

GROUP STRATEGIC OVERVIEW



Our Vision and Aspirations

Ping An Mission Statement

- Become one of the-best-in-class integrated financial services providers in the world with a core insurance franchise
- Consistently deliver stable and healthy profit growth and returns

Ping An Strategy

- Create value for shareholders by riding the rapid wave of growth in the financial services in China, focusing on faster growing geographies and segments, and leveraging on our increasing economies of scale, skill and scope to capture as much share of wallet as possible, as fast and as efficiently as possible
- Create value for our customers by providing bundles of products and services in a way that provides better proposition to the customers, than if the products were purchased separately from us or from elsewhere
- To execute this strategy building on our core insurance strengths, as one company, with one culture, one brand, and one system, leveraging global best practices
- Maintain strong capital and financial position

We have successfully established a leading insurance franchise

Beginning – 1988

- A regional P&C insurance company in Shenzhen
- Focused on commercial property business
- Total assets of RMB53 million, total revenue of RMB6.0 million and net profit of RMB2 million¹
- Total 22 employees

Now – 1H2005

- A pre-eminent insurance group in China with a multiple financial services offering capability
 - ◆ 2nd largest life insurer by market share
 - ◆ 3rd largest P&C insurer by market share
- Over 36 million customers
- Nationwide extensive distribution networks
- Professional management team with international experience
- Approximately 36,000 employees plus 200 thousand sales agents
- HSBC as our major international shareholder
- Total assets of RMB264 billion, total revenue of RMB60 billion and net profit of RMB3,116 million in 2004²
- Market Capitalization of HK\$81.77 (US\$10.48bn) at 31 Dec 2004

¹ Based on PRC GAAP financials.

² Based on IAS financials, 2004 annual result

And built up strong competitive position in China

Competitive strengths

Winning Franchise

- I** Leading Insurance Franchise
- II** Focus on Profitable Business
- III** Well Recognized Brand Name
- IV** Strong Multi-Channel Distribution Capability

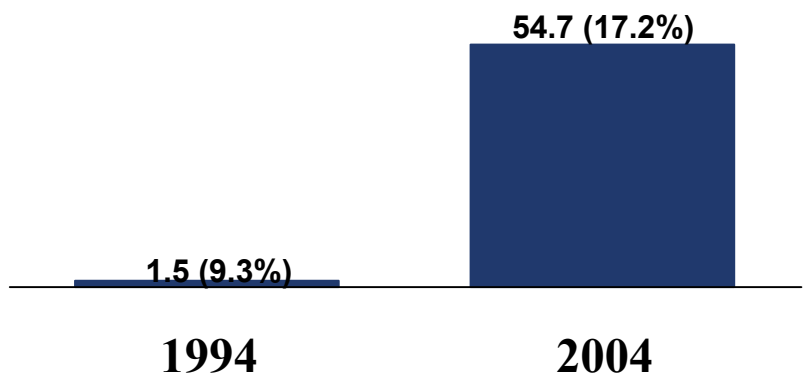
Distinctive Capabilities

- V** Value Driven Culture and Sound Corporate Governance
- VI** Experienced Management Team with International Expertise
- VII** Focus on Innovation
- VIII** Strong Investment Management Capability
- IX** Leading IT Systems
- X** Multiple Financial Services Platform to Capture New Business Opportunities

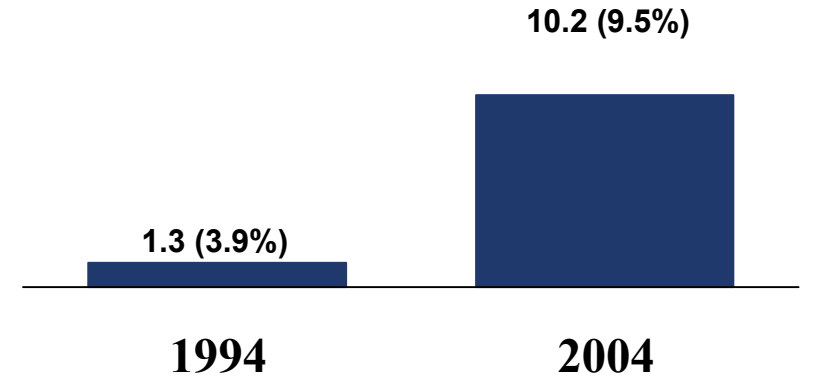
I Leading Insurance Franchise

We Have Established a Leading Insurance Franchise, Particularly in Developed Coastal Areas ...

We have Managed Rapid Growth in Life Insurance Business (Premium RMB billion) ...



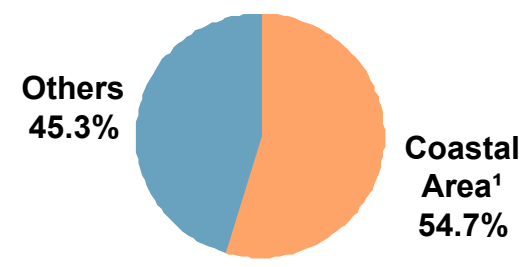
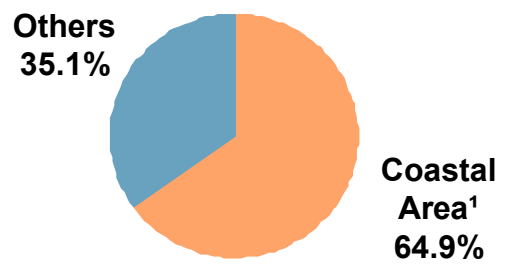
... And P&C Insurance Business (Premium RMB billion) ...



Our Focus on Developed Coastal Areas – 2003 Premium Breakdown by Region

Ping An

Industry



() Our Market Share

Note: Based on PRC GAAP financials.

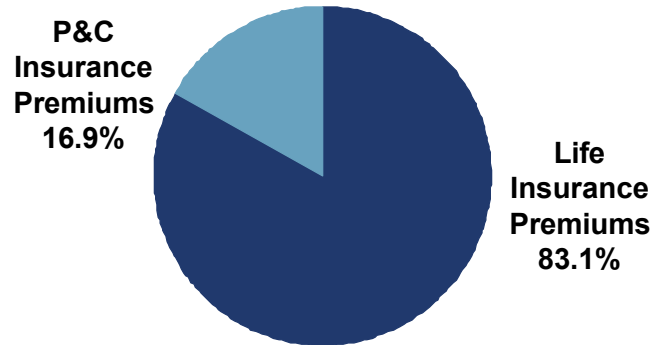
Source: Year Books of China's Insurance;

¹ Includes Beijing, Shanghai, Tianjin, Liaoning, Shandong, Jiangsu, Zhejiang and Guangdong.

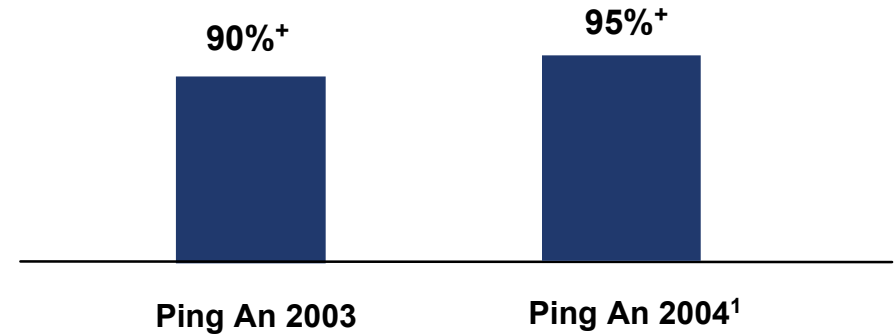
Focus on Profitable Business

Focus on the Most Profitable Business

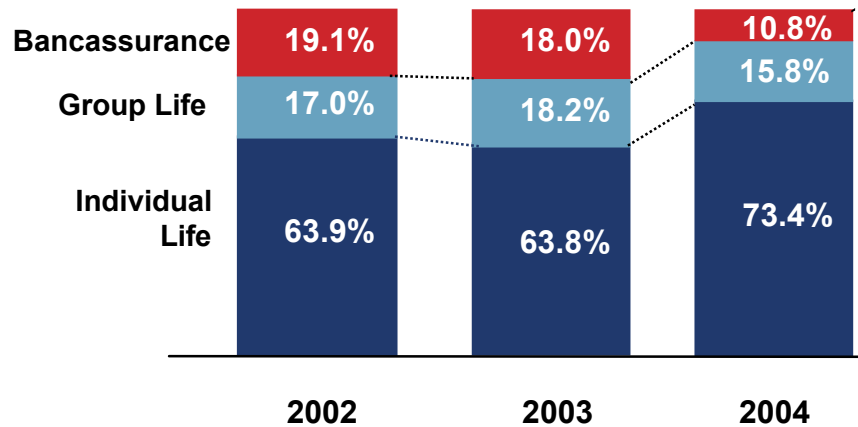
Pre-dominantly Life Insurance Focused – 2004 Premium Breakdown



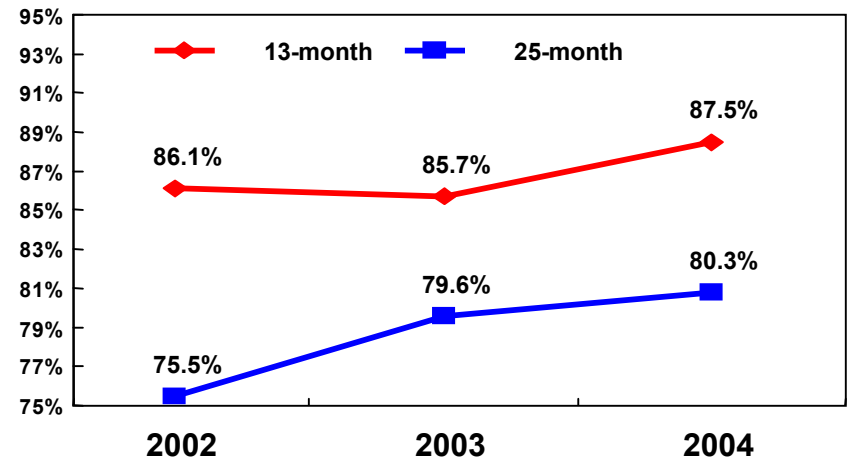
... And focus on Regular Premium Products (Regular Premium as % of Total Individual Life First Year Premiums Comparison)



With a Focus on Individual Life Business (Life Insurance Premium Breakdown by Channel) ...



With solid and improving policy Persistency Ratio (Individual Life)



¹ Based on CIRC data

Well Recognized Brand Name

We Enjoy one of the Highest Brand Recognitions

Our Awards and Achievements

- Rated Among **Top Ten Chinese Global Brands** By Financial Times
- **The great favorite brand by consumer** in 2004 by People's Daily and China Quality and Brand
- Ranked **No.1 of the most energetic enterprise in the PRC** in 2004 by China National Industrial and Commercial Association
- Our selection as **one of the most respected enterprises in the PRC** in 2001, 2002, 2003 and 2004 by Economics Observer
- **The best customer relationship management practice** in the PRC insurance sector in 2002, 2003 and 2004 by the Greater China Customer Relationship Management Association
- **First in information technology capabilities** among PRC insurance companies by the National Informatization Evaluation Center

IV

Strong Multi-Channel Distribution Capability

We Have Established an Extensive Nationwide Distribution Network ...

Broad Nationwide Presence

Extensive Distribution Network



- Sales Outlets**
 - 70 branches
 - 3,600 sub-branches

- Individual**
 - Over 180,000 individual life agents
 - More than 21,000 bancassurance outlets

- Corporate**
 - Approximately 8,000 direct sales representatives

- Intermediary**
 - Approximately 7,600 insurance agencies and brokers

- Alternative**
 - PA18 internet portal
 - Nationwide call centers

● Regional Office



Value-Driven Culture and Sound governance

Value-Driven Corporate Culture

Corporate Culture

- “Global standards, local advantages” (国际化标准，本土化优势)
 - ◆ Effective adoption of international best practices
 - ◆ Built upon strong local advantages
- Value driven
 - ◆ Profitability as the key measurement of performance
 - ◆ People management that are based on principles of competition, reward and motivation
 - ◆ Accountability to shareholder, customers, employees and society



专业·价值

- Profit driven
- Professionally managed with reference to international practices
- Innovative with strong change mindset
- Attract, develop, and retain best talents
- Visionary and strong leadership

Value-Driven Culture and Sound Governance

Sound Governance

		Sound Governance Practice
Board Level		<ul style="list-style-type: none"> ■ Diversified shareholding structure ■ Early introduction of international shareholders (GS, MS in 1994) ■ 3 independent Non-Executive Directors appointed to the Board ■ Various Board Committees (Audit Committee, Compensation Committee)
Company Level	Management Committees	<ul style="list-style-type: none"> ■ Investment management committee, budget committee and risk management committee in place to assist senior management in overseeing our operations
	Internal Audit	<ul style="list-style-type: none"> ■ Appointed the Chief Internal Audit Officer (CIAO) to work closely with the Audit Committee, chaired by an independent non-executive Director
	Financial Management	<ul style="list-style-type: none"> ■ Engaged international accounting firm for 10 years ■ Real time accurate financial reporting ■ Annual budgeting system to further strengthen financial/cost control ■ Engaged actuarial consultants since 1995

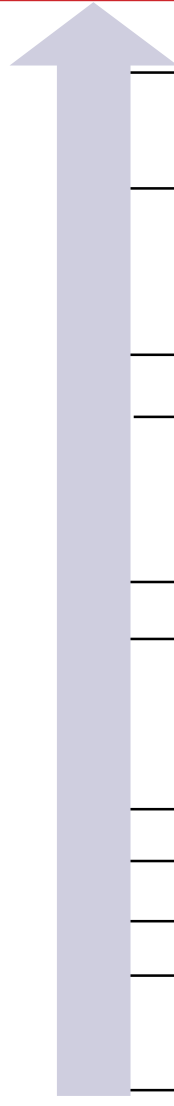
Strong Management Team with International and Local Experience

Name	Current Position	Selected Experience Highlight
MA Mingzhe	■ Chairman & CEO	■ Founding member of the Company
SUN Jianyi	■ Group Executive VP &VCEO	■ Executive Vice-President since 1994 and Executive Director since 1995
CHEUNG Chi Yan Louis	■ Group COO and CFO	■ Former global partner of McKinsey & Company,
KU Min-shen	■ Group VP & CHRO	■ Former Human Resources Director of Unilever HPC China
YOUNG Wen Binn	■ Group VP and Chairman of Ping An Assets Mgt	■ Former Managing Director and Chief Investment Officer of Aetna Life Insurance Company (Tokyo, Japan)
LEUNG Ka Kui Dominic	■ Chairman & CEO of Ping An Life	■ Former Managing Director of Prudential Corporation Asia Ltd., Greater China
CAO Shifan	■ Chairman& CEO of Ping An P&C	■ Former Assistant President and Vice-President of Ping An Group
Chen Qiang	■ President of Ping An P&C	■ Former GM of AIU of Taiwan
Wang Liping	■ Group VP& Chairman of Ping An Annuity	■ Former Chairman and CEO of Ping An life
Ye Li Cheng	■ Chairman of Ping An Securities	■ Former CEO of DBS Securities HK
Chen Kunde	■ President of Ping An Bank	■ Former senior VP of Taiwan China Trust
MELDRUM Stephen Thomas	■ Group VP & CAO	■ Vice-President and Head of International Strategy Division of Lincoln National plc.
NG Koon Sun	■ Group VP & Chairman of Ping An Health	■ Former Chief Executive Officer of United Healthcare Asia Limited
LO Sai Lai	■ Head of Group IT & GM of Information Management Center	■ Senior researcher at the Olivetti and Oracle Research Laboratories

■ **More than half of Ping An's top 10 senior managers and approximately one-third of Ping An's top 50 managers have experience in the International insurance industry**

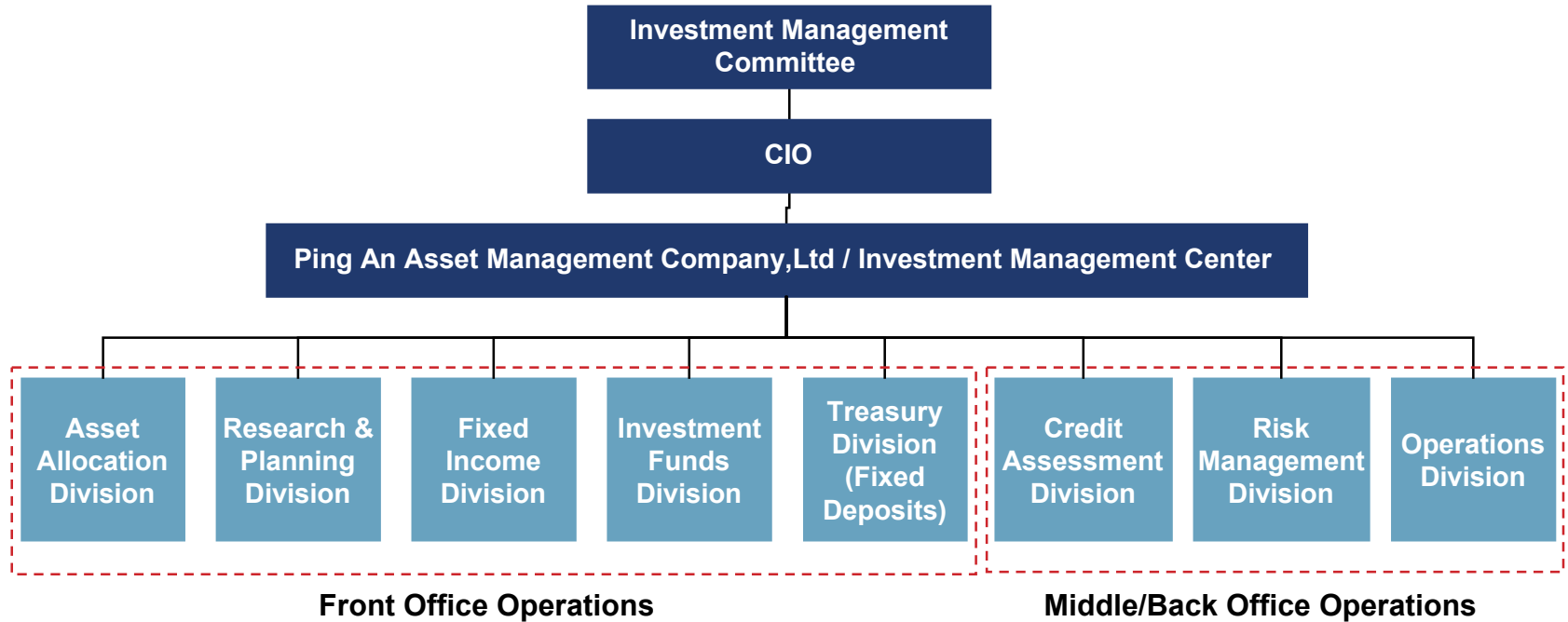
VII Focus on Innovation

Riding the Curve of Competition

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- 2005 Established Ping An Asset Management Company, Ltd
Established Ping An Health Insurance Company, Ltd.
 - 2004 Ping An listed on Hong Kong Stock Exchange
Purchased Fujian Asia Bank Ltd. And renamed to Ping An Bank Limited
Established Ping An Annuity Insurance Company, Ltd.
 - 2003 Introduced nationwide auto claims services
 - 2002 HSBC strategic investment
Developed detailed auto and fire rating program
Established integrated customer contact management system
 - 2001 Introduced on-line auto claims processing
 - 2000 Established 24 x 7 nationwide call center and PA18 Internet financial portal
Centralized financial management and implemented real time reporting
First to launch unit-linked products; Introduced bancassurance channel
 - 1998 Established value based KPI management system
 - 1997 Centralized treasury function and investment management
 - 1996 Established professional underwriting and claims management system
 - 1994 Goldman Sachs and Morgan Stanley strategic investment
First to introduce individual life agency based distribution model
 - 1988 Established as a regional P&C insurance company in Shenzhen

Strong Investment Management Capability

Best Practice in Investment Structure, Process and Technical Support



- Strategic asset allocation based on ALM as long-term goal
- Tactical asset allocation within budgeted risk limit to enhance yield/return
- Prudent overall risk exposure limiting volatility to investment income and capital

IX Cutting-Edge IT Platform

We are the IT Leader in the Industry

- Ranked first in the insurance sector in 2003 based on National Informatization Evaluation Center “Power 500 Survey on domestic enterprises’ IT capability
- Cooperation with HSBC to accelerate back office consolidation

Strong IT Capabilities

- Strong IT team
- Unified IT platform
- Web-enabled applications
- Advanced consistent technology standards
- Cross products customer centric database
- Cross channels customer contact history database

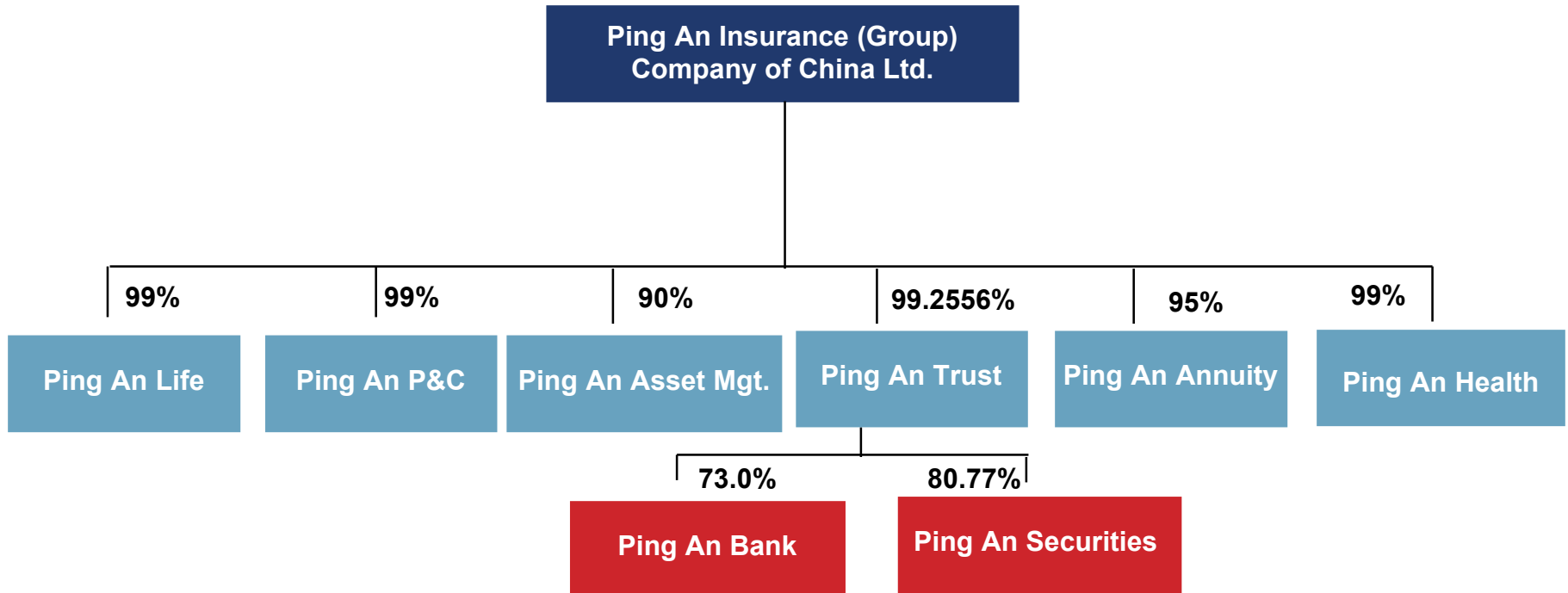
Highlights of Recent Achievements

- Completed the consolidation of our business data into two mutually back-up datacenters
- Established a nationwide life customer call center
 - ◆ P&C 24x7 nationwide call center became operational in 2003
- Created a centralized database of over 30 million life and P&C customers
- Established PA18 Internet financial portal as an entry point to our internet-enabled business support system and e-commerce platform that allow
 - ◆ Online securities trading
 - ◆ Direct online insurance product sale (cargo transportation)
 - ◆ Tailor-made service to our biggest group customers, e.g. China Mobile
 - ◆ Our online auto-insurance claims processing system (first in China)
 - ◆ Agents to use a purpose-built sales support application to create personalized insurance proposals on laptops and PDAs (first in China)

X

Multiple Financial Services Platform

Unique Financial Services Platform



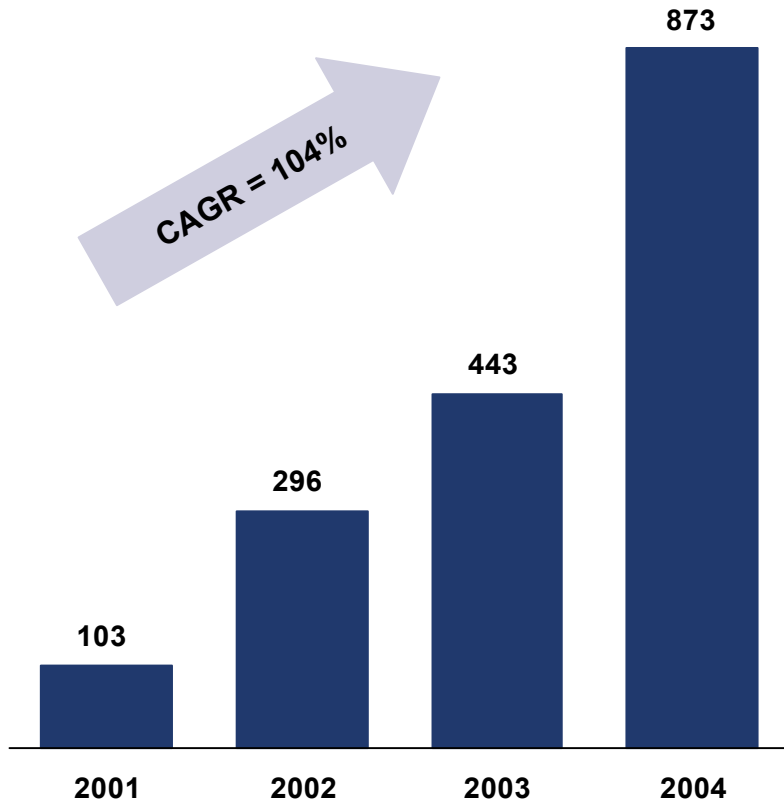
Single brand name, a unified IT platform and HR, financial reporting and risk management system

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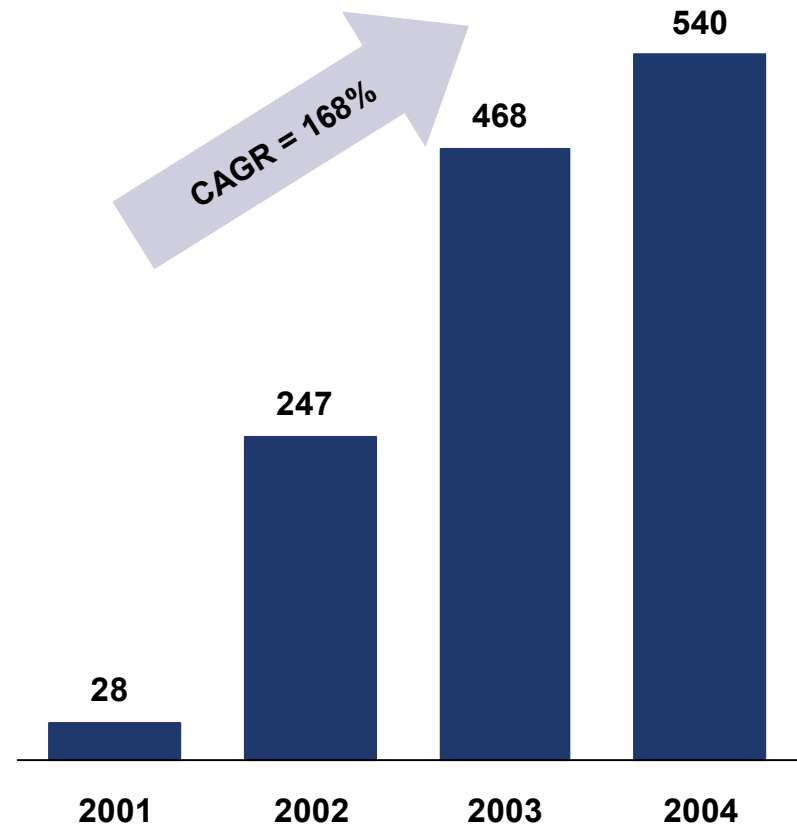
Multiple Financial Services Platform

Our Cross-Selling Has Achieved Its Initial Success

Life Insurance Agents Cross-Selling
P&C Products (Premiums, RMB million)



P&C Customers Purchasing Life
Insurance Policies (Premiums, RMB million)



Income Statement Highlights

(RMB million)	2004	2003	Growth
Gross written premiums	60,049	63,134	-4.9%
Total Investment income	6,488	6,343	2.3%
<u>Total revenue</u>	<u>63,251</u>	<u>66,623</u>	<u>-5.1%</u>
Insurance related payment (1)	(48,179)	(52,318)	-7.9%
General and administrative expense	(5,922)	(5,505)	7.6%
Operating profit	3,747	2,816	33.1%
<u>Net profit</u>	<u>3,116</u>	<u>2,320</u>	<u>34.3%</u>

(1) Includes claims and policyholders' benefits, change in DAC and policyholders' reserves

Segment Results

(RMB millions)	Life	P&C	Group Total
Gross written premiums	49,899	10,150	60,049
Total Investment income	5,762	244	6,488
<u>Total revenue</u>	<u>55,244</u>	<u>7,180</u>	<u>63,251</u>
Insurance related payment (1)	(43,929)	(4,250)	(48,179)
General and administrative expense	(3,653)	(1,742)	(5,922)
Operating profit	3,037	432	3,747
<u>Net profit</u>	<u>2,704</u>	<u>217</u>	<u>3,116</u>
<u>Net Profit Growth Rate</u>	<u>38.7%</u>	<u>126.0%</u>	<u>34.3%</u>

(1) Includes claims and policyholders' benefits, change in DAC and policyholders' reserves

Gross Premium Income

Managing profitability through business mix

(RMB million)	2004		2003		Growth
Individual	40,164	73.4%	37,568	63.8%	6.9%
Bancassurance	5,917	10.8%	10,562	18.0%	-44.0%
Group	8,648	15.8%	10,724	18.2%	-19.4%
Life total	54,729	100%	58,854	100%	-7.0%
Auto	6,232	61.4%	4,589	56.7%	35.8%
Non-Auto	3,545	34.9%	3,351	41.4%	5.8%
Accident&Health	373	3.7%	151	1.9%	147.0%
P&C total	10,150	100%	8,091	100%	25.4%

Individual life business gross written premiums, policy fees and premium deposits grew 6.9%, and the proportion of Individual life business grew to 73.4% from 63.8%.

Opportunities Going Forward

Huge opportunity for Ping An to become a leading integrated financial services player

Summary of perspectives

Market Opportunity

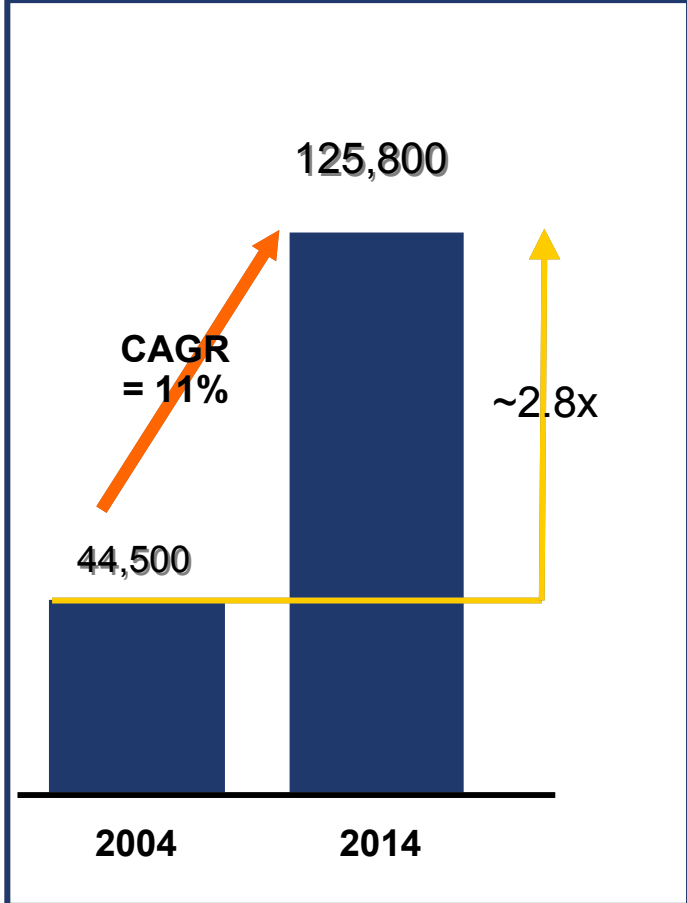
- Under-penetrated retail financial services will result in sustained rapid growth going forward, with retail banking and consumer finance growing the fastest
- Nascent customers whose preference in dealing with financial institutions has yet to be shaped
- Emerging multi-product customers allowing existing multi-product players to “grow with their wallet” and to cross-sell

Uniquely Positioned

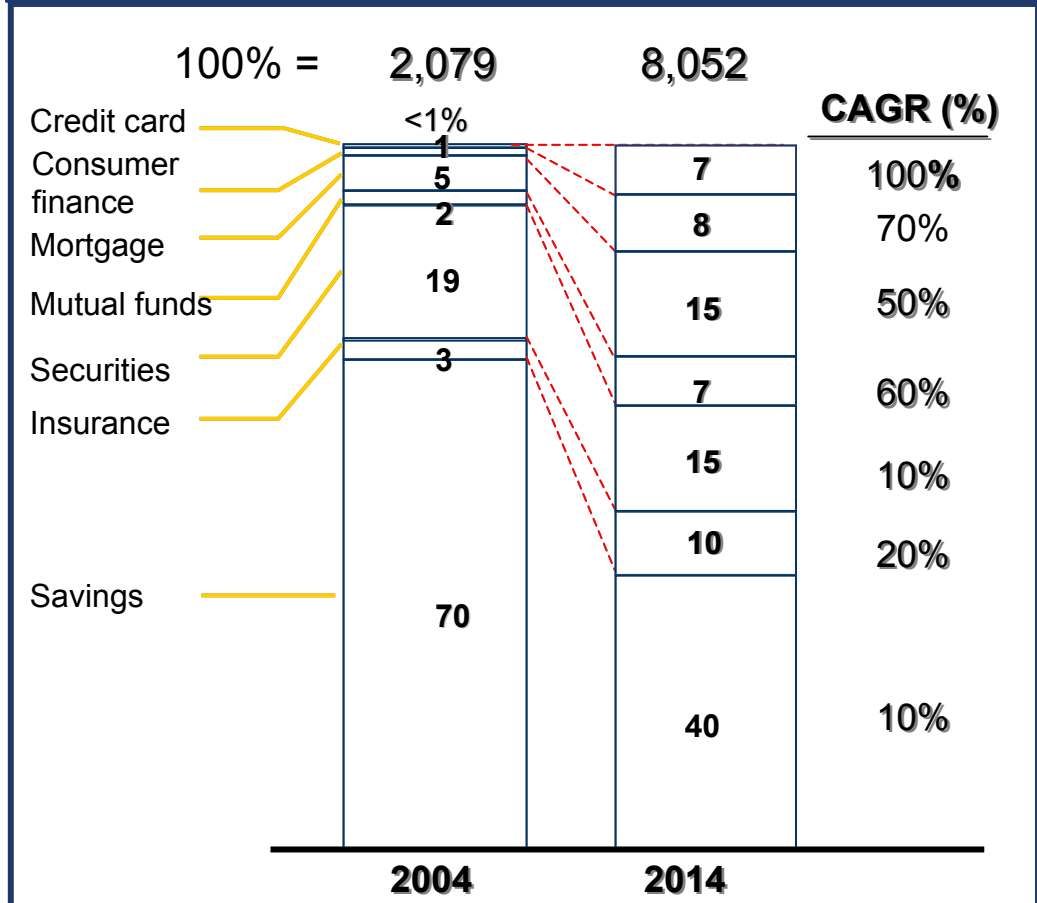
- Large customer base, strong multi-channel distribution network, and a unified and customer centric IT platform
- Strong brand recognition and high level of customer loyalty
- Multi-product capability and platform established with early successes in cross-selling
- Ability to partner with strong global players

Financial Wallet of Average Household is Expected to Grow ~3X

Average family “wallet” growth (CNY)

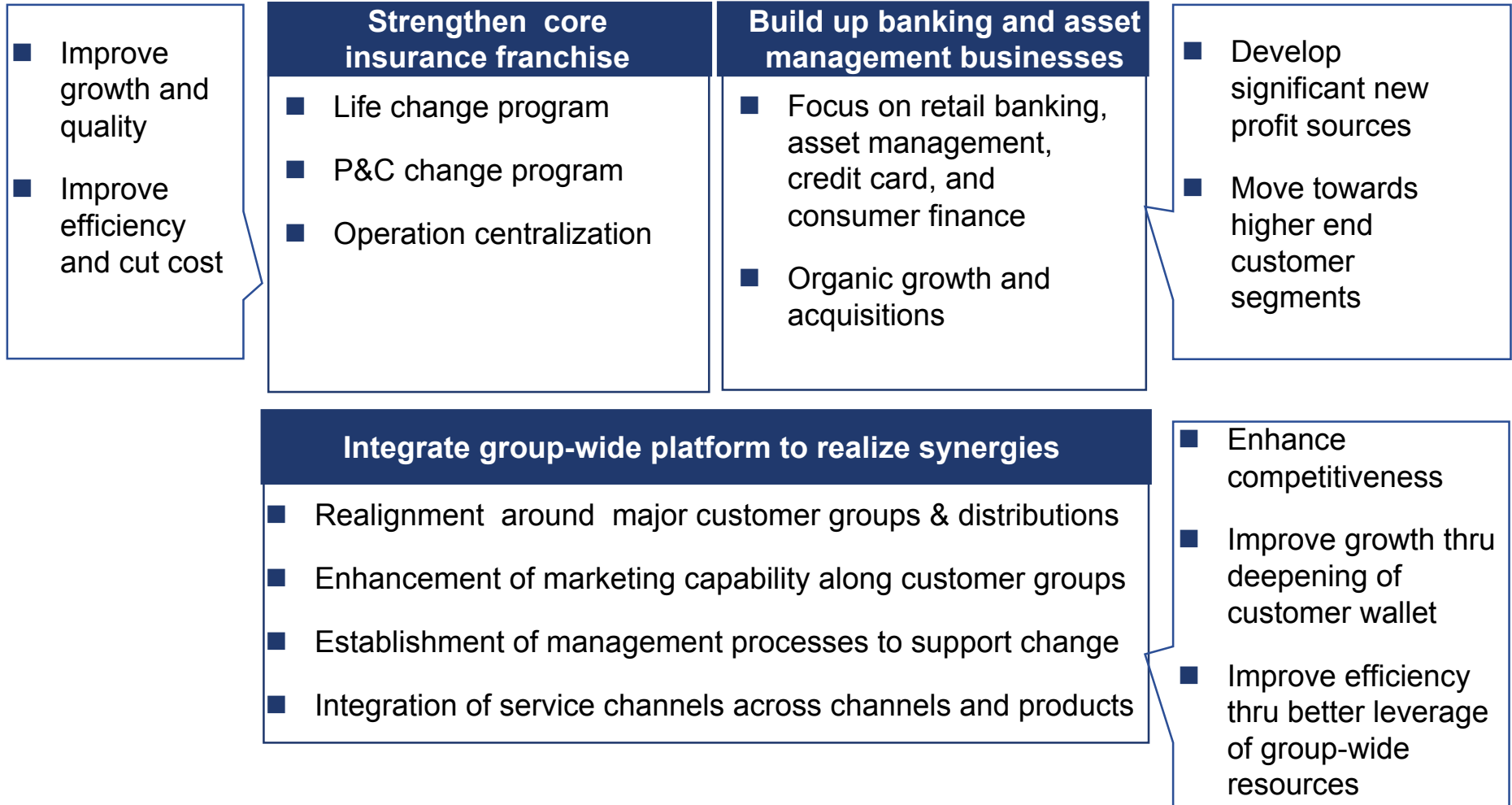


Expected change in share of wallet by financial product



*Mutual Funds and Annuity Funds; Source: Bank of Asia

Three Major Blocks of Initiatives



Initiatives being Implemented to Strengthen our Core Insurance Franchise

Strategic Initiatives

Strategic Goals

Enhance Competitiveness in Our Core Insurance Franchise

- Continue to effect structural changes to our business mix to further enhance overall profitability
- Further improve our channel productivity and efficiency
- Reorganize to enhance customer centricity in P&C business
- Strengthen underwriting and claims capability
- Explore alternative distribution channels
- Continue to build on our brand awareness and customer loyalty



- Sustained growth at above industry profitability
- High quality of new business written
- Widened leadership margin from domestic competitors in core capabilities

Centralize Operations to Cut Cost and Strengthen Control

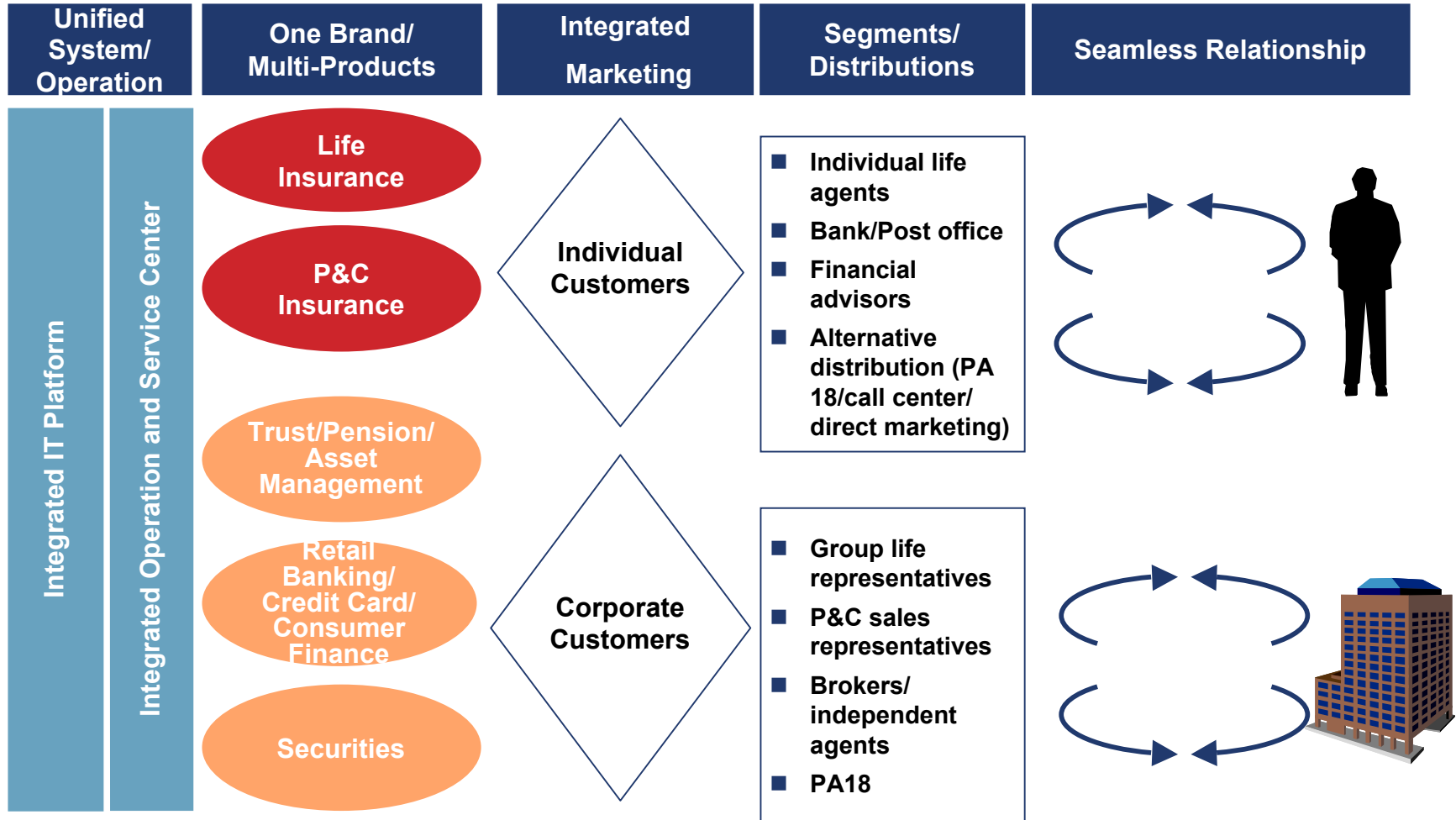
- Centralize our back office to significantly raise operational efficiency, risk control and standardization
- Further strengthen internal risk control/management capability



- Unit operating and risk costs significantly lowered
- Radically improved operational quality in accuracy, turnaround time, and service level

Move Towards a Customer-Centric Structure

Realignment to Effectively Leverage Resources Across the Group



 Opportunity to be fully explored

Deliver Superior Integrated Propositions to Our Customers

**Whatever your financial services and protection needs,
Ping An is there for you ...**

- Individual Life and Pension
- Auto and homeowners
- Health
- Credit card and consumer finance
- Asset management incl. Deposits, mutual funds, securities
- Financial transactions incl. Debit and credit cards

... Any time, Any where, and Any way

- Timely, high quality, and consistent services across products and channels
- One-stop customer centric services across products
- Seamless integration of service channels

**Value to our
customers**

Superior value propositions to customers than if they were to purchase the products and services separately, from us, or from elsewhere

Summary

- Under-penetrated and fast growing Chinese financial services market presents huge opportunity
- Ping An has established a strong value creation track record, and a leading position in its core insurance franchise, and has built up a multiple financial services platform in this market
- Ping An has a clear and ambitious integrated financial services strategy in place to further capture value in this rapidly growing and attractive market
- We believe that we have the best management team that consists of a combination of strong international and local talents to execute this strategy