

# Report of the Supervisory Committee

To all Shareholders,

During the reporting period, the Supervisory Committee has duly carried out its supervisory duties in a stringent manner and adhered to the principles of fairness and honesty to effectively protect the interests of the shareholders, the Company and its employees in accordance with the relevant provisions of the Company Law of the PRC (the “Company Law”) and the Company’s Articles of Association.

## **THE WORK OF THE SUPERVISORY COMMITTEE**

On March 29, 2011, the Eighth Meeting of the Sixth session of the Supervisory Committee was held at 4th Floor, Galaxy Development Center, Fuhua No. 3 Road, Shenzhen. During the meeting, the Supervisory Committee considered and approved unanimously the Report of the Supervisory Committee of the Company for 2010, the Resolution Relating to Considering the Annual Report and its Summary of the Company for the Year 2010, the Resolution Relating to Reviewing Corporate Social Responsibility Statement of the Company for 2010, the Resolution Relating to Reviewing Duty Performance Report of Directors of the Company for 2010, and the Resolution on the Consideration of Report on Connected Transactions and Implementation of Management System of Connected Transactions for 2010. The Brief Report on the Compliance of the Company with the Corporate Governance Standards for Listed Companies promulgated by the CSRC and the Code on Corporate Governance Practices promulgated by the Hong Kong Stock Exchange, the 2010 Report on the Anti-Corruption Campaign and the 2010 Assessment Report on Internal Control were also heard and reviewed.

From April 21 to April 27, 2011, the Ninth Meeting of the Sixth session of the Supervisory Committee was held through written communication and voting. During the meeting, the Resolution Relating to Considering the First Quarterly Report (Draft) of the Company for 2011 was considered and approved unanimously.

On August 17, 2011, the Tenth Meeting of the Sixth session of the Supervisory Committee was held at 7th Floor, No.2 Building of Shanghai Ping An’s Integrated Operating Centre, No.1288 Shangfeng Road, Pudong New District, Shanghai. During the meeting, the Resolution Relating to Considering the Interim Report (Draft) of the Company for 2011, the Resolution on Engagement of Ernst & Young to Perform Agreed-Upon Procedures on Resignation of Mr. Cheung Chi Yan Louis and the Resolution on Consideration of the Term-of-office Audit Report of Senior Vice President Mr. Ku Man were considered and approved unanimously. The Working Report on the Internal Control of the Company for the First Half of 2011, the Brief Report on the Compliance of the Company with the Corporate Governance Standards for Listed Companies promulgated by the CSRC and the Code on Corporate Governance Practices promulgated by the Hong Kong Stock Exchange, the Report on Investment Trading of Senior Management of the Company on Shanghai Lujiazui International Financial Asset Exchange Co., Ltd. and Xishuangbanna Financial Asset and Mercantile Exchange Co., Ltd. as well as the Report on Staff Investment in Ping An Trust Products were also heard and reviewed.

From October 21 to October 26, 2011, the Eleventh Meeting of the Sixth session of the Supervisory Committee was held through written communication and voting. During the meeting, the Third Quarterly Report (Draft) of the

Company for 2011 and the Resolution on Consideration of the Term-of-office Audit Report of Certain Senior Management of the Company were considered and approved unanimously.

Details of members' attendance at meetings of the Supervisory Committee are set out as follows:

Class of Supervisors	Name	Date of appointment	Meetings attended/ Meetings required to attend	Percentage of attendance
Independent Supervisors	GU Liji (Chairman)	June 3, 2009	4/4	100%
	SUN Fuxin	May 16, 2003	4/4	100%
	PENG Zhijian	June 3, 2009	4/4	100%
Supervisors as representatives of shareholders	SONG Zhijiang (retired) <sup>(1)</sup>	June 3, 2009	2/2	100%
Supervisors as representatives of employees	DING Xinmin	June 3, 2009	4/4	100%
	SUN Jianping	March 19, 2010	4/4	100%
	XIAO Jiyan <sup>(2)</sup>	May 5, 2011	2/2	100%
	WANG Wenjun (retired) <sup>(2)</sup>	May 25, 2006	2/2	100%

(1) Mr. Song Zhijiang resigned as a Supervisor of the Company in July 2011 due to his work arrangement.

(2) Ms. Wang Wenjun resigned as a Supervisor representing the employees of the Company in March 2011 due to her work arrangement. In the employee representatives meeting held by the Company on March 7, 2011, Mr. Xiao Jiyan was elected to replace Ms. Wang Wenjun as a Supervisor representing the employees of the Sixth Session of the Supervisory Committee. The qualification of Mr. Xiao Jiyan as Supervisor was approved by CIRC on May 5, 2011, on which day Mr. Xiao Jiyan replaced Ms. Wang Wenjun as Supervisor representing the employees of the Company.

In September 2011, certain members of the Supervisory Committee conducted inspection and review in the Company's Life, Property & Casualty and Annuity Branches in Xinjiang province as well as the Ping An Securities Sales Office at Renmin Lu, Urumqi. Opinions collected from the vast ground-level staffs were considered and constituted as the investigation report to the management of the aforesaid subsidiaries. Meanwhile, feedback report by the management for settling relevant problems was addressed to all the Directors and Supervisors. During this reporting period, certain members of the Supervisory Committee attended the following meetings as non-voting participants: the 2010 Annual General Meeting as well as 6 spot meetings of the Board.

## **INDEPENDENT OPINION ON THE RELEVANT ISSUES FROM THE SUPERVISORY COMMITTEE**

### **(1) Lawful Operation**

During the reporting period, the Company operated and managed its businesses in accordance with the laws and regulations. Its operational results were objective and true. There was greater development and improvement in the depth and scope of internal control management. The internal control system is complete, reasonable and effective. Its operational decision-making processes were lawful. The Directors and other senior management staff were cautious, serious and diligent in the business operations and management processes. They had never breached any laws, regulations, and the Articles of Associations of the Company or harmed the interests of the shareholders.

### **(2) Authenticity of the Financial Statement**

Ernst & Young Hua Ming and Ernst & Young have issued the standard unqualified auditor's reports in accordance with the PRC and Hong Kong accounting principles respectively for the Company's financial statements of the year. The financial statements truly, fairly and accurately reflected the financial condition and results of operations of the Company.

### **(3) Use of Proceeds From the Company's Latest Public Offering**

On June 17, 2011, the Company completed the issuance of 272 million H shares to JINJUN LIMITED at a price of HK\$71.50 per share, totalling HK\$19,448,000,000 or RMB16,168,678,240. After deduction of RMB34,315,266 issuing fees, net proceeds being raised were RMB16,134,524,083 (including the RMB161,109 after conversion of the interest accrued on the amount for the application of subscription during the freeze-up period). As at November 30, 2011, the above mentioned proceeds after netting of issuing fees were completely used to replenish the capital of the Company and all the proceeds were fully utilized.

### **(4) Company's Acquisition and Asset Disposal**

During the reporting period, the acquisition and sale of assets by the Company are as follows:

#### **Direct Issuance of H Shares**

On March 14, 2011, as mentioned in the announcement of the Company, the 13th meeting of the 8th Session of the Board held on March 14, 2011 passed the Resolution on Direct Issuance of H Shares and agreed the entering into of the Subscription Agreement in relation to the subscription of H shares in Ping An Insurance (Group) Company of China, Ltd. with JINJUN LIMITED for the direct issuance of up to 272,000,000 overseas listed foreign shares to JINJUN LIMITED (hereinafter defined as "Direct Issuance of H Shares"). The Direct Issuance of H Shares is subject to review, approval and consent of relevant regulatory departments.

On June 14, 2011, as mentioned in the announcement of the Company, the Company obtained the letter of approval from CSRC, pursuant to which CSRC has approved the direct issuance of not more than 272,000,000 overseas listed foreign shares to JINJUN LIMITED by the Company.

On June 17, 2011, as mentioned in the announcement of the Company, the Company completed the issuance of 272,000,000 H shares to JINJUN LIMITED at the issue price of HK\$71.50 per share. The Company's total issued share capital has been changed from 7,644,142,092 shares to 7,916,142,092 shares. The Company will subsequently complete the changes in industrial and commercial registration procedures in accordance with relevant requirements.

On November 29, 2011, as mentioned in the announcement of the Company, the Company completed amendments to the Articles of Association and changes of registered capital. The registered share capital of the Company was changed to RMB7,916,142,092.

#### **Major Asset Restructuring with Shenzhen Development Bank**

On May 8, 2011, as mentioned in the announcement of the Company, the Company was informed that Shenzhen Development Bank has received the notice from CSRC. The Merger & Acquisition Committee of CSRC would soon review the Shenzhen Development Bank's major asset restructuring, which is the major asset restructuring and connected transaction of Shenzhen Development Bank by way of non-public issuance of shares to the Company by Shenzhen Development Bank as the issuer for its acquisition of assets.

On May 12, 2011, as mentioned in the announcement of the Company, the Company was informed that Shenzhen Development Bank's major asset restructuring matter of issuance of shares for acquisition of assets and connected transaction has been reviewed and approved with conditions by the 12th meeting of year 2011 of the Listed Company Merger & Acquisition Committee of CSRC on May 12, 2011.

On June 28, 2011, as mentioned in the announcement of the Company, the Company's major asset restructuring with Shenzhen Development Bank was approved by CSRC.

On June 29, 2011, as mentioned in the announcement of the Company, based on the review opinion of CSRC, amendment was made to the "Major Assets Acquisition and Connected Transaction Report (Draft) of Ping An Insurance (Group) Company of China, Ltd." which was disclosed by the Company on September 15, 2010. The revised full report was disclosed on the website of the Shanghai Stock Exchange.

On July 28, 2011, as mentioned in the announcement of the Company, the Company's major asset restructuring with Shenzhen Development Bank was completed, and the details of the major asset restructuring have been disclosed.

#### **Information on the Share Subscription relating to the Non-Public Issuance of Shenzhen Development Bank**

On August 17, 2011, as mentioned in the announcement of the Company, the Company proposed to subscribe for not less than 892,325,997 shares but not more than 1,189,767,995 shares of Shenzhen Development Bank issued through non-public issuing (hereinafter referred to as the "Share Subscription").

As at the date of the Annual Report, the Share Subscription is subject to the approval from relevant regulatory authorities.

#### **Particulars on Issuance of A Share Convertible Corporate Bonds**

On December 20, 2011, as mentioned in the announcement of the Company, the Company proposed to issue in aggregate not more than RMB26 billion A Share Convertible Corporate Bonds. Such Convertible Bonds and A Shares to be converted into upon the conversion of the Convertible Bonds will be listed on Shanghai Stock Exchange (hereinafter referred to as the "Bond Issue").

As at the date of the Annual Report, the Bond Issue is subject to the approval of the relevant regulatory authorities.

#### **(5) Connected Transactions**

The Supervisory Committee had approved the Report on Connected Transactions and Implementation of Management System of Connected Transactions for 2011 and considered the connected transactions of the Company were fair and reasonable, and did not find any harm against the interests of the shareholders and the Company.

#### **(6) Internal Control System**

The Supervisory Committee had heard and reviewed the First Half of 2011 Working Report on Internal Control and 2011 Assessment Report on Internal Control, and considered the Company has set up a more complete, reasonable and effective internal control system.

**(7) Implementation of the Resolutions Approved in the Shareholders' General Meetings**

The members of the Supervisory Committee attended the meetings of the Board of Directors and the shareholders' general meetings, and did not have any objection on the reports and proposals which were submitted to the shareholders' general meetings by the Board of Directors. The Supervisory Committee has monitored the implementation of the resolutions approved in the shareholders' general meetings and is of the opinion that the Board of Directors can duly implement the resolutions approved in the shareholders' general meetings.

In the coming year, the Supervisory Committee will further enhance its work principles and fully implement a scientific perspective for its development. It will continue to carry out its duties in accordance with the relevant provisions of the Company Law, the Articles of Association of the Company and the Listing Rules. It will adhere to the principles of diligence, fairness and honesty, maximize its supervisory efforts with the aim of protecting the interests of the Company and its shareholders as a whole and commit to performing supervisory duties honestly and diligently, so as to achieve the best results in all respects.

By order of the Supervisory Committee

**GU Liji**

*Chairman of the Supervisory Committee*

Shenzhen, PRC

March 15, 2012