



2008 3rd Quarter Results

Due to the global financial tsunami, the capital markets went through a thorough reshuffle and the Company saw a noticeable decrease in its investment income. As the share price of Fortis Group drop significantly, the Company has took impairment accounting treatment on the investments in Forties Shares pursuant to relevant accounting policies. Therefore, the net profit decreased significantly as compared with that of the corresponding period of the previous year. However, the principle businesses of the Company developed steadily, sound growth was maintained in our insurance business and banking business.

Looking forward into the fourth quarter, the situation in capital market will still not be optimistic. Further impairment is possible if the share price of Fortis Group continue to drop significantly. The fluctuations of the fair value of Fortis Shares and the uncertainty concerning the tax impact of the underlying investment loss are expected to exert significant impact on the net profit of the Group for this year.

The Company has learned a lesson from the Fortis investment which has been affected by the financial storm, and the Company will re-examine its asset allocation and investment strategies, rationalize and reinforce risk exposure control, correspond timely to the environment, and capitalize on the opportunities arising from the future development of the financial industry, so as to create long-term and stable value for its shareholders and customers and the society.

Business Result



3Q2007

3Q2008

(in RMB million)

Total income: 106,426

Net profit: 15,388

EPS (in RMB): 2.11

(in RMB million)

Total income : 74,804

-29.7%

Net profit: 1,804

-88.3%

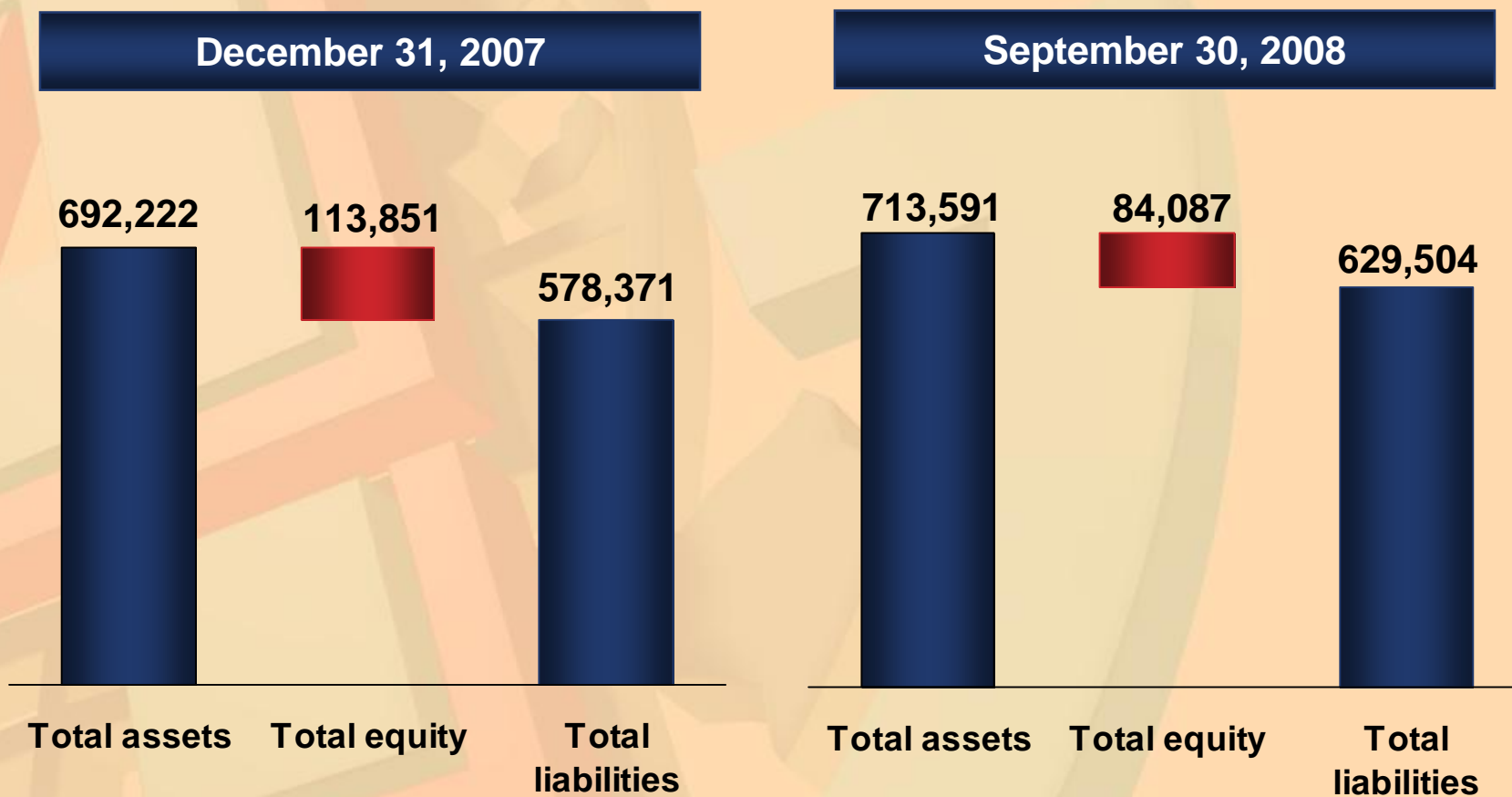
EPS (in RMB) : 0.22

-89.6%

Assets & liabilities



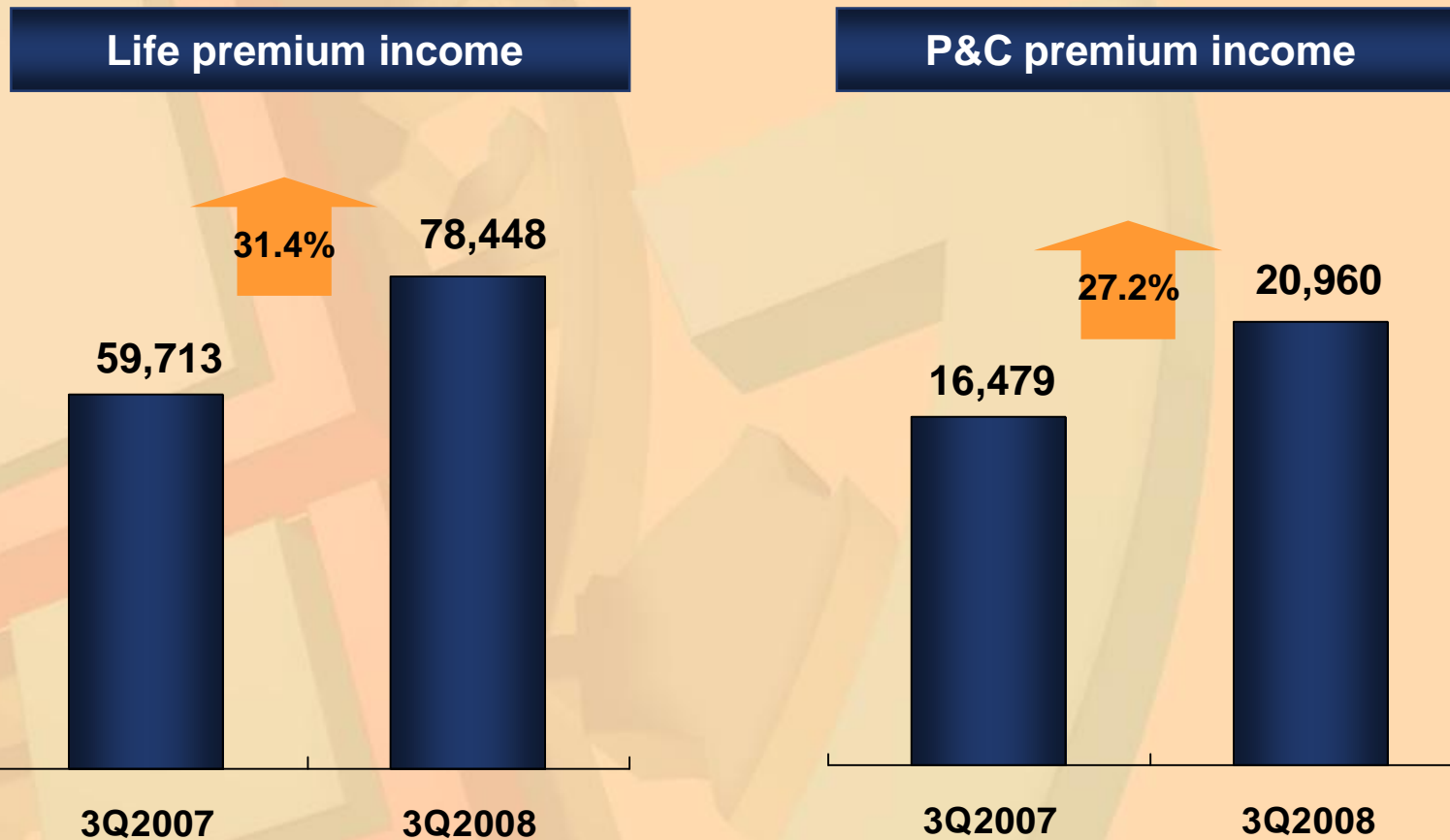
(in RMB million)



Insurance Business Premium Income



(in RMB million)



Note: Life premium income includes gross written premiums, policy fees and premium deposits. P&C premium income is gross written premiums.

Income Statement Highlights⁽¹⁾



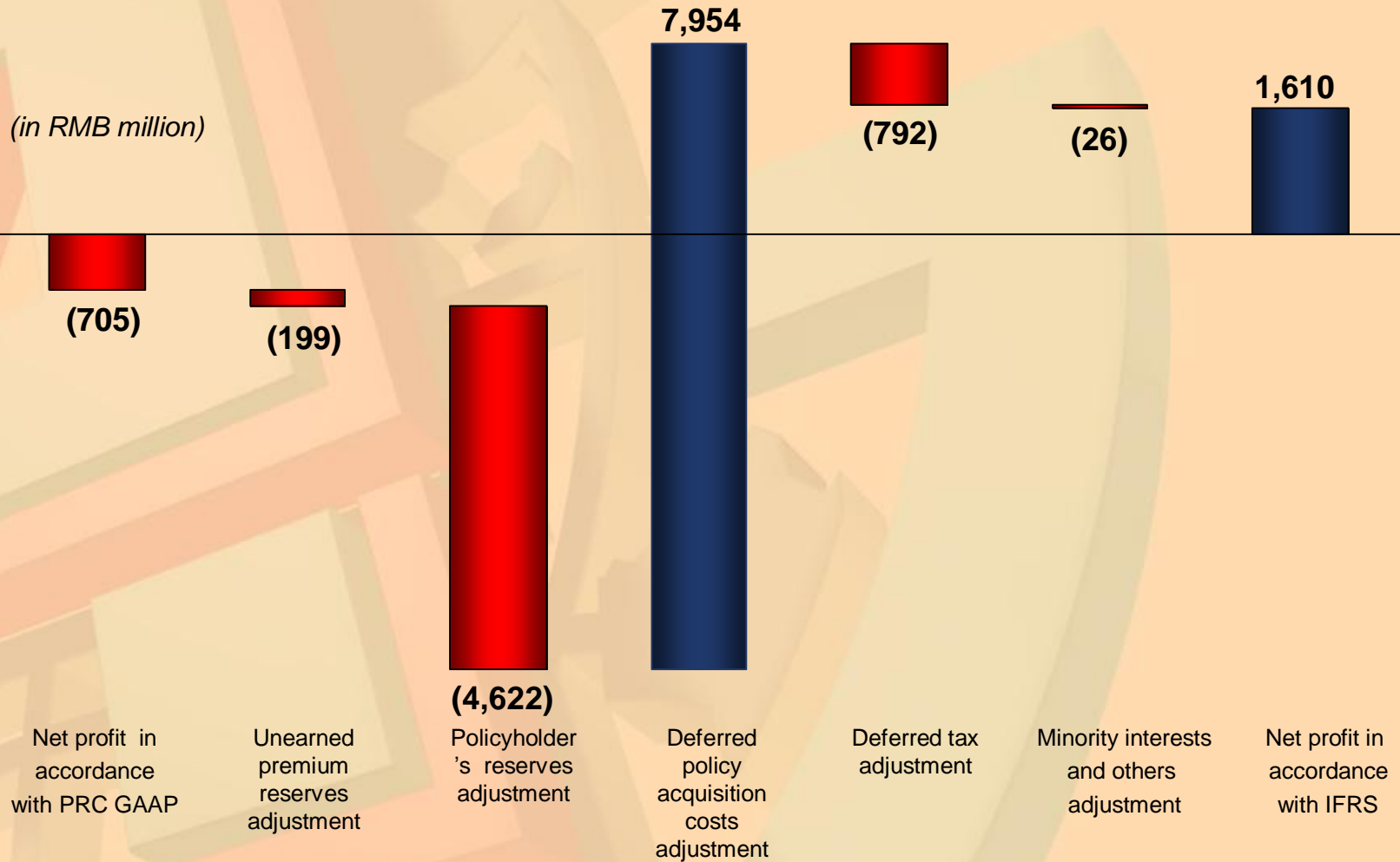
<i>(in RMB million)</i>	3Q2008	3Q2007	Growth
Gross written premiums and policy fees	75,809	61,898	+22.5%
Interest income of banking operations	5,185	3,625	+43.0%
Other fees and commission income	1,640	2,138	-23.3%
Investment income	-3,114	42,863	—
Total income⁽¹⁾	74,804	106,426	-29.7%
Insurance related payment ⁽²⁾	(49,090)	(64,828)	-24.3%
Fees and commission expenses ⁽³⁾	(11,126)	(8,455)	+31.6%
Interest expenses of banking operations	(2,057)	(1,085)	+89.6%
General and administrative expenses	(12,781)	(14,694)	-13.0%
Net profit⁽¹⁾	1,804	15,388	-88.3%

(1) These figures just includes some core accounting subjects, so Income & Net profit results can not be directly calculated.

(2) Includes change in deferred policy acquisition costs , claims and policyholders' benefits.

(3) Includes commission expenses of insurance operations , other fees and commission expenses.

Reconciliation of Net Profit between PRC GAAP and IFRS Basis



Note: Net profit in accordance with PRC GAAP and IFRS excludes minority interests