

# 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 rights and interests of the shareholders, the Company and its employees in accordance with the relevant provisions of the Company Law of PRC and the Articles of Association.

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

On March 15, 2012, the twelfth Meeting of the Sixth session of the Supervisory Committee was held in Shenzhen. During the meeting, the Supervisory Committee considered and approved unanimously the Report of the Supervisory Committee of the Company for 2011, the Resolution Relating to Considering the Annual Report and its Summary of the Company for the Year 2011, the Resolution Relating to Considering Corporate Social Responsibility Report of the Company for 2011, the Resolution on Recommendation of Candidates for Independent Supervisors and Shareholder Representative Supervisors of the Company for the 7th Session of the Supervisory Committee, the Resolution Relating to Considering the Performance Report of Directors and the Performance Report of the Independent Directors of the Company for 2011, and the Resolution on the Consideration of the Report on Connected Transactions and Implementation of Management System of Connected Transactions for 2011, the Resolution on Consideration of the Audit Report and Examination Report on the Resignation of Mr. Yao Jun as the Secretary of the Board of Directors, 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 HKEX, the 2011 Report on the Anti-Corruption Campaign and the 2011 Assessment Report on Internal Control were also heard and reviewed.

From April 21 to April 27, 2012, the Thirteenth 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 2012 and the Resolution on Consideration of the Term-of-office Audit Report of Executive Vice President Mr. Sun Jianyi were considered and approved unanimously.

From July 23 to July 25, 2012, the First Meeting of the Seventh session of the Supervisory Committee was held through written communication and voting. The Resolution on Election of Mr. Gu Liji as Chairman of the seventh Session of the Supervisory Committee was considered and approved unanimously.

On August 23, 2012, the Second Meeting of the Seventh session of the Supervisory Committee was held in Shanghai. During the meeting, the Resolution Relating to Considering the Interim

Report (Draft) of the Company for 2012, and the Resolution on Amendments to the Service Contracts of Supervisors were considered and approved unanimously. The Working Report on the Internal Control of the Company for the First Half of 2012, the Brief Report on the Compliance of the Company with the Corporate Governance Standards for Listed Companies and the Corporate Governance Code were also heard and reviewed.

From October 25 to October 30, 2012, the Third Meeting of the Seventh session of the Supervisory Committee was held through written communication and voting. During the meeting, the Third Quarterly Report (Draft) of the Company for 2012 and the Resolution on Consideration of the Resignation Audit Report of Mr. Cheung Chun Tong were considered and approved unanimously.

From December 17 to December 18, 2012, the Fourth Meeting of the Seventh session of the Supervisory Committee was held through written communication and voting. During the meeting, the Resolution on Consideration of the Resignation Audit Report of Mr. Lo Sai Lai as the Senior Vice President of the Company was 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	6/6	100%
	SUN Fuxin	May 16, 2003	6/6	100%
	PENG Zhijian	June 3, 2009	6/6	100%
Shareholder Representative Supervisors	LIN Li	July 17, 2012	4/4	100%
Employee Representative Supervisors	SUN Jianping	March 19, 2010	6/6	100%
	ZHAO Fujun	July 17, 2012	4/4	100%
	PAN Zhongwu	July 17, 2012	4/4	100%
	DING Xinmin (retired) <sup>(1)</sup>	June 3, 2009	2/2	100%

(1) Since Mr. DING Xinmin and Mr. XIAO Jiyan's terms of office of Employee Representative Supervisors have expired, in the Labour Union Work Meeting held by the Company on February 17, 2012, Mr. ZHAO Fujun and Mr. PAN Zhongwu were appointed as the Employee Representative Supervisors of the seventh session of the Supervisory Committee, and their qualifications were approved by CIRC on July 17, 2012.

In October 2012, certain members of the Supervisory Committee conducted inspection and review in the Company's Life, Property & Casualty, Annuity branches, Ping An Bank Kunming Branch and the project of Real Estate in Yunnan. Opinions collected from the vast ground-level staffs were considered and constituted as the investigation report to the management of the Company. Meanwhile, feedback report by the senior management for settling relevant problems was addressed to all the Directors and Supervisors.

During the reporting period, certain members of the Supervisory Committee attended the following meetings as non-voting participants: the 2011 Annual General Meeting, the First Extraordinary General Meeting of 2012, the Second Extraordinary General Meeting of 2012 and 5 spot meetings of the Board of Directors, and had no dissents °

## **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 were cautious, serious and diligent in the business operations and management processes. They had never breached any laws, regulations, and the Articles of Associations or harmed the interests of the shareholders.

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

Ernst & Young Hua Ming LLP and Ernst & Young have issued the standard unqualified auditor's reports in accordance with the PRC and international 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 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:

##### **Information on the Share Subscription relating to the Non-Public Issuance of Ping An Bank**

For information on the Share Subscription relating to the Non-Public Issuance of Ping An Bank, please refer to the section headed "Significant Events".

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

For particulars on issuance of A Share Subordinated Convertible Corporate Bonds, please refer to the section headed "Significant Events".

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

The Supervisory Committee had approved the Report on Connected Transactions and Implementation of Management System of Connected Transactions for 2012 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 Working Report on the Internal Control of the Company for the First Half of 2012 and 2012 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 General Meetings**

The members of the Supervisory Committee attended the meetings of the Board of Directors and the general meetings, and did not have any objection on the reports and proposals which were submitted to the general meetings by the Board of Directors. The Supervisory Committee has monitored the implementation of the resolutions approved in the general meetings and is of the opinion that the Board of Directors can duly implement the resolutions approved in the 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 of PRC, the Articles of Association and the listing rules. It will adhere to the principles of diligence, fairness and honesty, and

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 14, 2013