shareholders of the Company in general meetings.

Apart from the foregoing, no Director or Supervisor has a service contract with the Company which is not terminable by the Company within one year without payment of compensation other than statutory compensation.

Details of remuneration of the Directors and Supervisors for the year ended December 31, 2008 are set out in note 45 to the financial statements.

15. DIRECTORS' AND SUPERVISORS' INTERESTS IN MATERIAL CONTRACTS

None of the Directors or Supervisors had a material interest, directly or indirectly, in any contract of significance to the business of the Group to which the Company or any of its subsidiaries was a party during 2008.

16. DIRECTORS' AND SUPERVISORS' INTERESTS AND SHORT POSITIONS IN SHARES

As at December 31, 2008, the interests and short positions of the Directors and Supervisors of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO), which have been notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO, including interests and short positions which the Directors and Supervisors of the Company are taken or deemed to have under such provisions of the SFO, or which were required to be and were recorded in the register required to be kept pursuant to section 352 of the SFO or as otherwise required to be notified by the Directors or Supervisors to the Company and the Stock Exchange pursuant to the Model Code set out in Appendix 10 to the Listing Rules or which were recorded in the register of A shares of the Company maintained at Shanghai Branch of China Securities Depository and Clearing Corporation Limited, were as follows:

INTERESTS IN ORDINARY SHARES OF THE COMPANY

| Name of Director/Supervisor | Position | H/A Shares | Capacity | No. of H/A Shares | Nature of interest | Percentage of total number of H/A Shares in issue (%) | Percentage of total shares in issue (%) |
|-----------------------------|------------------------------------|------------|--|-------------------|--------------------|---|---|
| Cheung Chi Yan Louis | Executive Director | H | Beneficial owner | 248,000 | Long position | 0.01 | 0.003 |
| Chow Wing Kin Anthony | Independent Non-executive Director | H | Interest held jointly with another person* | 7,500 | Long position | 0.00029 | 0.000 |
| Lin Li | Supervisor | A | Interest of controlled corporations** | 146,693,000 | Long position | 3.065 | 1.997 |

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

** Lin Li was interested in the Company by virtue of his control over 93.33% shareholding of Shenzhen Liye Group Company Limited, which held a direct interest in 146,693,000 A Shares in the Company.

Save as disclosed above, as at December 31, 2008, none of the Directors or Supervisors held or was deemed to hold any interests or short positions in the shares and underlying shares or debentures of the Company or any of its associated corporations (as defined in the SFO), which were required to be recorded in the register required to be kept under Section 352 of the SFO, or otherwise required to be notified by the Directors or Supervisors to the Company and the Stock Exchange pursuant to the Model Code nor have they been granted the right to acquire any interests in shares or debentures of the Company or any of its associated corporations.

17. DIRECTORS' AND SUPERVISORS' RIGHTS TO ACQUIRE SHARES

At no time during the year were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any Directors, Supervisors or their respective spouse or under age children, nor were any such rights exercised by them, or was the Company, or any of its subsidiaries a party to any arrangement to enable the Directors or Supervisors to acquire such rights in any other body corporate.

18 DIRECTORS' AND SUPERVISORS' INTERESTS IN A COMPETING BUSINESS

During 2008 and up to the date of this annual report, the following Directors are considered to have interests in a business which competes or is likely to compete, directly or indirectly, with the business of the Group, as defined in the Listing Rules, as set out below:

Mr. Wong Tung Shun Peter, a Non-executive Director of the Company, is currently an Executive Director of HSBC, and a Deputy Chairman of HSBC Bank (China) Company Limited which is the largest among foreign banks in mainland China and offers a wide range of banking and financial services by an ever-expanding network. As Ping An Bank, a subsidiary of the Company, is primarily engaged in commercial banking business in the PRC as approved by the CBRC, the authorized banking business of HSBC has, to a certain extent, overlapped and thus may compete with that of Ping An Bank.

Mr. Wong Tung Shun Peter is also the Chairman of HSBC Insurance (Asia) Limited and HSBC Life (International) Limited. Further, Mr. Clive Bannister, Non-executive Director of the Company, is currently the Group Managing Director of Insurance of HSBC Holding plc, responsible for all aspects of insurance in the HSBC group. As Ping An Hong Kong, a subsidiary of the Company, is authorized by the Hong Kong Insurance Authority to conduct property and casualty insurance business, the respective authorized insurance business of HSBC Life (Insurance) Limited and HSBC Insurance (Asia) Limited has, to a certain extent, overlapped that thus may compete with those of Ping An Hong Kong.

Save as disclosed, as far as the Directors are aware, none of the Directors and Supervisors had any competing interest in a business, which competes or is likely to compete, either directly or indirectly, with the Group's business.

19. SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at December 31, 2008, the following persons (other than the Directors and Supervisors of the Company) had interests or short positions in the shares or underlying shares of the Company as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO:

- (i) Interests and short positions of substantial shareholders who are entitled to exercise or control the exercise of 10% or more of the voting power at any general meeting of the Company:

| Name of substantial shareholder | H/A Shares | Capacity | Notes | No. of H/A Shares | Nature of interest | Percentage of total number of H/A Shares in issue (%) | Percentage of total shares in issue (%) |
|---------------------------------|------------|-------------------------------------|-------|-------------------|--------------------|---|---|
| HSBC Holdings plc | H | Interest of controlled corporations | 1,2,3 | 1,233,870,388 | Long position | 48.22 | 16.80 |

- (ii) Interests and short positions of other substantial shareholders:

| Name of substantial shareholder | H/A Shares | Capacity | Notes | No. of H/A Shares | Nature of interest | Percentage of total number of H/A Shares in issue (%) | Percentage of total shares in issue (%) |
|---|------------|--------------------|-------|-------------------|--------------------|---|---|
| HSBC Insurance Holdings Limited | H | Beneficial owner | 1 | 618,886,334 | Long position | 24.19 | 8.43 |
| The Hongkong and Shanghai Banking Corporation Limited | H | Beneficial owner | 3 | 614,099,279 | Long position | 24.00 | 8.36 |
| JPMorgan Chase & Co. | H | Beneficial owner | | 23,825,231 | Long position | 0.93 | 0.32 |
| | | Investment Manager | | 28,115,500 | Long position | 1.10 | 0.38 |
| | | Custodian | | 101,713,531 | Long position | 3.98 | 1.38 |
| | | | 4 | 153,654,262 | | 6.01 | 2.08 |
| | | Beneficial owner | 4 | 15,150,329 | Short position | 0.59 | 0.21 |
| Shenzhen Investment Holdings Co., Ltd. | A | Beneficial owner | | 546,672,967 | Long position | 11.42 | 7.44 |
| Shenzhen Jingao Industrial Development Co., Ltd. | A | Beneficial owner | 5 | 331,117,788 | Long position | 6.92 | 4.51 |

| Name of substantial shareholder | H/A Shares | Capacity | Notes | No. of H/A Shares | Nature of interest | Percentage of total number of H/A Shares in issue (%) | Percentage of total shares in issue (%) |
|--|------------|-------------------------------------|-------|-------------------|--------------------|---|---|
| Ping An Securities Company, Ltd. Labor Union | A | Interest of controlled corporations | 5 | 331,117,788 | Long position | 6.92 | 4.51 |
| China Ping An Trust & Investment Co., Ltd. Labor Union | A | Interest of controlled corporations | 5 | 331,117,788 | Long position | 6.92 | 4.51 |
| Shenzhen New Horse Investment Development Co., Ltd. | A | Beneficial owner | 6 | 389,592,366 | Long position | 8.14 | 5.30 |
| Ping An Insurance (Group) Company of China, Ltd. Labor Union | A | Interest of controlled corporations | 6 | 389,592,366 | Long position | 8.14 | 5.30 |
| Yuan Trust Investment Company Ltd. | A | Beneficial owner | | 380,000,000 | Long position | 7.94 | 5.17 |
| Shum Yip Group Limited* | A | Beneficial owner | | 271,271,633 | Long position | 5.67 | 3.69 |

* Shum Yip Group Limited was previously known as Shenzhen Shum Yip Investment Development Company Ltd. The change of name took effect on April 22, 2008.

Notes:

- (1) HSBC Insurance Holdings Limited is a wholly-owned subsidiary of HSBC Holdings plc and its interest in 618,886,334 H shares of the Company was deemed to be the interest of HSBC Holdings plc.
- (2) Besides (1) above, HSBC Holdings plc was also interested in the Company by virtue of its control over HSBC CCF Financial Products (France) SNC (“CCF SNC”) which held a direct interest in 884,775 H shares in the Company. The interest in 884,775 H shares of the Company was held through cash settled unlisted securities.

CCF SNC was 100% owned by CCF S.A. which was owned as to 99.99% by HSBC Bank plc. HSBC Holdings plc owned 100% interest in HSBC Bank plc.
- (3) The Hongkong and Shanghai Banking Corporation Limited was wholly-owned by HSBC Asia Holdings BV, a wholly-owned subsidiary of HSBC Asia Holdings (UK), which in turn was a wholly-owned subsidiary of HSBC Holdings BV. HSBC Finance (Netherlands), a wholly-owned subsidiary of HSBC Holdings plc., owned 100% interest in HSBC Holdings BV.
- (4) JPMorgan Chase & Co. held interest in a total of 153,654,262 H shares (Long position) and 15,150,329 H shares (Short position) in the Company by virtue of its control over the following corporations:
 - (i) JPMorgan Chase Bank, N.A. held 102,786,531 H shares (Long position) in the Company. JPMorgan Chase Bank, N.A. was a wholly-owned subsidiary of JPMorgan Chase & Co..
 - (ii) J.P. Morgan Whitefriars Inc. held 17,776,645 H shares (Long position) and 9,383,653 H shares (Short position) in the Company. J.P. Morgan Whitefriars Inc. was a wholly-owned subsidiary of J.P. Morgan Overseas Capital Corporation, which in turn was a wholly-owned subsidiary of J.P. Morgan International Finance Limited. J.P. Morgan International Finance Limited was wholly-owned by Bank One International Holdings Corporation, which in turn was a wholly-owned subsidiary of J.P. Morgan International Inc. JPMorgan Chase Bank, N.A., referred to in (i) above, owned 100% interest in J.P. Morgan International Inc.

- (iii) J.P. Morgan Securities Ltd. held 3,749,844 H shares (Long position) and 3,524,000 H shares (Short position) in the Company. J.P. Morgan Securities Ltd. was owned as to 98.95% by J.P. Morgan Chase International Holdings Limited, which in turn was wholly-owned by J.P. Morgan Chase (UK) Holdings Limited. J.P. Morgan Chase (UK) Holdings Limited was wholly-owned by J.P. Morgan Capital Holdings Limited, which in turn was wholly-owned by J.P. Morgan International Finance Limited, referred to in (ii) above.
- (iv) J.P. Morgan Investment Management Inc. held 4,482,000 H shares (Long position) in the Company. J.P. Morgan Investment Management Inc. was a wholly-owned subsidiary of JPMorgan Asset Management Holdings Inc. JPMorgan Asset Management Holdings Inc. was wholly-owned by JPMorgan Chase & Co.
- (v) JF Asset Management Limited held 12,718,000 H shares (Long position) in the Company. JF Asset Management Limited was wholly-owned by JPMorgan Asset Management (Asia) Inc., a wholly-owned subsidiary of JPMorgan Asset Management Holdings Inc., referred to in (iv) above.
- (vi) JPMorgan Asset Management (UK) Limited held 9,842,500 H shares (Long position) in the Company. JPMorgan Asset Management (UK) Limited was wholly-owned by JPMorgan Asset Management Holdings (UK) Limited, which was a wholly-owned subsidiary of JPMorgan Asset Management International Limited. JPMorgan Asset Management International Limited was a wholly-owned subsidiary of JPMorgan Asset Management Holdings Inc., referred to in (iv) above.
- (vii) Bear, Stearns International Limited held 2,298,742 H shares (Long position) and 2,242,676 H shares (Short position) in the Company. Bear, Stearns International Limited was a wholly-owned subsidiary of Bear Stearns Holdings Limited, which in turn was a wholly-owned subsidiary of Bear Stearns UK Holdings Limited. Bear Stearns UK Holdings Limited was wholly-owned by The Bear Stearns Companies LLC, which in turn was wholly-owned by JPMorgan Chase & Co..

The entire interest of JPMorgan Chase & Co. in the Company included a lending pool of 101,713,531 H shares (Long position). Besides, 8,583,199 H shares (Long position) and 9,383,653 H shares (Short position) were held through derivatives as follows:

| | | |
|---|---|--|
| 78,000 H shares (Short position) | – | through physically settled listed securities |
| 8,583,199 H shares (Long position) and 6,505,653 H shares (Short position) | – | through physically settled unlisted securities |
| 2,800,000 H shares (Short position) | – | through cash settled unlisted securities |

- (5) Shenzhen Jingao Industrial Development Co., Ltd. was owned as to 80% and 20% by Ping An Securities Company, Ltd. Labor Union and China Ping An Trust & Investment Co., Ltd. Labor Union respectively. The interest in 331,117,788 A shares relates to the same block of shares in the Company.
- (6) Shenzhen New Horse Investment Development Co., Ltd. was owned as to 95% by Ping An Insurance (Group) Company of China, Ltd. Labor Union. The interest in 389,592,366 A shares relates to the same block of shares in the Company.

Save as disclosed above, the Company is not aware of any other person (other than the Directors and Supervisors of the Company) having any interests or short positions in the shares and underlying shares of the Company as at December 31, 2008 as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO.

20. CONTINUING CONNECTED TRANSACTIONS

On March 19, 2007, the independent Shareholders of the Company approved the following continuing connected transactions of the Company at the extraordinary general meeting:

(1) BANK DEPOSITS ARRANGEMENTS WITH HSBC

The Group maintains bank balances with HSBC on normal commercial terms in the ordinary course of business. The relevant banking documents executed by the Group with HSBC do not provide for the bank accounts with HSBC to be maintained for any fixed period of time. Interests are accrued on such bank balances at prevailing market rates.

As at December 31, 2008, the aggregate bank balances maintained by the Group with HSBC was approximately USD 10 million.

HSBC Insurance Holdings Limited is a wholly-owned subsidiary of HSBC Holdings plc. and its interest in 618,886,334 H shares of the Company is deemed to be the interest of HSBC Holdings plc.. In addition, HSBC CCF Financial Products (France) SNC, a wholly owned subsidiary of CCF S.A. which is in turn 99% held by HSBC Bank plc., has a direct interest in 884,775 shares in the Company, which is also deemed to be the interest of HSBC Holdings plc.. As HSBC is an indirect subsidiary of HSBC Holdings plc., HSBC is therefore a connected person of the Company under Rule 14A.11(4) of the Listing Rules.

(2) BANK DEPOSITS ARRANGEMENTS WITH ICBC AND ICBC (ASIA)

The Group maintains bank balances with ICBC and ICBC (Asia), a subsidiary of ICBC, on normal commercial terms in the ordinary course of business. The relevant banking documents executed by the Group with ICBC and ICBC (Asia) do not provide for the bank accounts with ICBC and ICBC (Asia) to be maintained for any fixed period of time. Interests are accrued on such bank balances at prevailing market rates.

ICBC is a promoter of the Company and thus a connected person of the Company under Rule 14A.11(3). Further, as ICBC (Asia), a non-wholly owned subsidiary of ICBC, is a substantial shareholder of China Ping An Insurance (Hong Kong) Company Limited, a 75% owned subsidiary of the Company, both ICBC (Asia) and ICBC are connected persons of the Company under Rule 14A.11(5).

As at December 31, 2008, the aggregate bank deposits maintained by the Group with ICBC and ICBC (Asia) in all kinds of currencies amounted to approximately RMB10,633 million.

(3) FOREIGN EXCHANGE SWAP AGREEMENT WITH ICBC

On July 21, 2006, the Company entered into an arrangement with ICBC Shanghai Branch whereby ICBC Shanghai Branch may provide RMB/USD foreign exchange swap services to the Company. The Company may purchase US dollars from ICBC Shanghai Branch for RMB at an exchange rate to be agreed at the time of purchase, which exact amount of US dollars purchased will be sold back to ICBC Shanghai Branch after a certain period of time at an exchange rate also to be agreed at the time of purchase.

As at December 31, 2008, the Group did not have any open foreign exchange swap transaction with ICBC Shanghai Branch under the Master Foreign Exchange Swap Agreement.

In the opinion of the Independent Non-executive Directors, after having reviewed the above continuing connected transactions, such transactions were entered into by the Group:

- (1) in the ordinary and usual course of its business;
- (2) on normal commercial terms or on terms no less favorable to the Group than terms available to or from (as appropriate) independent third parties; and
- (3) in accordance with the terms of agreements governing them on terms that are fair and reasonable so far as the shareholders of the Company are concerned and in the interests of the shareholders of the Company as a whole.

The Company has received a letter from the auditors stating that the above connected transactions:

- (1) have received the approval of the Board of Directors of the Company;

- (2) have been entered into in accordance with the relevant agreements governing such transactions; and
- (3) have not exceeded the respective annual caps set out below in 2008:
 - (i) bank deposits arrangements with HSBC: US\$2,336 million on any given day;
 - (ii) bank deposit arrangements with ICBC and ICBC (Asia): RMB24,900 million on any given day; and
 - (iii) foreign exchange swaps with ICBC Shanghai Branch: US\$300 million.

21. BOARD COMMITTEES

The Company has established an audit committee, a remuneration committee and a nomination committee. For details regarding these Board committees, please see the relevant sections in the Corporate Governance Report on pages 72 to 74 of this annual report.

22. POST BALANCE SHEET EVENTS

Details of the significant post balance sheet events of the Group are set out in note 51 to the consolidated financial statements on page 185 of this annual report.

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

None of the Directors of the Company is aware of any information that would reasonably indicate that the Company did not meet the applicable Code Provisions set out in the Code on Corporate Governance Practices for any part of the period from January 1, 2008 to December 31, 2008 except that Mr. Ma Mingzhe has occupied the positions of both the Chairman of the Board of Directors and Chief Executive Officer of the Company. Further details of the Company's arrangements and considered reasons for the Company's intention not to separate the roles of the Chairman of the Board of Directors and the Chief Executive Officer of the Company are 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 69 to 70 of this annual report.

24. AUDITORS

Ernst & Young and Ernst & Young Hua Ming were the international and PRC auditors, respectively, to the Company for the year ended December 31, 2008. A resolution for the re-appointment of Ernst & Young as the international auditors and Ernst & Young Hua Ming as the PRC auditors to the Company will be proposed at the forthcoming Annual General Meeting on Wednesday, June 3, 2009.

25. SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors as at the latest practicable date prior to the issue of this annual report, being April 8, 2009, at all times during the year ended December 31, 2008, not less than 20% of the issued share capital of the Company (being the minimum public float applicable to the shares of the Company) was held in public hands.

26. DISCLOSURE OF INFORMATION ON THE STOCK EXCHANGE'S WEBSITE AND THE COMPANY'S WEBSITE

All information required by paragraphs 45(1) to 45(8) of Appendix 16 to the Listing Rules will be published on the website of the Stock Exchange (<http://www.hkexnews.hk>) and the website of the Company (<http://www.pingan.com>) respectively in due course.

By order of the Board of Directors

Ma Mingzhe
Chairman & Chief Executive Officer

Shenzhen, PRC
April 8, 2009