

Consolidated Balance Sheet

As at December 31, 2007
(in RMB million)

	December 31, 2007	December 31, 2006
ASSETS		
Cash on hand and at bank	72,740	42,585
Balances with clearing companies	2,027	875
Precious metal	–	111
Placements with banks and other financial institutions	1,192	1,727
Held-for-trading financial assets	84,938	44,003
Derivative financial assets	177	21
Financial assets purchased under agreements to resell	36,457	7,251
Interest receivables	4,187	3,249
Premium receivables	4,568	3,073
Receivable from reinsurers	2,212	795
Unearned premium reserves receivable from reinsurers	2,615	2,437
Claim reserves receivable from reinsurers	2,304	1,724
Policyholders' reserves for life insurance receivable from reinsurers	6	–
Long-term reserves for health insurance receivable from reinsurers	6	–
Policy loans	2,411	1,381
Loans and advances to customers	63,125	49,152
Deposits with stock and futures exchanges	887	334
Term deposits	41,731	65,416
Available-for-sale financial assets	178,539	95,200
Held-to-maturity investments	127,736	129,250
Long-term equity investments	2,207	415
Goodwill	610	409
Statutory deposits	1,560	1,520
Investment properties	4,051	1,660
Fixed assets	7,894	4,552
Intangible assets	3,621	940
Deferred tax assets	87	888
Other assets	3,216	4,320
Total assets	651,104	463,288

	December 31, 2007	December 31, 2006
LIABILITIES AND SHAREHOLDERS' EQUITY		
LIABILITIES		
Short-term borrowings	3,719	527
Due to banks and other financial institutions	7,532	3,465
Guarantee deposits	5,398	5,485
Placements from banks and other financial institutions	175	992
Derivative financial liabilities	189	178
Financial assets sold under agreements to repurchase	13,980	14,573
Customer bank deposits	72,133	66,725
Customer brokerage deposits	14,394	3,750
Premiums received in advance	2,981	1,352
Handling charges and commission payable	1,104	894
Due to reinsurers	2,416	746
Salary and welfare payable	4,732	2,133
Taxes payable	1,907	1,166
Interest payable	574	287
Claims payable	5,161	3,981
Policyholder dividends payable	7,006	4,107
Policyholder deposits and investments	5,287	4,049
Unearned premium reserves	15,730	12,937
Claim reserves	7,645	6,480
Policyholders' reserves for life insurance	320,359	248,574
Long-term reserves for health insurance	37,213	30,694
Long-term borrowings	3,218	155
Deferred tax liabilities	4,822	1,441
Other liabilities	4,211	1,971
Total liabilities	541,886	416,662

	December 31, 2007	December 31, 2006
LIABILITIES AND SHAREHOLDERS' EQUITY <i>(Continued)</i>		
SHAREHOLDERS' EQUITY		
Share capital	7,345	6,195
Capital reserves	72,111	23,246
Surplus reserves	7,629	6,120
General risk provision	1,939	517
Retained profits	18,252	9,182
Foreign currency translation differences	(42)	-
Attributable to shareholders' of the parent	107,234	45,260
Minority interests	1,984	1,366
Total shareholders' equity	109,218	46,626
Total liabilities and shareholders' equity	651,104	463,288

Consolidated Income Statement

For the year ended December 31, 2007
(in RMB million)

	2007	2006
Operating income		
Premium income	100,945	85,405
Including reinsurance premium income	85	28
Less: Premium ceded to reinsurers	(4,298)	(4,271)
Change in unearned premium reserves	(2,615)	(2,289)
Earned premium	94,032	78,845
Interest income from banking operations	5,314	192
Interest expense of banking operations	(1,565)	(80)
Net interest income from banking operations	3,749	112
Fees and commission income	2,616	657
Fees and commission expenses	(570)	(92)
Net income from fees and commission	2,046	565
Investment income	56,950	21,292
Gains from changes in fair values	6,885	6,895
Foreign exchange losses	(501)	(463)
Other operating income	2,043	673
Total Operating income	165,204	107,919
Operating expenses		
Surrenders	(13,333)	(8,617)
Claims paid	(26,998)	(18,081)
Less: Reinsurers' share of claims paid	2,443	2,446
Change in insurance contract reserves	(77,545)	(56,160)
Less: Reinsurers' share of insurance contract reserves	592	29
Policyholder dividends	(3,514)	(1,487)
Expenses for reinsurance accepted	(16)	(4)
Business tax and surcharges	(3,656)	(1,637)
Insurance related handling charges and commission	(10,838)	(8,074)
General and administrative expenses	(15,465)	(10,008)
Less: Reinsurers' share of expenses	1,167	1,548
Other operating expenses	(585)	(158)
Impairment losses	(289)	(5)
Total operating expenses	(148,037)	(100,208)
Operating profit	17,167	7,711
Add: Non-operating income	569	87
Less: Non-operating expenses	(253)	(62)
Profit before tax	17,483	7,736
Less: Income taxes	(1,902)	(240)
Net Profit	15,581	7,496
Attributable to:		
Shareholders of the parent	15,086	7,342
Minority interests	495	154
	15,581	7,496
Earnings per share	RMB	RMB
Basic and diluted earnings per share	2.11	1.19

COMPONENTS OF ECONOMIC VALUE

(in RMB million)	31 December, 2007	31 December, 2006
Risk discount rate	Earned Rate/11.5%	Earned Rate/12%
Adjusted net asset value	107,032	46,282
Adjusted net asset value of life insurance business	30,128	19,056
Value of in-force insurance business written prior to June 1999	(9,058)	(20,932)
Value of in-force insurance business written since June 1999	61,921	48,011
Cost of holding the required solvency margin	(9,585)	(7,788)
Embedded value	150,311	65,573
Embedded value of life insurance business	73,407	38,347

(in RMB million)	31 December, 2007	31 December, 2006
Risk discount rate	11.5%	12%
Value of one year's new business	8,254	6,007
Cost of holding the required solvency margin	(1,067)	(875)
Value of one year's new business after cost of solvency	7,187	5,132

Note: Figures may not be additive due to rounding.

The adjusted net asset value is based on the audited shareholders net assets of the Company and the relative life insurance business as measured on the PRC statutory basis. The relative life insurance business includes business conducted through Ping An Life, Ping An Annuity and Ping An Health. The values placed on certain assets have been adjusted to the market value.