

Chairman's Statement



Ma Mingzhe

Chairman and Chief Executive Officer

In 2006, the PRC economy maintained stable and rapid growth while investment, export and consumers' spending increased steadily. As the reform of the financial sector progressed successfully and the financial regulatory system further matured, the financial and insurance industries also sustained a healthy growth momentum. By leveraging on our strong foundation and competitive advantages, Ping An successfully achieved its strategic targets and grew profitably across its broad portfolio of businesses in this favourable economic environment. For the year ended December 31, 2006, Ping An recorded a net profit of RMB8 billion and a total income of RMB87.9 billion, representing a substantial increase of 87.6% and 35.3% respectively over the previous year.

In 2006, we achieved historical breakthroughs as well as made new progress in various segments of our businesses.

Enhanced growth in core insurance businesses

Our life insurance and property and casualty insurance businesses continued to grow profitably. As our premium growth rate surpassed the average market growth rate, our market share increased accordingly. Cross-selling sustained a strong growth momentum. Service quality was continuously improved, resulting in customers foundation being further strengthened.

Major breakthrough in banking business

Ping An successfully acquired Shenzhen Commercial Bank and formed a professional banking management team with extensive international experience. We will complete the integration of Ping An Bank and Shenzhen Commercial Bank in 2007 subject to the approval of the China Banking Regulatory Commission ("CBRC"). After restructuring, our banking business will expand from Shenzhen to Shanghai, Fuzhou and other cities, and gradually develop a nationwide platform.

Steady progress in investment and asset management business

With more liberal investment policies, our professional and internationally experienced investment team delivered record high investment returns. In addition to a steady growth in our own assets, we had a good start in the development of third party assets management business, where the total assets held in trust exceeded RMB16 billion.

Development of annuity business network

Ping An Annuity was approved by the China Insurance Regulatory Commission ("CIRC") to build a nationwide distribution and service network in 127 cities across 35 provinces. We will gradually expand our annuity business across the country.



Along with the steady achievements in our portfolio of businesses, Ping An has won various recognitions and awards. In 2006, Ping An was awarded one of “Asia’s Best Managed Companies” by Euromoney and was honored as one of the “Most Respectable Enterprises” for the fifth consecutive year. In a customer satisfaction survey of the life insurance sector in the PRC conducted by the CIRC, Ping An Life was ranked the first among 24 participants in terms of customer service satisfaction and other aspects.

Looking ahead at 2007, it is expected that the PRC economy will continue to develop rapidly and positively, personal wealth will continue to increase, and the opening up of the financial sector in the PRC to foreign entities will be accelerated. The Group is expected to benefit from all these developments. Ping An will adhere to its strategic missions and visions, maintain its leading position in the domestic market, create synergy across our portfolio of businesses, execute our “One Customer, Multiple Products” strategy, and constantly enhance our competitive advantages.

Prior to the release of this annual report, Ping An successfully completed its issue of A shares in the PRC capital market with overwhelming levels of oversubscription. As a domestic financial enterprise, the Group will benefit from this A shares listing in terms of its brand recognition, reputation and transparency in the PRC market, thus laying a solid foundation for our long-term development.

I would like to take this opportunity to express my sincere thanks to our customers, shareholders and members of the public for their wholehearted support to the Group.

Ma Mingzhe
Chairman and Chief Executive Officer

Shenzhen, PRC
April 11, 2007