PING AN
Insurance · Banking · Investment

中国平安保险(集团)股份有限公司
Ping An Insurance (Group) Company of China, Ltd.

(A joint stock limited company incorporated in the People's Republic of China with limited liability)
(Stock Code: 2318)

ANNOUNCEMENT OF AUDITED RESULTS FOR THE YEAR ENDED DECEMBER 31, 2014

The Board of Directors of Ping An Insurance (Group) Company of China, Ltd. (the "Company") hereby announces the audited results of the Company and its subsidiaries for the year ended December 31, 2014. This announcement, containing the full text of the 2014 Annual Report of the Company, complies with the relevant requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("the Hong Kong Stock Exchange") in relation to information to accompany preliminary announcement of annual results.

Both the Chinese and English versions of this results announcement are available on the websites of the Company (www.pingan.com) and the Hong Kong Stock Exchange (www.hkexnews.hk). Printed version of the Company's 2014 Annual Report will be delivered to the holders of H share of the Company and available for viewing on the websites of the Hong Kong Stock Exchange (www.hkexnews.hk) and the Company(www.pingan.com) in late April 2015.

By order of the Board of the Directors
Ma Mingzhe
Chairman and Chief Executive Officer

Shenzhen, PRC, March 19, 2015

As at the date of this announcement, the Executive Directors of the Company are Ma Mingzhe, Sun Jianyi, Ren Huichuan, Yao Jason Bo, Lee Yuansiong and Cai Fangfang; the Non-executive Directors are Fan Mingchun, Lin Lijun, Li Zhe, Soopakij Chearavanont, Yang Xiaoping and Lu Hua; the Independent Non-executive Directors are Tang Yunwei, Lee Carmelo Ka Sze, Woo Ka Biu Jackson, Stephen Thomas Meldrum, Yip Dicky Peter, Wong Oscar Sai Hung and Sun Dongdong.

Contents

Cautionary Statements Regarding Forward-Looking Statements
To the extent any statements made in this report contains information that is not historical are essentially forward-looking. These forward-looking statements include but are not limited to projections, targets, estimates and business plans that the Company expects or anticipates will or may occur in the future. These forward-looking statements are subject to known and unknown risks and uncertainties that may be general or specific. Certain statements, such as those include the words or phrases "potential", "estimates", "expects", "anticipates", "objective", "intends", "plans", "believes", "will", "may", "should", and similar expressions or variations on such expressions may be considered forward-looking statements.

Readers should be cautioned that a variety of factors, many of which are beyond the Company's control, affect the performance, operations and results of the Company, and could cause actual results to differ materially from the expectations expressed in any of the Company's forward-looking statements. These factors include, but are not limited to, exchange rate fluctuations, market shares, competition, environmental risks, changes in legal, financial and regulatory frameworks, international economic and financial market conditions and other risks and factors beyond our control. These and other factors should be considered carefully and readers should not place undue reliance on the Company's forward-looking statements. In addition, the Company undertakes no obligation to publicly update or revise any forward-looking statement that is contained in this report as a result of new information, future events or otherwise. None of the Company, or any of its employees or affiliates is responsible for, or is making, any representations concerning the future performance of the Company.

中国平安 PING AN

Technology Brings Integrated Finance to Life

We achieve for you
Steady growth of returns
To clamber up the mountain of wealth
With professionalism we maximize value.

We create for you
Professional and efficient services
And experience the lofty new heights of cloud technology
With technology, possibilities are limitless.

When integrated finance soars with wings of technology
“One gate” is opened
Leading to the experience of “one-stop” services.

Technology brings integrated finance to life
Expertise makes life simple.

Ping An rises above the competition and develops through innovation. As core finance and internet finance businesses place each other in the spotlight and grow in tandem, Ping An has become one of the leading personal financial services groups in China. It is the personal integrated financial services provider with the largest number of financial service licenses, widest range of business offering and tightest shareholding structure.

Ping An has set the goal of becoming a global leading personal financial services provider. Ping An aims to enhance the customer experience. The innovative “Ping An Chariot” management model was created. We focused on the needs of health, food, housing, transportation, and entertainment, and embedded our services into the daily lives of our customers. We created a mobile social financial services platform, formed a preliminary internet financial strategic system of “One Gate, Two Focuses, Four Markets” to help customers manage their wealth, health and lives, and offer them a faster, more convenient and efficient financial services experience.

Ping An of China: Expertise makes life simple.

Five-Year Summary

(in RMB million)	2014	2013	2012	2011	2010
GROUP					
Total income	**530,020**	421,221	339,193	272,244	195,814
Net profit	**47,930**	36,014	26,750	22,582	17,938
Net profit attributable to shareholders of the parent company	**39,279**	28,154	20,050	19,475	17,311
Basic earnings per share (in RMB)	**4.93**	3.56	2.53	2.50	2.30
Total assets	**4,005,911**	3,360,312	2,844,266	2,285,424	1,171,627
Total liabilities	**3,652,095**	3,120,607	2,634,617	2,114,082	1,054,744
Total equity	**353,816**	239,705	209,649	171,342	116,883
Equity attributable to shareholders of the parent company	**289,564**	182,709	159,617	130,867	112,030
Investment portfolio of insurance funds	**1,474,098**	1,230,367	1,074,188	867,301	762,953
Net investment yield of insurance funds (%)	**5.3**	5.1	4.7	4.5	4.2
Total investment yield of insurance funds (%)	**5.1**	5.1	2.9	4.0	4.9
Embedded value	**458,812**	329,653	285,874	235,627	200,986
Group solvency margin ratio (%)	**205.1**	174.4	185.6	166.7	197.9
INSURANCE BUSINESS					
Life Insurance Business					
Written premiums	**252,730**	219,358	199,483	187,256	164,448
Net profit	**15,689**	12,219	6,457	9,974	8,417
Net investment yield (%)	**5.3**	5.1	4.7	4.5	4.3
Total investment yield (%)	**5.0**	5.0	2.8	4.1	5.0
Embedded value	**264,223**	203,038	177,460	144,400	121,086
Solvency margin ratio – Ping An Life (%)	**219.9**	171.9	190.6	156.1	180.2
Property and Casualty Insurance Business					
Premium income	**143,150**	115,674	99,089	83,708	62,507
Net profit	**8,807**	5,856	4,648	4,979	3,865
Net investment yield (%)	**5.3**	5.3	4.8	4.6	4.0
Total investment yield (%)	**5.6**	5.4	3.3	3.9	4.2
Combined ratio (%)	**95.3**	97.3	95.3	93.5	93.2
Solvency margin ratio – Ping An Property & Casualty (%)	**164.5**	167.1	178.4	166.1	179.6
BANKING BUSINESS(2)					
Net interest income	**53,046**	40,688	33,036	18,371	5,438
Net profit	**19,802**	15,231	13,512	7,977	2,882
Net interest spread (%)	**2.40**	2.14	2.19	2.33	2.18
Net interest margin (%)	**2.57**	2.31	2.37	2.51	2.30
Cost/income ratio (%)	**36.33**	40.77	39.41	44.17	52.87
Total deposits	**1,533,183**	1,217,002	1,021,108	850,845	182,118
Total loans	**1,024,734**	847,289	720,780	620,642	130,798
Capital adequacy ratio (%)(3)	**10.86**	9.90	11.37	11.51	10.96
Non-performing loan ratio (%)	**1.02**	0.89	0.95	0.53	0.41
Provision coverage ratio (%)	**200.90**	201.06	182.32	320.66	211.07
INVESTMENT BUSINESS					
Trust Business(4)					
Total income	**6,538**	4,732	4,231	2,407	2,155
Net profit	**2,199**	1,962	1,484	1,063	1,039
Assets held in trust	**399,849**	290,320	212,025	196,217	136,955
Securities Business					
Total income	**4,026**	2,758	2,897	3,080	3,850
Net profit	**924**	510	845	963	1,594

(1) Certain comparative figures have been reclassified or restated to conform to relevant period's presentation.

(2) The figures of banking business in and after 2012 came from Ping An Bank's annual reports. The figures of banking business in 2011 included figures of Original SDB and Original Ping An Bank that were consolidated by the Group. In 2010, Original SDB was an associate company of the Company, and net profit of banking business included the share of profits from Original SDB based on the equity method and profit from Original Ping An Bank, other data of 2010 only related to the Original Ping An Bank.

(3) The capital adequacy ratio as at and after December 31, 2013 was calculated under the "Capital Rules for Commercial Banks (Provisional)" enforced by the CBRC, while the capital adequacy ratios as at and before December 31, 2012 were calculated under the "Rules for Regulating the Capital Adequacy Requirement of Commercial Banks" and relevant regulations enforced by the CBRC.

(4) In and after 2012, the figures of trust business include Ping An Trust and its subsidiaries which carry on the business of investment and asset management. In and before 2011, the figures of trust business are those of Ping An Trust.

Introduction

Ping An is dedicated to becoming a world-leading personal financial services provider. Backed by our integrated financial structure, local expertise, best practices in corporate governance with international standards, and single-brand, multi-channel distribution network, we provide insurance, banking, investment and internet finance services to nearly 90 million customers.

中国平安
PING AN
Ping An Insurance (Group) Company of China, Ltd.

INSURANCE

- Ping An Life
- Ping An Property & Casualty
- Ping An Annuity
- Ping An Health
- Ping An Hong Kong

Insurance business is one of the core businesses of the Group. After developing for many years, the Group has transitioned from a company with sole property & casualty business to a group which has gradually established a complete business system with four major subsidiaries: Ping An Life, Ping An Property & Casualty, Ping An Annuity and Ping An Health as its core business and providing clients with a full range of insurance products and services.

BANKING

- Ping An Bank

The Company operates its banking business through Ping An Bank. Banking business is propelled by the four engines, namely corporate, retail, interbank and investment banking, highlighting the four characteristics of "specialization, intensification, integrated finance and internet finance". It provides a full range of integrated finance services which include supply chain finance, investment bank, interbank business, micro loan business, personal consumer finance, credit card, auto financing and private bank.

INVESTMENT

- Ping An Trust
- Ping An Securities
- Ping An Asset Management
- Ping An Overseas Holdings
- Ping An Asset Management (Hong Kong)
- Ping An-UOB Fund
- Ping An Financial Leasing

Investment business is also one of the core businesses of the Company. Ping An Trust, Ping An Securities, Ping An Asset Management, Ping An Overseas Holdings, Ping An Asset Management (Hong Kong), Ping An-UOB Fund, and Ping An Financial Leasing together form the investment and asset management platform of the Company, providing customers with diversified investment products and services.

INTERNET FINANCE

Lufax Wanlitong PA Haoche PA Haofang Ping An Pay Ping An Health Cloud

Internet finance business will execute the strategic framework of "One Gate, Two Focuses, Four Markets" and promote the conversion between internet finance users and traditional finance customers through "obtaining customers online, migrating customers offline". It will focus on daily living scenarios of health, food, housing, transportation and entertainment, to build a leading internet finance products and services platform and provide Ping An users with high-quality one-stop service in a comprehensive financial and daily living environment.

SHARED PLATFORM

Ping An Technology Ping An Processing & Technology Ping An Direct Ping An Financial Technology

Ping An Milestones

May 27, 1988
"Ping An Insurance Company" was established as the first shareholding insurance company in China.

"Ping An Insurance Company" was formed.

June 4, 1992
The Company was renamed Ping An Insurance Company of China, becoming a national insurance company.

1994
Ping An brings on board Morgan Stanley and Goldman Sachs as its shareholders, becoming the first financial institution in China to introduce foreign investors.

Ping An was the first financial institution to introduce foreign investors.

1994
Ping An introduced the individual insurance sales system, as the pioneer of the individual insurance business in China.

The first individual life insurance policy in mainland China.

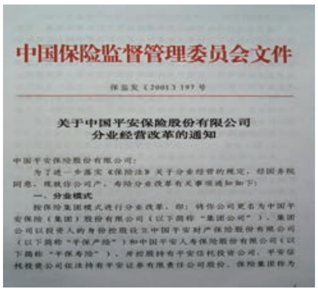
October, 1995
Ping An achieved a breakthrough in the establishment of Ping An Securities Company, Ltd, a non-insurance business in the financial sector.

April, 1996
Ping An acquired ICBC Pearl River Delta Financial Trust Joint Company, renaming it "Ping An Trust Investment Company".

October 8, 2002
HSBC Group takes a stake in Ping An, becoming its single largest shareholder.

HSBC Group became a shareholder of Ping An.

February 14, 2003
Ping An Insurance (Group) Company of China, Ltd. was established, becoming a pilot company for integrated operations in China's financial industry.



Ping An Group was established.

December, 2003
Ping An was given approval to acquire Fujian Asia Bank, which marked the start of its banking business.

June 24, 2004
Ping An Group was listed in Hong Kong as the largest IPO of that year, enhancing the Company's capital strength.

H shares of Ping An Group were listed.

May, 2006
Ping An's nationwide integrated operating center commenced operations in Zhangjiang, Shanghai, becoming the largest concentrated operating platform in Asia.

Ping An nationwide integrated operating center

July, 2006
Ping An acquired Shenzhen Commercial Bank, soon to be renamed as Ping An Bank.

March 1, 2007
Ping An Group was listed on the Shanghai Stock Exchange, which was the world's largest IPO of an insurance company at that time.

A shares of Ping An Group were listed.

July, 2011
Ping An became the controlling shareholder of Shenzhen Development Bank, which was later merged with original Ping An Bank and renamed as Ping An Bank, establishing a nationwide banking business framework.

SDB was renamed Ping An Bank.

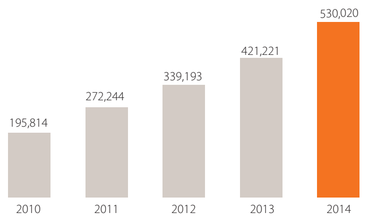
2012
Lufax was established, initiating the layout of Ping An's internet finance business.

May 21, 2014
Ping An ranked first under the global insurance category in the Top 100 Global Brands Study by Millward Brown, with a brand value of USD12.4 billion.

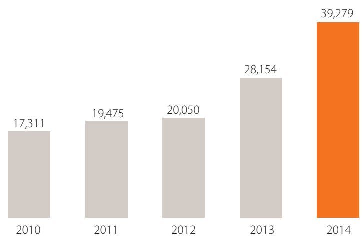
Business Performance at a Glance

- Net profit attributable to shareholders of the parent company reached RMB39,279 million, up by 39.5% compared to last year.
- Total assets of the Group reached RMB4 trillion with strengthening comprehensive competitiveness.
- Ping An Life's written premiums exceeded RMB240 billion. Ping An Property & Casualty's premium income surpassed RMB140 billion, and the business quality remained sound. The annuity business of Ping An Annuity maintained its leading position in the industry. Net investment yield of insurance funds was 5.3%, achieving the highest yield in 3 years.
- Ping An Bank continued business development with further transformations and structural adjustments, with its scale, returns and efficiency reaching a new height. It contributed profit of RMB11,297 million to the Group, up by 44.7% over last year.
- Ping An Trust's private wealth management business recorded stable growth, with the number of active and high net worth customers exceeding 30 thousand.
- The internet finance business made solid progress in its development, forming the strategic framework of "One Gate, Two Focuses, Four Markets". The volume of internet users reached 137 million, and application scenarios were enriched.

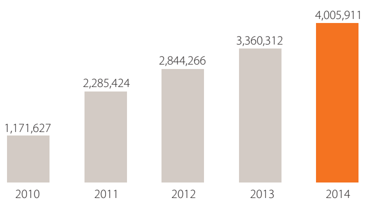
***Total Income** (in RMB million)*



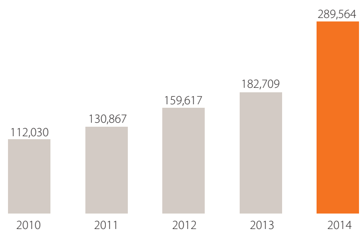
***Net Profit attributable to Shareholders of the Parent Company** (in RMB million)*



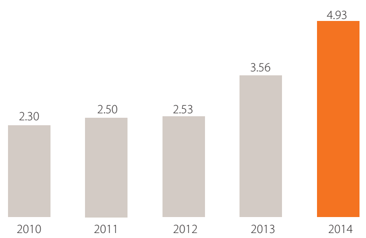
***Total Assets** (in RMB million)*



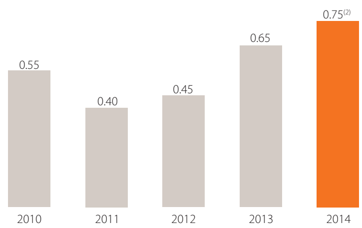
***Equity attributable to Shareholders of the Parent Company** (in RMB million)*



***Basic EPS** (in RMB)*



***Dividend per share**[(1)] (in RMB)*



(1) Dividend per share includes final dividend and interim dividend.

(2) The 2014 final dividend of RMB0.50 per share will be proposed for approval at the annual general meeting. In addition, the Company proposes to convert the capital reserve into share capital in the proportion of 10 shares for every 10 shares held. This proposal will also be proposed for approval at the annual general meeting.

Chairman's Statement

The year 2014 marks the tenth anniversary of Ping An's listing. In the past decade, Ping An underwent steady and rapid growth, in keeping with "Changes and Persistence". "Changes" were made to our strategies and platforms. We seized opportunities arising from the market transformation towards the new normal, adapted to the new trend, actively dealt with challenges, and kept driving the Company's business to new heights through ongoing reforms. In the past decade, the compound growth rate of Ping An's total assets exceeded 30%, with the same for earnings per share reaching 24%. "Persistence" refers to our belief. Ping An has always believed in "Thrive in Competition and Advance Through Innovation", and has always striven to achieve healthy, sustainable and long-term growth. No matter what the future holds, Ping An will always embrace the sense of crisis and urgency it had from the start and keep going forward boldly. "Only the brave and courageous come through in times of hardship, only through commitment can true value be achieved".

1. In 2014, Ping An Life launched the Customer Service Festival under the theme of "Ping An brings love, joy and health". The major events included activities such as the online Customer Service Festival, Chinese Youth and Children Ping An Action, as well as family talent contests, jogging sessions and ball boy services for CSL matches. The festival attracted over 8,000 thousand participants.

2. In 2014, Ping An Property & Casualty followed the internet finance development strategy and focused on consumer demands as well as customer experience, embedding its services from the four angles of "automobile insurance, automobile service, automobile life and automobile entertainment". We also established an internet financing platform and built an eco-system for car owners, with concrete breakthroughs in innovation and reforms. On November 23, 2014, we launched the first version of the "Carowner" APP, which received extensive market attention and positive user feedback.

3. On July 9, 2014, Ping An Bank jointly organized the "Pilot project on SMEs E-commerce Service cum Promotion Plan for Millions of Chinese Internet SMEs--Launching Ceremony for the Orange-e-Platform" in Shenzhen, in collaboration with the Internet Financing Working Committee of the Internet Society of China. Leveraging Ping An Bank's leading capability in supply chain finance, the internet finance is designed to follow the integrated development model of "SME e-commerce+ Internet Finance".

In 2014, the global economy continued to recover slowly, while the gap in growth rates widened across various economies. China's economy improved steadily, with active adjustments made to its structure and substantial breakthroughs achieved in reforms. In face of complex economic scenarios, the Company experienced an unprecedented sense of crisis and underwent thorough reforms. We enhanced our overall strategy, reinforced the "Ping An Chariot" model and concurrently developed the core finance business and internet finance business. In terms of core finance business, our insurance business achieved stable and healthy growth, with the quality maintaining its industry leadership. The net investment yield of our insurance funds reached a record high in recent years. The banking business developed innovative business models. While the business recorded rapid growth, its asset quality maintained at a healthy and stable level. The investment business implemented strategic transformations and strict risk management of projects. As we achieved remarkable results in our core finance business, we also made solid progress in the strategy and development of the internet finance business. We focused on users' daily needs in the areas of health, food, housing, transportation and entertainment, and made efforts in helping manage their wealth, health and lives, forming the strategic framework of "One Gate, Two Focuses, Four Markets". In 2014, the Ping An Group successfully issued an additional 594 million H shares and raised HK$36,831 million, which further strengthened the Group's capital and enhanced its solvency.

This year, we recorded remarkable growth in key indicators such as net profit, net assets and total assets. In 2014, the Company's net profit attributable to shareholders of the parent company reached RMB39,279 million, up by 39.5% over the previous year. As at December 31, 2014, equity attributable to shareholders of the parent company stood at RMB289,564 million, 58.5% higher as compared to the beginning of the year. The total assets of the Company reached RMB4 trillion, up by 19.2% as compared to the beginning of the year.

Business Highlights

Looking back at the Company's operations in 2014, we achieved outstanding performance in the following aspects:

Our life insurance business recorded stable and healthy growth, while the growth rate and quality of our property and casualty insurance business remained sound and our annuity business maintained its leading position in the industry. Written premiums for life insurance reached RMB252,730 million, up by 15.2% over the previous year. With continued optimization of the business structure, the value of new business rose by 20.9% over the previous year. Written premiums from the individual life insurance business reached RMB225,364 million, with an increase of 14.4% over the last year. Written premiums from new business in individual life insurance reached RMB53,308 million, up by 20.7% over the previous year, and the written premiums from renewal business in individual life insurance reached RMB172,056 million, up by 12.5% over the last year. As at December 31, 2014, the number of individual life insurance sales agents was over 635 thousand, up by 14.1% over the beginning of the year and hitting a record high. First-year written premiums per agent per month was RMB6,244, up by 5.9% over 2013. Ping An Property & Casualty continued to focus on business quality and realized a premium income of RMB142,857 million, up by 23.8% over the previous year, of which over RMB100 billion was contributed by automobile insurance, and was rated the No.1 brand of automobile insurance in China. Profitability levels remained sound with a combined ratio of 95.3%. Corporate annuity assets entrusted and assets under investment management of Ping An Annuity reached RMB89,280 million and RMB108,105 million, respectively, up by 23.5% and 34.3%, respectively over the beginning of the year; the business scale of its annuity insurance reached RMB17,093 million, up by 24.7% over the last year; all of the businesses maintained the industry-leading positions.

4

The net investment yield of our insurance funds reached a three-year high. In terms of insurance funds management, we continued to optimize our asset structure, steadily increased the allocation of equity assets, allocated more investments to quality debt schemes and reinforced risk identification and assessment, which led to a steady increase in net investment yield. As at December 31, 2014, the value of our insurance funds reached RMB1,474,098 million. Net investment yield was 5.3%, up by 0.2 percentage points over 2013. Total investment yield was 5.1%, same as the previous year.

Our banking business continued to further implement reforms and transformation and structural adjustments, creating a competitive advantage based on integrated finance and innovative models. In 2014, our banking business contributed profit of RMB11,297 million to the Group, up by 44.7% compared to 2013. As at December 31, 2014, total assets of Ping An Bank reached RMB2.19 trillion, up by 15.6% over the beginning of the year. Deposit balance was RMB1.53 trillion, up by RMB316,181 million over the beginning of the year with a growth rate of 26.0%. The balance of various loans exceeded RMB1 trillion to RMB1.02 trillion, up by 20.9% over the beginning of the year. In 2014, Ping An Bank realized net non-interest income of RMB20,361 million, up by 77.0% over the previous year, accounting for 27.7% of operating income. The asset and liability structure continued to be optimized as deposit-loan spread, net interest spread and net interest margin increased substantially over 2013. Furthermore, Ping An Bank optimized its credit structure and imposed stringent controls on new non-performing loans, thereby maintaining stable asset quality. As at the end of 2014, its non-performing loan ratio was 1.02%.

Our trust business maintained stable growth as project risk was strictly controlled in a persistent manner. Ping An Trust's private wealth management business recorded stable growth, with the number of active high net-worth customers exceeding 30 thousand, up by 37.3% over the beginning of the year. Assets held in trust reached RMB399,849 million, up by 37.7% over the beginning of the year, of which the scale of collective trust mostly held by individual customers accounted for 70.0%, placing Ping An Trust at the forefront of the industry in terms of business structure. In response to the development trend of the real estate market in China, Ping An Trust established a more stringent internal credit rating system which enabled it to screen high quality counterparties and projects. It actively managed the risks in the real estate business by controlling the geographical distribution of its business and the duration of its projects. In 2014, real estate trust schemes, a total of approximately RMB40 billion, were successfully redeemed upon scheduled maturing. In 2014, Ping An Securities actively implemented new strategies, and saw the emerging signs of its effective transformation. The fixed income business completed the issuance of 23 credit bonds and 6 SME private bonds; the innovative business grew rapidly. Ping An Securities dedicated more efforts to develop intermediary business and the balance of margin trading and securities lending business grew 224.4% over the beginning of the year.

The total number of internet users reached 137 million, as application scenarios continued to enrich. The internet finance business of Ping An focused on the daily living scenarios in the areas of health, food, housing, transportation and entertainment, and kept innovation, initiating the strategic framework of the "One Gate, Two Focuses, Four Markets". It provides one-stop financial life services to a wide range of users by connecting a wide range of application scenarios through the "Magic Gate", boosting the mining, analysis and application of big data with the focuses on asset management and health management, and establishing the asset transaction market, loyalty points transaction market, automobile transaction market and real estate financing market. As at December 31, 2014, the main internet


5

6

4. In April 2014, the Chairman of Lufax Gregory D. GIBB was invited to attend the Boao Forum for Asia as the manager for a leading company in internet finance. He discussed topics relating to the economy as well as current financial trends and developments with prominent political world leaders, economists and entrepreneurs. During the forum, Lufax and the Boao Observer jointly issued the 2014 Internet Finance Report.

5. In May 2014, Ping An Annuity organized the "2014 Ping An Annuity Investment Forum" in Beijing. The theme of the forum was "Progress through stability, Winning through consistency". Key topics such as the reforms and development of China's social insurance system and Ping An Annuity's investment concept of "adding value safely" for corporate annuity management were fully discussed during the forum. Ping An Annuity also discussed the innovative applications of alternative investments in annuity asset management.

6. In August 2014, Ping An Trust held the "Qinghai Dream, Ping An Journey" charity event, involving the families of 16 high-end customers traveling across China to visit the Ping An Hope Primary School in Quanjixiang, Gangcha county, Qinghai. This was to help open their minds to realize their dream of spreading their charity. The participants interacted and communicated with the children in Tibet by sitting in their classes and visiting poverty-stricken families. The event recorded a high rate of participation and was highly commended by customers.

Chairman's Statement

7. On August 28, 2014, the opening ceremony for the first general points union in China led by Wanlitong was kicked off in Shanghai. Over 40 renowned corporations attended the ceremony, including Taiwan CTBC Bank, China Telecom, SAIC Motor, Tmall and JD.com.

8. On December 2, 2014, the award ceremony of the 2014 Ping An Endeavorers Project was held at Renmin University of China in Beijing. Experts and scholars from research institutes and universities, representatives of student winners and organizers across the country attended the ceremony and shared their joy of participation. The photo shows Ren Huichuan, President of Ping An Group (center) and Jiu Yehui, screenwriter of the film Fleet of Time (first from right), sharing their inspiring campus stories with the audience.

finance business of Ping An has reached a sizeable scale. The number of registered users of Lufax has surpassed 5 million, while P2P transactions in 2014 grew by approximately 5 times compared with last year, jumping to the top position in China. The number of registered users of Wanlitong exceeded 70 million, and loyalty points issued in 2014 were worth RMB1,959 million. Online and offline business merchants were over 500 thousand, The transaction volume reached nearly RMB5 billion. Registered users of "One Account Management Services" reached 40.36 million. PA Haoche has already become the largest C2B automobile trade platform in China. PA Haofang, which was established less than one year ago, has already received widespread attention and recognition from the market by leveraging the financial advantages of Ping An to introduce a series of internet finance products on the basis of real estate transactions. The new generation payment system of Ping An Pay has been established, providing a core payment platform for the Company's layout of internet finance business.

Significant progress was made in customer migration, and cross-selling continued to improve. Ping An established an integrated finance product map and a customer big data analysis platform, explored potential demand of customers, developed innovative integrated finance product portfolios and services, hastened customer migration and optimized cross-selling. For our core finance business, in 2014, the total number of migrated customers was about 7.02 million. A total of 26% of new customers of the subsidiaries of the Group came from customer migration. New customers migrated from internet finance to core finance business reached 1.2 million. In 2014, individual life insurance agents realized premiums of RMB24,027 million and financial assets of RMB159,771 million through cross-selling. For automobile insurance, cross-selling, telemarketing and internet marketing collectively contributed 54.4% of premium income. Meanwhile, 39.5% of new credit cards issued and 27.2% of new retail deposits arose from cross-selling. Through the technology innovation and big data analysis, the Company completed the planning of the 360-degree customer experience, actively optimized the service platform and promoted the new operation model, with the upgrades in customer experience and services fully carried out.

Social Responsibility

In 2014, Ping An reached new heights in terms of its corporate social responsibility. The Company kept pace with the times and undertook charitable activities with a new mindset and measures. The year 2014 marks the 20th anniversary of the Ping An Hope Primary Schools Project. We recruited teaching volunteers online and carried out voluntary teaching activities at 40 Hope Primary Schools across China. A total of 3,471 volunteers participated in our voluntary teaching activities. The Endeavourers' Plan for university students has been ongoing for 11 consecutive years, with over RMB17 million of scholarships awarded to 5,058 university students to date. We planted 16,500 acres of Ping An Forest in 21 regions, and reduced carbon emissions by 6,817.18 tons in 2014 alone by using 18 technologically innovative service methods. We welcomed the new age of charity with open hearts. Our large-scale online charity event, "One Hour for Charity Bringing Love and Security", raised funding for the surgery of 94 children with congenital heart disease. Another large-scale charity fundraising event, "Safe Journey, Bring Love Home", helped over 200 families to reunite for the Chinese New Year. We upheld the values of love and responsibility. After the earthquakes in Ludian, Yunnan, we accumulatively donated RMB8 million to the quake-damaged areas. After Hainan was ravaged by typhoon Rammasun, we donated over RMB4 million worth of funds and supplies. Our efforts in corporate social responsibility have been widely recognized by society. In a ranking of corporate social responsibility report of listed companies, Ping An ranked first for five consecutive years. We bear the hope of "Peace on Earth" and strive to make the world a better place through concrete actions.

Prospects

Looking ahead to 2015, the macroeconomic environment continues to be complex as challenges and opportunities coexist. The global economy will continue to recover. China's economy is affected by three sequential stages, while its fundamentals and reform factors can still support its mid-to-high growth rate. The promulgation of the new "Ten National Rules" for the insurance industry introduced a new blueprint from the authorities to transform and upgrade the insurance industry. This will elevate the importance of the insurance industry in China's economic and social development, and create substantial opportunities for the development of the industry. The

banking industry has entered a critical stage of reforms and transformation. As interest rate marketization accelerates and the regulatory environment improves, the industry will face immense challenges and opportunities. The industry structure in China will transform and upgrade, leading to resources reallocation as well as more mergers and acquisitions. The rise of emerging strategic industries will also bring opportunities to the investment business. Further, with the rapid development of technology, business models of various industries are undergoing drastic changes, and the vigorous development of the internet finance field also presents Ping An with significant developing opportunities and more growth potential.

The year 2015 will be a crucial time to bring Ping An's overall strategies into fruition. We are not only targeting to be a leader in our core finance business, we will also reinforce customer migration and expedite the development of our internet finance business by courageously executing our established strategies. We understand that the road towards our goal will be filled with challenges. Ping An will continue to operate in line with the spirit of "Thrive in Competition and Advance Through Innovation", embracing a sense of crisis and urgency, promote an open and inclusive culture to encourage internal synergies, and use our expertise to let customers enjoy one-stop services in a comprehensive financial and daily living environment and experience a simple life. We believe that with the cooperation and efforts of the entire Ping An staff, Ping An can achieve an even more glorious future!

Finally, on behalf of the Board of Directors and the Executive Committee of Ping An Group, I would like to express my most sincere gratitude to our customers, investors, partners and members of society who have supported Ping An Group, as well as our colleagues who have contributed to the Company's strategic targets and aspirations.

Chairman and Chief Executive Officer

Shenzhen, PRC
March 19, 2015

Vision and Strategy

Vision: To become a world-leading personal financial services provider.

OVERALL STRATEGY

- Follow the concept of "Driven By Technology, Finance Can Serve Life Better" to concurrently promote the development of our core finance business and internet finance business and become a world-leading personal financial services provider;

- Build an integrated financial services platform that is in line with the vision of "One Customer, One Account, Multiple Products and One-Stop Services" and promote cross-selling;

- Core finance business: promote "financial supermarket" and "customer migration" and propel the transformation and migration of "insurance customers to banking and investment customers" and "offline financial business customers to online service users";

- Internet finance business: premised on the idea of "internet traffic as the key; incorporate services into everyday life; value-driven", the internet finance platform will be established by focusing on users' needs in terms of health, food, housing, transportation and entertainment;

- Grow active customer base and high-quality assets to further enhance our unrivalled competitive advantages;

- Achieve sustainable growth in profits to provide shareholders with stable returns on a long-term basis.

STRATEGIES BY BUSINESS DIVISION

Insurance Business

- Maintain the healthy and steady development of our property and casualty insurance and life insurance businesses while promoting their competitiveness and steady expansion in market share;

- Increase inputs in new business areas such as corporate annuity and health insurance.

Banking Business

- Accelerate developing steps by fully utilizing the Group's existing advantages of integrated resources such as customer base, products, channels and platforms to fulfill our strategic target of becoming the "Best Bank";

- Build Ping An Bank as a core integrated financial service platform to provide the Group's customers with one-stop integrated financial services.

Investment Business

- Strive to develop the superior investment capacity and establish a leading investment platform;

- Strengthen the asset-liability-management capability while building a solid and comprehensive risk control system;

- Improve and enhance the third-party asset management business by providing a full array of high quality investment products with the aim of becoming a leader in Chinese wealth management market.

Internet Finance

- Focusing on daily living scenarios in the areas of health, food, housing, transportation and entertainment, the Company initiated the strategic framework of "One Gate, Two Focuses, Four Markets", which is to connect a wide range of application scenarios through the "Magic Gate", accelerate the mining, analysis and application of big data by focusing on asset management and health management, and establish an asset transaction market, a loyalty points transaction market, an automobile transaction market and a real estate financing market, to provide a wide range of users with one-stop financial services.

Ping An actively implemented various operating schemes, developing a distinct competitive advantage as it continued to develop, and kept moving towards its strategic goals and vision, enhancing its investment value.

DISTINCTIVE COMPETITIVE ADVANTAGES

- Seizing the development opportunity of personal finance, Ping An has established the **strategic target** of becoming a "world-leading personal financial services provider". Ping An leveraged its operating and management models of "Ping An Chariot" to ensure the implementation of its strategies.

- Ever since Ping An started its operations in 1988, **innovation** has driven and inspired the Group's development. Ping An remains a trailblazer in the industry, making early preparations to promote reforms and innovation in various fields.

- Following the development concept of "**Technology-driven finance**", Ping An leveraged on the great power of modern technology to lay a solid foundation for providing the best customer experience.

- **Integrated finance model** with the largest number of financial service licenses and the widest range of business offerings.

SOUND CORPORATE GOVERNANCE SYSTEM

- Corporate duties in a comprehensive system: ensures the independent operation of three parties (i.e. the General Meeting, the Board of Directors and the Supervisory Committee), with the Professional Committees and the Executive Committee under the Board of Directors respectively responsible for decision-making and execution;

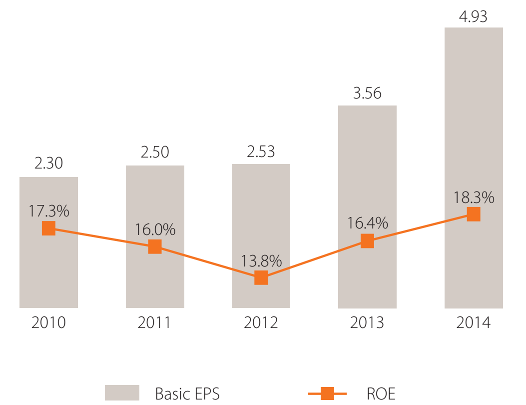
- A clear development strategy, a unique corporate culture, and an international and professional management team;

- A pioneering and comprehensive risk management system;

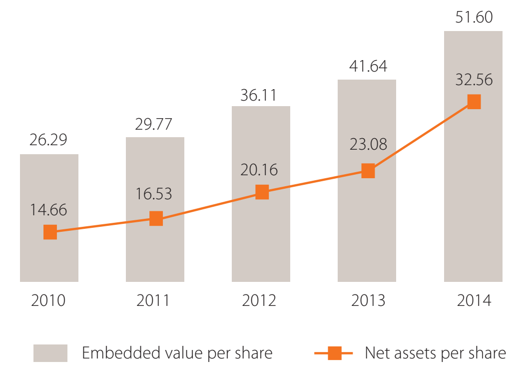
- A disclosure mechanism characterized by truthfulness, accuracy, completeness, timeliness and fairness;

- An investor relations function that operates with vigor, enthusiasm and effectiveness.

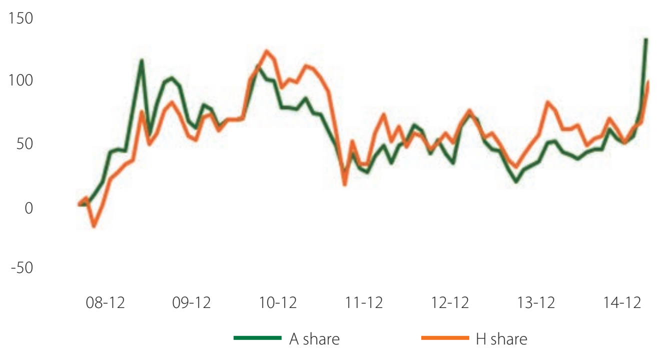
Basic EPS/ROE
(in RMB)



Embedded value per share/Net assets per share
(in RMB)



Total shareholders' return
(%)



Source: Bloomberg

Honors and Awards

In 2014, Ping An continued to maintain a leading position in terms of brand value. Our comprehensive strength and efforts in corporate governance and corporate social responsibility have won us numerous accolades and awards at home and abroad from independent third parties such as rating agencies and the media.

STRENGTH

- Fortune (US)

  Ranked No. 128 in "Fortune Global 500"

- Forbes (US)

  Ranked No. 62 in "Forbes Global 2000"

- Financial Times (UK)

  Ranked No. 172 in "FT Global 500"

- Euromoney (UK)

  "Best Managed Insurance Company in Asia"

- FinanceAsia (HK)

  Ranked No. 29 in "FA100"

  Ranked No. 7 in Best Investor Relations in China

- Shenzhen Municipal Government

  "Shenzhen Financial Innovation Award – First Prize"

- China Enterprise Director's Association and China Enterprise Confederation

  "China Top 500 List"

- Finet.hk & Tencent.com

  Ranked No. 13 in "Top 100 of Listed Company in HK"

CORPORATE GOVERNANCE

- Institutional Investor (US)

  Best IR in China region

  Best CFO

  Most Honored Company

- Corporate Governance Asia (HK)

  Corporate Governance Asia Recognition Awards

  Asian Company Secretary Award

  Asian Corporate Director of the Year

- FinanceAsia (HK)

  Ranked No. 7 in Best Investor Relations in China

- The Asset (HK)

  3A Corporate Awards – Platinum Awards

- The Hong Kong Institute of Directors

  Director of the Year Awards

- Asiamoney

  Best Corporate Governance Award in China

CORPORATE SOCIAL RESPONSIBILITY

- China Newsweek

  "Most Responsible Enterprise"

- The Economic Observer and The Management Case Center of Peking University (MCCP)

  "Most Respected Company"

- World Economic and Environmental Conference

  International Carbon Value Award - China Green Benefit Enterprise Award

- 21st Century Business Herald

  Best Chinese Corporate Citizen Grand Award

- China Entrepreneur Club

  "Top 100 Green Companies in China"

- Xinhuanet, Chinese Academy of Social Sciences

  China Corporate Social Responsibility Outstanding Company Award

- Ta Kung Pao

  Listed Company with Greatest Sense of Social Responsibility

- China Youth Development Foundation

  Project Hope 25 Years Outstanding Contribution Award

BRAND

- Millward Brown, WPP

  Ranked No. 77 in "BrandZ Top 100 Global Brands"

  Ranked No. 11 in "BrandZ Top 100 Chinese Brands"

- Interbrand

  Ranked No. 7 in "2014 Best China Brands"

- Shanghai Securities News & Cnstock.com

  "Best Insurance Brand Award"

- Hurun Report

  Ranked No. 10 on Hurun Brand List

Management Discussion and Analysis
Overview

- Net profit attributable to shareholders of the parent company reached RMB39,279 million, up by 39.5% compared to last year.
- Our life insurance business recorded stable and healthy growth, net investment yield of insurance funds achieved a new high for the past three years; our banking business accelerated strategic transformation and business mode innovation, and maintained stable and healthy growth; private wealth management business of Ping An Trust grew steadily.
- We develop the core finance and internet finance businesses in a synergistic manner. The Internet finance business preliminarily formed the strategic framework of "One Gate, Two Focuses, Four Markets".

We offer various financial products and services to clients under a unified brand name via a multiple distribution network that leverages the capabilities of our major subsidiaries. These are Ping An Life, Ping An Property & Casualty, Ping An Annuity, Ping An Health, Ping An Bank, Ping An Trust, Ping An Securities, Ping An Asset Management, and Ping An Asset Management (Hong Kong).

In 2014, Chinese economy remained complex with slowing economic growth and continued structural adjustment. Ping An pressed on with the concept of "Expertise Creates Value" and achieved substantial growth in our core financial business, establishing strategic plans for its internet finance business. Ping An Life recorded written premium of RMB241,009 million, with the number of insurance sales agents recorded a new high. Continuous improvements were made to the structure of Ping An Life's products, and the value of new business continued to grow. Premium income from Ping An Property & Casualty reached RMB142,857 million; combined ratio was 95.3%, maintaining a sound level of business quality. The annuity business of Ping An Annuity maintained its leading position within the industry. The net investment yield rose steadily and reached a new high for the past three years. Ping An Bank continued to make inroads in its business strategic transformation and structural adjustments, gradually formed the operating characteristics of "Specialization, Intensification, Integrated finance, Internet finance", the brand image of "really different" for Ping An Bank was strengthened. The private wealth management business of Ping An Trust maintained stable growth and continued to strengthen risk management. Ping An Securities proactively launched new strategies and saw the emerging signs of its effective transformation. Ping An Asset Management continued to optimize asset structure, constantly enhancing its capability in investment and risk identification and evaluation. With regard to the internet finance business, the Group continued to focus on the concept of "Driven by Technology, Finance Can Serve Life Better", incorporating financial services into daily living scenarios: health, food, housing, transportation and entertainment. The Company initiated the strategic framework of "One Gate, Two Focuses, Four Markets", which is to establish an asset transaction market, a loyalty points transaction market, an automobile transaction market and a real estate financing market, to accelerate the mining, analysis and application of big data by focusing on asset management and health management, and to adopt the "Magic Gate" to connect a wide range of application scenarios and provide vast users with one-stop financial services.

In 2014, net profit attributable to shareholders of the parent company was RMB39,279 million, representing a growth of 39.5% compared with 2013. As at December 31, 2014, equity attributable to shareholders of the parent company stood at RMB289,564 million while total assets of the Company reached RMB4 trillion, representing increases of 58.5% and 19.2%, respectively, compared with the end of 2013.

CONSOLIDATED RESULTS

(in RMB million)	2014	2013
Total income	**530,020**	421,221
Including: Premium income	**326,423**	269,051
Total expenses	**(467,667)**	(374,997)
Profit before tax	**62,353**	46,224
Net profit	**47,930**	36,014
Net profit attributable to shareholders of the parent company	**39,279**	28,154

NET PROFIT BY BUSINESS SEGMENT

(in RMB million)	2014	2013
Life insurance	**15,689**	12,219
Property and casualty insurance	**8,807**	5,856
Banking	**19,147**	14,904
Trust(1)	**2,199**	1,962
Securities	**924**	510
Other businesses and offsetted items(2)	**1,164**	563
Net profit	**47,930**	36,014

(1) The figures of trust business include Ping An Trust and its subsidiaries which carry on the business of investment and asset management.
(2) Other businesses mainly include headquarters and other subsidiaries conducting asset management business and other businesses.

For the detailed analysis of operation results by business line, please see the corresponding chapter as follows.

FOREIGN CURRENCY GAINS OR LOSSES

In 2014, the Company incurred a net exchange loss of RMB191 million in 2014, compared to a loss of RMB381 million in 2013, which was mainly due to the fluctuation in exchange rates and change of the scale of the Company's foreign currency assets.

GENERAL AND ADMINISTRATIVE EXPENSES

In 2014, general and administrative expenses were RMB102,565 million, representing an increase of 25.5% compared with RMB81,753 million in 2013, mainly because of business growth and the increase of strategic investment.

INCOME TAX

(in RMB million)	2014	2013
Current income tax	**21,555**	12,315
Deferred income tax	**(7,132)**	(2,105)
Total	**14,423**	10,210

Income tax expenses increased by 41.3% to RMB14,423 million in 2014 from RMB10,210 million in 2013, which was mainly due to the increase of taxable profit.

- Ping An Life generated RMB241,009 million in written premiums, the number of insurance sales agents recorded a new high, while product structure was constantly optimized and the value of new business continued to rise.
- Premium income from Ping An Property & Casualty exceeded RMB140 billion, while the combined ratio remained at a good level.
- Assets under management of Ping An Annuity exceeded RMB200 billion, maintaining leading positions, and medicare business made a major breakthrough.

LIFE INSURANCE BUSINESS

Business Overview

We conduct our life insurance business through Ping An Life, Ping An Annuity and Ping An Health.

The written premiums and the premium income of our life insurance business are as follows:

(in RMB million)	2014	2013
Written premiums(1)		
Ping An Life	**241,009**	210,125
Ping An Annuity	**11,134**	8,756
Ping An Health	**587**	477
Total written premiums	**252,730**	219,358
Premium income(2)		
Ping An Life	**173,995**	146,091
Ping An Annuity	**8,861**	6,977
Ping An Health	**417**	309
Total premium income	**183,273**	153,377

(1) Written premiums of life insurance business refer to all premiums received from the policies underwritten by the Company, which is prior to the significant insurance risk testing and separating of hybrid contracts.
(2) Premium income of life insurance business refers to premiums calculated according to the "Circular on the Printing and Issuing of the Regulations regarding the Accounting Treatment of Insurance Contracts" (Cai Kuai [2009] No.15), which is after the significant insurance risk testing and separating of hybrid contracts.

In 2014, the central government carried out in-depth reforms with stable development of economy and society. The economy grew within a reasonable range with an active adjustment to the economic structure. China made great strides in its in-depth reform, as living standards continued to improve. The life insurance industry maintained a positive trend. The "Several Opinions of the State Council on Accelerating the Development of the Modern Insurance Service Industry" and other positive policies such as expanding investment channels for insurance fund boosted the development of the industry. The growth of total premiums rose steadily. Based on the principles of risk prevention and compliance, the Company steadily developed individual life business with high profitability, diversified its product lines and optimized the product structure. It advocated the protection function of insurance, promoted the sales of product portfolios, and focused on building up a scalable and efficient sales network. As a result, it achieved steady and valuable business growth and its market competitiveness increased as the year progressed.

Ping An Life

Ping An Life, through its nationwide service network of 41 branches, including six telemarketing centers, and over 2,800 business outlets, provides individual customers and institutional clients with life insurance products. As at December 31, 2014, Ping An Life had a registered capital of RMB33.8 billion, net assets of RMB92,057 million and total assets of RMB1,378,695 million.

The premium income and the market share of Ping An Life are as follows:

	2014	2013
Premium income (in RMB million)	**173,995**	146,091
Market share (%)(1)	**13.7**	13.6

(1) Calculated in accordance with the PRC insurance industry data published by the CIRC.

Of the total premium income generated by all life insurance companies in 2014, Ping An Life captured a market share of 13.7%, as calculated in accordance with the PRC life insurance industry data published by the CIRC. In terms of premium income, Ping An Life is the second largest life insurance company in China.

Summary of operating data

	December 31, 2014	December 31, 2013
Number of customers (in thousands)		
Individual	**62,108**	57,846
Corporate	**1,127**	998
Total	**63,235**	58,844
Distribution network		
Number of individual life insurance sales agents	**635,551**	556,965
Number of group sales representatives	**3,913**	3,475
Bancassurance outlets	**68,455**	64,614

	2014	2013
Agent productivity		
First-year written premiums per agent per month (in RMB)	**6,244**	5,894
New individual life insurance policies per agent per month	**1.1**	1.0
Persistency ratio (%)		
13-month	**91.0**	91.7
25-month	**87.4**	88.3

Our life insurance products are primarily distributed through a network that includes a sales force of over 635 thousand individual life insurance sales agents, 3,913 group insurance sales representatives, and over 68 thousand commercial bank outlets that have made bancassurance arrangements with Ping An Life.

Ping An Life placed value-focused operation at its core. In particular, it focused on teamwork as the foundation, benevolence as the root, customer experience and innovation as the driving forces. We promoted the synergetic development of multiple channels such as individual sales agents, bancassurance outlets, telemarketing and internet marketing, striving to achieve the sustained, healthy and stable development of its embedded value and scale. In 2014, Ping An Life achieved written premiums of RMB241,009 million, of which the written premiums of new business realized RMB63,480 million, representing an increase of 20.5% over the same period last year. Written premiums of renewal business reached RMB177,529 million. The individual life insurance business strengthened its agencies' team management and built a solid foundation as a result. The number of Ping An Life agents rose by 14.1% from the end of the previous year to more than 635 thousand, which reached a record high. There were continuous increases in the productivity per capita. First-year written premiums per agent per month amounted to RMB6,244 and new individual life insurance policies per agent per month reached 1.1. The written premiums of individual life insurance business was RMB225,311 million, up by 14.4% over the previous year, among which the written premiums of new business was RMB53,269 million, and the written premiums of renewal business reached RMB172,042 million, up by 20.7% and 12.5% over the last year, respectively. Based on industry characteristics and market development trends, in order to fulfill channel demand, the bancassurance introduced insurance products for malignant tumors which were "Low Price, Easy to Purchase, High Coverage". It attempted to promote the sales of insurance products with protection function in the bancassurance channel, further implemented transformation, optimized business structure and returned to insurance coverage. Also, building on the balanced development of existing channels, Ping An Life strove to develop new channels such as telemarketing and internet marketing. Written premiums of telemarketing sales was RMB9,354 million in 2014, up by 41.5% over the previous year. This was a high growth rate compared with traditional sales channel, which enabled Ping An Life to maintain the first position in the telemarket.

In 2014, Ping An Life diversified its product lines, advocated the protection function of insurance, promoted the sales of product portfolios with protection function and policies with higher insured amount. This allowed its sales team to become more knowledgeable in insurance products with protection function and provide insurance services to a wider range of customers, raising the value of new business.

Ping An Life always put customers in the first priority. It continued to adopt internet technology to promote innovation and reforms, strengthened connectivity among customer service channels, and provided services with concern and love, including reachable service channels and differentiated service and product portfolios. The "simple, convenient, friendly and safe" customer experience was constantly enhanced. In 2014, Ping An Life upgraded the counter channel service and introduced the "No Waiting" appointment service at outlets; launched the service of "house call to claim, without leaving your home", with 1.17 million customers serviced in total; continued to expand its service channels, including APPs, mobile remote counter, remote service terminals, ATM and WeChat, as well as online self-claim services; developed new methods for payment, such as renewal premium payment APP and QR code payment platform. Customer experience was improved from all sides.

In addition, Ping An Life remained committed to improving the customer experience of its basic policy services, by persisting with "settlement within 48 hours for standard cases with full documentation". It achieved a 95% fulfillment rate, and provided house call claiming service for 1.47 million customers. It also took care of loyal customers through customer calling on service events such as "Extending Care" and "Micro Services • Enjoy Ping An", maintaining policy rights for 470 thousand customers. Ping An Life expanded the coverage of value-added services which focused on health through innovative service platform, and improved customer experience through frequent interaction. The number of participants in these activities reached 11.71 million and customer satisfaction rate reached 95%.

In the future, Ping An Life will continue to utilize internet technologies, strengthen service innovation and reforms to develop an industry-leading customer experience.

Business information of insurance products

In 2014, among all the insurance products offered by Ping An Life, the five highest premium income products were Jinyurensheng Endowment, Xinli Endowment, Zunyuerensheng Endowment, Jixingsongbao Shaoer Endowment and Fuguirensheng Endowment, which accounted for 29.2% of the premium income of Ping An Life in 2014.

(in RMB million)	Sales channel	Premium income	Standard premiums of new business(1)
Jinyurensheng Endowment (Participating)(2)	Individual agents, bancassurance outlets	19,515	–
Xinli Endowment (Participating)	Individual agents, bancassurance outlets	9,942	2,597
Zunyuerensheng Endowment (Participating)	Individual agents, bancassurance outlets	9,338	3,066
Jixingsongbao Shaoer Endowment (Participating)(2)	Individual agents, bancassurance outlets	6,173	–
Fuguirensheng Endowment (Participating)(2)	Individual agents, bancassurance outlets	5,887	–

(1) Calculated in accordance with the method set by the CIRC.
(2) The sales of Jinyurensheng Endowment, Jixingsongbao Shaoer Endowment and Fuguirensheng Endowment had been suspended. The premium income of these products came from renewal business.

Ping An Annuity

Ping An Annuity was set up in 2004 and is the first professional annuity company in China. Its business scope includes pension insurance, health insurance, accident insurance, insurance fund investment management, annuity, asset management products for pension and entrusted pension management, with business outlets throughout the country. As at December 31, 2014, Ping An Annuity had a paid-in capital of RMB4.36 billion, and is the largest annuity company in China.

Ping An Annuity recorded a net profit of RMB495 million in 2014, up by 29.2% over the previous year. The accumulated business scale of Ping An Annuity reached RMB89,727 million in 2014. Of this, long-term and short-term insurance business reached RMB8,239 million and RMB8,854 million, respectively, whose market shares maintained leading positions in the industry. Corporate annuity entrusted payments reached RMB17,701 million, corporate annuity invested payments amounted to RMB28,531 million, and other entrusted management business payments was RMB26,402 million.

Ping An Annuity strives to become the leading pension asset management company and leading medical insurance service provider in China. It is shifting from solely operating the annuity business to annuity-based asset management businesses and traditional group insurance business to medical health insurance business mainly consisted of governmental projects, and is also undergoing an operational shift from currently serving group customers consisting mainly of corporations to corporations and governments and their individual customers.

As at December 31, 2014, the assets under management of Ping An Annuity was RMB213,846 million in total; of which corporate annuity entrusted assets, corporate annuity assets under investment management and other entrusted management assets were RMB89,280 million, RMB108,105 million and RMB16,461 million, respectively, reinforcing the Company's leading position among professional annuity companies in China. Ping An Annuity insisted on its annuity investment concept of "Growth through Stability, Success through Persistency". In 2014, the investment yield of corporate annuity reached approximately 8.2%.

Ping An Annuity actively participated in the establishment of the governmental medical insurance system in 2014; the development of medical insurance business made a breakthrough, and this business covered nearly 100 million people with a high government and client satisfaction. Ping An Annuity won bids for 24 city and county major illness insurance projects, worthing RMB1,438 million, which served 70.35 million customers. It also won bids for 32 employee's high coverage medical insurance projects, worthing RMB740 million, which served 7.17 million people. It also provided fundamental operation, consultation and handling services for basic medical insurance in over 10 cities, including Xiamen, Qingdao and Yiyang, with 16.33 million customers served. It also set up the "Ping An Xiamen Model" for commercial operations of medical insurance, which was well recognized by the government, insured parties and society.

Ping An Health

In 2014, Ping An Health made rapid progress in its business development, with an increase of 35.0% in premium income. Ping An Health focused on providing high quality medical insurance service to clients, market share and industry influence gradually increased. Ping An Health continually optimized its operation and improved client experience, building brand recognition. It has implemented a multi-dimensional risk management system and a broad range of measures for control and monitoring, using global advanced medical insurance claim and risk management system technology, resulted in operation optimization. The competitive advantage of Ping An Health in the mid-to-high end medical insurance market gradually expanded.

Financial Analysis

Other than those specified, the financial data in this section include that of Ping An Life, Ping An Annuity and Ping An Health.

Results of operation

(in RMB million)	2014	2013
Written premiums	**252,730**	219,358
Less: Written premiums on products not passing significant insurance risk testing	**(4,784)**	(4,352)
Less: Premium deposits for universal life products and investment linked products	**(64,673)**	(61,629)
Premium income	**183,273**	153,377
Net earned premiums	**179,169**	148,919
Investment income	**55,486**	45,948
Other income	**7,567**	6,139
Total income	**242,222**	201,006
Claims and policyholders' benefits	**(165,154)**	(142,852)
Commission expenses of insurance operations	**(22,797)**	(15,798)
Foreign currency losses	**(49)**	(146)
General and administrative expenses	**(24,025)**	(19,932)
Finance costs	**(1,511)**	(1,055)
Other expenses	**(9,407)**	(6,643)
Total expenses	**(222,943)**	(186,426)
Income tax	**(3,590)**	(2,361)
Net profit	**15,689**	12,219

In 2014, life insurance business recorded a net profit of RMB15,689 million, representing an increase of 28.4% from RMB12,219 million in 2013, due to a combination of factors such as the change in capital market, changes in assumptions of the yield curve for the measurement of insurance contract liabilities, and business growth.

Written premiums and premium income

The following is the breakdown of written premiums and premium income for our life insurance business by distribution channels:

	Written premiums		Premium income	
(in RMB million)	2014	2013	2014	2013
Individual life				
New business				
First-year regular premiums	**50,372**	41,540	**43,469**	33,833
First-year single premiums	**705**	478	**168**	20
Short-term accident and health premiums	**2,231**	2,138	**3,192**	2,929
Total new business	**53,308**	44,156	**46,829**	36,782
Renewal business	**172,056**	152,884	**112,755**	97,559
Total individual life	**225,364**	197,040	**159,584**	134,341
Bancassurance				
New business				
First-year regular premiums	**1,525**	2,343	**1,516**	2,335
First-year single premiums	**6,858**	4,316	**6,922**	4,373
Short-term accident and health premiums	**3**	2	**4**	3
Total new business	**8,386**	6,661	**8,442**	6,711
Renewal business	**5,465**	4,529	**5,395**	4,465
Total bancassurance	**13,851**	11,190	**13,837**	11,176
Group insurance				
New business				
First-year regular premiums	**77**	79	**-**	-
First-year single premiums	**4,102**	3,682	**609**	582
Short-term accident and health premiums	**9,260**	7,285	**9,220**	7,255
Total new business	**13,439**	11,046	**9,829**	7,837
Renewal business	**76**	82	**23**	23
Total group insurance	**13,515**	11,128	**9,852**	7,860
Total	**252,730**	219,358	**183,273**	153,377

Individual Life Insurance. Written premiums for our individual life insurance business increased by 14.4% to RMB225,364 million in 2014 from RMB197,040 million in 2013. Among this, there was a 20.7% increase in written premiums of new business to RMB53,308 million in 2014 from RMB44,156 million in 2013, mainly due to the increase in the number of individual life insurance sales agents and the rise in productivity per capita. The persistency ratios maintained at high levels. As a result, the renewal written premiums for our individual life insurance business increased by 12.5% to RMB172,056 million in 2014 from RMB152,884 million in 2013.

Bancassurance. Written premiums for our bancassurance business increased by 23.8% to RMB13,851 million in 2014 from RMB11,190 million in 2013. The bancassurance business actively enhanced the channel establishment, propelled the development of sales network, and adhered to strategic transformation to optimize business structure in 2014. As a result, written premiums of new business and renewal business both grew steadily.

Group Insurance. Written premiums for our group insurance business increased by 21.5% to RMB13,515 million in 2014 from RMB11,128 million in 2013. The Company reinforced the development of multiple sales channels, especially the direct sales channel and cross-selling channel. Written premiums for our group short-term accident and health insurance increased by 27.1% to RMB9,260 million in 2014 from RMB7,285 million in 2013.

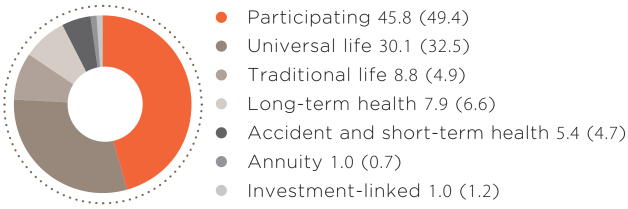
The following is the breakdown of written premiums for our life insurance business by product type:

(in RMB million)	2014	2013
Participating	**115,753**	108,293
Universal life	**76,166**	71,314
Traditional life	**22,108**	10,823
Long-term health	**20,030**	14,609
Accident and short-term health	**13,734**	10,223
Annuity	**2,532**	1,479
Investment-linked	**2,407**	2,617
Total written premiums for life insurance business	**252,730**	219,358

Written premiums for life insurance business by product type

(%)

2014 (2013)



The Company constantly drove the sales of insurance products with protection function and high coverage features to optimize its product structure. The proportion of products with protection function continued to rise.

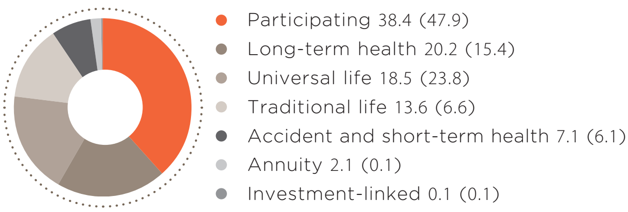
The following is the breakdown of first-year written premiums for our individual life insurance business by product type:

(in RMB million)	2014	2013
Participating	**20,489**	21,143
Long-term health	**10,743**	6,798
Universal life	**9,884**	10,503
Traditional life	**7,249**	2,942
Accident and short-term health	**3,781**	2,707
Annuity	**1,127**	23
Investment-linked	**35**	40
Total first-year written premiums for individual life insurance business	**53,308**	44,156

First-year written premiums for individual life insurance business by product type

(%)

2014 (2013)



OUR PERFORMANCE

The following is the breakdown of written premiums for our life business by region:

(in RMB million)	2014	2013
Guangdong	**40,041**	33,458
Beijing	**17,649**	16,870
Shanghai	**16,964**	13,817
Jiangsu	**15,643**	13,931
Shandong	**14,784**	14,008
Subtotal	**105,081**	92,084
Total written premiums for life insurance business	**252,730**	219,358

By region

(%)

2014 (2013)

Total investment income

(in RMB million)	2014	2013
Net investment income(1)	**58,346**	46,488
Net realized and unrealized gains(2)	**5,521**	732
Impairment losses	**(8,822)**	(1,253)
Total investment income	**55,045**	45,967
Net investment yield (%)(3)	**5.3**	5.1
Total investment yield (%)(3)	**5.0**	5.0

(1) Net investment income includes interest income from bonds and deposits, dividend income from equity investments, and operating lease income from investment properties, etc.
(2) Net realized and unrealized gains include realized gains from security investments and profit or loss through fair value change.
(3) Net foreign currency gains/losses on investment assets denominated in foreign currencies are excluded in the calculation of the above yields. Average investment assets used as the denominator are calculated based on the Modified Dietz method in principle.

Net investment income for our life insurance business increased by 25.5% to RMB58,346 million in 2014 from RMB46,488 million in 2013 and net investment yield rose to 5.3% in 2014 from 5.1% in 2013. This was mainly due to the improvement of the allocation of fixed income investments which resulted in the increase of interest rates for newly added fixed income investments, as well as the higher dividend yield of the equity investments compared to last year.

In 2014, the Company seized the investment opportunities arising from capital markets and arranged in advance. Net realized and unrealized gains for life insurance business rose from RMB732 million in 2013 to RMB5,521 million in 2014.

Due to the continued weakness of domestic capital market in the early period, impairment losses of available-for-sale equity investment of insurance funds portfolio were substantially increased from RMB1,253 million in 2013 to RMB8,822 million in 2014, which were made in accordance with accounting policies. Most of the impairment losses have been recognized in the first half of the year.

As a result, total investment income for life insurance business increased by 19.7% to RMB55,045 million in 2014 from RMB45,967 million in 2013, and total investment yield was 5.0%, which remained the same as that of 2013.

Claims and policyholders' benefits

(in RMB million)	2014	2013
Surrenders	**10,188**	7,574
Claims	**11,599**	9,542
Annuities	**5,587**	5,292
Maturities and survival benefits	**17,405**	15,910
Policyholder dividends	**5,871**	5,311
Interest credited to policyholder contract deposits	**15,317**	11,245
Net increase in policyholders' reserves	**99,187**	87,978
Total	**165,154**	142,852

Payments for surrenders were up by 34.5% to RMB10,188 million in 2014 from RMB7,574 million in 2013. This was primarily due to the increased payments for surrenders of certain participating products due to the increase of business scale and market environment change.

Payments for claims rose by 21.6% to RMB11,599 million in 2014 from RMB9,542 million in 2013. This was primarily due to the continuous growth in our accident and health insurance business.

Maturities and survival benefits expenses increased by 9.4% to RMB17,405 million in 2014 from RMB15,910 million in 2013. This was mainly because that the maturity of certain life insurance products reached their peak in 2014.

Payments for policyholder dividends increased by 10.5% to RMB5,871 million in 2014 from RMB5,311 million in 2013. This was primarily attributable to the growth of the scale of participating insurance.

Payments for interest credited to policyholder contract deposits increased by 36.2% to RMB15,317 million in 2014 from RMB11,245 million in 2013. This was primarily due to the increase in interest payments resulting from the growth in our universal life products.

Net increase in policyholders' reserves increased by 12.7% to RMB99,187 million in 2014 from RMB87,978 million in 2013. This was due to a combination of factors such as business growth, change of business structure and changes in assumptions of the yield curve for the measurement of insurance contract liabilities.

Commission expenses of insurance operations

(in RMB million)	2014	2013
Health insurance	**5,442**	2,927
Accident insurance	**2,262**	1,190
Life insurance and others	**15,093**	11,681
Total	**22,797**	15,798

Commission expenses of insurance operations which are mainly paid to our sales agents increased by 44.3% to RMB22,797 million in 2014 from RMB15,798 million in 2013. This was primarily attributable to the increase in premium income and the adjustment of product structure.

General and administrative expenses

General and administrative expenses increased by 20.5% to RMB24,025 million in 2014 from RMB19,932 million in 2013, which was mainly because of insurance business growth and the increase of operating costs, such as labour costs and office expenses.

Finance costs

Finance cost increased by 43.2% from RMB1,055 million in 2013 to RMB1,511 million in 2014, which was primarily attributable to the increase of interest expense due to the issuance of subordinated bonds.

Income tax

Income tax increased by 52.1% from RMB2,361 million in 2013 to RMB3,590 million in 2014, primarily due to an increase in taxable profit.

PROPERTY AND CASUALTY INSURANCE BUSINESS

Business Overview

The Company conducts property and casualty insurance business mainly through Ping An Property & Casualty, while Ping An Hong Kong also offers this insurance service in the Hong Kong market. As at December 31, 2014, Ping An Property & Casualty had a paid-in capital of RMB21 billion, net assets of RMB44,157 million and total assets of RMB194,398 million.

Market share

The premium income and market share of Ping An Property & Casualty are as follows:

	2014	2013
Premium income (in RMB million)	**142,857**	115,365
Market share (%)(1)	**18.9**	17.8

(1) Calculated in accordance with the PRC insurance industry data published by the CIRC.

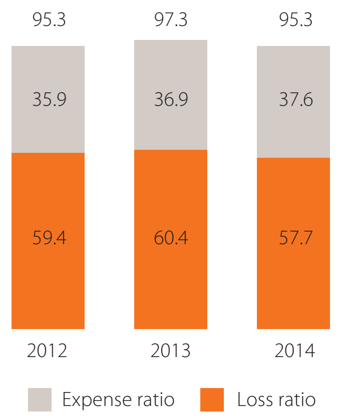
OUR PERFORMANCE

In 2014, the property and casualty insurance market maintained rapid growth. Automobile insurance is still the mainstay of property and casualty insurance. The promulgation of the new "Ten National Rules" created favorable external conditions to boost the mid-to-long-term rapid growth of the industry. Reforms for commercial automobile insurance rates and the emergence of internet insurance brought new growth opportunities to the industry, but it also tested the entire industry's operation and service capabilities. Ping An Property & Casualty continued to regard risk filtering as the root of operation, enhanced its capabilities on risk filtering, optimized cost structure and improved resource utilization efficiency. Ping An Property & Casualty pushed through the operating service concept of "providing customers with the best experience" as its business grew steadily. Embracing the advantage of mobile internet, Ping An Property & Casualty innovated the self-serve services for policy application and claim in the mobile terminal, provided customers with diversified service channels and convenient service experience, and led its service into the "fingertip era". In 2014, premium income of Ping An Property & Casualty was RMB142,857 million, up by 23.8% over the previous year. Of this, automobile insurance premium exceeded RMB100 billion and was ranked as the top automobile insurance brand in China. Premium income of cross-selling, telemarketing and internet marketing reached RMB62,053 million, up by 22.3% over the previous year. Premium income from car dealers reached RMB29,241 million, up by 24.0% over the previous year. According to China's insurance industry statistics published by the CIRC, premium income of Ping An Property & Casualty accounted for 18.9% of total premium income of Chinese property and casualty insurance companies. Ping An Property & Casualty is the second largest property insurance company in China in terms of premium income.

Combined ratio

In 2014, the property and casualty insurance market in China maintained its good order while competition intensified. Ping An Property & Casualty persisted with innovative developments and constantly enhanced professional technical standards, maintaining sound profitability. The combined ratio was 95.3%, down by 2 percentage points over the previous year, and the loss ratio was 57.7%, down by 2.7 percentage points over the previous year.

Combined ratio
(%)



Summary of operating data

	December 31, 2014	December 31, 2013
Number of customers (in thousands)		
Individual	**31,787**	25,982
Corporate	**1,782**	1,747
Total	**33,569**	27,729
Distribution network		
Number of direct sales representatives	**7,589**	7,305
Number of insurance agents(1)	**49,616**	37,573

(1) The number of insurance agents includes individual agents, professional agents and ancillary agents.

Ping An Property & Casualty distributes its products mainly through its network of 41 branches and over 2,200 sub-branches across the country. Main distribution channels include in-house sales representatives, sales agents, insurance brokers, telemarketing and cross-selling.

Reinsurance arrangement

In 2014, Ping An Property & Casualty's outward reinsurance premiums amounted to RMB19,949 million in total, of which, RMB14,455 million and RMB5,468 million were from the automobile and non-automobile insurance businesses, respectively, while RMB26 million came from the accident and health insurance division. Ping An Property & Casualty's gross inward reinsurance premiums amounted to RMB22 million, all of which were from the non-automobile insurance business.

In 2014, Ping An Property & Casualty continued to be actively engaged in reinsurance arrangements that helped to enhance its underwriting capabilities, diversify its operational risks and ensure its long-term healthy and steady growth. It has endeavoured to widen the scope of collaboration by stepping up efforts to work with reinsurers to expand reinsurance channels. Ping An Property & Casualty has gained strong support from the world's major reinsurance markets including Europe, the United States, Bermuda and Asia and so on. Currently, it has established extensive and close partnerships with nearly 100 reinsurance companies and reinsurance brokers worldwide. Its major reinsurance partners include China Property & Casualty Reinsurance Company Ltd., Swiss Re, Munich Re and Hannover Re Group.

Business information of insurance products

In 2014, among all the commercial insurance products offered by Ping An Property & Casualty, the five highest premium income products are automobile insurance, guarantee insurance, corporate property and casualty insurance, liability insurance and accident insurance, which accounted for 95.7% of the premium income of Ping An Property & Casualty in 2014.

(in RMB million)	Insured amount	Premium income	Claim expenses	Underwriting profit	Balance of policyholders' reserves
Automobile insurance	19,849,707	110,530	55,559	1,344	77,912
Guarantee insurance	36,404	15,299	1,987	2,765	18,214
Corporate property and casualty insurance	9,851,085	5,091	2,770	(105)	4,959
Liability insurance	8,171,643	3,163	1,295	405	2,967
Accident insurance	132,399,853	2,621	585	525	1,912

OUR PERFORMANCE

Financial Analysis

Unless specified, the financial data in this section include that of Ping An Property & Casualty together with Ping An Hong Kong.

Results of operation

(in RMB million)	2014	2013
Premium income	**143,150**	115,674
Net earned premiums	**109,610**	91,280
Reinsurance commission income	**6,997**	5,707
Investment income	**6,949**	5,671
Other income	**596**	502
Total income	**124,152**	103,160
Claim expenses	**(63,172)**	(55,150)
Commission expenses of insurance operations	**(15,450)**	(11,486)
Foreign currency losses	**(4)**	(36)
General and administrative expenses	**(33,028)**	(27,928)
Including: investment-related general and administrative expenses	**(153)**	(73)
Finance costs	**(238)**	(397)
Other expenses	**(280)**	(237)
Total expenses	**(112,172)**	(95,234)
Income tax	**(3,173)**	(2,070)
Net profit	**8,807**	5,856

Our property and casualty insurance business kept its stable growth and continued to improve business quality, with its net profit increasing by 50.4% from RMB5,856 million in 2013 to RMB8,807 million in 2014.

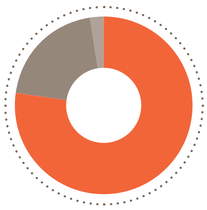
Premium income

In 2014, all three principal lines of our property and casualty insurance business recorded steady growth.

(in RMB million)	2014	2013
Automobile insurance	**110,667**	90,091
Non-automobile insurance	**29,257**	22,850
Accident and health insurance	**3,226**	2,733
Total	**143,150**	115,674

By product type

(%)
2014 (2013)



Automobile insurance. Premium income was RMB110,667 million in 2014, representing an increase of 22.8% from RMB90,091 million in 2013. The main reason is that, leveraging on the favourable market environment, Ping An Property & Casualty strengthened the business development, achieving rapid growth in premium income of automobile insurance from the agent channel, cross-selling, telemarketing and car dealer channels.

Non-automobile insurance. Premium income was RMB29,257 million in 2014, representing an increase of 28.0% from RMB22,850 million in 2013. Of this amount, premium income of guarantee insurance increased by 59.3% to RMB15,299 million in 2014 from RMB9,605 million in 2013. The reason is that Ping An Property & Casualty implemented customer segmentation strategy in guarantee insurance business, and conducted product line enrichment, achieving rapid growth in premium income. Premium income of corporate property and casualty insurance decreased by 5.1% to RMB5,153 million in 2014 from RMB5,431 million in 2013, which was mainly because that Ping An Property & Casualty strengthened risk screening and business quality control, and adjusted business structure accordingly. Premium income of liability insurance was RMB3,219 million in 2014, representing an increase of 21.1% from RMB2,658 million in 2013.

Accident and health insurance. The business of accident and health insurance achieved stable growth. Its premium income was RMB3,226 million in 2014, representing an increase of 18.0% from RMB2,733 million in 2013.

The following is the breakdown of premium income for our property and casualty insurance business by region:

(in RMB million)	2014	2013
Guangdong	**22,607**	17,729
Jiangsu	**10,714**	8,741
Sichuan	**8,800**	7,008
Zhejiang	**8,500**	6,993
Shanghai	**8,363**	6,988
Subtotal	**58,984**	47,459
Total premium income	**143,150**	115,674

By region

(%)

2014 (2013)

Total investment income

(in RMB million)	2014	2013
Net investment income(1)	**6,569**	5,571
Net realized and unrealized gains(2)	**384**	100
Impairment losses	**(5)**	–
Total investment income	**6,948**	5,671
Net investment yield (%)(3)	**5.3**	5.3
Total investment yield (%)(3)	**5.6**	5.4

(1) Net investment income includes interest income from deposits and bonds, dividend income from equity investments, and operating lease income from investment properties, etc.
(2) Net realized and unrealized gains include realized gains from security investments and profit or loss through fair value change.
(3) Net foreign currency gains/losses on investment assets denominated in foreign currencies are excluded in the calculation of the above yields. Average investment assets used as the denominator are computed based on the Modified Dietz method in principle.

Net investment income for our property and casualty insurance business increased by 17.9% to RMB6,569 million in 2014 from RMB5,571 million in 2013, and net investment yield was 5.3%. This was primarily due to the growth in scale of investment assets corresponding to the increase of premium income, and the increase of interest income from newly added fixed income investments.

In 2014, we seized the investment opportunities arising from capital markets and optimized our asset structure. Net realized and unrealized gains rose from RMB100 million in 2013 to RMB384 million in 2014.

Overall, total investment income had increased by 22.5% to RMB6,948 million in 2014 from RMB5,671 million in 2013, total investment yield for our property and casualty insurance business increased to 5.6% in 2014 from 5.4% in 2013.

Claims expenses

(in RMB million)	2014	2013
Automobile insurance	**55,179**	47,169
Non-automobile insurance	**6,762**	6,909
Accident and health insurance	**1,231**	1,072
Total	**63,172**	55,150

Claims attributable to automobile insurance business increased by 17.0% to RMB55,179 million in 2014 from RMB47,169 million in 2013. This was primarily due to the growth in premium income.

Claims attributable to non-automobile insurance business decreased by 2.1% to RMB6,762 million in 2014 from RMB6,909 million in 2013. This was primarily due to that Ping An Property & Casualty actively developed high quality business, and there were less natural disasters in 2014 as compared with the previous year.

Claims attributable to accident and health insurance business increased by 14.8% to RMB1,231 million in 2014 from RMB1,072 million in 2013. This was primarily due to the growth in premium income.

Commission expenses of insurance operations

(in RMB million)	2014	2013
Automobile insurance	**10,673**	7,856
Non-automobile insurance	**4,180**	3,068
Accident and health insurance	**597**	562
Total	**15,450**	11,486
Commission expenses as a percentage of premium income (%)	**10.8**	9.9

Commission expenses of our property and casualty insurance business increased by 34.5% to RMB15,450 million in 2014 from RMB11,486 million in 2013. Commission expenses as a percentage of premium income was 10.8% in 2014, higher than the 9.9% in 2013. This was primarily due to the increase in premium income and the increase in commission rate of the industry.

General and administrative expenses

General and administrative expenses increased by 18.3% to RMB33,028 million in 2014 from RMB27,928 million in 2013. This was primarily due to the growth in our insurance business and the increased inputs in customer services and strategic initiatives.

Income tax

Income tax was RMB3,173 million in 2014, 53.3% higher than the RMB2,070 million in 2013, which was mainly due to an increase in the taxable profits.

INVESTMENT PORTFOLIO OF INSURANCE FUNDS

Insurance is the core business of the Group, the insurance funds is formed by the funds from the Company and its subsidiaries engaged in the insurance business which is available for investment. The investment of insurance funds is subject to relevant laws and regulations. The investment portfolio of insurance funds represents a majority of the investment assets of the Group. This section analyzes the investment portfolio of insurance funds.

In 2014, China implemented a full range of reforms. Within the global economy, emerging markets generally entered a stage of slow growth and the US economy stood out, while the European economy continued to be stagnant. The “new normal” in China led to the continued optimization of the economic structure. In the first half of the year, A-share market spiraled downwards. However, with the reforms deepening, A shares performed strongly in the second half of the year. The SSE index rose by 52.9% during the year and was one of the best performers globally. Since reaching record highs in early September after the financial crisis, H-share market has started to fall, and only rose slightly overall during the year. As the bond market was weak at the beginning of the year, against the anticipated backdrop of slower economic growth and relaxed monetary policy, it continued its bullish trend. The Company conducted in-depth research on investment opportunities under “new normal”, stayed vigilant against market risk, optimized the asset allocation structure and seized investment opportunities in blue chip stocks. Further, we raised the investment of fixed income assets with contained credit risk, and achieved significant investment results during the year.

Investment Income

(in RMB million)	2014	2013
Net investment income(1)	**66,652**	53,067
Net realized and unrealized gains(2)	**5,905**	838
Impairment losses	**(8,828)**	(1,253)
Total investment income	**63,729**	52,652
Net investment yield (%)(3)	**5.3**	5.1
Total investment yield (%)(3)	**5.1**	5.1

(1) Net investment income includes interest income from deposits and bonds, dividend income from equity investments, and operating lease income from investment properties, etc.
(2) Net realized and unrealized gains include realized gains from security investments and profit or loss through fair value change.
(3) Net foreign currency gains/losses on investment assets denominated in foreign currencies are excluded in the calculation of the above yields. Average investment assets used as the denominator are computed based on Modified Dietz method in principle.

Net investment income increased by 25.6% to RMB66,652 million in 2014 from RMB53,067 million in 2013, net investment yield increased to 5.3% in 2014 from 5.1% in 2013. This was mainly due to the improvement of the allocation of fixed income investments which resulted in the increase of interest rates for newly added fixed income investments, as well as the higher dividend yield of the equity investments compared to last year.

In 2014, the Company seized the investment opportunities arising from capital markets and arranged in advance. Net realized and unrealized gains rose from RMB838 million in 2013 to RMB5,905 million in 2014.

Due to the continued weakness of domestic capital market in the early period, impairment losses of available-for-sale equity investments of insurance funds portfolio were substantially increased from RMB1,253 million in 2013 to RMB8,828 million in 2014, which were made in accordance with the Company's accounting policies. Most of the impairment losses have been recognized in the first half of the year.

As a result, total investment income for investment portfolio of insurance funds increased by 21.0% to RMB63,729 million in 2014 from RMB52,652 million in 2013, and total investment yield was 5.1%, which remained the same with that of 2013.

Investment Portfolio

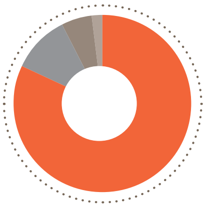
The Company has proactively optimized the asset allocation of the investment portfolio in order to respond effectively to the new economic environment. The percentage of fixed income investments decreased from 82.2% at December 31, 2013 to 79.7% as at December 31, 2014, and that for equity investments increased from 10.5% to 14.1%.

The following table presents the Company's investment portfolio allocations of insurance funds:

(in RMB million)	December 31, 2014 Carrying value	%	December 31, 2013 Carrying value	%
By category				
Fixed income investments				
Term deposits	**235,760**	**16.0**	224,865	18.3
Bond investments	**691,723**	**46.9**	639,241	51.9
Debt schemes investment	**117,683**	**8.0**	76,641	6.2
Wealth management products[1]	**80,412**	**5.5**	30,760	2.5
Other fixed income investments[2]	**49,633**	**3.3**	40,186	3.3
Equity investments				
Equity investment funds	**35,051**	**2.4**	32,781	2.7
Equity securities	**146,633**	**10.0**	87,250	7.1
Wealth management products[1]	**16,860**	**1.1**	466	–
Other equity investments[3]	**8,611**	**0.6**	8,686	0.7
Investment properties	**20,301**	**1.4**	20,349	1.7
Cash, cash equivalents and others	**71,431**	**4.8**	69,142	5.6
Total investments	**1,474,098**	**100.0**	1,230,367	100.0
By purpose				
Carried at fair value through profit or loss	**19,022**	**1.3**	19,943	1.6
Available-for-sale	**307,613**	**20.9**	202,398	16.4
Held-to-maturity	**574,193**	**38.9**	548,504	44.6
Loans and receivables	**544,358**	**36.9**	430,338	35.0
Others	**28,912**	**2.0**	29,184	2.4
Total investments	**1,474,098**	**100.0**	1,230,367	100.0

(1) Wealth management products include trust schemes of trust companies, wealth management products of commercial banks, etc
(2) Other fixed income investments include assets purchased under agreements to resell, policy loans, statutory deposits for insurance operations, etc.
(3) Other equity investments refer to equity investments of infrastructure projects.

Investment portfolio
(%)
December 31, 2014 (December 31, 2013)



The strategic asset allocation of insurance funds takes into account a range of factors. The allocation proposal with the best risk-adjusted return is chosen to ensure each account has the best strategic asset allocation. In recent years, marketization reforms have gradually liberalized the channel for the use of insurance funds. The types of products for insurance funds investment largely enriched; of this, alternative investments bear the characteristics of long maturity, high yield, low risk and large financing amounts, which is well-matched to the investment features of insurance funds. In order to raise the overall investment yield of insurance funds, Ping An heavily invested in alternative assets while maintaining strict risk management. At the same time, the Company strengthened the credit risk management of alternative assets by establishing a comprehensive procedure which strictly monitors pre-, amid and post-investment risk management, and performed different scenario analysis and stress tests to ensure the risk falling within the Company's tolerance range. The counterparties of the invested debt schemes and trust schemes are mainly large state-owned enterprises, local government and those entities with guarantees by banks. They have adequate cash flow and good debt-paying ability. 67% of the schemes are covered by guarantors and 29% of schemes are covered by collaterals. In terms of geographic and industry distribution, the focus is on economically developed and coastal areas and major industries vital to national interests, such as infrastructure and energy industries. The Company's insurance funds invested in alternative asset projects with relatively high overall credit ratings, with the proportion of projects rated as AAA, AA+, and AA standing at 94%, 5% and 1%, respectively.

SOLVENCY MARGIN

The following table sets forth the solvency margin ratios for Ping An Life and Ping An Property & Casualty:

	Ping An Life		**Ping An Property & Casualty**	
(in RMB million)	**December 31, 2014**	December 31, 2013	**December 31, 2014**	December 31, 2013
Actual capital	**107,231**	70,256	**30,243**	24,714
Minimum capital	**48,771**	40,865	**18,385**	14,793
Solvency margin ratio (Regulatory requirement>=100%)	**219.9%**	171.9%	**164.5%**	167.1%

The solvency margin ratio of Ping An Life increased by 48.0 percentage points compared to the end of 2013, which primarily attributable to the combined effect from the successful issuance of RMB8 billion subordinated bonds, the recovery of capital markets and business growth. The solvency margin ratio of Ping An Property & Casualty fell compared to the end of 2013, which was mainly due to dividend distribution and business development.

According to the "Measure of Management of Solvency on Insurance Companies" enforced by the CIRC, an insurance company is required to have a level of capital commensurated with its risk and business scale, to ensure that the solvency margin ratio is not less than 100%. As at December 31, 2014, the solvency margin ratios of Ping An Life and Ping An Property & Casualty were well above the regulatory requirement.

Management Discussion and Analysis
Banking Business

- Business scale of Ping An Bank increased steadily and profitability grew substantially, resulting in a continuous increase in profit contribution to the Group.
- With the continuous optimization of the business structure, Ping An Bank's operational efficiency improved and the asset quality remained stable.
- Outlets establishment of Ping An Bank speeded up, with the number of outlets increased by 219 over the beginning of the year.

The Company runs its banking business through Ping An Bank, which is a national joint-stock commercial bank headquartered in Shenzhen and listed on Shenzhen Stock Exchange under the stock name "Ping An Bank" and stock code "000001". As at December 31, 2014, Ping An Bank had total assets of RMB2.19 trillion, net assets of RMB130,949 million and registered capital of RMB11,425 million. It provides a broad range of financial services to corporate, retail, and government customers, through a network of 747 branches and sub-branches across the country.

In 2014, with a complex and volatile international market environment, China carried out comprehensive and far-reaching reforms, and implemented proactive fiscal policies and stable monetary policies, which underpinned the sustainable and steady development of the economy and society. Meanwhile, the development of the banking industry achieved new normal stage: with the acceleration of interest rate marketization and financial disintermediation, competition from the side of liability was intensified and cost rigidity increased; banking regulations were becoming more prudent and stringent; and the development of private banks and internet finance also had a great impact on the traditional operation models of banks.

Confronted with opportunities and challenges, Ping An Bank ran its business under the "customer-centric" management concept, which highlighted the business's four features of specialization, intensification, integrated finance and internet finance. It achieved remarkable growth in business scale, profitability, products and services and operating efficiency through reforms, innovation, transformation and development, which further raised its market competitiveness.

In 2014, Ping An Bank achieved a net profit of RMB19,802 million, up by 30.0% over last year. Profit contributed to the Group reached RMB11,297 million, up by 44.7% compared with 2013. As at December 31, 2014, total deposits amounted to RMB1,533,183 million, representing a market-leading growth rate of 26.0% compared with the beginning of the year, and laying a good foundation for business development. The total loans reached RMB1,024,734 million, up by 20.9% over the beginning of the year.

Business structure was further optimized, while profitability was improved continuously. Ping An Bank actively adjusted the structure of assets and liabilities and performed pricing management to improve profitability and efficiency, while strengthening cost control simultaneously. In 2014, Ping An Bank's cost/income ratio was 36.33%, decreased by 4.44 percentage points over last year. Deposit-loan spread, net interest spread, and net interest margin increased by 0.54, 0.26, 0.26 percentage points, respectively, over last year. Ping An Bank actively adjusted its business structure and focused on developing its intermediary business. Investment banking, depository, bill and gold lending business have been the major force driving the increase of business. In 2014, net non-interest income was RMB20,361 million, up by 77.0% over last year. Net non-interest income's contribution to operating income rose from 22.0% in 2013 to 27.7% in 2014, with a further optimized income structure.

Business innovation was promoted comprehensively, and the characteristics of internet finance were emerging. In terms of platform innovation, Ping An Bank established new channels for business and income growth through "Orange-e-Platform", an online integrated financial service platform for SMEs, with the successive launch of Business Manager, Orange-E-Note and Orange-e-Financing and other systems. Products sold through the "Hang-E-Tong" internet platform reached RMB126 billion. It also launched the first professional gold asset management platform in the industry, which combines gold investments and financing, actual gold trading, gold deposit and gold wealth management. In terms of product innovation, the Bank launched "Pocket Bank", a mobile financial services platform which combines debit card, credit card, wealth management, mobile bill payment and mobile life services. It also successfully issued a securitization project backed by micro consumption credit assets, which was the first of this kind of projects issued in stock exchange in China and had a good impact on the market. The Company launched new Trade Finance products such as Credit-Enhanced Loan and Buyer-Credit-Enhanced Factoring to fulfill customer demands at multiple levels. In terms of model innovation, it launched the industry fund business model and created the Factoring Cloud online platform. The Bank established the "Golden Orange Factoring Club", attracting 190 members which accounted for over 50% of commercial factoring companies in China.

Comprehensive risk management was strengthened, with asset quality remaining stable. Ping An Bank kept to the principle of "Risk Control at the Heart of Operations" and further implemented comprehensive risk management to support the real economy and ensure stable operations. In 2014, affected by the economic slowdown and industry structural adjustments and advancement, some companies, especially for private SMEs, experienced difficulties in operations, which affected the asset quality of Ping An Bank to a certain extent. Although the non-performing loan ratio rose slightly, asset quality remained stable and overall risk stayed at a manageable level. As at December 31, 2014, the non-performing loan ratio was 1.02%, up slightly by 0.13 percentage points over the beginning of the year. The loan loss provision ratio was 2.06%, up slightly by 0.27 percentage points over the beginning of the year. The provision coverage ratio was 200.90%, down slightly by 0.16 percentage points over the beginning of the year. Ping An Bank has adopted a series of measures to dissolve and dispose of non-performing assets, as well as increased provisions and write-offs to raise its risk resistance capacity. In 2014, the Company made a sound performance on recovery, with total recovered non-performing assets for the year reaching RMB3,325 million. Ping An Bank will further strengthen the credit structure to avoid and minimize potential risks that may arise in connection with existing loans, exercise strict control over new non-performing loans, strengthen efforts to dispose of non-performing loans and maintain relatively sound asset quality.

Capital strength was further increased, and outlets establishment speeded up. Ping An Bank actively expanded its capital replenishment channels and instruments. In 2014, it issued RMB15 billion tier-2 capital bonds, which effectively boosted its capital strength, and meanwhile, actively worked on the application of the issuance of non-public ordinary shares and preference shares. As at December 31, 2014, the capital adequacy ratio of Ping An Bank was 10.86%, with a tier 1 capital adequacy ratio of 8.64% and core tier 1 capital adequacy ratio of 8.64%, calculated under the "Capital Rules for Commercial Banks (Provisional)" enforced by the CBRC. The Bank met regulatory requirements in all aforementioned indicators. Ping An Bank continued to accelerate network expansion and step up extension development. It opened 5 new branches and 214 new sub-branches in 2014. As at the end of 2014, Ping An Bank had 43 branches and 747 business outlets in total, among which, there were 129 community sub-branches.

Management Discussion and Analysis
Banking Business

RESULTS OF OPERATION

Pursuant to the accounting standards, the identifiable assets and liabilities acquired upon the merger with Original SDB were to be recognised and measured at fair value on the date of merger. As a result, the figures of Original SDB in the consolidated financial statements of the Group were the results of further calculation on the basis of the fair value of its assets and liabilities on the date of merger. Therefore, there were differences between the data of the segment operating results of the Group's banking business in the financial statements and those of the operating results of Ping An Bank as disclosed in its annual report.

This section is the analysis about the operating result of Ping An Bank. The data came from its annual report 2014.

(in RMB million)	2014	2013
Net interest income	**53,046**	40,688
Net fees and commission income	**17,378**	10,456
Investment income	**3,168**	1,140
Profit or loss through fair value change	**(10)**	(82)
Foreign exchange gains/(losses)	**(388)**	(163)
Income from other businesses	**213**	150
Total operating income	**73,407**	52,189
Business tax and surcharges	**(5,482)**	(4,065)
General and administrative expenses	**(26,668)**	(21,279)
Asset impairment losses	**(15,011)**	(6,890)
Total operating expenses	**(47,161)**	(32,234)
Net non-operating income and expenses	**(52)**	85
Income tax	**(6,392)**	(4,809)
Net profit	**19,802**	15,231

The profitability of Ping An Bank grew significantly, with a net profit of RMB19,802 million in 2014. The profit contributing to the Group was RMB11,297 million, up by 44.7% as compared with last year.

NET INTEREST INCOME

(in RMB million)	2014	2013
Interest income		
Due from the PBOC	**3,885**	3,315
Due from financial institutions	**20,422**	19,188
Loans and advances to customers	**71,270**	53,528
Dividend income from securities investment	**23,179**	16,842
Others	**446**	229
Total interest income	**119,202**	93,102
Interest expenses		
Due to the PBOC	**(37)**	(32)
Due to financial institutions	**(26,911)**	(24,457)
Customer deposits	**(37,551)**	(27,253)
Bonds payable	**(1,657)**	(672)
Total interest expenses	**(66,156)**	(52,414)
Net interest income	**53,046**	40,688
Net interest spread (%)[1]	**2.40**	2.14
Net interest margin (%)[2]	**2.57**	2.31
Average balance of interest-earning assets	**2,064,595**	1,762,388
Average balance of interest-bearing liabilities	**1,963,857**	1,668,199

(1) Net interest spread (NIS) refers to the difference between the average yield of interest-earning assets and the average cost rate of interest-bearing liabilities.

(2) Net interest margin (NIM) refers to net interest income/ average balance of interest-earning assets.

Net interest income increased by 30.4% to RMB53,046 million in 2014 from RMB40,688 million in 2013, mainly due to the effect of an expanded scale of interest-earning assets and increased net interest margin led by improved business structure.

Both net interest spread and net interest margin increased as compared with last year, due to the continuous efforts in adjustment of the structure of asset and liability and risk pricing management.

NET FEES AND COMMISSION INCOME

(in RMB million)	2014	2013
Fees and commission income		
Settlement fees income	**1,544**	1,220
Agency commissions	**2,947**	728
Bank card fees income	**6,780**	4,996
Wealth management fees income	**1,967**	1,467
Consultancy fees income	**3,730**	1,895
Account management fees income	**203**	282
Others	**2,535**	1,233
Total fees and commission income	**19,706**	11,821
Fees and commission expenses		
Agency expenses	**(543)**	(223)
Bank card fees expenses	**(1,639)**	(1,044)
Others	**(146)**	(98)
Total fees and commission expenses	**(2,328)**	(1,365)
Net fees and commission income	**17,378**	10,456

Benefitting from the significantly increased intermediary income arising from the rapid growth of investment banking, depository and gold lending business, as well as the excellent performance of the settlement business, credit card business and wealth management, net fees and commission income rose by 66.2% to RMB17,378 million in 2014, from RMB10,456 million in 2013.

GENERAL, ADMINISTRATIVE AND OTHER EXPENSES

(in RMB million)	2014	2013
General and administrative expenses	**26,668**	21,279
Cost/income ratio[1]	**36.33**	40.77

(1) Cost/income ratio refers to general and administrative expenses divided by operating income.

The income increased rapidly while cost could be effectively controlled. Cost/income ratio decreased by 4.44 percentage points to 36.33% in 2014. General and administrative expenses increased by 25.3% to RMB26,668 million in 2014 from RMB21,279 million in 2013, which was mainly due to the expansion of outlets and business, as well as continued investment in the optimization of management.

ASSET IMPAIRMENT LOSSES

Asset impairment losses increased greatly from RMB6,890 million in 2013 to RMB15,011 million in 2014, mainly due to the increase in loan loss provision.

INCOME TAX

	2014	2013
Effective tax rate (%)[1]	**24.40**	24.00

(1) Effective tax rate refers to income tax divided by profit before tax.

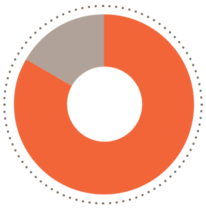
Deposit Mix

(in RMB million)	December 31, 2014	December 31, 2013
Corporate deposits	**1,280,430**	1,005,337
Retail deposits	**252,753**	211,665
Total deposits	**1,533,183**	1,217,002

Deposit mix

(%)

December 31, 2014 (December 31, 2013)



- Corporate deposits 83.5 (82.6)
- Retail deposits 16.5 (17.4)

The total deposits increased by 26.0% to RMB1,533,183 million as at December 31, 2014 from RMB1,217,002 million as at December 31, 2013. Both types of deposits maintained a stable growth.

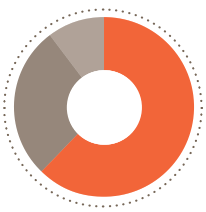
Loan Mix

(in RMB million)	December 31, 2014	December 31, 2013
Corporate loans	**639,739**	521,639
Retail loans	**282,096**	238,816
Accounts receivable on credit cards	**102,899**	86,834
Total loans	**1,024,734**	847,289

Loan mix

(%)

December 31, 2014 (December 31, 2013)



- Corporate loans 62.4 (61.6)
- Retail loans 27.5 (28.2)
- Accounts receivable on credit cards 10.1 (10.2)

Ping An bank deeply sought clients' demand for loans, and stepped up efforts in granting loans. The growth and the pricing of loan are both among the best in the industry. As at December 31, 2014, its total loans surpassed 1 trillion and reached RMB1,024,734 million, increased by 20.9% over the beginning of the year. Corporate loans increased by 22.6% to RMB639,739 million, contributing 62.4% to total loans as at December 31, 2014 (as at December 31, 2013: 61.6%). Retail loans increased by 18.1% to RMB282,096 million, contributing 27.5% to total loans as at December 31, 2014 (as at December 31, 2013: 28.2%). Accounts receivable on credit cards increased by 18.5% to RMB102,899 million, contributing 10.1% to total loans as at December 31, 2014 (as at December 31, 2013: 10.2%).

LOAN QUALITY

(in RMB million)	December 31, 2014	December 31, 2013
Pass	**977,284**	821,721
Special mention	**36,949**	18,027
Sub-standard	**4,374**	4,375
Doubtful	**2,146**	1,575
Loss	**3,981**	1,591
Total loans	**1,024,734**	847,289
Total non-performing loans	**10,501**	7,541
Non-performing loan ratio(%)	**1.02**	0.89
Impairment provision balance	**(21,097)**	(15,162)
Loan loss provision ratio (%)	**2.06**	1.79
Provision coverage ratio(%)	**200.90**	201.06

As at December 31, 2014, the carrying amount of non-performing loans was RMB10,501 million, up by RMB2,960 million over the end of 2013; the non-performing loan ratio was 1.02%, up by 0.13 percentage points over the end of 2013; loan loss provision ratio is 2.06%, up by 0.27 percentage points from the beginning of the year, the provision coverage ratio was 200.90%, down slightly by 0.16 percentage points from the end of 2013.

Loan quality by region

(in RMB million)	December 31, 2014 Balances	December 31, 2014 Non-performing loan ratio (%)	December 31, 2013 Balances	December 31, 2013 Non-performing loan ratio (%)
East	**312,713**	**1.10**	266,690	1.05
South	**242,546**	**0.58**	219,911	0.49
West	**111,712**	**0.55**	85,720	0.31
North	**203,893**	**0.52**	158,228	0.36
Headquarter	**153,870**	**2.59**	116,740	2.40
Total	**1,024,734**	**1.02**	847,289	0.89

CAPITAL ADEQUACY RATIO

Calculated under the "Capital Rules for Commercial Banks (Provisional)" issued by the CBRC:

(in RMB million)	December 31, 2014	December 31, 2013
Net core tier 1 capital	**119,241**	100,161
Net tier 1 capital	**119,241**	100,161
Net capital	**149,951**	115,884
Total risk weighted assets	**1,380,432**	1,170,412
Core tier 1 capital adequacy ratio (%) (regulatory requirement>=7.5%)	**8.64**	8.56
Tier 1 capital adequacy ratio (%) (regulatory requirement>=8.5%)	**8.64**	8.56
Capital adequacy ratio (%) (regulatory requirement>=10.5%)	**10.86**	9.90

(1) Capital requirement regarding credit risk, market risk and operation risk was measured in weighted method, standard method and basic index method, respectively.

On June 7, 2012, the CBRC issued the "Capital Rules for Commercial Banks (Provisional)" (the "Rules"), which took effect from January 1, 2013. The Rules require commercial banks to meet the required capital adequacy ratio by the end of 2018. The Rules expand risk coverage, raise the risk sensitivity of regulatory capital and impose more prudent requirements on capital measurement. As at December 31, 2014, calculated under the Rules issued by the CBRC, capital adequacy ratio of Ping An Bank was 10.86%, with both tier 1 capital adequacy ratio and core tier 1 capital adequacy ratio of 8.64%, all of which were in compliance with the regulatory requirements.

Management Discussion and Analysis
Investment Business

- Ping An Trust's private wealth management business recorded stable growth, with the number of active high net-worth customers exceeding 30,000.
- Ping An Securities made headway in its strategy to become "one of the leading asset management companies in China", and saw the emerging signs of its effective transformation.
- The third-party asset management business of Ping An Asset Management grew rapidly.

TRUST BUSINESS

The Company offers high net-worth customers integrated, diversified, comprehensive and high-quality investment and financing services through Ping An Trust. In addition, Ping An Trust directly provides asset management services to institutional customers and other subsidiaries of the Company. Ping An Trust had RMB6,988 million in registered capital, RMB19,670 million in net assets, and RMB21,308 million in total assets.

In 2014, the global economy recovered at a slow pace, with varying performances across different economies. Developed economies recovered well, while emerging economies slowed down. The global economy still faced many uncertainties. Currently, Chinese economy is affected by three sequential stages, comprising the shift in economic growth, structural adjustments with short-term pain and the pre-stimulus transitional period. "New normal" are emerging in the economy, creating downward pressure for the macroeconomic environment. With the facilitation of interest rate marketization, expansion of the asset management business, cutting of excess production capabilities and structural risk in the real estate industry, as well as tightened restrictions for shadow banking by industry regulators, the trust business faces tremendous challenges.

Faced with the uncertainties of a changing market and ever-intensifying competition within the industry in 2014, Ping An Trust actively tackled adverse factors. It continued to strengthen and transform its business model as it made steady inroads in business operations. It set a strategic goal of becoming a China's leading trust company with largest size, and implemented integration and upgrades to its business models on the back of its original core businesses of "wealth management business" and "alternative investments business". A brand-new business model covering the four core businesses of "private wealth management business", "institutional asset management business", "interbank business" and "private investment banking/equity investment business" was created. A light capital model was adopted where the main income sources comprise management fees and performance fees. In addition, the combination of strong risk management capabilities, product platform, diversified funding channels and post-investment management capabilities enable the Company to meet strategic targets. In 2014, management income of trust products was RMB4,123 million, up by 46.2% over the previous year. Total investment income was RMB1,661 million, up by 39.7% over the previous year.

Funding Source of Trust

As a wealth management provider for high net-worth customers and institutional customers, Ping An Trust has established strong fund raising channel for capital of high net-worth individuals and institutional capital which includes insurance funds and corporate capital. The number of active high net-worth customers grew steadily and exceeded 30,000 as at December 31, 2014, up by 37.3% over the beginning of the year. Ping An Trust focused on providing high net-worth customers with asset allocation and private banking services, and promoted customer migration. In 2014, the number of high net-worth customers with total trust assets exceeding RMB5 million grew substantially, of which the ultra-high net-worth customer base with total trust assets exceeding RMB10 million grew by 46.9% compared with the beginning of the year, while middle-to-high net-worth customers with total trust assets between RMB5 million and RMB10 million grew by 46.8% compared with the beginning of the year.

Total high net-worth customers and institutional customers other than banks and insurance companies account for over 50% of the funding source. As at December 31, 2014, paid-in capital reached RMB368,568 million, of which funds from individual customers were RMB100,147 million, up by 27.6% over the end of 2013. Funds from banks were RMB100,112 million, down by 0.6% from the end of 2013. Funds from insurance institutions were RMB48,757 million, up by 91.0% compared with the end of 2013. Funds from corporations and other institutional customers were RMB119,552 million, up by 67.0% over the end of 2013.

The table below demonstrates the source of paid-in capital:

(in RMB million)	December 31, 2014	December 31, 2013
Individual customers	**100,147**	78,466
Banks	**100,112**	100,766
Insurance companies	**48,757**	25,523
Other institutional customers	**119,552**	71,609
Total	**368,568**	276,364

Structure of funding source

(%)

December 31, 2014 (December 31, 2013)

For qualified individual customers, Ping An Trust has established a risk adaptation model specifically based on customers' risk tolerance. Customers are categorized according to their risk appetite and a stringent customer rating and assessment mechanism is implemented to ensure the customer's risk tolerance matches the product risk. By the end of 2014, the risk management system of Ping An Trust had covered all individual customers, with the risk adaptability rate of customers standing at over 95.0%. This effectively avoids operational risks such as misleading sales and information asymmetry.

Assets Held in Trust

(in RMB million)	December 31, 2014	December 31, 2013
Investment category		
Capital market investments	**95,664**	39,696
Private equity investments	**27,863**	25,947
Other investments	**73,721**	37,732
Total investment category	**197,248**	103,375
Financing category		
Real estate industry financing	**71,642**	58,212
Infrastructure industry financing	**32,152**	53,829
Corporate loans	**56,086**	41,079
Pledged financing(1)	**19,997**	16,240
Other financing(2)	**22,724**	17,585
Total financing category	**202,601**	186,945
Total	**399,849**	290,320

(1) The main subjects of pledged financing are stocks, beneficiary rights of trust schemes and accounts receivable.

(2) Other financing refers to the financing methods other than aforementioned, which include credit card assets, lease receivable and other debt based financing business.

OUR PERFORMANCE

Business Structure

(In RMB million)	Trust Industry December 31 2014	Trust Industry December 31 2013	Ping An Trust December 31 2014	Ping An Trust December 31 2013
Total assets held in trust	**13,979,910**	10,907,111	**399,849**	290,320
The percentage of single money trust and property trust	**69.3%**	75.1%	**30.0%**	34.5%
The percentage of collective trust	**30.7%**	24.9%	**70.0%**	65.5%

As at December 31, 2014, assets held in trust of Ping An Trust was RMB399,849 million; of this, the scale of collective trust which demonstrated active management capabilities reached RMB279,969 million, up by 47.3% over the beginning of the year, accounted for 70.0% of total assets held in trust, which placed Ping An Trust in a market-leading position in terms of business structure. The scale of trust asset within the investment category was RMB197,248 million, up by 90.8% over the beginning of the year. It accounted for 49.3% of total asset held in trust, up by 13.7 percentage points over the end of 2013. The scale of trust asset within the financing category was RMB202,601 million, up by 8.4% over the beginning of the year; of this amount, the collective trust within the financing category accounted for 35.3% of total assets held in trust, down by 3.3 percentage points over the end of 2013, and the collective trust within the real estate financing category accounted for 16.4%. The risk faced by trust schemes in the investment category is mainly market risk. As economic trends and government economic policies change, the return of investors and Ping An Trust will fluctuate to a certain degree. The risk faced by trust schemes in the financing category is mainly credit risk.

Investment Risk Management

For risk management at the asset end, Ping An Trust utilizes “project selection”, “project approval”, “post-investment project management” and “liquidity support”, which form four lines of defense, to safeguard its risk baseline and ensure the safety of business.

In the project selection process, risk control is implemented in the following four areas. First, the selection of counterparties. When dealing with large counterparties, Ping An Trust requires them to be of high quality, in sound operating condition and with abundant cash flow. In the real estate business, for example, we mainly cooperate with real estate companies with big size and high credit rating. And more attentions are paid to quality of projects, while high-quality assets are required as pledges. For investment and financing in infrastructure industry, Ping An Trust only collaborates with provincial, sub-provincial, provincial capital cities, and developed prefecture-level cities, and large corporations under sub-provincial level and provincial capitals. Second, for region selection, projects selected for development are mainly in first and second tier cities, thus avoiding a scenario of trust schemes being affected by policy changes and market fluctuations. Third, for collateral selection, land, existing houses and accounts receivable are required to be pledged and maximum pledge rates are set. Of this, the pledge rate of land and existing houses collateral may not exceed 60%, and the pledge rate of collateral under construction may not exceed 50%. For the share pledge business, warning lines and close position lines are set. Lastly, as there was tremendous downward pressure on the macroeconomic environment, the Company shortened the duration of real estate financing projects, from 1.62 years in 2013 to 0.96 years in 2014.

For project approval, experienced customer service managers, product managers and risk control managers are recruited based on specific attributes of different industries and businesses, which allow for the professional implementation of projects. On-site due diligence is carried out by customer service managers and risk control managers for all projects. For complex projects, the Company engages the international big four accounting firms, international big five real estate firms and domestic law firms with rich experience in real estate trust to conduct third-party due diligence on the counterparty and investment objects in a detailed, professional and objective manner. Ping An Trust is thus able to thoroughly understand its counterparties to mitigate and prevent credit risk. For major projects, Ping An Trust reviews each case individually through the Trust Business Decision Committee.

For post-investment management of projects, a professional post-investment department in Ping An Trust monitors projects. This is mainly done by delegating directors, financial personnel and engineers to monitor the progress of projects and participate in the corporate governance processes, such as general meetings and board meetings to timely flag up risks which appear in the implementation of the project. Ping An Trust has established a robust risk assessment system to enhance risk monitoring, regularly carry out risk checks on existing projects and report to the CBRC. In addition to regular risk checks, Ping An Trust also implemented daily monitoring routines and identified the person-in-charge. Once a substantial risk warning signal is detected, the person-in-charge is responsible for reporting and setting up the project risk management task force on the same day, as well as continuously monitoring the progress of risk handling.

Further, Ping An Trust ensures sufficient adaptive and resolving ability after an extreme risk event has occurred by maintaining liquid sources including monetary assets and those assets with low risk and high liquidity. Due to stringent risk management and a prudent operating philosophy, Ping An Trust redeemed all trust schemes upon scheduled maturity in 2014. Of this, approximately RMB40 billion was redeemed for real estate projects, without the occurrence of project payment risk.

In 2014, in accordance with "Guidance Suggestion to Trust Company for Risk Supervision" issued by the CBRC, Ping An Trust strived to establish a risk prevention and control accountability system and developed a Recovery and Resolution Plan. It includes a "shareholder liquidity support and capital replenishing mechanism", "deferment of incentive payment for senior management system", "dividend limiting and bonus claw back mechanism", "business division and recovery mechanism" and "entity disposal mechanism". We strictly complied with regulations and ran operations in compliance, ensuring the safe and stable operations of the company.

In accordance with industry development trends and current conditions, Ping An Trust will continue to establish a comprehensive risk management framework according to the Basel II requirements to identify, measure, control and manage various risks. Through indicator frameworks such as risk quota and net capital, it can manage the six main risks, namely market risk, credit risk, liquidity risk, compliance risk, concentration risk and operational risk. As at December 31, 2014, the net capital of Ping An Trust was RMB14,587 million, which far exceeded the regulatory requirement of RMB200 million. The ratio of net capital to the sum of risk assets of various businesses was 170.6%, higher than the regulatory requirement of 100%. Net capital to net asset ratio was 74.2%, which complied with regulatory requirement.

	December 31, 2014	December 31, 2013
Net capital (in RMB million) (regulatory requirement >=200)	**14,587**	12,937
Net capital/sum of risk assets of various businesses (regulatory requirement >=100%)	**170.6%**	202.1%
Net capital/net asset (regulatory requirement >=40%)	**74.2%**	75.5%

Operational Management of Services

In 2014, Ping An Trust continued to improve the services operation system, facilitate operational reform, optimization and upgrade, and achieved remarkable results.

In terms of product innovation, Ping An Trust began its transformation towards private wealth management and internet finance. The "Cai Fu Bao" APP is the first high-end internet finance brand targeting at high net-worth, rich and young elite groups, with the product design, asset management and customer service completely transformed. It provided customers with personalized financial products and asset management services, fully released human resources such as client managers and extended its service scope and customer source.

In terms of the diversification of service channels, Ping An Trust's official WeChat account "Ping An Trust" was launched in 2014, providing customers with categories of exclusive information. Currently, the service framework of Ping An Trust covers the five major e-channels, namely website, telephone, SMS, e-mail and WeChat, providing customers with 24-hours professional multi-channel services.

In terms of operational reforms, Ping An Trust continued to promote building and optimizing a large operational platform and implemented 25 optimizing measures targeting at process management and service channels, which effectively increased service efficiency.

For customer service, Ping An Trust continued to improve customer service quality through optimizations and improvements to the end-to-end service workflow. In 2014, Ping An Trust engaged AC Nielsen, an external professional third party research company, to conduct customer satisfaction surveys, which showed customer satisfaction rates were up by 17 percentage points as compared with that of 2013.

In 2014, Ping An Trust won numerous authoritative awards within the industry due to its resounding results, outstanding performance and good reputation. It was given the "Excellent Trust Company in China" for the fifth consecutive time by Securities Times, and also won the "Best Risk Management Trust Company" award. It ranked first in the overall strength rankings of trust companies in China of Use-Trust.com for the fourth consecutive year. It was awarded the title of "Annual Trust Company" in the 2014 China Business News Financial Value Ranking selected by China Business News. It was also named the "Annual outstanding Brand Building Trust Company" by the Economic Observer, and received the "Annual Most Influential Trust Company" at the Chinese Financial Institutions Golden Dragon Awards selected by the Financial Times.

Results of Operation

(in RMB million)	2014	2013
Fees and commission income	**4,294**	2,944
Investment income	**1,661**	1,189
Other income	**583**	599
Total operating income	**6,538**	4,732
Fees and commission expenses	**(1,440)**	(827)
General, administrative and other expenses	**(2,341)**	(1,466)
Total operating expenses	**(3,781)**	(2,293)
Income tax	**(558)**	(477)
Net profit	**2,199**	1,962

Note: The above figures are presented at segment level of trust business, including Ping An Trust and its subsidiaries which carry on investment and asset management business.

Trust business realized a net profit of RMB2,199 million, up by 12.1% from RMB1,962 million in 2013, mainly due to the increase in net fees and commission income and investment income as compared with 2013.

Net Fees and Commission Income

(in RMB million)	2014	2013
Fees and commission income		
Management fees income of trust products	**4,123**	2,820
Others	**171**	124
Total fees and commission income	**4,294**	2,944
Fees and commission expenses		
Handling charges of trust products	**(1,440)**	(827)
Total fees and commission expenses	**(1,440)**	(827)
Net fees and commission income	**2,854**	2,117

Management fees income of trust products for 2014 was RMB4,123 million, representing an increase of 46.2% from RMB2,820 million in 2013. This was primarily due to a large increase in management fees income from trust products, arising from a larger scale of assets held in trust and adjustments to product structure.

Handling charges of trust products went up by 74.1% to RMB1,440 million in 2014 from RMB827 million in 2013. This was primarily due to the enlarged scale of assets held in trust and adjustments to product structure.

Total Investment Income

(in RMB million)	2014	2013
Net investment income(1)	**931**	896
Net realized and unrealized gains(2)	**824**	543
Impairment losses of investment	**(94)**	(250)
Total investment income	**1,661**	1,189

(1) Net investment income includes interest income from deposits, loans and bonds, dividend income from equity investments, and operating lease income from investment properties.

(2) Net realized and unrealized gains include realized gains from security investments, profit or loss through fair value change, and equity investment income excluding dividends, etc.

Due to the higher realized investment income from the sale of equity investment in 2014, the total investment income increased by 39.7% to RMB1,661 million in 2014 as compared with that of 2013.

SECURITIES BUSINESS

The Company conducts securities business through Ping An Securities, providing brokerage, investment banking, asset management, and financial advisory services. In 1996, Ping An Securities formed a subsidiary, Ping An Futures, which conducts futures brokerage business. It became an innovative securities company in 2006. In 2008, it formed a wholly-owned subsidiary, Ping An Caizhi, which conducts direct investment business. In 2009, it set up another subsidiary in Hong Kong, Ping An Securities (Hong Kong). In 2012, it formed a wholly-owned subsidiary, Ping An Pioneer Capital, to conduct alternative investment business. As at December 31, 2014, Ping An Securities had RMB5.5 billion in registered capital, RMB10,198 million in net assets and RMB61,878 million in total assets.

In 2014, the fallout of internet finance and financial disintermediation continued to intensify in the securities market. Driven by market and regulatory policies, new opportunities were presented to the securities business. In primary markets, the volume of stocks and bonds underwriting increased, resulting in a substantial rise in the industry's underwriting income. In the secondary market, securities and bond indices as well as single-day transaction volumes reached new heights, leading to a surge in industry investment returns and net income of securities trading agency services. In addition, innovative businesses grew rapidly as the scale of margin trading and securities lending business and share pledge business rose by 196.0% and 298.8%, respectively, as compared with last year.

Investment Business

Ping An Securities continued to adapt to the opportunities and challenges arising from market reforms, and set the development strategy of becoming "one of China's leading asset management companies". It established differentiated competitive advantages and actively promoted strategic transformation. In 2014, Ping An Securities realized a net profit of RMB924 million, up by 81.2% as compared with last year. Its fixed income business completed 23 credit bonds issuance projects and 6 SME private bonds issuance projects. Its bonds transaction volume through the exchanges and inter-bank market both took the industry lead. Innovative businesses such as structural products and transaction agency reached RMB48,348 million, up by 75.9% over last year. The structure of the securities brokerage business continued to be optimized. In 2014, income from the intermediary business accounted for 38.9% of the total brokerage income, up from 26.6% in 2013. As at December 31, 2014, the margin trading and securities lending business reached RMB10,542 million, up by 224.4% compared with the beginning of the year. The scale of asset management business reached RMB106,452 million, up by 97.0% compared with the beginning of the year. The scale of services similar to assets securitization business achieved a breakthrough and reached RMB33,510 million. The equity investment business positioned itself as the investment bank providing full services for the whole lifecycle of a corporation, while promoted business model to transform towards the model of "customer service manager plus product manager", which focused on offering customers diversified comprehensive services in every part of the supply chain. Ping An Securities developed non-channel business, with the scale of share pledge and block transaction business amounting to RMB10,262 million, up by 219.8% as compared with last year. To raise its capital strength and expand financing channels, Ping An Securities successfully issued RMB3 billion of subordinated bonds and issued RMB1,874 million of beneficiary certificates in 2014.

Ping An Securities actively explored the internet finance business, and was granted "internet securities business pilot" qualifications, becoming one of the five pilot securities vendors. In July 2014, Shanghai Securities News named Ping An Securities as the "Most Potential Internet Securities Vendor in China". It was also named as "2014 Chinese Asset Management Securities Vendor with Most Potential" by Securities Times. In November 2014, it was named as "Annual Outstanding Wealth Management Securities Company" by the China Economic Observer. In December 2014, Ping An Securities qualified as one of the first pilot locations for fast track of clients' information from insurance accounts for new stock accounts, deepening the Group's integrated financial resources.

Looking ahead, Ping An Securities will continue to implement new strategies decisively and leverage the Group's advantages in integrated finance to become the best chief financial consultant for companies and best wealth management platform for individual customers.

Results of Operation

(in RMB million)	2014	2013
Fees and commission income	**2,214**	1,642
Investment income	**1,783**	1,076
Other income	**29**	40
Total operating income	**4,026**	2,758
Fees and commission expenses	**(212)**	(157)
Finance costs	**(483)**	–
General, administrative and other expenses	**(2,167)**	(1,953)
Total operating expenses	**(2,862)**	(2,110)
Income tax	**(240)**	(138)
Net profit	**924**	510

During 2014, net profit from our securities business increased by 81.2% to RMB924 million from last year, which was mainly attributable to the revival of the stock market. This led to large growth in net fees and commission income resulting from the increased transaction volume and margin trading and securities lending business, as well as the growth of investment income. Besides, net profit of 2013 was relatively low as a result of Wanfu Biotechnology incident.

Net Fees and Commission Income

(in RMB million)	2014	2013
Fees and commission income		
Brokerage fees income	**1,385**	987
Underwriting commission income	**473**	387
Others	**356**	268
Total fees and commission income	**2,214**	1,642
Fees and commission expenses		
Brokerage fees expenses	**(175)**	(115)
Others	**(37)**	(42)
Total fees and commission expenses	**(212)**	(157)
Net fees and commission income	**2,002**	1,485

In 2014, our brokerage fees income increased by 40.3% to RMB1,385 million from last year, mainly due to the increasing transaction volume in the secondary market and the rapid development of our margin trading and securities lending business.

Underwriting commission income increased by 22.2% to RMB437 million in 2014 from RMB387 million in 2013, which was mainly attributable to the increase of underwriting income generated from bond issuance business.

Total Investment Income

(in RMB million)	2014	2013
Net investment income(1)	**1,703**	1,117
Net realized and unrealized gains(2)	**103**	(3)
Impairment losses of investment	**(23)**	(38)
Total investment income	**1,783**	1,076

(1) Net investment income includes interest income from deposits and bonds, dividend income from equity investments and rental income from real estate investments.

(2) Net realized and unrealized gains include realized gains from security investments and profit or loss through fair value change.

In 2014, net investment income increased by 52.5% to RMB1,703 million from that of 2013, the main reason was that Ping An Securities stepped up its investment in bonds, stock and funds, and enlarged the scale of margin trading and securities lending business, achieving sound net investment yield. With the recovery of market condition, net realized and unrealized gains went from a loss of RMB3 million in 2013 to a gain of RMB103 million in 2014. Due to a combination of the abovementioned factors, total investment income rose by 65.7% to RMB1,783 million in 2014 from RMB1,076 million in 2013.

INVESTMENT MANAGEMENT BUSINESS

The Company provides investment management services primarily through two subsidiaries of the Group, Ping An Asset Management and Ping An Asset Management (Hong Kong).

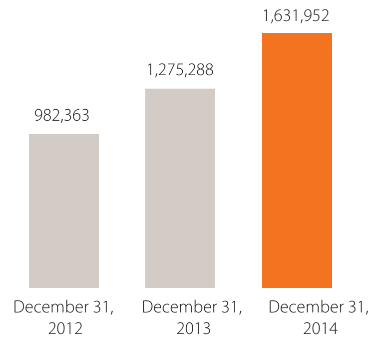
Ping An Asset Management is responsible for domestic investment management business. It is entrusted to manage the insurance funds of the Group as well as the investment assets of other subsidiaries under the Group. It also provides investment products and third-party asset management services to other investors through various channels. As at December 31, 2014, Ping An Asset Management had RMB500 million in registered capital.

Investment Business

In 2014, China's macroeconomic environment was stable overall, while reforms and structural adjustments continued to achieve traction. Economic growth remained within a reasonable range. But investment growth waned, and financing reached a bottleneck, with evident operational difficulties of corporations. The downward pressure and risks for the economy remained high. As the central bank lowered interest rates, along with government policies such as "One Belt and One Road", as well as various growth stabilizing policies, Chinese stock market grew substantially in 2014, but was highly fragmented. The SSE Composite Index achieved annual accumulated growth of 52.9%. The SZSE Component Index had annual growth of 35.6%, while the growth of second-board market grew by 12.8%. Impacted by enhanced liquidity and loose fiscal policy, the bond market became bullish in 2014.

Ping An Asset Management leveraged its professional investment know-how and seized opportunities in the movements in the domestic bond and stock market. It tapped the Company's advantages in the fixed income investment and seized investment opportunities in individual stocks to enhance investment returns. The third-party business developed well as service standards were enhanced and sales support was strengthened. Confronted with volatile environment in the market, Ping An Asset Management still placed top priority on risk management, continuously strengthening the development of its risk control system and risk control team to bring stable and reliable investment returns to investors. At the same time, the Company continuously reformed and upgraded its system platforms, and optimized its workflows, establishing a solid foundation for its domestic and foreign investments as well as business expansion. After nearly ten years of development, Ping An Asset Management has become the third largest asset management company in China. As at December 31, 2014, assets under management of Ping An Asset Management amounted to RMB1,631,952 million, representing an increase of 28.0% compared to the beginning of the year; among which, the scale of its third-party asset management business reached RMB169,336 million, up by 103.9% over the beginning of the year. In 2014, Ping An Asset Management realized net profit of RMB977 million, up by 44.5% over the same period last year, and its third-party asset management business fees income was RMB726 million, up by 38.0% over the previous year.

***Assets under investment management* (in RMB million)**



Ping An Asset Management (Hong Kong) operates the overseas investment management business of the Group. Apart from managing investments for other subsidiaries under the Group, it also provides a range of overseas investment products, third-party investment management and investment consulting services to institutions and individual clients in China and overseas. Ping An Asset Management (Hong Kong) possesses a professional team with ample experience in international investment, which is responsible for overseeing research on global macroeconomics, strategic asset allocation, investment in Hong Kong stocks, overseas stocks and other core functions. The team also built an international investment platform, introducing products from overseas to achieve innovation in service offerings. In addition, Ping An Asset Management (Hong Kong) explored investment consulting service business for the overseas institutional clients in 2014, creating vast customer network resources overseas. As at December 31, 2014, the assets denominated in foreign currency under management of Ping An Asset Management (Hong Kong) amounted to HK$29,293 million.

In the future, the Company will monitor changes in policy and regulation, constantly research and seize opportunities in the macroeconomic environment and industry development trends, optimize the investment decision process, fully utilize the fundamental function of asset allocation, further promote interaction of investment and research and continuously optimize risk control measures. The Company will build a world-leading investment management platform, enhance its investment competitiveness and build the professional investment brand of Ping An.

FUND BUSINESS

Ping An-UOB Fund, established in 2011, has a registered capital of RMB300 million. Ping An-UOB Fund mainly engages in raising securities investment funds, sales, assets management business, and provides professional investment products and related services to retail and institutional investors.

Funds under the Ping An-UOB Fund performed well overall, and the long-term performance of investment in shares was remarkable. As at December 31, 2014, research by Haitong Securities showed Ping An-UOB equity funds were ranked No. 4 among 64 companies in terms of absolute returns, and ranked No. 5 among 64 companies in terms of abnormal returns. The Company's money market fund yield is among the best in the market, the scale of its money market fund grew rapidly. At the end of 2014, the total scale of "Ping An-UOB Daily profit money market fund" and "Ping An-UOB Caifubao money market fund" reached RMB11.3 billion.

FINANCIAL LEASING BUSINESS

The Company conducts financial leasing business through Ping An Financial Leasing. Ping An Financial Leasing was formed in September 2012. Leveraging on the Group's solid capital strength, outstanding brand influence and synergies of the full financial licenses, as well as the integrated financial services platform, Ping An Financial Leasing strove to become the specialized leader in the fields of SME customer and professional market with unique commercial vitality and extension capabilities in the industry, providing customers with more flexible and diversified financial products and more comprehensive value-added services. At the end of 2014, Ping An Financial Leasing has accumulated total assets of over RMB50 billion while maintaining a high level of asset quality, which was in the forefront among foreign-funded financial leasing companies.

Internet Finance

- The strategic layout of "One Gate, Two Focuses, Four Markets" of internet finance business has been formed.
- The number of internet users reached 137 million, and annual active users reached almost 70 million. Total number of APP users was nearly 20 million.
- P2P transaction volume of Lufax ranked first in China. Wanlitong's transaction volume and collaborating merchants grew rapidly. The new generation of payment system of Ping An Pay has been established.

Leveraging 27 years of personal financial services experience, the profound understanding of customers, and the full applications of modern technology, Ping An has been actively expanding its internet finance business. The Company focuses on the health, food, housing, transportation and entertainment, integrating its services into very fabric of everyday life of its internet users, to establish various internet finance platforms, which has initiated the strategic framework of "One Gate, Two Focuses, Four Markets".

"One Gate" refers to the "Magic Gate" of Ping An. It realized the seamless connection to the daily living scenarios of health, food, housing, transportation and entertainment. Users can use the "Magic Gate" according to their needs to enjoy one-stop service in a comprehensive financial and daily living environment. The "Magic Gate" will establish a social financial service platform which manages the wealth, health and lives of the widespread social users.

"Two Focuses" refers to the focuses on Asset Management and Health Management. The Asset Management is developed on the "One Account Management Services" account platform, and the Health Management is developed on the health e-portfolio and "Ping An Doctor" mobile platform, which promotes the mining, analyzing and the application of big data of Asset and Health Management and plays a crucial role in the development of each internet finance business.

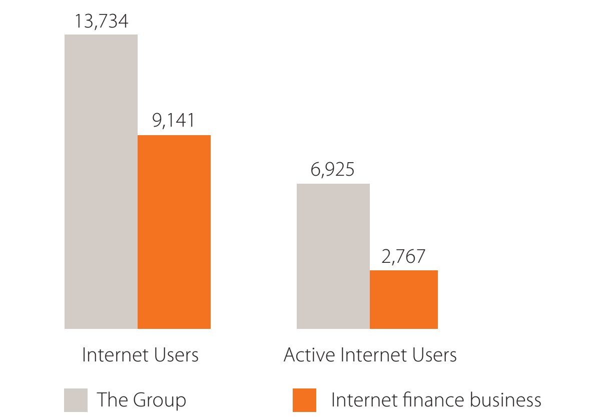
The "Four Markets" are namely asset transaction market, loyalty points transaction market, automobile transaction market and real estate financing market. Of which, Lufax is the major participant in the online financial assets transaction market. Through constant breakthroughs and innovations, Lufax has achieved remarkable development in 2014. The number of P2P users and transaction volume had increased substantially. Wanlitong strived to establish China's largest loyalty points transaction market, and loyalty points platform structure is growing more well-equipped. PA Haoche has been expanding rapidly and has become the largest second-hand automobile trade platform in China. PA Haofang has officially embarked on the real estate financial market with a series of internet real estate financial products, which has gained widespread attention and positive feedback from the market.

INTERNET USER SCALE

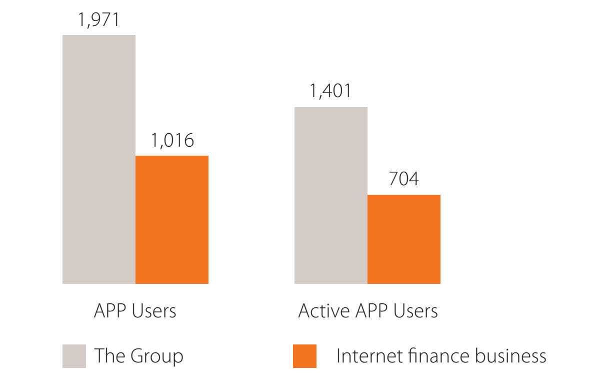
After several years of cultivation and exploration, Ping An has been expanding its internet finance business rapidly in 2014 and has been well-recognized by users for integrating its financial services into very fabric of life. As at December 31, 2014, the number of internet users of Ping An reached 137 million, with 69.25 million annual active users. Total users of Lufax, Wanlitong, Ping An Pay, PA Haoche, PA Haofang, Ping An Financial Technology and other internet finance companies reached 91.41 million, of which 38.15 million held traditional financial products, accounting for 41.7%, and annual active users reached 27.67 million.

In 2014, Ping An actively developed its business layout catering to mobile internet service. Total number of Ping An APP users reached 19.71 million, and there were 14.01 million annual active users. Total APP users of internet finance companies reached 10.16 million, and annual active users were 7.04 million.

Number of internet users
(in 10 thousand)



Number of APP users
(in 10 thousand)



Note:Overall internet users and APP users of the Group include users of internet finance business and core finance business, with the elimination of repeated users.

MIGRATION OF INTERNET USERS

Leveraging the personal integrated finance platform of the Company, a large number of customers were converted to internet finance users. The internet finance companies focused on the users' needs of health, food, housing, transportation and entertainment, and the effects of synergized promotion are beginning to emerge. The following tables display the migration of internet users between our core finance business and internet finance business in 2014:

Migration of internet users from internet finance business to core finance business (in thousand person-time)

	Migration Terminal				
Migration Source	Ping An Life	Ping An Property& Casualty	Ping An Bank	Other traditional finance companies	Total
Lufax	79	101	26	14	220
Wanlitong	1,315	3,258	851	147	5,571
One Account Management Services	1,366	2,718	887	129	5,100
Ping An Pay	178	202	32	15	427
Other internet finance companies	33	64	11	3	111
Total	2,971	6,343	1,807	308	11,429

Migration of internet users from core finance business to internet finance business (in thousand person-time)

	Migration Terminal					
Migration Source	Lufax	Wanlitong	One Account Management Services	Ping An Pay	Other internet finance companies	Total
Ping An Life	52	166	158	62	84	522
Ping An Property& Casualty	287	10,062	899	591	283	12,122
Ping An Bank	109	137	41	187	238	712
Other traditional finance companies	7	29	13	15	6	70
Total	455	10,394	1,111	855	611	13,426

(1) Other internet finance companies refer to companies such as PA Haoche, PA Haofang and Ping An Technology, while other traditional finance companies refer to companies such as Ping An Securities, Ping An Trust and Ping An Annuity.

(2) Internet users of core finance business refer to the users of Ping An Life, Ping An Property & Casualty, Ping An Bank and Ping An Securities, etc. which were captured from internet marketing channels or internet service platforms, as well as from mobile APPs.

OPERATING RESULTS OF INTERNET FINANCE BUSINESS

As a constant innovator and pioneer in the internet finance industry, Lufax has been developing into a more open, safe and convenient investment and financing platform with its outstanding advantages in low costs, multiple products, high liquidity and qualified customer experience. At the end of 2014, Lufax has acquired over 5 million registered users. In 2014, the financial asset transaction volume of Lufax has expanded more than 6 times over last year, of which transactions via mobile terminal accounted for over 40%. Individual retail transactions grew by nearly 19 times, of which P2P transactions grew by nearly 5 times, ranking the first place in China and among the top three globally. Lufax persisted with the principle of stable operations and introduced the most advanced international risk assessment models and risk control systems. It also takes full advantage of the latest international internet, big data and risk control technology. Lufax has established the seamless connection of online sales channels with offline asset channels, integrating the internet with finance, to form a competitive advantage which cannot be replicated. Lufax has been highly acclaimed by the market and customers for its advanced risk control framework, operating capability and brand effect. It was nominated as the "Most Important Chinese P2P Company" by Lend Academy, the largest American P2P research institute.

Wanlitong strives to become the largest general loyalty points platform in China. Based on the mobile internet and big data technology, Wanlitong provides the cooperating companies with brand new customer loyalty solutions and precise marketing services, and provides customers with the best points consumption experience. In 2014, loyalty points issued by Wanlitong were worth RMB1,959 million, up by 183.0% over last year. Transaction volume during the year reached RMB4,661 million, up by 284.5% over last year; among which, transaction volume through mobile terminal accounted for 27.6%. As at the end of 2014, Wanlitong had over 70 million registered users, covering 500 thousand online and offline merchants cooperating in loyalty points consumption. Initiated by Wanlitong, China's first loyalty points union was established in Shanghai in August 2014, and nearly 50 famous companies had joined in.

PA Haoche aims to become the largest automobile e-commerce services platform in China. It provides one-stop services including inspection, bidding, transaction, transfer and financing to buyers and sellers, creating a convenient automobile experience for automobile owners. As at the end of 2014, PA Haoche has completed the layout of O2O transaction platform all over the country, with 90 offline service outlets in 27 provinces and cities. During 2014, the number of online second-hand vehicles appraisal were approximately 1.7 million, nearly 80 thousand vehicles were inspected offline, and transactions of vehicles bidding business amounted to over RMB8 billion. Collaborating automobile dealers reached nearly 2,000, while over RMB50 million loans were provided to automobile dealers. PA Haoche is currently the largest C2B platform for second-hand vehicles in China, and has initiated the layout of second-hand vehicle B2B and B2C business and new vehicle business.

PA Haofang fully leveraged the advantages of integrated finance to build an internet "real estate finance" platform. In 2014, a series of innovative internet finance products based on real estate transactions, such as "Haofang Bao", "Haofang Loan" and "Real-Estate Crowd Funding", were launched, spurring real estate sales with the assist of finance, which has gained widespread recognition from customers and the industry. The website of PA Haofang opened channels such as new housing, overseas real estate, finance and good housekeeper and also gradually introduced channels such as "second-hand housing" and "house leasing". It has already established branches in 8 first or second tier cities including Beijing, Shanghai, Guangzhou and Shenzhen. In the future, it will continue to introduce innovative real estate financial products, and create a "real estate finance" closed eco-circle under the O2O model.

Ping An Financial Technology introduced "One Account Management Services", the first one-stop integrated asset management platform in China, which provides users with secure, accurate and timely internet financial account services. As at the end of 2014, One Account Management Services has accumulated over 40 million registered users and has managed asset worth nearly RMB500 billion for users. It has integrated the financial and internet accounts of 19 Ping An subsidiaries, including Ping An Life, Ping An Property & Casualty, Ping An Bank, Ping An Security and Wanlitong. It is also the first company in China to utilize Super-Internet-Bank technology to integrate the accounts of 29 banks. The One Account Management Services APP allows for innovative services such as cash account management, asset management for real estate and automobiles, and consumption management. Due to its innovative services functions, the One Account Management Services was granted the "Best Integrated Asset Management Account" in the 2014 Financial Value Ranking of China Business News. Ping An Financial Technology continued to strengthen the internet finance strategy of the Group by establishing the "One Customer, One Account, Multiple Products and One-Stop Services" account platform.

Ping An Health Cloud promoted the implementation of the Group's strategy of focusing on health management, by combining the three networks of medical care, medicine and information. In 2014, the effect of medical care network establishment was emerging. The "Ping An Doctor" APP was launched at the end of 2014 and gained a high level of customer satisfaction. "Ping An Doctor" provides online clinic services of family doctors and specialists, coupled with the analysis and application of big data to provide personalized daily health management and medical services for users. Ping An Health Cloud will seize the opportunity of the reform of medical system and promote the integration of medical resources, forming a multi-layered doctor, medical care and medicine network covering the entire country in the future. Online and offline services will be combined to provide customers with diversified and comprehensive medical health services.

Ping An Pay provides the core payment platform for the Group's internet finance business. The new generation of payment system of Ping An Pay has been established. With its optimized banking channels, it has in place basic capabilities for payment services. In 2014, it processed RMB220 billion worth of payments for various trades. Yiwallet, a mobile electronic wallet, has been launched for one year. It introduced four main service modules of wealth management online consumption, daily living and insurance protection, with nearly 10 million registered users and over 10% monthly average activity. Monetary funds and wealth management products of insurance and bills introduced at the mobile terminal have been popular among users and sales volume reached RMB20 billion in the second half of 2014, indicating that the internet finance mode of payment business has achieved preliminary results. Ping An Pay has established a financial industry-standard security system which is an intelligent, high-efficiency risk monitoring system operating 24/7. With the strict planning of professional risk management model and the sophisticated risk analysts, risk control of the accounts is among the best in the industry and can ensure the safety of the customer's fund.

In the future, Ping An will continue to offer daily financial services focused on health, food, housing, transportation and entertainment, and build a leading personal finance internet service platform with the support of big data from the asset management and health management.

Integrated Finance

- Cross-selling of the integrated finance business was in a more mature stage of development, and significant progress was made in customer migration.
- Service platforms continued to improve. Technology and innovative internet techniques promoted the business development.

In 2014, the Company continued to promote the development of integrated finance business and the optimization of service platforms, aiming to steadily enhance customer experience. It stepped up the application of technology and new internet techniques to boost the innovation and development of the business. In terms of its personal integrated finance business, the Company pursued its "customer-oriented" philosophy, better carried out cross-selling, actively took advantage of internet channels and steadily promoted customer migration, which led to a stable growth in the overall number of customers and business scale. For the group integrated finance business, each subsidiary kept to the philosophy of providing support for corporate customers with one-stop service, and steadily implemented the comprehensive development of integrated finance, which saw significant results in business cooperation and increasingly synergistic effects. Meanwhile, the Company further focused on strengthening its service platforms to enhance customer experience, and adopted technology and new internet techniques in depth to support business development.

TOTAL VOLUME OF INDIVIDUAL CUSTOMERS

As at December 31, 2014, the number of the Company's individual customers reached 89.35 million, maintaining a growth rate of over 10% for two consecutive years. Of this number, there were 19.51 million new customers in 2014.

(In ten thousand)	2014	2013
Customers at the beginning of the year	**7,903**	6,799
New customers in current year(1)	**1,951**	1,913
Including:		
Ping An Life(2)	**401**	369
Ping An Property & Casualty	**1,347**	1,084
Retail Banking Business	**456**	671
Credit Card Business	**399**	479
Other Business	**41**	43
Customers at the end of the year(3)	**8,935**	7,903

(1) As customers who purchased multiple financial products are counted more than once, the figures do not add up to the total sum.

(2) The number of customers of Ping An Life was counted based on the number of policy holders.

(3) The number of customers at the end of the year was not equal to the sum of the number of customers at the beginning of the year and new customers in current year due to the customer loss.

CUSTOMER MIGRATION

The Company continued to promote the migration of customers among core finance business. In 2014, the number of migrated customers was approximately 7.02 million, and 26% of new customers of subsidiaries were from customer migration. From the initiation of customer migration to the end of 2014, the aggregated number of the Company's migrated customers exceeded 15.10 million.

Migration of Customers among Core Finance Business (in thousand person-time)

	Migration Terminal					
Migration Source	Ping An Life	Ping An Property& Casualty	Retail Banking Business	Credit Card Business	Other Businesses	Total
Ping An Life	–	1,510	738	815	205	3,268
Ping An Property& Casualty	331	–	360	464	83	1,238
Retail Banking Business	282	623	–	415	138	1,458
Credit Card Business	170	373	377	–	36	956
Other Businesses	13	38	22	24	2	99
Total	796	2,544	1,497	1,718	464	7,019

Note: Other Businesses include Ping An Securities, Ping An Trust and other subsidiaries which carry on traditional finance business.

In 2014, the Company actively promoted the migration from internet finance users to traditional finance customers. New customers who held traditional financial products, through migration from internet finance companies such as Wanlitong, Lufax, Ping An Pay, PA Haofang and PA Haoche, amounted to over 1.2 million.

CROSS-SELLING OF PERSONAL INTEGRATED FINANCE

Through years of cultivating and exploration, cross-selling of personal integrated finance has produced remarkable results and the synergy effects of integrated financial services are increasingly visible. The following table sets out the Company's cross-selling performance of personal integrated finance in 2014:

New Business Acquired through Cross-selling

	2014		2013	
(in RMB million)	Amount	Business contribution percentage (%)	Amount	Business contribution percentage (%)
Property and casualty insurance business				
Premium income	**20,369**	**14.2**	17,206	14.9
Short-term group insurance business of Ping An Annuity				
Sales volume	**3,674**	**42.9**	2,914	41.9
Trust business				
Trust schemes	**170,324**	**28.2**	140,029	33.1
Banking business				
Retail deposits (increase of average daily balance per year)	**10,413**	**27.2**	4,714	17.0
Credit cards (in ten thousand)	**201**	**39.5**	218	39.8

COOPERATION OF GROUP INTEGRATED FINANCE

In 2014, the Group continued to promote its group integrated finance. In line with the Group's strategic guideline in integrated finance, the subsidiaries cooperated closely, taking full advantage of the Group's integrated finance, providing integrated investment and financing services for enterprises across the country, which actively promoted the development of the regional real economy.

UPGRADING CUSTOMER EXPERIENCE AND SERVICE

In 2014, the Company carried out comprehensive upgrades in terms of customer experience and services. To cope with customer behavior and technology changes, the Company further redesigned and optimized the existing service platform through planning the 360-degree customer experience, and has been actively exploring new mode in customer service.

Optimization of the Service Platform:

The Company enhanced service standards revolving around core values through platform redesign and technological innovation.

- Undertook planning for the new-generation customer communication centre through multi-services channel integration and customer needs research. Promoted the intelligent voice technology first in credit card and property & casualty business, which broke the original standardized menu, and improved the customers' interacting experience.

- Completed the set-up of the integrated platform, which features a full module operating system covering demand management, system platforms, production processing, and customer maintenance, and tried out the outsourcing model such as collaboration with universities and internet games.

- APP model was introduced for travel expenses reimbursement, realizing self-serve reimbursement through mobile terminal. It conducted the audit for the entire reimbursement process beforehand. Lead time for the reimbursement of expenses was reduced from 2 days to 15 minutes, greatly enhancing the Company's operational and management efficiency.

Exploration of New Models to Enhance the Customer Experience:

The Company further advanced the projects centered on improving customer experience and set up financial supermarkets, exploring the brand-new "Service + Sales" operation model.

- Fulfilled the planning of 360-degree perspective of customer experience and developed the daily management mechanism, to steadily improve customer experience.

- Introduced an innovative business model, six financial supermarkets were launched in Shanghai with nearly 80 integrated financial products. Sales channels were expanded while providing online to offline interactive experience. A new operational model of "Professional Consultation + Customer DIY" was developed.

TECHNOLOGY-DRIVEN FINANCE

In 2014, Ping An continued to deepen IT reforms. In the traditional sector, the Company provided daily IT services such as programing, system maintenance and office services, which helped in stable operations, fast service delivery, cost efficiency and enhancing customer experience, and strongly boosted the business development. In terms of innovation, Ping An emphasized on the research and development of new techniques. Leveraging on the mobile internet, cloud computing and other new technology, Ping An accelerated its customer migration and built up its core competitive advantages. Innovation is one of the key factors for Ping An to achieve success in the integrated finance business.

The influence of mobile internet and cloud computing to financial services is increasingly obvious amid the rapid development of technology and the fast-changing market environment. For mobile internet, Ping An introduced its social communication APP named "Tianxiatong", which provides comprehensive service to staff, sales agents and clients in terms of work, finance and social network. It has catered to the entire Ping An staff and millions of customers with a high level of activity and becomes increasingly important as a customer service channel. The "Magic Gate" is a connection platform to the internet world, which has already been embedded into the most popular APPs of Ping An with additional plug-ins. It covers daily living scenarios in terms of health, food, housing, transportation and entertainment. Millions of users have enjoyed one-stop services in a rich financial and daily living environment through the "Magic Gate". In respect of cloud computing, Ping An had been actively mapping out the cloud platform. The computing capability of the "Developing Cloud" has already exceeded expectations. Its high-density and virtual computations reduced energy consumption and also guaranteed sufficient resources, enabling the Company to possess continuous computing capabilities for better customer service. This also ensures the coexistence of information security and flexible allocations. In addition, it has accelerated service delivery and optimized resource management. It shortened the set-up time for machines and resources from 1-2 days to 15 minutes. Set-up time for the standard cloud main processor will be no more than one minute, which consolidated our IT infrastructure and will boost our internet finance strategy in the future.

The Company has always been dedicated to innovative applications in technology and business. It established a full-process e-platform which covers front, mid and back-end business processes. The Mobile Integrated Terminal (MIT) has offered financial services covering insurance for 16 million customers since 2011, with contribution of premium amounting to over RMB130 billion. The MIT usage rate of life insurance business has stabilized at 99%; automobile insurance business has surpassed 40%; and health insurance business exceeded 89.4%. The Company also introduced the "Pocket E-Sales", a smartphone compatible operating platform, which completely covers the modules of sales agents, sales performance, activity management of life insurance and the modules for integrated finance business. The "Pocket E-Sales" has been adopted by over 60% of agents and its usage per month has surged to 6 million. In 2014, Ping An Life introduced an APP offering services such as policy management and activity participation, the registered users of which have surpassed 7 million.

In 2014, claims services were continuously upgraded for Ping An Life and Ping An Property & Casualty. As a result, Ping An Property & Casualty became the first in the industry to commit to "settlement within 72 hours from reporting to receiving benefit payment for claims below RMB10,000" and has achieved a 96% fulfilment rate. Ping An Life has achieved a 95% fulfilment rate with an average processing time of 0.82 days committing to "settlement within 48 hours for standard cases with full documentation".

In the future, the Company will continue to promote new technology research and external operation, and apply modern technology led by mobile internet and cloud computing into every process of business, so as to enhance customer experience, build up distinctive core competitiveness and support business development constantly.

Embedded Value

As at December 31, 2014, the embedded value of the Company was RMB458,812 million, and the value of one year's new business of life insurance sold during 2014 was RMB21,966 million.

INDEPENDENT ACTUARIES REVIEW OPINION REPORT ON THE EMBEDDED VALUE DISCLOSURES

To the directors of
Ping An Insurance (Group) Company of China, Ltd.

We have reviewed the Embedded Value of Ping An Insurance (Group) Company of China, Ltd. ("The Company") as at December 31, 2014 ("the EV results"). The EV results include embedded value, value of one year's new business after cost of solvency ("VNB"), valuation methodology and assumptions, first year premium of new business, profit margin of new business, embedded value movement, free surplus movement of life insurance business and sensitivity analysis.

The Company prepared the embedded value and VNB results in accordance with the "Guidelines on Embedded Value Reporting of Life Insurance Companies" issued by China Insurance Regulatory Commission in September, 2005 (the "Guidelines"). Our responsibility, as independent actuaries, is to perform certain review procedures set out in our letter of engagement and, based on these procedures, conclude whether the embedded value methodology and assumptions are consistent with the Guidelines and available market information.

We have reviewed the methodology and assumptions used in preparing the EV results, including:

- Review the embedded value of the Company as at December 31, 2014;
- Review the value and profit margin of new business during 2014;
- Review the sensitivity analysis of the value of in-force business and VNB of the Company;
- Review the embedded value movement analysis, and
- Review the free surplus movement analysis of life insurance business.

Our review procedures included, but were not limited to, considering whether the methodology and assumptions are consistent with the Guidelines and available market information, validating actuarial models on the basis of sample policies, inspecting related documentation. In forming our conclusion, we have relied on the audited and unaudited data and information provided by the Company.

The preparation of embedded value and VNB results requires assumptions and projections about future economic and financial situations, many of which are outside the control of the Company. Therefore, actual experience may differ from these assumptions and projections.

Opinion:

- Based on our review procedures, we have concluded that the methodology and assumptions used in preparing the EV results are in compliance with the Guidelines and consistent with available market information;
- The EV results, in all material aspects, are consistent with the methodology and assumptions stated in the Embedded Value chapter in the 2014 annual report.

We also confirm that the EV results disclosed in the Embedded Value chapter in the 2014 annual report is consistent with the results we reviewed.

PricewaterhouseCoopers Consultants (Shenzhen) Limited

Peng Jin, Actuary
March 19, 2015

EMBEDDED VALUE REPORT OF PING AN INSURANCE (GROUP) COMPANY OF CHINA, LTD. 2014

In order to provide investors with an additional tool to understand our economic value and business performance results, the Company has disclosed information regarding embedded value in this section. The embedded value represents the shareholders' adjusted net asset value plus the value of the Company's in-force life insurance business adjusted for the cost of regulatory solvency margin deployed to support this business. The embedded value excludes the value of future new business sales.

In accordance with the related provisions of the Rules for the Compilation of Information Disclosures by the Companies Offering Securities to the Public (No. 4) – Special Provisions on Information Disclosures by Insurance Companies, the Company has engaged PricewaterhouseCoopers Consultants (Shenzhen) Limited to review the reasonableness of the methodology, the assumptions and the calculation results of the Company's embedded value as at December 31, 2014.

The calculation of embedded value relies on a number of assumptions with respect to future experience. As a result, future experience may vary from that assumed in the calculation, and these variations may be material. The market value of the Company is measured by the value of the Company's shares on any particular day. In valuing the Company's shares, investors take into account a variety of information available to them and their own investment criteria. Therefore, these calculated values should not be construed as a direct reflection of the actual market value.

On May 15, 2012, the Ministry of Finance and the State Administration of Taxation issued the "Notice on Corporate Income Tax Deduction of Reserves for Insurance Companies" (Cai Shui [2012] No. 45). Based on this notice, during the preparation of 2014 embedded value report, the contract liabilities of life insurance business related to distributable profit were measured according to the assessment standards of the liabilities pursuant to the current solvency regulations, but those related to the income tax were measured according to "Regulations regarding the Accounting Treatment of Insurance Contracts" (Cai Kuai [2009] No. 15).

Components of Economic Value

(in RMB million)	December 31, 2014	December 31, 2013
	Earned Rate/	Earned Rate/
Risk discount rate	**11.0%**	11.0%
Adjusted net asset value	**284,418**	189,371
Including: Adjusted net asset value of life insurance business	**89,829**	62,756
Value of in-force insurance business written prior to June 1999	**(7,342)**	(8,242)
Value of in-force insurance business written since June 1999	**215,626**	176,219
Cost of holding the required solvency margin	**(33,890)**	(27,695)
Embedded value	**458,812**	329,653
Including: Embedded value of life insurance business	**264,223**	203,038

(in RMB million)	December 31, 2014	December 31, 2013
Risk discount rate	**11.0%**	11.0%
Value of one year's new business	**25,190**	20,563
Cost of holding the required solvency margin	**(3,224)**	(2,400)
Value of one year's new business after cost of solvency	**21,966**	18,163

Note: Figures may not match totals due to rounding.

The adjusted net asset value of life insurance business was based on the unaudited shareholders net asset value of the relevant life insurance business of the Company as measured on the PRC statutory basis. This unaudited shareholders net asset value was calculated based on the audited shareholders net asset value in accordance with CAS by adjusting the relevant differences, such as reserves. The adjusted net asset value of other business was based on the audited shareholders net asset value of the relevant business of the Company in accordance with CAS. The relevant 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.

Embedded Value

Key Assumptions

The assumptions used in the embedded value calculation in 2014 have been made on a "going concern" basis, assuming continuation of the economic and legal environment currently prevailing in China. The statutory reserving basis and solvency margin requirement were assumed in the calculation. Certain portfolio assumptions were based on the Company's own recent experience as well as considering the more general China market and other life insurance markets' experience. The principal bases and assumptions used in the calculation are described below:

1. **Risk discount rate**
   The discount rate for the in-force life insurance business in each future year has been assumed to be the non-investment-linked fund's earned rate or 11.0%. The earned rate is the investment return adjusted for tax paid. This specific discount rate approach for the in-force business is to avoid understating the effect of losses arising from those high-interest-rate-guaranteed products we sold prior to June 1999. A level of 11.0% has been assumed in each future year for the calculation of one year's new business value.

2. **Investment returns**
   Future investment returns have been assumed to be 4.75% in the next year and to increase by 0.25% every year to 5.5% and stay at 5.5% thereafter for the non-investment-linked fund. For the investment-linked fund, future investment returns have been assumed to be slightly higher than the above non-investment-linked fund investment returns assumption. These returns have been derived by consideration of the current capital market condition, the Company's current and expected future asset allocations and associated investment returns for a range of major asset classes.

3. **Taxation**
   A 25% average income tax rate has been assumed. The percentage of investment returns that can be exempted from income tax has been assumed to be 12% in the next year and to increase by 3% every year to 18% and stay at 18% thereafter. In addition, a 5.5% business tax rate has been applied to the gross written premiums of the accident insurance business.

4. **Mortality**
   The experience mortality rates have been based on 65% and 65% of China Life (2000-2003) table for male and female respectively for non annuitants. For annuitants, the experience mortality rates since the grant period have been based on 60% and 50% of China Life Annuity (2000-2003) table for male and female respectively.

5. **Morbidity**
   Morbidity assumptions have been based on the Company's own pricing table. The loss ratios have been assumed to be in the range of 15% and 85% for short-term accident and health insurance business.

6. **Discontinuances**
   Policy discontinuance rates have been based on the Company's recent experience studies. The discontinuance rates are dependent on the pricing interest rate and the product type.

7. **Expenses**
   Expenses assumptions have been based on the Company's most recent expenses investigation. Expenses assumptions are mainly separated into acquisition expenses and maintenance expenses assumptions. The unit maintenance expenses were assumed to increase at 2% per annum.

8. **Policyholder dividends**
   Policyholder dividends have been based on 75% of the interest and mortality surplus for individual life and bancassurance participating business. For group life participating business, dividends have been based on 80% of interest surplus only.

Value of New Business

The new business volumes measured by first year premium and value of one year's new business by segment was:

(in RMB million)	FYP used to calculate value of new business 2014	2013	Change (%)	Value of one year's new business 2014	2013	Change (%)
Individual	**46,731**	38,680	20.8	**20,800**	16,860	23.4
Group	**17,090**	13,707	24.7	**863**	837	3.1
Bancassurance	**8,382**	6,647	26.1	**303**	466	(35.0)
Total	**72,203**	59,035	22.3	**21,966**	18,163	20.9

Note: Figures may not match totals due to rounding.

The profit margin of one year's new business by segment was:

	By FYP 2014	2013	By ANP 2014	2013
Individual	**44.5%**	43.6%	**44.7%**	43.5%
Group	**5.0%**	6.1%	**8.9%**	11.0%
Bancassurance	**3.6%**	7.0%	**13.7%**	16.8%
Total	**30.4%**	30.8%	**37.6%**	37.0%

Note: ANP (Annualised new premium) is calculated as the sum of 100 per cent of annualised first year premiums and 10 per cent of single premiums.

Embedded Value Movement

The table below shows how the embedded value changed to RMB458,812 million as at December 31, 2014.

(in RMB million)	2014	Description
Embedded value of life insurance business as at December 31, 2013	**203,038**	
Expected return on year-start embedded value	19,185	Expected growth of embedded value occurred in 2014
Value of one year's new business	22,249	The contribution came from new business sold during 2014 and discounted at earned rate/11.0%
Assumptions and model changes	2,317	Assumptions change, such as the experience discontinuance rates and mortality rates increased embedded value
Market value adjustment	815	The change in market value adjustment of relevant investments
Investment return variance	21,320	Actual investment return calculated on the basis of comprehensive income in 2014 was higher than the assumed return
Experience variances	275	Actual experience in 2014 was better than the assumptions
Other	12	
Embedded value of life insurance business before capital changes	**269,210**	Embedded value of life insurance business before impact of capital change increased by 32.6%

Embedded Value

(in RMB million)	2014	Description
Capital injection	1,000	Capital injection to Ping An Annuity by the Company was RMB1,000 million
Shareholder dividends	(5,987)	The impact of dividends paid to shareholders by Ping An Life
Embedded value of life insurance business as at December 31, 2014	**264,223**	
Adjusted net asset value of other business as at December 31, 2013	**126,615**	
Net Profit of other business	21,888	
Market value adjustment and other variances	3,801	
Adjusted net asset value of other business as at December 31, 2014 before capital changes	**152,304**	
Shareholder dividends	(1,265)	The impact of dividends paid to shareholders by Ping An Asset Management was RMB500 million; The impact of dividends paid to shareholders by Ping An Bank was RMB765 million
Dividends received from subsidiaries	7,252	Dividends paid to the Company by Ping An Life was RMB5,987 million; Dividends paid to the Company by Ping An Asset Management was RMB500 million; Dividends paid to the Company by Ping An Bank was RMB765 million
Capital injection	42,839	The increase in net assets from the issuance of additional H shares by the Company was RMB28,842 million; The increase in net assets from the conversion of A Share Convertible Bonds was RMB13,997 million
Capital investment	(1,000)	Capital investment to Ping An Annuity was RMB1,000 million
Shareholder dividends paid by the Company	(5,541)	Dividends paid to shareholders by the Company
Adjusted net asset value of other business as at December 31, 2014	**194,589**	
Embedded value as at December 31, 2014	**458,812**	
Embedded value per share as at December 31, 2014 (in RMB)	**51.60**	

Note: Figures may not match totals due to rounding.

Free Surplus Movement of Life Insurance Business

The free surplus of the Company's life insurance business as at December 31, 2014 represented the excess of adjusted net assets of life insurance business over the regulatory solvency margin.

Regardless of the impact of shareholder dividends and capital injection, free surplus increased by RMB23,740 million within the year. Total free surplus increased by RMB18,753 million to RMB39,477 million as at December 31, 2014.

The following table shows the change in free surplus of life insurance business:

(in RMB million)	2014	Description
Free surplus of life insurance business as at December 31, 2013	**20,724**	
Free surplus generated from in-force business	43,899	The stable growth of in-force business and increase in the investment return led to increase in free surplus
Free surplus used to support new business	(20,974)	
Capital injection	1,000	Capital injection to Ping An Annuity by the Company was RMB1,000 million
Shareholder dividends	(5,987)	The impact of dividends paid to shareholders by Ping An Life
The impact of market value adjustment	815	
Free surplus of life insurance business as at December 31, 2014	**39,477**	

Sensitivity Analysis

The Company has investigated the effect, on the value of in-force business and the value of one year's new business, of certain independently varying assumptions regarding future experience. Specifically, the following changes in assumptions have been considered:

- Risk discount rate
- Assumptions and model used in 2013 valuation
- Investment return increased by 50 basis points every year
- Investment return decreased by 50 basis points every year
- A 10% reduction in mortality and morbidity rates
- A 10% reduction in policy discontinuance rates
- A 10% reduction in maintenance expenses
- A 5% increase in the policyholders' dividend payout ratio
- Solvency margin at 150% of the regulatory level

Embedded Value

(in RMB million)		Risk Discount Rate		
	Earned Rate/10.5%	**Earned Rate/11.0%**	**Earned Rate/11.5%**	**11.0%**
Value of in-force business	182,331	174,394	166,926	174,575
	10.5%	**11.0%**	**11.5%**	**Earned Rate/11.0%**
Value of one year's new business	23,585	21,966	20,464	22,249

Assumptions (in RMB million)	Value of in-force business	Value of one year's new business
Central case	174,394	21,966
Assumptions and model used in 2013 valuation	171,050	21,825
Investment return increased by 50bp every year	194,177	24,117
Investment return decreased by 50bp every year	154,239	19,812
10% reduction in mortality and morbidity rates	178,181	22,692
10% reduction in policy discontinuance rates	178,081	22,950
10% reduction in maintenance expense	176,381	22,214
5% increase in the policyholders' dividend payout ratio	167,898	21,400
Solvency margin at 150% of the regulatory level	157,275	20,354

Note: Risk discount rates were earned rate/11.0% and 11.0% for in-force business and new business, respectively.

Liquidity and Financial Resources

The Company manages its liquidity and financial resources from the perspective of the Group as a whole.

As at December 31, 2014, the solvency of the Group was adequate.

GENERAL PRINCIPLES

Liquidity refers to the availability of cash assets or cash supply to meet the financial requirements of the Company whenever needed. The aim of the Group's liquidity management is to meet the liquidity requirements of operations, investment and financing activities of the Group while continuously refining its financial resources allocation and capital structure to maximise shareholder return.

The Company manages its liquidity and financial resources from the perspective of the Group as a whole. Overseeing these essentials at group level are the Budget Management Committee, Risk Management Execution Committee, and Investment Management Committee under the Group Executive Committee. In addition, as the Group's liquidity management execution unit, the Treasury Division is responsible for the management of cash, liquidity, funding and capital and so forth.

The liquidity management of the Group comprises capital planning and cash flow management. The Group has put in place a comprehensive capital management and decision-making mechanism. As part of this process, the Group's subsidiaries put forward their capital requirements based on their own business development needs. The parent company then submits its recommendations on the overall capital planning for the Group, based on the overall situation of its subsidiaries' business development. The Group Executive Committee then determines a final capital planning scheme based on the strategic planning of the entire group before allocating capital accordingly.

All operations, investment and financing activities should follow the requirements of liquidity management. Ping An Group and its insurance subsidiaries implement separate management on their operating cash inflow and outflow. Through the pooling of cash inflow and outflow, allocation and deployment of funds are centralized. The Company and its subsidiaries are therefore able to monitor cash flow status in a timely manner. In 2014, the Group maintained net cash inflows in its operating cash flows.

CAPITAL STRUCTURE

The Group's long-term capital stability stems from the profit continuously generated by its various businesses. Further, the Group ensured capital adequacy by using capital market and debt market tools, issuing equity securities, subordinated debts, hybrid capital bonds and tier-2 capital bonds to raise capital. Adjustments were made to surplus capital through dividend distribution.

As at December 31, 2014, equity attributable to shareholders of the parent company was RMB289,564 million, up by 58.5% over the end of 2013.

As at the end of 2014, the parent company's capital structure mainly comprised contributions from shareholders, proceeds from issuance of H shares and A shares, and conversion from A Share Convertible Bonds. On December 8, 2014, the Company completed the non-public directed issuance of additional 594,056,000 H shares, and raised HK$36,831 million in total. The conversion period of A Share Convertible Bonds issued by the Company on November 23, 2013 commenced on May 23, 2014.

Liquidity and Financial Resources

As at December 31, 2014, there were 381,971,800 A shares issued as a result of conversion from A Share Convertible Bonds, and share capital of the parent company was RMB8,892 million.

The following table indicates the subordinated debts (including subordinated convertible bonds), hybrid capital bonds and tier-2 capital bonds issued by the Group and main subsidiaries at the end of 2014 (par value):

(in RMB million)	Subordinated debts (including subordinated convertible bonds)	Hybrid capital bonds	Tier-2 capital bonds
Ping An Group	10,255	–	–
Ping An Property & Casualty	5,500	–	–
Ping An Life	21,000	–	–
Ping An Bank	–	5,150	15,000
Ping An Securities	3,000	–	–

AVAILABLE CAPITAL OF THE PARENT COMPANY

The available capital of the parent company includes bonds, equity securities, bank deposits and cash equivalents that the parent company holds. It can be invested into subsidiaries or used in daily operations. As at December 31, 2014, the parent company's available capital was RMB49,791 million, up by RMB15.3 billion over the beginning of the year.

(in RMB million)	December 31, 2014	December 31, 2013
Available capital	**49,791**	34,491

The available capital of the parent company in 2014 mainly stemmed from dividend distributions of subsidiaries and funds raised through placement of H shares. The capital is primarily used to invest in the equity of subsidiaries and to distribute dividends to shareholders. At the end of 2014, the parent company had a sufficient level of available capital.

GEARING RATIO

	December 31, 2014	December 31, 2013
Gearing ratio (%)	**92.8**	94.6

The gearing ratio is computed by dividing the sum of total liabilities and non-controlling interests by total assets.

LIQUIDITY RISK MANAGEMENT

On July 18, 2013, the International Association of Insurance Supervisors (IAIS) and Financial Stability Board (FSB) jointly announced the list of the first Global Systemically Important Insurers (G-SIIs). The Group was the only insurance company from emerging markets to be included in the list. In the "G-SIIs: Policy and Measures" and "Liquidity Management and Planning Guidelines" issued by IAIS, clear requirements existed for liquidity risk management. In response to international and domestic regulation requirements, the Group developed the "Ping An Insurance (Group) Company of China, Ltd. Liquidity Risk Management Plan" (LRMP), which is a robust liquidity risk management system combining daily monitoring, contingency response management, stress testing, review and accountability.

The Group developed the fundamental framework and principles of liquidity risk management. The subsidiaries considered regulating policies, industry practice and characteristics of its own business to develop corresponding risk preferences, quotas and liquidity risk indicators. The indicators used to monitor liquidity risk are categorized under core indicators, limit indicators and forward-looking indicators. Subsidiaries assess liquidity risk internally based on the monitoring results of core indicators, and make management decisions using the assessment results. The Group and the subsidiaries have established a robust liquidity risk information reporting system, which connects the business department of subsidiaries, liquidity risk management department of subsidiaries, liquidity risk management department of the Group, as well as the management and Board of Ping An Group. This facilitates the effective flow of information on the liquidity risk of subsidiaries from the bottom up.

The Group has developed a series of safe, diversified, compliant and viable liquidity contingency plans, including the three levels of self-aid of subsidiaries, support between subsidiaries and aid from the Group's parent Company. The Group also established a liquidity reserve system to ensure relatively sufficient liquidity capital and to maintain stable, convenient and diversified financing channels which could fill liquidity gaps that emerge at any time. The Group has also set up a firewall mechanism to prevent the spread of liquidity risk among subsidiaries.

The Group conducts regular cash flow stress tests with subsidiaries and performs forward-looking analysis of the Company's future liquidity risk under normal and stress scenarios. The Group also regularly evaluates and tests its overall current assets and liabilities that are due, controls its overall liability financing, and arranges assets to repay liabilities that become due in a prudent manner.

CASH FLOW ANALYSIS

(in RMB million)	2014	2013
Net cash flows from operating activities	**170,260**	227,916
Net cash flows from investing activities	**(236,889)**	(236,063)
Net cash flows from financing activities	**85,368**	6,887

Net cash inflows from operating activities decreased by 25.3% to RMB170,260 million in 2014 from RMB227,916 million in 2013. This was mainly affected by the development of business.

Net cash inflows from financing activities was largely increased to RMB85,368 million in 2014 from RMB6,887 million in 2013. This was mainly due to the increase in cash inflows from the non-public directed issuance of additional H shares and the issuance of bonds for the requirement of business development.

CASH AND CASH EQUIVALENTS

(in RMB million)	December 31, 2014	December 31, 2013
Cash	**192,924**	141,786
Assets purchased under reverse purchase agreements within 3 months	**66,368**	100,058
Bonds of original maturities within 3 months	**4,668**	3,033
Total cash and cash equivalents	**263,960**	244,877

The Company believes that the liquid assets currently held, together with net cash generated from future operations and the availability of short-term borrowings, can sufficiently meet the expected liquidity requirements of the Group.

GROUP SOLVENCY MARGIN

The insurance group solvency margin represents the consolidated solvency margin calculated as if the parent company and its subsidiaries, joint ventures and associates were a single reporting entity. The group solvency margin ratio is an important regulatory measure of an insurance group's capital adequacy, calculated by dividing the actual capital of the insurance group by its minimum capital requirement.

According to the "Measure of Management of Solvency on Insurance Companies" enforced by the CIRC, an insurance company is required to have a level of capital commensurate with its risk and business scale, to ensure the solvency margin ratio not less than 100%. As at December 31, 2014, the Group's solvency margin ratio was 205.1%, maintaining at an adequate level.

The following table sets out the relevant data in relation to the solvency of the Group:

(in RMB million)	December 31, 2014	December 31, 2013
Actual capital	**369,995**	264,163
Minimum capital	**180,381**	151,452
Solvency margin ratio (regulatory requirement >=100%)	**205.1%**	174.4%

The Group's solvency margin ratio increased by 30.7 percentage points as compared with the end of 2013, mainly because of successful issuance of RMB8 billion subordinated debentures by Ping An Life and RMB15 billion tier-2 capital bonds by Ping An Bank, and the capital increase of HK$36,831 million from the non-public directed issuance of additional 594 million H shares by the Group in 2014.

Risk Management

We strive to make Ping An the "World- leading personal financial services provider". To achieve this goal, we continuously optimize risk control system and promote the risk management platform. Through risk identification, risk evaluation and risk mitigation, we strive for a balance between risk and return which ultimately contributes to the sustainable growth and development of the Group.

RISK MANAGEMENT OBJECTIVES

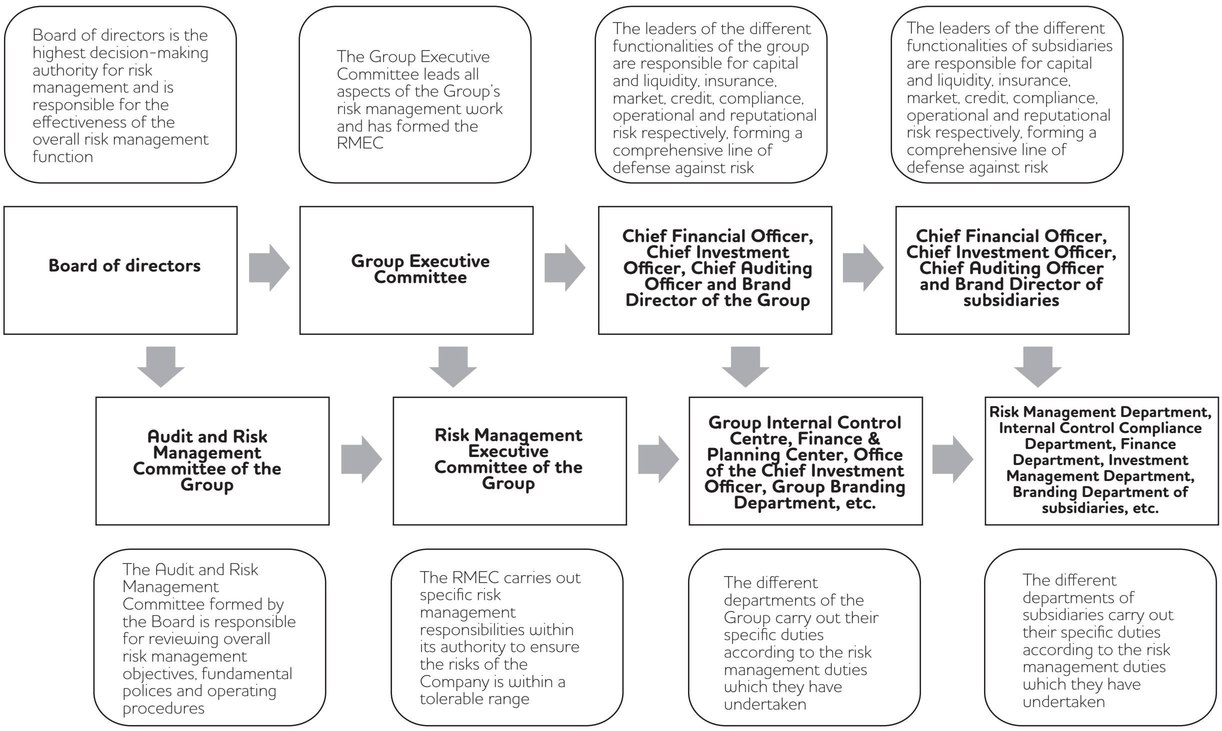
Over the past two decades, Ping An has been taking risk management as an integral part of its operations and business activities. We take steady steps to build an enterprise risk management system that is aligned with the strategies of the Group, as well as with the characteristics of our business. By continuously optimizing our risk management framework and standardizing our risk management procedures, adopting both qualitative and quantitative risk management methodologies to identify, evaluate and mitigate risks, We make the risk management to support our decision making and facilitate the effective, sustainable and healthy growth of the Group, which help the Group to become a world-leading personal financial services provider.

In November 2014, Ping An was once more designated by the Financial Stability Board (FSB) and International Association of Insurance Supervisors (IAIS) as Global Systemically Important Insurers (G-SIIs). It is the only G-SII from developing and emerging insurance markets. The designation of Ping An for the second year demonstrates that the international community further recognizes China's achievements in its on-going financial reform and welcomes the entry of Chinese insurers into the global insurance market. In addition, the designation represents a significant step of China's participation in maintaining international financial governance and stability. Since the first designation, the Group G-SII Office leads and coordinates G-SII related projects and reports to the Group G-SII Committee. Supported and guided by the China Insurance Regulatory Commission (CIRC), Ping An has been actively participating in setting international insurance regulations and standards by updating international regulators with realities in developing insurance and financial markets, which significantly differ from sophisticated markets in developed countries. These efforts are undertaken by Ping An to create a more favorable international regulatory environment for China's insurance industry. In 2014, as required by FSB and IAIS, Ping An established and submitted its Systemic Risk Management Plan (SRMP), Recovery and Resolution Plan (RRP) and Liquidity Risk Management Plan (LRMP) to CIRC. These reports and analysis confirm that Ping An's outstanding risk management effectively limits its systemic impact on the financial market. More than meeting regulatory requirements, Ping An takes the G-SII projects as an opportunity to incorporate global best practices into its daily risk management to further optimize its overall risk management system and internal control system, and thus acts as a stabilizer of the financial markets to make greater contributions to China's financial innovation and development.

Ping An will continue to expand its business footprint as well as to deepen the implementation of its integrated financial service strategy, facing the ever-challenging domestic and international economic environments and evolving regulations. We will continue to improve and refine our risk governance structure and capabilities, manage both individual and accumulative risks and achieve a risk-return balance.

RISK MANAGEMENT FRAMEWORK

The Group actively complied with the PRC Company Law and the relevant regulatory requirements, and with the Articles of Association of Ping An Insurance (Group) Company of China, Ltd. and relevant corporate risk governance requirements. We have in place a comprehensive risk governance framework which holds the Board ultimately accountable, and which is directly upheld by the management. Supported closely by various committees and relevant departments, the framework covers risk management across all of the Group's subsidiaries and business units.



The Board is the highest decision-making authority for the Company's risk management and takes responsibility for the effectiveness of the overall risk management function. The Audit and Risk Management Committee under the Board is responsible for having a thorough understanding of the major risks and the Group's management situation; monitoring the effectiveness of the risk management system; and making recommendations to the Board of Directors after deliberations on the following matters:

- Overall objectives, basic policies and operating procedures of risk management;
- The organizational structure and responsibilities of risk management;
- Risk assessments for major strategic and policy decisions, mitigating plans and solutions for significant risks;
- Annual risk assessment reports.

The Group Executive Committee leads all aspects of the Group's risk management. Formed by the Group Executive Committee, the Group Risk Management Executive Committee's (RMEC) main responsibilities include: all aspects of the Group's risk management, developing overall objectives, basic policies and operating procedures for risk management; monitoring the Company's risk exposure and level of available capital; overseeing the establishment of risk management organization in subsidiaries and monitoring their performance; supervising the implementation of the risk management system in each subsidiary or business line, and promoting a culture of comprehensive risk management within the Group.

The General Manager of the Group acts as the supervisor of the Group's RMEC, while the Group's Chief Financial Officer, Chief Investment Officer, Chief Auditing Officer and Brand Director act as the deputy supervisors. They are in charge of risks in capital and liquidity, insurance, market, credit, compliance, operations and reputation respectively. The committee members include the executive officer of the insurance business, the executive officer of the banking business, the executive officer of the innovative business and the head of legal function.

In 2014, the Group followed domestic and foreign regulatory trends such as G-SII, the New Basel Capital Accord and the China Risk Oriented Solvency System ("C-ROSS"). It continued to strengthen its comprehensive risk management system, and upgraded the risk management structure and risk management policies of the Group and its subsidiaries. It also strengthened its risk appetite system, implemented a risk preference framework, developed risk management guidelines, standardized risk management requirements, reviewed business progress, and optimized capital utilization, to strike a balance between business development and risk management. The Group implemented risk management responsibilities and continued to step up risk monitoring and reporting mechanisms. Through the Risk Dashboard, the Group and its subsidiaries have identified, classified and evaluated risks in a systematic manner, ensuring that all the risks are effectively communicated and managed on a timely basis.

To meet regulatory requirements and support the Company's strategy and business development in a healthy and effective manner, the Group implemented a top-down performance measurement system that takes into account risk and compliance management. The evaluation criteria for personnel, entities and procedures were developed through the principle of "accountability at every level with evaluation at each stage". The Group aims to promote a risk culture and to enhance risk awareness; this is achieved by linking risk indicators to performance evaluation of major subsidiaries, hence embedding risk considerations in business decisions and daily management.

As the risk management system becomes more sophisticated, a risk culture has permeated the Group's ranks, from the Board of Directors to senior management and from committees to employees. This culture has facilitated an effective and efficient approach that is both top-down and bottom-up, which lays a solid foundation for the effective integration of risk management into the Group's daily operations. This in turn helps to protect shareholder equity, improves capital efficiency, supports management decisions and ultimately creates value for the Group.

MAJOR MEASURES OF RISK MANAGEMENT

The Group continues to strengthen its comprehensive risk management system, improve its organizational structure, formulate risk management policy and guidelines, standardize procedures for risk management and implement risk management responsibility. The Group adopts qualitative and quantitative approaches to risk management to identify, evaluate and mitigate risks, so as to effectively defend against systematic risks associated with integrated finance, as well as to enhance the overall risk management capabilities for the balanced development of core finance and internet finance businesses.

- The Group has established an optimal risk governance framework and risk management reporting mechanism, as well as promoted the inclusion of risk indicators in performance evaluation which integrates risk management culture into its corporate culture. This lays a foundation for the healthy, sustainable and steady development of the Group's business;

- The Group is actively exploring and formulating a risk appetite framework in line with its business development strategy. It also formulates risk management guidelines and standardizes risk management requirements of subsidiaries;

- The Group has established a risk management system on risk concentration, which strengthens its ability to manage concentrated risks, ranging from policy formulation to risk limit management, data system establishment and risk reporting, improving the Group's overall capability of risk management for its integrated financial service business;

- The Group has established an effective risk warning mechanism, providing timely and effective alerts on industry developments, regulatory information or risk matters, effectively guarding against potential risk;
- The Group utilized tools and methods such as the risk dashboard, scenario analysis, stress tests and risk limits to continuously develop and optimize quantitative techniques and models of risk management, analyse risk exposures and evaluate their quantitative and qualitative impacts on our risk baseline. Such measures enable us to plan ahead and take necessary precautions in a timely manner to mitigate risks and to reduce potential losses;
- The Group manages risks of its subsidiaries through integrated management and improved risk measurement. By improving the risk management platform for the Group, the efficiency of consolidated risk management has been enhanced.

Insurance Risk

Insurance risk refers to the risk of underestimating the frequency and severity of insurance accidents, as well as the lapse rate, which lead to potential loss to the Group.

The Group assesses and monitors insurance risks faced by our insurance business with sensitivity analysis and stress testing etc. We evaluate the impacts of actuarial assumptions, such as discount rate, investment yield, mortality rate, morbidity rate, lapse rate and expense ratio, on our insurance liability reserve, solvency and profit.

Sensitivity analysis on long term life insurance contracts

December 31, 2014 (in RMB million)	Change in Assumptions	Impact on gross policyholders' reserves (after reinsurance) increase/(decrease)
Discount rate/ Investment return	+10bps	(1,247)
Discount rate/ Investment return	-10bps	3,009
Morbidity/ mortality rates*	(+10%/-10% pre/post payment period)	8,573
Policy lapse rates	+10%	4,712
Maintenance expense rates	+5%	1,683

* Morbidity/mortality rates change refer to a 10% increase in morbidity rates, mortality of life insurance policies and annuity policies before the payment period, and a 10% decrease in mortality of annuity policies in the payment period.

Sensitivity analysis on property and casualty insurance and short term life insurance contracts

December 31, 2014 (in RMB million)	Change in average claim cost	Impact on net liabilities (after reinsurance) increase/(decrease)
Property and casualty insurance	+5%	1,831
Short term life insurance	+5%	125

The mechanism and processes adopted by the Group to manage the insurance risks are as follows:

- Implement effective product development policy and develop appropriate terms and conditions for products to control risks arising from product pricing;
- Implement prudent underwriting policies, and establish guidelines for underwriting and policies to control and reduce the risk of adverse selection;
- Limit the Group's exposure to large claims and catastrophe claims by setting different retention limits depending on the risks and transferring excessive risks to reinsurance companies with high credit-ratings;
- Follow proactive procedures to investigate and process claims, thereby preventing dubious or fraudulent claim payments;
- Apply actuarial models and statistical techniques to assist in pricing decisions and reserve valuation, and make periodic model validation;
- Periodically provide up-to-date, accurate and reliable risk exposure data. Conduct experience analysis and trend research periodically as the basis for the adjustment and improvement of pricing and actuarial valuation assumptions.

Market Risk

Market risk refers to potential losses for the Ping An Group as a result of changes in interest rates, market prices, foreign currency exchange rates and other related risk factors.

The Group continued to strengthen its market risk management system, reinforcing its ability to identify, evaluate, measure, analyse and report on market risks on multiple levels. The Group strengthened its investment risk management data platform, which reinforced the foundations of risk management and enhanced risk management efficiency. The Group improved the risk management reporting mechanism which enhanced the Group's consolidated risk monitoring and management. Stress testing was improved to realize its decisional value in risk baseline control. A risk limit management system was launched to establish a risk monitoring mechanism covering multiple levels of the Group, subsidiaries and business lines. This reinforced the risk warning mechanism, leading to more targeted, forward-looking and thorough risk management.

The Group adopts the following mechanisms and procedures to manage market risks:

- Market risk management is carried out in a top-down approach via the Group's Risk Management Executive Committee, Investment Management Committee and Risk Management Committees of subsidiaries;
- Under the principles of safety, comprehensiveness and effectiveness, and the objective to match assets with liabilities, the investment and asset risk management guidelines are developed to manage market risk in a forward-looking manner;
- Multi-layered risk limit systems are established according to risk baseline and asset and liability management strategies to ensure market risks are manageable. The determination of risk limits thoroughly took into account the risk management strategies of the Group and the impact on financial conditions;
- Methods such as scenario analysis, value at risk (VaR) and stress tests are applied daily based on the characteristics of capital investment and market risk management, for a scientific and efficient approach to the assessment and management of market risk;
- The risk monitoring mechanism is standardized. Risk reports are issued regularly, to provide suggestions for risk management and to ensure market risks are within the Company's tolerance.

The major market risks for the Group include interest risk, equity risk and foreign currency risk.

Market risk — Interest risk

Fixed income investments held by the Group are exposed to interest risks. These investments are substantially represented by bond investments booked at fair value on the balance sheet. The Group uses various tools such as sensitivity analysis and stress tests to evaluate the risk profile of such investments.

The sensitivity of interest risk is assessed by assuming a 50 basis-point parallel shift of the government bond yield curve.

December 31, 2014 (in RMB million)	Change in interest rate	Decrease in profit	Decrease in equity
Bond investments carried at fair value through profit or loss and available-for-sale financial asset	+50 basis points	81	2,722

The interest rate re-pricing risk in banking business is assessed primarily through a gap analysis approach. Analysis of the re-pricing characteristics of our assets and liabilities is conducted on a regular basis, and scenario analysis on interest rate risk is conducted with the aid of the asset and liability management system. Based on the condition of the gap, the duration mismatch of re-pricing could be reduced by adjusting the frequency of re-pricing and the duration and category of corporate deposits. Meanwhile, the Asset and Liability Management Committee holds meeting regularly to make timely and appropriate adjustments on the asset and liability structure and manages interest risks based on the analysis of the macroeconomic situation and the interest rate policies of the People's Bank of China.

Market risk — Equity risk

Listed equity investments held by the Group are exposed to market price risks. These investments are primarily listed equity securities and equity investment funds.

The Group adopts the 10-day market price value-at-risk ("VaR") technique to estimate its risk exposure. The market price VaR measures a maximum loss in the value of our portfolio of equity investment due to adverse market events within a given confidence level ("99%") and a specified timeframe ("10 days").

As at December 31, 2014, the VaR for listed equity securities and equity investment funds is as follows:

December 31, 2014 (in RMB million)	Impact on equity
Listed equity securities and equity investment funds carried at fair value through profit or loss and available-for-sale	10,705

Market risk – Foreign exchange risk

Foreign currency-denominated assets held by the Group are exposed to foreign exchange risks. These assets include monetary assets such as deposits and bonds held in foreign currencies and non-monetary assets measured at fair value such as stocks and funds held in foreign currencies. The Group's foreign currency-denominated liabilities are also exposed to risks as a result of fluctuations in exchange rates. These liabilities include monetary liabilities such as borrowings, customers' deposits and claim reserves denominated in foreign currencies, as well as non-monetary liabilities measured at fair value.

The Group adopts sensitivity analysis to assess its risk exposures. The sensitivity of foreign currency risk is calculated by assuming a simultaneous and uniform 5% rate of depreciation against the Renminbi of all foreign currency denominated monetary assets and liabilities, as well as non-monetary assets and liabilities measured at fair value as illustrated in the table below:

December 31, 2014 (in RMB million)	Decrease in profit	Decrease in equity
Net exposure to fluctuations in exchange rates assuming a simultaneous and uniform 5% rate of depreciation of all foreign currency denominated monetary assets and liabilities and non-monetary assets and liabilities measured at fair value against the Renminbi	1,020	1,950

In the case above, if currency appreciates by the same proportion, it will have an inverse effect on profit before tax and equity in the table.

Credit Risk

Credit risk is the risk of losses resulting from the default of any debtors or counterparties or from adverse changes in their risk profiles. The Group is exposed to credit risk primarily associated with its deposit arrangements with other commercial banks, loans and advances to third parties from its banking operations, bond investments, reinsurance arrangements with reinsurance companies, policy loans, securities margin trading and off-balance sheet related activities.

The Group manages credit risk through several measures, including:

- Establishing a credit risk management mechanism with credit risk rating as its core methodology;
- Developing standardized policies, systems and procedures for credit risk management;
- Defining credit risk limits in multiple dimensions for investments and credit-related portfolios;
- Monitoring credit risk through risk information management system.

The Group carries out consolidated analysis, monitoring and reporting on the credit exposures of lending business and investment businesses at the group level. The Group further strengthens its credit risk limit system through segregated accounts and products. To manage high risk exposures and the concentration of risk after consolidating the Group's financial statement, it also provides forward-looking insights and analysis on potential credit risks and its impact on the Group.

Based on the different characteristics and risk profiles of businesses such as insurance, banking and investment, the Group carries out targeted measures to control specific credit risks and concentration risks. In order to manage credit risks associated with the banking business, the Group leverages the outcomes of the New Basel Capital Accord project to enhance loan portfolios management. The credit structure has been continuously improved in line with changes in the economic and financial situation, macroeconomic policies and the requirements of regulatory authorities. Credit structure was continuously improved as credit risk limits were set on portfolios in multiple dimensions. The Group conducts thorough and stringent credit assessments to potential borrowers before issuing loans and reviews outstanding loans on a regular basis. Risk mitigations were strengthened in key areas, preventing the accumulation of credit risk from large exposures. Credit risk management measures also include obtaining collateral and guarantees. In the case of off-balance sheet credit related commitments, the Group refers to the principles and methods applied to on-balance sheet credit asset management to set up standard approval and management procedures. Collateral and guarantees are received to mitigate credit risk. The credit quality of the off-balance sheet business is sound. The Group sets limits for credit granted to an individual entity to mitigate the impact of a single entity's credit deterioration on the Group's financial situation. The Group continued to step up its efforts in credit risk monitoring and precautions, enhancing its capability to provide early warning of risks and on time response. It also actively dealt with changes in the credit environment and conducted regular analysis of trends and changes of credit risk, taking precautionary measures to control risk.

Furthermore, for credit risk associated with the investment business, the Group makes credit assessments on investments in line with internal risk control policies and procedures, chooses a counterparty that has a relatively high credit standing and adopts a multi-dimensional approach on setting risk limits on investment portfolios in order to manage credit risks. For reinsurance credit risk associated with insurance business, i.e. credit risk which occurs when a reinsurance company is unable to fulfil its obligations, the Group would evaluate the credit of the reinsurer before entering into a reinsurance contract, and seek to reinsure with companies that have higher credit standing to mitigate such risks.

December 31, 2014	The ratio to total corporate debts/ financial debts
Corporate bonds held by the Group with the domestic credit rating of AA and A-1 or above	97.65%
Financial bonds held by the Group with the domestic credit rating of A or above	99.92%

Operational Risk

Operational risk refers to the risk of losses resulting from inadequate or failed internal procedures and deficiencies in human performance, information technology systems and external events.

The Group continued to implement monitoring regulations and operational risk management strategies. It used existing compliance management and internal control systems as the basis to integrate the advanced standards, methods and tools of operational risk management of domestic and foreign regulations, optimized operational risk management structure and the operational risk management policies. It also strengthened collaboration and cooperation between departments, established daily monitoring and reporting mechanisms, made regular reports to management on the overall operational risk situation, developed a set of rules and standards for operational risk management, strengthened the system platform and continued to raise the effectiveness of operational risk management.

The Group manages operational risk primarily through the following mechanisms and measures:

- Establishing a robust and comprehensive management system covering the whole Group which identifies, evaluates, monitors, controls/mitigates, reports operational risk;
- Continuing to optimize the operational risk policy, framework, workflow, system and tools, enhancing overall operational risk management;
- Stepping up the implementation of operational risk management tools among subsidiaries, such as the Risk and Control Self-Assessment (RCSA), Key Risk Indicator (KRI) and Loss Data Collection (LDC);
- Conducting research and planning on operational risk measurement activities according to regulatory requirements and management requirements;
- Promoting a culture of operational risk management through operational risk management training.

SOLVENCY MANAGEMENT

Solvency refers to the Group's ability to repay its obligations. The key goal of solvency management is to meet statutory capital requirements and to maintain a healthy capital ratio to support business growth and maximize shareholder value.

As at December 31, 2014, the Group's solvency ratio stood at 205.1% which fully met regulatory requirements.

The mechanism and processes implemented by the Group to manage its solvency are as follows:

- Ensuring the impact on solvency is evaluated when developing key initiatives such as strategies, business plans, investment decisions, and dividend distribution;
- Solvency target is a key indicator of the Group's risk management mechanism. To ensure the Group's solvency is maintained at an appropriate level, a warning and contingency system is in place against significant changes to the solvency margin;
- Including solvency as a KPI at the Company level to be instituted from the top-down, and used as an evaluation criterion for business performance;
- Adopting a prudent asset and liability management policy, enhance asset quality and business operations, strengthen capital management and focus on capital requirements in tandem with the Group's business growth;
- Conducting periodic solvency projections and dynamic solvency testing, monitoring changes and trends on solvency margin;
- Adopting sensitivity and scenario stress tests to warn of potential changes in solvency margin.

In 2014, the CIRC published the exposure drafts on China Risk Oriented Solvency System ("C-ROSS"). Multiple rounds of quantitative test on the three pillars of C-ROSS were carried out within the industry. The Group had assigned core staffs from the actuarial, finance and risk management departments to participate in the tests and provide feedback, moreover, to give full support to the establishment of C-ROSS's regulatory system. So far, the Group and its main insurance subsidiaries have already formed specialized teams to promote the implementation of the three pillars of C-ROSS.

Corporate Social Responsibility

In 2014, we identified four fundamental themes, namely inclusive finance, sustainable finance, compliance management, and Internet finance. Addressing on the interests of shareholders, customers, employees, environment and communities and businesses partners, we embrace reforms and upheld our responsibilities under our core corporate culture concept of "Expertise Creates Value".

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1. On September 16, 2014, the ceremony marking Ping An Hope Primary School's 20th Anniversary and the launch of the 2014 Voluntary Teaching Initiative was held at the Hope Primary School in Liuan, Anhui. Ping An donated RMB2 million for the building of 500 miniature football fields at Hope Primary Schools nationwide. The photo shows Ding Dang, Chairman and CEO of Ping An Life, with the children of the Hope Primary School in Liuan, Anhui, the first Ping An Hope Primary School.
2. On April 23, 2014, the "10,000 Acres of Ping An Forest" project was launched in Zhuolu County, Hebei. The photo shows Tu Meng, vice chairman of China Youth Development Foundation, Sheng Ruisheng, Brand Director of Ping An, Singer Ping An and a Ping An customer representative announcing the kick-off of the "10,000 Acres of Ping An Forest" project together.
3. On September 16, 2014, the Ping An Hope Primary School 20th Anniversary cum 2014 Voluntary Teaching Kick-off Ceremony was held at the Hope Primary School in Liuan, Anhui. The photo shows the volunteers of the Hope Primary School in Liuan, Anhui.

SHAREHOLDERS

Mission

Our commitment to shareholders: Increase asset value and deliver stable returns

Progress

Sound economic benefit

Written premiums from Ping An Life exceeded RMB240 billion, premiums from automobile insurance of Ping An Property&Casualty exceeded RMB100 billion, and annuity business of Ping An Annuity also led the industry. We achieved breakthrough growth in banking, trust, telemarketing and internet marketing business in terms of scale. We placed equal emphasis on our core finance and internet finance businesses.

Clear corporate governance and internal management mechanisms

We have set up specialized decision-making and management committees for strategy and investment as well as audit and risks. We also established the "internal control and operational risk management team" and "innovation risk control team" to reinforce control of operational risks and innovative finance risk as well as to promote the establishment of a graft-free system.

Outlook

Aspired to become a global leading personal financial services provider, we will focus on the development of both core finance and internet finance businesses, and enhance risk prevention and control standards for the innovative financial businesses.

CLIENTS

Mission

Commitment to clients: superior services with assured integrity

Progress

Constant enhancement of customer service quality

We introduced the Net Promoter Score (NPS) as a key indicator to monitor customer service enhancement, set up the "Brand and User Experience Management Committee" at the Group level and helped subsidiaries set up corresponding structures to enhance NPS. The aggregate two-day settlement rate of standard cases of Ping An Life was 95%, and average settlement time of standard cases was 0.82 days. We also established service platforms for over 10 channels, and boosted service efficiency by reducing from 4 hours per case to 0.5 hours per case. Customer satisfaction of Ping An Property & Casualty continued to lead the industry rankings for three consecutive years.

Channels and product innovation

Ping An Life introduced customer service billing and outlet appointment services, and our survey indicated a high customer satisfaction rate of 93%. Ping An Direct undertook in-depth discussions to investigate customer enquiries. Lufax was dedicated to leveraging the advantages of internet finance, providing the market with continuous capital liquidity.

Inclusive finance

Ping An Annuity encompassed vocational, residential, agricultural supplementary medical and major illness insurance projects in numerous cities and counties, serving about 100 million customers. Ping An Bank established the Small Enterprise Financial Department, which extended around RMB109.1 billion loans to small enterprises. Ping An Annuity established the SAAS management platform of "One Enterprise", which has significantly strengthened the management capabilities of micro, small and medium enterprises.

Outlook

We will further accelerate our transformation from traditional businesses, enhance customer experience through new technologies. We will develop the Internet innovation business and build an open, diversified, integrated and connected financial living platform focusing on health, food, housing, transportation and entertainment.

STAFF

Mission

Commitment to employees: career opportunities that promise work-life balance

Progress

Ping An EAP scheme

We launched a variety of cultural and sports activities in 47 cities and 249 institutions. During the year, we offered support in the form of cash and goods worth over RMB3 million to a total of 1,900 employees and their family members, who had experienced financial difficulties or suffered from serious illnesses.

Innovative mobile office tools and renewed learning platform

We introduced "Happy Ping An", an application for employees and developed "Knowledge Bird", a mobile learning platform to encourage staff to learn and improve their learning efficiency. The "Knowledge Bird" application has accumulated 240,000 users, with total playback of learning materials reaching 13.81 million.

Continuous upgrade and optimization of remuneration management mechanism

In 2014, the total corporate annuities paid to staff stood at approximately RMB14 million. As at December 31, 2014, the accumulated corporate annuities reached RMB2.43 billion.

Outlook

We will further implement the EAP scheme and promote the idea of "Happy Work, Healthy Life". We will also make continuous improvements to mobile office equipment, offer various training channels for employees and further improve the compensation management system.

COMMUNITY AND ENVIRONMENT

Mission

Commitment to the community: Give back to society and contribute to our nation

Progress

Persistence and innovation in traditional charity programs

Our Hope Primary School volunteers have contributed a total of 26,950 hours of service. We have awarded scholarships of over RMB17 million to 5,058 university students participating in the Ping An Endeavorers Plan. Relying on 18 types of technology-enabled services, we reduced carbon emissions by 6,817.18 tons. We donated funds and supplies worth over RMB4 million to the victims of Typhoon "Rammasun", and donated RMB8 million to Ludian, an earthquake-stricken area in Yunnan.

Internet charity

By leveraging on our subsidiaries' business networks and integrating multiple platform resources, we organized an event known as "Have A Safe Trip – Let Love Comes Home", which marked our first endeavor in large-scale charitable fundraising events. The event helped over 200 families return home for family reunions during the Chinese New Year.

Outlook

We will continue to promote innovation in our traditional charity programs, pay close attention to social issues, develop online charity programs and build charitable fund raising platform. We will embed technological innovations and low-carbon awareness in our business practices to enhance our low-carbon potential.

BUSINESS PARTNERS

Mission

Commitment to business partners: Achieve Mutual Benefits and Win-Win Situation

Training and growth of business partners

We developed specialized courses, established a merit-based promotion program to enhance the skill sets and income of agents.

We introduced a series of procurement restriction systems and we are under the supervision of suppliers and clients to protect the interest of all parties.

Promoting mutual benefit for production chain business partners

In 2014, we strengthened our collaboration with our business partners along the production chain. We integrated business partners' resources along the production chains of automobile, medical and real estate sectors, as well as resources in community commercial districts via Internet tools, to explore partnership models that will benefit all parties.

Outlook

We will further develop the Wanlitong Loyalty Points Program and build sustainable competitive advantages. We will focus on real estate as a core business, and introduce innovative financial products that cover the entire production chain, to create greater value for our upstream and downstream business partners.

Prospects on Future Development

BUSINESS PLANS FOR 2015

Our business and operation plans remain consistent and stable as no major changes have been made to our long-term operating objectives as compared with those announced last year and at the time when our A shares were listed.

In 2014, the Company was committed to driving and implementing its business plans effectively. The three pillar businesses – insurance, banking and investment -maintained sound operation and sustainable growth. We steadily enhanced profitability and achieved the performance indicators of all operating plans as set out last year.

In 2015, the Company will remain resolute and continue to forge ahead with the development plans formulated by the Board of Directors to achieve reasonable growth and optimize its internal structure. The Company is actively preparing for the future with a close attention to global technological development trends, so as to seize valuable opportunities arising from the change of traditional finance business model led by mobile internet technology. It will explore internet finance model in depth and bring our strategic goal of becoming "a world-leading personal financial services provider" to a higher stage.

- Ping An Life placed value-focused operation at its core, sticking to the principles of teamwork as the foundation, benevolence as the root, customer experience and innovation as the driving forces. It focuses on the synergetic development of multiple channels, namely individual sales agents, bancassurance outlets, telemarketing and internet marketing. Ping Life also strives to achieve the sustained, healthy and stable development of the intrinsic value and business scale, to fulfill the vision of "becoming the most respected life insurance company in China". Ping An Property & Casualty will continue to build up its differentiated competitive advantages and raise its level of refined management capability, while providing better customer experience and improving customer satisfaction through matching specific products and services with customer attributes. With the vision of "becoming the leading annuity asset management institution and leading medical insurance services provider in China", the business of Ping An Annuity has been proactively transitioning from a sole annuity business to asset management focused on annuity. It is shifting from solely operating the annuity business to annuity-based asset management businesses and traditional group insurance business to medical health insurance business mainly consisted of governmental projects, and is also undergoing an operational shift from currently serving group customers consisting mainly of corporations to corporations and governments and their individual customers. Ping An Health will strengthen the organic integration of health insurance and health management to create the No.1 brand of health insurance and services in China.

- In 2015, Ping An Bank will continue to focus on its strategic objective to establish the "Best Bank". Leveraging the advantages of the Group's integrated finance platform, it will further promote cross-selling and accelerate the transformation to investment banking to create a unique and competitive brand. At the same time, Ping An Bank will emphasize business structure adjustments, organizational innovation and business model innovation, expedite the development of internet finance, build an industry chain of financial eco-circle, and serve to the real economy through professional operation. Ping An Bank will ensure the stable implementation of strategic businesses, as well as the sustained and reasonable growth of profits.

- We will continue to promote Ping An's investment business as a leading investment management platform. By leveraging strength in the Group's integrated financial service, it offers customers a comprehensive range of services which include securities and bonds financing, security brokerage, financial advisors and asset management, improving the customer experience. We will enhance the market value of our investment projects by strengthening our management of the post-investment process. We will make reference to global experience in managing our insurance funds and further improving our investment management system. In compliance with CIRC requirements, we will actively explore and promote alternative asset investments, to improve the stability and returns of our insurance fund investments, and to advance the competitiveness of our insurance products.

- We will continue to refine the "One Customer, One Account, Multiple Products and One-Stop Services" integrated financial structure and platform, further develop the front and middle office, enhance our customer service model along with our customer experience, and thoroughly explore the customer value to promote customer migration and intensify synergy effect.

- Ping An internet finance business will continue to establish the strategic framework of "One Gate, Two Focuses, Four Markets" and promote the conversion of non-financial business customers into financial customers through "obtaining customers online, migrating customers offline". It will focus on daily living scenarios of health, food, housing, transportation and entertainment, to build a leading internet finance products and services platform, providing Ping An users with high-quality one-stop service in a comprehensive financial and daily living environment.

The Company expects to maintain a steady growth in its performance in 2015. The insurance businesses are expected to keep sustainable and solid growth. The banking business promotes its strategic transformation steadily, and the Company also expects more diversified returns for its investment business. The internet finance business will grow rapidly. In light of changes in the macroeconomic environment, market competition, investment market conditions and other factors, the Company will make dynamic and timely adjustments to its business development goal to ensure the continuous improvement of market competitiveness.

THE DEVELOPMENT TREND OF THE MAJOR INDUSTRIES THAT WE ARE INVOLVED IN AND MARKET COMPETITION FACED BY THE COMPANY

Insurance Business

Insurance business is one of our core businesses. In August 2014, the State Council promulgated the "Several Opinions of the State Council on Accelerating the Development of the Modern Insurance Service Industry" (hereinafter the new "Ten National Rules"). The new "Ten National Rules" place the insurance industry as one of the priorities in national economy, mapping out the industry development direction in a top-level manner. On one hand, it outlines the "double pillar effect" of the insurance industry in optimizing the financial system and social insurance system. On the other hand, emphasizing the support and guide from the policies upon insurance industry, which cover a wide scope and provide strong support. The issuance of new "Ten National Rules" will certainly generate a profound effect on the insurance industry and bring new development opportunities to the industry.

Prospects on Future Development

The new "Ten National Rules" clearly stipulate that "to take the development of the modern insurance services industry as a significant measure in upgrading the economy, transforming the function of the government, driving and increasing social employment, guaranteeing the stable operation of the society, enhancing the society's sense of security and improving the people's quality of life". This signifies that China's insurance industry has entered a historic new stage of development. The new "Ten National Rules" have created opportunities for the development of group property and casualty insurance, in particular, creating favorable external conditions for the development of liability insurance, credit insurance and catastrophe and agricultural insurance.

In 2014, China's insurance business realized a total premium income of RMB2,023,481 million, representing an increase of 17.5% over 2013. Of which, premium income from life insurance was RMB1,090,169 million; premium income from property and casualty insurance was RMB720,338 million; premium income from health insurance was RMB158,718 million; premium income from accident insurance was RMB54,257 million. Total assets of insurance companies were RMB10.16 trillion, representing an increase of 22.6% as compared with the end of 2013. In terms of premium income, Ping An Life and Ping An Property & Casualty are the second largest life insurance company and the second largest property and casualty insurance company in China, respectively. The insurance industry is among the fastest growing industries in Chinese national economy. As Chinese economy keeps growing and personal wealth is expanding, such rapid growth of our insurance business is expected to continue in future.

Banking Business

In 2015, the banking business was affected by interest rate marketization, financial disintermediation, increasingly stringent regulations, and competition from privately-owned banks and internet finance. Under the guidance of "controlling the total budget and adjusting the structure", it is predicted that overall liquidity in the banking industry will remain optimal and directional laxer policies will be strengthened to support economic growth.

Adjustments to national strategies and deepening financial reforms brought new opportunities to the development of the banking industry under the "New Normal". First, there are opportunities arising from the transformation of business strategies. The banking industry should follow government policies closely to accelerate business transformation. Second, there are opportunities arising from the great development of the retail business, which means seizing opportunities arising from upgrading of consumption and the development of internet technology. Third, there are opportunities arising from the development of key industries and economic areas, especially in modern agriculture and modern logistics industry. Fourth, there are the opportunities arising from product and business innovation, which will strengthen banks' asset management capabilities to achieve the growth model of "high yield, high intermediary business income, light capital".

At the same time, banking operations faced various challenges and pressures. The first is pressure from risk management, which arises from the elimination and exit of the industries with excessive production capacity and interbank reorganization, as well as the increased fluctuations of the Renminbi exchange rate and market liquidity. Second, there is pressure from asset and liability operation. The interest rate marketization, the deposit insurance system and diversification of competing entities in the financial market have brought new challenges to banks' operations and business model innovation. The pressure from demand for service quality enhancement is the third pressure. This pressure arises from changes in daily life and industry environment with the development of internet, which has led to customers' fast-changing demand for various financial services and better customer experience. Fourth, there is pressure from capital requirement. With vast market opportunities, the requirements of replenishing capital in time, saving capital and raising the efficiency of capital for banks are higher.

Ping An Bank will seize opportunities, face challenges head-on, and continue to follow its strategy and plan. It will leverage on the integrated financial platform of Ping An Group to continue to offer customers comprehensive integrated financial services with the service philosophy of integration, investment banking directed and specialization. With the idea of cross-industry business integration on the internet, the bank aims to create new financial business for the internet era. It will reinforce the building of its business, product and platform departments, to enhance the intensity and professionalism in terms of its operating capabilities. Driven by the four engines namely "corporate, retail, interbank and investment banking", Ping an Bank will form the four characteristics of "specialization, intensification, integrated finance and internet finance" and continually create its core competitive advantages.

OPPORTUNITIES AND CHALLENGES FOR FUTURE DEVELOPMENT

In 2014, the global economy still recovered slowly. Chinese macroeconomic environment was stable overall with its main indicators within a reasonable range. There was continuous structural optimization while the economic growth gradually slowed. Looking ahead, China is still in an important strategic development phase. As the wealth of national citizens continues to grow along with the implementation of various reform measures, Chinese economy will continue to grow at a stable and healthy pace. It has staged the substantial development for personal financial services industry, which has presented valuable developmental opportunities for the Company to achieve its targeted strategic goal.

Further, while opportunities abound, the Company still faces future developmental challenges. On one hand, traditional finance institutions are actively promoting internet finance. On the other hand, non-traditional finance companies have expedited deployment in the financial field. New technologies, with the internet at its core, are developing even faster. With technological revolution and business model innovations, nearly all traditional businesses, including the finance industry, are about to face massive changes. WeBank is the first privately-owned bank to obtain approval for operations in 2014. As its banking business is fully conducted online and there is no branch or outlets, it has attracted more and more attention both domestically and abroad. It will also gain more industry attention and cross-industry collaboration opportunities for internet finance business.

Confronted with opportunities and challenges, Ping An will ensure the core finance business maintain above-market growth and quality. It will also take steps in strategic layout and investment to promote future growth, and exert great efforts on the development of the internet finance business, achieving concurrent development of both core finance and internet finance businesses.

Changes in the Share Capital and Shareholders' Profile

INFORMATION DISCLOSED UNDER A SHARES REGULATORY REQUIREMENTS

Changes in Share Capital

Statement of changes in share capital

	December 31, 2013		Changes during the Reporting Period					December 31, 2014	
Unit: Shares	Number of shares	Percentage (%)	Issue of new shares	Bonus issue	Transfer from reserve	Others	Sub-total	Number of shares	Percentage (%)
I. Selling-restricted shares	-	-	-	-	-	-	-	-	-
II. Selling-unrestricted shares									
1. RMB ordinary shares	4,786,409,636	60.46	-	-	-	+381,971,800(1)	-	5,168,381,436	58.12
2. Domestically listed foreign shares	-	-	-	-	-	-	-	-	-
3. Overseas listed foreign shares	3,129,732,456	39.54	+594,056,000	-	-	-	-	3,723,788,456	41.88
4. Others	-	-	-	-	-	-	-	-	-
Total	7,916,142,092	100.00	+594,056,000	-	-	+381,971,800(1)	+976,027,800	8,892,169,892	100.00
III. Total number of shares	7,916,142,092	100.00	+594,056,000	-	-	+381,971,800(1)	+976,027,800	8,892,169,892	100.00

(1) The additional 381,971,800 A shares during the Reporting Period resulted from the conversion of A Share Convertible Bonds issued by the Company in 2013.

Security issuance and listing of security of the Company

Issue of securities in the last three years

Types	Issue date	Issue price	Number of shares/ convertible bonds issued	Listing date	Number of shares shares/ convertible bonds permitted to be listed	Date of termination of dealings
H shares	December 8, 2014	HKD62	594,056,000 shares	December 8, 2014	594,056,000 shares	–
A Share Convertible Bonds	November 22, 2013	RMB100	260,000,000	December 9, 2013	260,000,000	January 12, 2015

As approved by the "Approval on Issuance of Additional Overseas Listed Foreign Shares of Ping An Insurance (Group) Company of China, Ltd." (Zheng Jian Xu Ke [2014] No. 1163) issued by the CSRC, the Company has completed the placing of 594,056,000 new H shares on December 8, 2014 under the general mandate. After the issuance of additional H shares, the total number of H shares of the Company was increased from 3,129,732,456 to 3,723,788,456.

As approved by the CIRC, CSRC and SSE, the Company issued A Share Convertible Bonds with the principal amount of RMB26 billion on November 22, 2013, which were listed on SSE on December 9, 2013, ceased to be traded or converted on January 12, 2015 and were delisted from SSE on January 15, 2015. 381,971,800 A shares were converted from A Share Convertible Bonds during the reporting period.

Detailed information of A Share Convertible Bonds is set out in the section of "A Share Convertible Bonds" in this chapter.

Total number of shares and changes in shareholding structure of the Company

During the Reporting Period, the total number of A shares of the Company increased by 381,971,800 due to the conversion of the A Share Convertible Bonds, and the total number of H shares increased by 594,056,000 due to the issuance of new H shares under the placing. As at December 31, 2014, the total share capital of the Company was 8,892,169,892 shares, of which 5,168,381,436 were A shares and 3,723,788,456 were H shares.

Existing staff shares

As at the end of the Reporting Period, the Company had no staff shares.

Shareholders' Information

Number of shareholders and their shareholdings

Number of shareholders

Unit: Shareholder	As at the end of the Reporting Period (December 31, 2014)	As at the end of the 5th trading days prior to publication of the annual report (March 13, 2015)
Total number of shareholders	254,070 (of which there were 248,903 domestic shareholders)	355,678 (of which there were 350,665 domestic shareholders)

Shareholdings of top ten shareholders as at the end of the Reporting Period

Name of shareholder	Nature of shareholder	Shareholding percentage (%)	Total number of shares held	Change during the reporting period	Type of shares	Number of selling-restricted shares held	Number of pledged or frozen shares
Shenzhen Investment Holdings Co., Ltd.	State	5.41	481,359,551	-	A share	-	190,030,000 pledged shares
All Gain Trading Limited	Overseas legal person	4.44	394,500,996	-	H share	-	394,500,996 pledged shares
Bloom Fortune Group Limited	Overseas legal person	2.84	252,886,317	+13,797,118	H share	-	252,886,317 pledged shares
Business Fortune Holdings Limited	Overseas legal person	2.53	224,929,005	-21,634,118	H share	-	38,985,136 pledged shares
Shum Yip Group Limited	State-owned legal person	1.45	128,864,004	-37,801,061	A share	-	-
Gongbujiangda Jiangnan Industrial Development Co., Ltd.	Domestic non-state-owned legal person	1.10	98,112,886	-41,000,000	A share	-	98,000,000 pledged shares
Temasek Fullerton Alpha PTE Ltd.	Others	1.03	91,259,513	+17,169,541	A share	-	-
Linzhi New Horse Investment Development Co., Ltd.	Domestic non-state-owned legal person	0.96	85,355,857	-116,877,642	A share	-	85,000,000 pledged shares
CITIC Securities Co., Ltd.	Others	0.54	47,581,476	+44,124,571	A share	-	-
Shenzhen Liye Group Co., Ltd.	Domestic non-state-owned legal person	0.49	43,518,830	-29,500,183	A share	-	43,500,000 pledged shares

Changes in the Share Capital and Shareholders' Profile

Explanation of the connected relationship or acting-in-concert relationship of the above shareholders:

All Gain Trading Limited, Business Fortune Holdings Limited and Bloom Fortune Group Limited are indirect wholly-owned subsidiaries of CP Group Ltd. which holds 89.81% of the shares of Gongbujiangda Jiangnan Industrial Development Co., Ltd. through its wholly-owned subsidiary Linzhi Zhengda Global Investment Co., Ltd. Gongbujiangda Jiangnan Industrial Development Co., Ltd, All Gain Trading Limited, Business Fortune Holdings Limited and Bloom Fortune Group Limited are of connected or acting-in-concert relationship since they are under common control.

Save as the above, the Company is not aware of any connected relationship or acting-in-concert relationship among the above-mentioned shareholders.

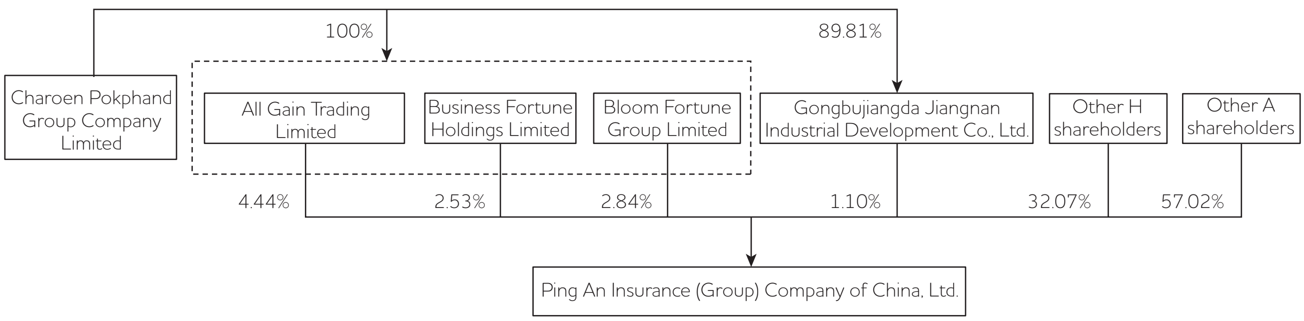
Particulars of controlling shareholder and de facto controller

The shareholding structure of the Company is relatively scattered. There is no controlling shareholder, nor de facto controller.

Information on shareholders holding more than 10% of equity interest of the Company

As at December 31, 2014, CP Group Ltd. indirectly held 872,316,318 H shares of the Company, representing 9.81% of 8.892 billion issued shares of the Company as at December 31, 2014, and held 98,112,886 A shares of the Company, representing 1.10% of the total issued shares of the Company as at December 31, 2014 through Gongbujiangda Jiangnan Industrial. Development Co. Ltd. The CP Group Ltd. held an aggregate of 10.91% shares of the Company in total.

The following chart shows the relationship between the Company and the ultimate controller of shareholders holding more than 10% of equity interest of the Company:



CP Group was established by brothers Chia Ek Chor and Chia Siew Whooy in Bangkok, Thailand in 1921. Originated from agriculture and animal husbandry business, the company increased its scope to production of animal feed, fisheries, food, commercial retail, telecommunications, pharmacy, real estate, international trade, logistics, finance, media, internet, education and industry. Currently, CP Group has made investment in over 16 countries. The company has more than 400 subsidiaries with employees over 300,000. The substantial shareholder of CP Group is the Chia Family, which held more than 51% shares of CP Group. CP Group controlled its diversified business through CP Group Ltd.

CP Group Ltd., the flagship company of CP Group, was established on September 23, 1976 in Thailand with registered capital of 17,616,500,000 THB. Its registered address is 313 Silom Road, C.P. Tower, Bangrak, Bangkok 10500, Thailand and the Organization Code is 0105519010951. Its principal businesses include agriculture and animal husbandry and food, commercial retail and telecommunication, and also engaged in pharmacy, motorcycle, real estate, international trade, finance, media and other businesses, by participating in various industries to realize a mutual development and operation. The actual controller of All Gain Trading Limited, Bloom Fortune Group Limited and Business Fortune Holdings Limited is CP Group Ltd.

For the information on the major operation achievement, financial status, cash flow and future development strategies of CP Group, please visit its company website at www.cpthailand.com.

A Share Convertible Bonds

Issuance

As approved by the CIRC and CSRC, on November 22, 2013, the Company issued A Share Convertible Bonds with the principal amount of RMB26 billion, which became listed on the SSE of December 9, 2013, short for "Ping An Convertible Bonds" and its stock code was "113005". The Company issued a total of 260,000,000 A Share Convertible Bonds with a nominal value of RMB100 each. The conversion period of A Share Convertible Bonds commenced on May 23, 2014 and the initial conversion price was RMB41.33/share. After deducting issuance fees, the net funds raised from the issuance of A Share Convertible Bonds was RMB25,816,258,001.04, which has already been used to replenish the operating capital of the Company to support the business development of the Group.

Top ten holders of A Share Convertible Bonds as at the end of Reporting Period

As at December 31, 2014, there were 3,690 holders of A Share Convertible Bonds in total, and the top ten owners of A Share Convertible Bonds are set out below:

Name of Holder of A Share Convertible Bonds	Holding amount as at the end of Reporting Period (RMB)	Number of pledged or frozen bonds (RMB)	Percentage of the Balance amount of A Share Convertible Bonds at December 31, 2014[1] (%)
ICBC Credit Suisse Asset Management – ICBC-Industrial and Commercial Bank of China Ltd.	774,166,000	774,070,000 pledged	7.55
Industrial Bank Co., Ltd. – Industrial Trend Investment Hybrid Securities Investment Fund	504,228,000	–	4.92
Bosera Funds – Industrial Bank – Industrial Bank Co., Ltd. Shanghai branch	438,344,000	358,344,000 pledged	4.27
LI li	368,804,000	368,804,000 pledged	3.60
China Everbright Bank Co., Ltd- Bosera Convertible Bond Enhanced Debt Securities Investment Fund	335,674,000	255,674,000 pledged	3.27
Industrial and Commercial Bank of China Ltd.-Bosera Credit Bonds Investment Fund	225,000,000	225,000,000 pledged	2.19
Industrial and Commercial Bank of China Ltd.-E Fund Safe Income Bond Securities Investment Fund	223,305,000	223,305,000 pledged	2.18
Industrial and Commercial Bank of China Ltd.- Industrial Convertible Bond Hybrid Securities Investment Fund	213,154,000	–	2.08
Industrial Bank Co., Ltd.- Industrial Global View Securities Investment Fund	203,771,000	–	1.99
Industrial and Commercial Bank of China Ltd.- Lion Dynamic Allocation Stock Fund	202,258,000	–	1.97

Note: The balance amount of A Share Convertible Bonds on December 31, 2014 was RMB10,255,013,000, and the percentage was calculated based on this number.

CORPORATE GOVERNANCE

Changes in the Share Capital and Shareholders' Profile

Guarantee of A Share Convertible Bonds

There is no guarantee of A Share Convertible Bonds.

Accumulated converted shares from A Share Convertible Bonds during the Reporting Period

The conversion period of the Company's A Share Convertible Bonds commenced on May 23, 2014 and ended on January 9, 2015. As at December 31, 2014, there were 381,971,800 A shares issued as a result of conversion of A Share Convertible Bonds. The details are as follows:

Abbreviation of A Share Convertible Bonds	Balance amount of A Share Convertible Bonds at December 31, 2013 (RMB)	Changes during the Reporting Period				Shares converted during the Reporting Period (Shares)	Accumulated shares converted (Shares)	Accumulated converted shares/ Company's total issued shares before the conversion	Balance amount of A Share Convertible Bonds at December 31, 2014 (RMB)	Unconverted balance/total issued A Share Convertible Bonds
		Converted (RMB)	Redeemed (RMB)	Bought back (RMB)	Others (RMB)					
Ping An Convertible Bonds	26,000,000,000	15,744,987,000	-	-	-	381,971,800	381,971,800	4.83%	10,255,013,000	39.44%

Conversion price adjustment of A Share Convertible Bonds during the Reporting Period

The Company's A Share Convertible Bonds have an initial conversion price of RMB41.33 per share. The details of the conversion price adjustment of A Share Convertible Bonds during the Reporting Period are as follows:

Conversion price adjustment date	Conversion price after adjustment (RMB per share)	Time of disclosure	Explanation on conversion price adjustment	Disclosure through the Media
June 27, 2014	40.88	June 20, 2014	Final dividend distribution of 2013	China Securities Journal, Shanghai Securities News, Securities Times, Securities Daily
September 12, 2014	40.63	September 5, 2014	Interim dividend distribution of 2014	
December 10, 2014	41.22	December 8, 2014	Placing of new H shares	
Latest conversion price as at the end of the Reporting Period			RMB41.22 per share	

The status of the Company's liability, change of credit and the fund arrangement for repayment in the future

Dagong Global Credit Rating Co., Ltd. has tracked the credit ratings on the A Share Convertible Bonds and published the "Credit Rating Tracking Report in relation to the 2013 A Share Convertible Corporate Bonds (including subordinated terms) of Ping An Insurance (Group) Company of China, Ltd." (Da Gong Bao SD 2014 No.066) on April 24, 2014, which reaffirmed a credit rating of AAA on the A Share Convertible Bonds and a credit rating of AAA on the issue entity, with rating outlook remaining stable.

Payment of Interest of A Share Convertible Bonds during the Reporting Period

During the Reporting Period, the Company paid the interests of the A Share Convertible Bonds arose during the period from November 22, 2013 to November 21, 2014, of which the nominal interest rate is 0.8%. For more details, please refer to the announcement regarding the "Payment of Interest of Ping An Convertible Bonds of 2014" published in China Securities Journal, Shanghai Securities News, Securities Times, Securities Daily, and on the website of SSE by the Company on November 18, 2014.

The Redemption of the A Share Convertible Bonds

For the 30 consecutive trading days during the period from November 11, 2014 to December 22, 2014, the closing price of the Company's A shares was not less than 130% of the conversion price of the Ping An Convertible Bonds on the relevant days (the conversion price being RMB40.63 per share from November 11, 2014 to December 9, 2014, and RMB41.22 per share since December 10, 2014) for 15 trading days (December 2, 2014 to December 22, 2014), and according to the prospectus in relation to the public issuance of A share convertible corporate bonds (including subordinated terms) of Ping An Insurance (Group) Company of China, Ltd., the redemption conditions of the A Share Convertible Bonds have been satisfied.

The Board of Directors is authorized by the general meeting of the Company, and the Board of Directors then further delegated the authority to the Executive Directors of the Company to handle entirely, individually or jointly, the matters related to the A Share Convertible Bonds. The resolution had been passed by all the Executive Directors of the Company to exercise the Company's right of early redemption of the A Share Convertible Bonds, and to redeem all the outstanding A Share Convertible Bonds held by holders who are registered on the redemption record date (i.e. January 9, 2015).

As at the close of trading on January 9, 2015, a total of RMB25,965,569,000 of A Share Convertible Bonds were converted into 629,922,613 A shares, accounting for 7.95744% of the total number of 7,916,142,092 issued shares before conversion of A Share Convertible Bonds. The total redemption value of the remaining A Share Convertible Bonds amounts to RMB34,431,000, accounting for 0.13243% of the total value of RMB26 billion of A Share Convertible Bonds. The total number of issued shares of the Company is 9,140,120,705 after the conversion.

Starting from January 12, 2015, the A share Convertible Bonds ceased to be traded or converted; and starting from January 15, 2015, Ping An Convertible Bonds (113005) and Ping An Converted Shares (191005) were delisted from the SSE.

Changes in the Share Capital and Shareholders' Profile

INFORMATION DISCLOSED UNDER H SHARES REGULATORY REQUIREMENTS

Substantial Shareholders' and Other Persons' Interests and Short Positions in Shares and Underlying Shares of the Company

As far as is known to any Director or Supervisor of the Company, as at December 31, 2014, the following persons (other than the Directors, Supervisors and chief executive of the Company) who had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company pursuant to the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO:

Interests and short positions of substantial shareholders who are entitled to exercise or control the exercise of 10% or more of the voting power at any general meeting of the Company

Name of substantial shareholder	H/A Shares	Capacity	Notes	Number of H/A Shares	Nature of interest	Percentage of total number of H/A shares in issue (%)	Percentage of total shares in issue (%)
Charoen Pokphand Group Company Limited ("CP Group Ltd.")	H	Interest of controlled corporations		1,174,978,613	Long position	31.55	13.21
		Party to s317 agreement		50,000,000	Long position	1.34	0.56
		Total:	(1),(2),(3)	1,224,978,613		32.90	13.78
		Interest of controlled corporations	(1)	302,662,295	Short position	8.13	3.40
Dhanin Chearavanont	H	Party to s317 agreement		1,174,978,613	Long position	31.55	13.21
		Interest of controlled corporations		50,000,000	Long position	1.34	0.56
		Total:	(1),(2),(3)	1,224,978,613		32.90	13.78
		Party to s317 agreement	(3)	302,662,295	Short position	8.13	3.40
King Ace International Limited	H	Party to s317 agreement		1,174,978,613	Long position	31.55	13.21
		Interest of controlled corporations		50,000,000	Long position	1.34	0.56
		Total:	(1),(2),(3)	1,224,978,613		32.90	13.78
		Party to s317 agreement	(3)	302,662,295	Short position	8.13	3.40

Interests and short positions of other substantial shareholders

Name of substantial shareholder	H/A Shares	Capacity	Notes	Number of H/A Shares	Nature of interest	Percentage of total number of H/A shares in issue (%)	Percentage of total shares in issue (%)
All Gain Trading Limited	H	Beneficial owner	(1),(2)	394,500,996	Long position	10.59	4.44
Easy Boom Developments Limited	H	Beneficial owner	(1),(2)	302,662,295	Long position	8.13	3.40
				302,662,295	Short position	8.13	3.40
Business Fortune Holdings Limited	H	Beneficial owner	(1),(2)	224,929,005	Long position	6.04	2.53
Bloom Fortune Group Limited	H	Beneficial owner	(1),(2)	252,886,317	Long position	6.79	2.84
JPMorgan Chase & Co.	H	Beneficial owner		110,978,759	Long position	2.98	1.25
		Investment Manager		56,952,548	Long position	1.53	0.64
		Trustee		1,072	Long position	0.00	0.00
		Custodian		103,659,234	Lending Pool	2.78	1.17
		Total:	(4)	271,591,613		7.29	3.05
		Beneficial owner	(4)	66,340,177	Short position	1.78	0.75
UBS AG	H	Beneficial owner		251,534,689	Long position	6.75	2.83
		Person having a security interest in shares		20,401,059	Long position	0.55	0.23
		Interest of controlled corporations	(5)	50,250,169	Long position	1.35	0.56
		Total:	(5)	322,185,917		8.65	3.62
		Beneficial owner	(5)	548,202,657	Short position	14.72	6.17
UBS Group AG	H	Person having a security interest in shares		20,401,059	Long position	0.55	0.23
		Interest of controlled corporations	(6)	301,784,858	Long position	8.10	3.39
		Total:	(6)	322,185,917		8.65	3.62
		Interest of controlled corporations	(6)	548,202,657	Short position	14.72	6.17
BlackRock,Inc.	H	Interest of controlled corporations	(7)	201,400,656	Long position	5.41	2.26
Shenzhen Investment Holdings Co., Ltd.	A	Beneficial owner		481,359,551	Long position	9.31	5.41

Changes in the Share Capital and Shareholders' Profile

Notes:

(1) All Gain Trading Limited, Easy Boom Developments Limited, Business Fortune Holdings Limited and Bloom Fortune Group Limited were the indirect wholly-owned subsidiaries of CP Group Ltd. and their respective interests in 394,500,996 H shares (Long position), 302,662,295 H shares (Long position), 224,929,005 H shares (Long position) and 252,886,317 H shares (Long position) of the Company were deemed to be the interest of CP Group Ltd. The entire interests of CP Group Ltd. in the Company included 302,662,295 H shares (Short position) which were held through derivatives, the category of which was through physically settled unlisted securities. In addition, CP Group Ltd. was also deemed to be interested in 50,000,000 H shares (Long position) by virtue of section 317 of the SFO.

(2) All Gain Trading Limited, Easy Boom Developments Limited, Business Fortune Holdings Limited and Bloom Fortune Group Limited were wholly owned by Chia Tai Primrose Investment Limited, which was in turn a wholly-owned subsidiary of Chia Tai Primrose Holdings Limited. Chia Tai Primrose Holdings Limited was wholly owned by Chia Tai Giant Far Limited, which was in turn a wholly-owned subsidiary of Chia Tai Resources Holdings Limited. Chia Tai Resources Holdings Limited was wholly owned by CPG Overseas Company Limited, which was in turn wholly owned by CP Group Ltd.

(3) Boom Dragon Limited and Long Growth Global Limited held 25,000,000 H shares (Long position) in the Company, respectively, which were wholly owned by King Ace International Limited, which was in turn wholly owned by Dhanin Chearavanont. In addition, King Ace International Limited and Dhanin Chearavanont were also deemed to be interested in 1,174,978,613 H shares (Long position) by virtue of section 317 of the SFO.

(4) JPMorgan Chase & Co. was deemed to be interested in a total of 271,591,613 H shares (Long position) and 66,340,177 H shares (Short position) in the Company by virtue of its control over several corporations.

According to the disclosure form filed by JPMorgan Chase & Co. on December 15, 2014, the following interests in H shares were held by JPMorgan Chase & Co. through its controlled corporations, the details of which are as follows:

Name of controlled corporation	Name of controlling shareholder	% control	Direct interest	Nature of interest	Number of shares
J.P. Morgan Clearing Corp	J.P. Morgan Securities LLC	100.00	Y	Long position	8,049,567
				Short position	0
JF International Management Inc.	JPMorgan Asset Management (Asia) Inc.	100.00	Y	Long position	1,912,500
				Short position	0
JF Asset Management Limited	JPMorgan Asset Management (Asia) Inc.	100.00	Y	Long position	32,777,000
				Short position	0
JPMorgan Asset Management (Japan) Limited	JPMorgan Asset Management (Asia) Inc.	100.00	Y	Long position	995,000
				Short position	0
JPMorgan Asset Management (Taiwan) Limited	JPMorgan Asset Management (Asia) Inc.	100.00	Y	Long position	2,179,500
				Short position	0
J.P. Morgan Investment Management Inc.	JPMorgan Asset Management Holdings Inc	100.00	Y	Long position	10,485,160
				Short position	0
J.P. Morgan Whitefriars Inc.	J.P. Morgan Overseas Capital Corporation	100.00	Y	Long position	61,816,976
				Short position	37,821,020
J.P. Morgan Securities plc	J.P. Morgan Capital Financing Limited	0.69	Y	Long position	41,112,216
				Short position	28,516,957
Bank One International Holdings Corporation	J.P. Morgan International Inc.	100.00	N	Long position	102,929,192
				Short position	66,340,177
J.P. Morgan International Inc.	JPMorgan Chase Bank, N.A.	100.00	N	Long position	102,929,192
				Short position	66,340,177
J.P. Morgan Chase International Holdings	J.P. Morgan Chase (UK) Holdings Limited	100.00	N	Long position	41,112,216
				Short position	28,516,957
J.P. Morgan Securities plc	J.P. Morgan Chase International Holdings	99.31	Y	Long position	41,112,216
				Short position	28,516,957
JPMorgan Chase Bank, N.A.	JPMorgan Chase & Co.	100.00	Y	Long position	105,598,012
				Short position	0

Name of controlled corporation	Name of controlling shareholder	% control	Direct interest	Nature of interest	Number of shares
JPMorgan Asset Management (UK) Limited	JPMorgan Asset Management Holdings (UK) Limited	100.00	Y	Long position Short position	5,837,000 0
JPMorgan Funds Management, Inc.	JPMorgan Distribution Services, Inc.	100.00	Y	Long position Short position	152,182 0
JPMorgan Asset Management (Singapore) Limited	JPMorgan Asset Management (Asia) Inc.	100.00	Y	Long position Short position	676,500 0
J.P. Morgan Structured Products B.V.	J.P. Morgan International Finance Limited	100.00	Y	Long position Short position	0 2,200
J.P. Morgan Capital Financing Limited	JPMorgan Chase & Co.	100.00	N	Long position Short position	41,112,216 28,516,957
J.P. Morgan Securities LLC	J.P. Morgan Broker-Dealer Holdings Inc	100.00	N	Long position Short position	8,049,567 0
J.P. Morgan Broker-Dealer Holdings Inc	JPMorgan Chase & Co.	100.00	N	Long position Short position	8,049,567 0
J.P. Morgan Capital Holdings Limited	J.P. Morgan International Finance Limited	100.00	N	Long position Short position	41,112,216 28,516,957
JPMorgan Asset Management Holdings Inc	JPMorgan Chase & Co.	100.00	N	Long position Short position	54,862,660 0
JPMorgan Asset Management (Asia) Inc.	JPMorgan Asset Management Holdings Inc	100.00	N	Long position Short position	38,540,500 0
J.P. Morgan Chase (UK) Holdings Limited	J.P. Morgan Capital Holdings Limited	100.00	N	Long position Short position	41,112,216 28,516,957
JPMorgan Asset Management Holdings (UK) Limited	JPMorgan Asset Management International Limited	100.00	N	Long position Short position	5,837,000 0
J.P. Morgan Overseas Capital Corporation	J.P. Morgan International Finance Limited	100.00	N	Long position Short position	61,816,976 37,821,020
JPMorgan Asset Management International Limited	JPMorgan Asset Management Holdings Inc	100.00	N	Long position Short position	5,837,000 0
JPMorgan Chase Bank, N.A.	JPMorgan Chase & Co.	100.00	N	Long position Short position	102,929,192 66,340,177
J.P. Morgan International Finance Limited	Bank One International Holdings Corporation	100.00	N	Long position Short position	102,929,192 66,340,177
JPMorgan Distribution Services, Inc.	JPMorgan Chase & Co.	100.00	N	Long position Short position	152,182 0

Changes in the Share Capital and Shareholders' Profile

The entire interests and short positions of JPMorgan Chase & Co. in the Company included a lending pool of 103,659,234 H shares (Long position). Besides, 44,683,422 H shares (Long position) and 49,407,177 H shares (Short position) were held through derivatives as follows:

11,408,460 H shares (Long position) and 9,220,500 H shares (Short position)	–	through physically settled listed securities
5,329,500 H shares (Long position) and 15,982,500 H shares (Short position)	–	through cash settled listed securities
8,254,843 H shares (Long position) and 5,572,389 H shares (Short position)	–	through physically settled unlisted securities
19,690,619 H shares (Long position) and 18,631,788 H shares (Short position)	–	through cash settled unlisted securities

(5) UBS AG was deemed to be interested in a total of 50,250,169 H shares (Long position) in the Company through a number of its direct wholly-owned subsidiaries.

According to the disclosure form filed by UBS AG on December 22, 2014, the following interests in H shares were held by UBS AG through its controlled corporations, the details of which are as follows:

Name of controlled corporation	Name of controlling shareholder	% control	Direct interest	Nature of interest	Number of shares
UBS Fund Management (Switzerland) AG	UBS AG	100.00	Y	Long position Short position	5,715,500 0
UBS Fund Services (Luxembourg) S.A.	UBS AG	100.00	Y	Long position Short position	7,209,483 0
UBS Global Asset Management (Americas) Inc.	UBS AG	100.00	Y	Long position Short position	4,703,500 0
UBS Global Asset Management (Australia) Ltd	UBS AG	100.00	Y	Long position Short position	208,500 0
UBS Global Asset Management (Canada) Inc.	UBS AG	100.00	Y	Long position Short position	3,378,000 0
UBS Global Asset Management (Hong Kong) Limited	UBS AG	100.00	Y	Long position Short position	4,992,468 0
UBS Global Asset Management (Japan) Ltd	UBS AG	100.00	Y	Long position Short position	1,214,552 0
UBS Global Asset Management (Singapore) Ltd	UBS AG	100.00	Y	Long position Short position	11,532,500 0
UBS Global Asset Management Trust Company	UBS AG	100.00	Y	Long position Short position	723,000 0
UBS Global Asset Management (UK) Ltd	UBS AG	100.00	Y	Long position Short position	10,175,000 0
UBS Global Asset Management (Deutschland) GmbH	UBS AG	100.00	Y	Long position Short position	19,500 0
UBS Financial Services Inc.	UBS AG	100.00	Y	Long position Short position	1,466 0
UBS Bank (Canada)	UBS AG	100.00	Y	Long position Short position	26,000 0
UBS Swiss Financial Advisers AG	UBS AG	100.00	Y	Long position Short position	295,500 0
UBS Limited	UBS AG	100.00	Y	Long position Short position	55,200 0

Besides, 187,729,094 H shares (Long position) and 548,202,657 H shares (Short position) were held through derivatives as follows:

1,070,700 H shares (Long position) and 3,536,000 H shares (Short position)	–	through physically settled listed securities
650,550 H shares (Long position) and 11,140,471 H shares (Short position)	–	through cash settled listed securities
13,223,238 H shares (Long position) and 24,180,124 H shares (Short position)	–	through physically settled unlisted securities
172,784,606 H shares (Long position) and 509,346,062 H shares (Short position)	–	through cash settled unlisted securities

(6) UBS Group AG was deemed to be interested in a total of 301,784,858 H shares (Long position) and 548,202,657 H shares (Short position) in the Company by virtue of its control over several corporations.

According to the disclosure form filed by UBS Group AG on December 22, 2014, the following interests in H shares were held by UBS Group AG through its controlled corporations, the details of which are as follows:

Name of controlled corporation	Name of controlling shareholder	% control	Direct interest	Nature of interest	Number of shares
UBS AG	UBS Group AG	96.64	Y	Long position Short position	251,534,689 548,202,657
UBS Fund Services (Luxembourg) S.A.	UBS Group AG	96.64	Y	Long position Short position	7,209,483 0
UBS Global Asset Management (Americas) Inc.	UBS Group AG	96.64	Y	Long position Short position	4,703,500 0
UBS Global Asset Management (Australia) Ltd	UBS Group AG	96.64	Y	Long position Short position	208,500 0
UBS Global Asset Management (Canada) Inc.	UBS Group AG	96.64	Y	Long position Short position	3,378,000 0
UBS Global Asset Management (Hong Kong) Limited	UBS Group AG	96.64	Y	Long position Short position	4,992,468 0
UBS Global Asset Management (Japan) Ltd	UBS Group AG	96.64	Y	Long position Short position	1,214,552 0
UBS Global Asset Management (Singapore) Ltd	UBS Group AG	96.64	Y	Long position Short position	11,532,500 0
UBS Global Asset Management Trust Company	UBS Group AG	96.64	Y	Long position Short position	723,000 0
UBS Global Asset Management (UK) Ltd	UBS Group AG	96.64	Y	Long position Short position	10,175,000 0
UBS Global Asset Management (Deutschland) GmbH	UBS Group AG	96.64	Y	Long position Short position	19,500 0
UBS Financial Services Inc.	UBS Group AG	96.64	Y	Long position Short position	1,466 0
UBS Bank (Canada)	UBS Group AG	96.64	Y	Long position Short position	26,000 0
UBS Swiss Financial Advisers AG	UBS Group AG	96.64	Y	Long position Short position	295,500 0
UBS Fund Management (Switzerland) AG	UBS Group AG	96.64	Y	Long position Short position	5,715,500 0
UBS Limited	UBS Group AG	96.64	Y	Long position Short position	55,200

Changes in the Share Capital and Shareholders' Profile

Besides, 187,729,094 H shares (Long position) and 548,202,657 H shares (Short position) were held through derivatives as follows:

1,070,700 H shares (Long position) and 3,536,000 H shares (Short position)	–	through physically settled listed securities
650,550 H shares (Long position) and 11,140,471 H shares (Short position)	–	through cash settled listed securities
13,223,238 H shares (Long position) and 24,180,124 H shares (Short position)	–	through physically settled unlisted securities
172,784,606 H shares (Long position) and 509,346,062 H shares (Short position)	–	through cash settled unlisted securities

(7) BlackRock,Inc. was deemed to be interested in a total of 201,400,656 H shares (Long position) in the Company by virtue of its control over several corporations.

According to the disclosure form filed by BlackRock,Inc. on December 15, 2014, the following interests in H shares were held by BlackRock,Inc. through its controlled corporations, the details of which are as follows:

Name of controlled corporation	Name of controlling shareholder	% control	Direct interest	Nature of interest	Number of shares
Trident Merger, LLC	Blackrock Inc.	100.00	N	Long position	1,326,000
BlackRock Investment Management, LLC	Trident Merger, LLC	100.00	Y	Long position	1,326,000
BlackRock Holdco 2 Inc.	Blackrock Inc.	100.00	N	Long position	200,074,656
BlackRock Financial Management, Inc.	BlackRock Holdco 2 Inc.	100.00	N	Long position	196,101,156
BlackRock Financial Management, Inc.	BlackRock Holdco 2 Inc.	100.00	Y	Long position	3,973,500
BlackRock Holdco 4 LLC	BlackRock Financial Management, Inc.	100.00	N	Long position	106,548,500
BlackRock Holdco 6 LLC	BlackRock Holdco 4 LLC	100.00	N	Long position	106,548,500
BlackRock Delaware Holdings, Inc.	BlackRock Holdco 6 LLC	100.00	N	Long position	106,548,500
BlackRock Institutional Trust Company, N.A.	BlackRock Delaware Holdings, Inc.	100.00	Y	Long position	47,659,500
BlackRock Fund Advisors	BlackRock Delaware Holdings, Inc.	100.00	Y	Long position	58,889,000
BlackRock Advisors Holdings Inc.	BlackRock Financial Management, Inc.	100.00	N	Long position	89,552,656
BlackRock Capital Holdings, Inc.	BlackRock Advisors Holdings Inc.	100.00	N	Long position	993,000
BlackRock Advisors, LLC	BlackRock Capital Holdings, Inc.	100.00	Y	Long position	993,000
BlackRock International Holdings Inc.	BlackRock Advisors Holdings Inc.	100.00	N	Long position	88,559,656
BR Jersey International LP	BlackRock International Holdings Inc.	100.00	N	Long position	88,559,656
BlackRock Cayco Ltd.	BR Jersey International LP	100.00	N	Long position	2,492,500
BlackRock Trident Holding Company Limited	BlackRock Cayco Ltd.	100.00	N	Long position	2,492,500
BlackRock Japan Holdings GK	BlackRock Trident Holding Company Limited	100.00	N	Long position	2,492,500
BlackRock Japan Co Ltd	BlackRock Japan Holdings GK	100.00	Y	Long position	2,492,500
BlackRock (Institutional) Canada Ltd	BR Jersey International LP	100.00	N	Long position	337,000
BlackRock Holdings Canada Limited	BlackRock (Institutional) Canada Ltd	100.00	N	Long position	337,000
BlackRock Asset Management Canada Limited	BlackRock Holdings Canada Limited	100.00	Y	Long position	337,000
BlackRock Australia Holdco Pty Ltd	BR Jersey International LP	100.00	N	Long position	1,165,000

Name of controlled corporation	Name of controlling shareholder	% control	Direct interest	Nature of interest	Number of shares
BlackRock Investment Management (Australia) Limited	BlackRock Australia Holdco Pty Ltd	100.00	Y	Long position	1,165,000
BlackRock HK Holdco Limited	BR Jersey International LP	100.00	N	Long position	24,236,527
BlackRock Asset Management North Asia Limited	BlackRock HK Holdco Limited	100.00	Y	Long position	24,236,527
BlackRock Group Limited	BR Jersey International LP	100.00	N	Long position	60,328,629
BlackRock (Netherlands) B.V.	BlackRock Group Limited	100.00	Y	Long position	603,500
Blackrock Advisors (UK) Limited	BlackRock Group Limited	100.00	Y	Long position	24,879,375
BlackRock International Limited	BlackRock Group Limited	100.00	N	Long position	44,000
BlackRock International Limited	BlackRock Group Limited	100.00	Y	Long position	1,526,186
BlackRock Luxembourg Holdco S.a.r.l.	BlackRock Group Limited	100.00	N	Long position	27,666,480
BlackRock Investment Management Ireland Holdings Ltd	BlackRock Luxembourg Holdco S.a.r.l.	100.00	N	Long position	17,449,583
BlackRock Asset Management Ireland Limited	BlackRock Investment Management Ireland Holdings Ltd	100.00	Y	Long position	17,449,583
BlackRock (Luxembourg) S.A.	BlackRock Luxembourg Holdco S.a.r.l.	100.00	Y	Long position	10,216,897
BlackRock Investment Management (UK) Ltd	BlackRock Group Limited	100.00	N	Long position	1,476,500
BlackRock Investment Management (UK) Ltd	BlackRock Group Limited	100.00	Y	Long position	4,132,588
BlackRock Holdings Deutschland GmbH	BlackRock Investment Management (UK) Ltd	100.00	N	Long position	188,000
BlackRock Asset Management Deutschland AG	BlackRock Holdings Deutschland GmbH	100.00	Y	Long position	188,000
BlackRock Fund Managers Ltd	BlackRock Investment Management (UK) Ltd	100.00	Y	Long position	1,288,500
BlackRock Life Limited	BlackRock International Limited	100.00	Y	Long position	44,000

Besides, 993,000 H shares (Long position) were held through derivatives, the category of which was through cash settled unlisted securities.

(8) Percentage figures may not add up to the totals due to rounding.

Save as disclosed above, the Directors and Supervisors of the Company are not aware of any other person (other than the Directors, Supervisors and chief executive of the Company) having any interest or short position in the shares and underlying shares of the Company as at December 31, 2014 which would fall to be disclosed to the Company pursuant to the provisions of Divisions 2 and 3 of Part XV of the SFO or which were recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO.

Directors, Supervisors, Senior Management and Employees

BASIC INFORMATION OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Name	Positions	Sex	Age	Period of appointment
MA Mingzhe	Chairman and Chief Executive Officer	Male	59	2012.06-2015 election
SUN Jianyi	Vice Chairman and Executive Vice President	Male	62	2012.06-2015 election
REN Huichuan	Executive Director and President	Male	45	2012.07-2015 election
YAO Jason Bo	Executive Director, Senior Vice President, Chief Financial Officer and Chief Actuary	Male	44	2012.06-2015 election
LEE Yuansiong	Executive Director and Senior Vice President	Male	49	2013.06-2015 election
CAI Fangfang[1]	Executive Director, Chief Human Resource Officer	Female	41	2014.07-2015 election
FAN Mingchun	Vice Chairman (Non-executive Director)	Male	52	2012.06-2015 election
LIN Lijun	Non-executive Director	Female	52	2012.06-2015 election
LI Zhe	Non-executive Director	Female	45	2012.06-2015 election
Soopakij CHEARAVANONT	Non-executive Director	Male	50	2013.06-2015 election

From left to right
Ms. IP So Lan
Mr. LEE Yuansiong
Ms. TAN Sin Yin
Mr. REN Huichuan
Ms. CAI Fangfang
Mr. MA Mingzhe
Mr. CAO Shifan
Mr. SUN Jianyi
Mr. CHEN Kexiang
Mr. YAO Jason Bo

Name	Positions	Sex	Age	Period of appointment
YANG Xiaoping	Non-executive Director	Male	50	2013.06-2015 election
LU Hua	Non-executive Director	Male	50	2013.06-2015 election
TANG Yunwei	Independent Non-executive Director	Male	71	2012.06-2015 election
LEE Carmelo Ka Sze	Independent Non-executive Director	Male	54	2012.06-2015 election
WOO Ka Biu Jackson	Independent Non-executive Director	Male	52	2012.06-2015 election
Stephen Thomas MELDRUM	Independent Non-executive Director	Male	72	2012.07-2015 election
YIP Dicky Peter	Independent Non-executive Director	Male	67	2013.06-2015 election
WONG Oscar Sai Hung	Independent Non-executive Director	Male	59	2013.06-2015 election
SUN Dongdong	Independent Non-executive Director	Male	55	2013.06-2015 election
KU Man[1]	retired Director and retired Executive Vice President	Male	41	2012.07-2014.07
GU Liji	Chairman of Supervisory Committee (Independent Supervisor)	Male	67	2012.07-2015 election

Directors, Supervisors, Senior Management and Employees

Name	Positions	Sex	Age	Period of appointment
PENG Zhijian	Independent Supervisor	Male	66	2012.07-2015 election
LIN Li	Shareholder Representative Supervisor	Male	52	2012.07-2015 election
ZHANG Wangjin	Shareholder Representative Supervisor	Female	35	2013.06-2015 election
SUN Jianping	Employee Representative Supervisor	Male	54	2012.07-2015 election
ZHAO Fujun	Employee Representative Supervisor	Male	49	2012.07-2015 election
PAN Zhongwu	Employee Representative Supervisor	Male	45	2012.07-2015 election
WANG Liping(2)	retired Senior Vice President	Female	58	2004.01-2014.01
CAO Shifan	Senior Vice President	Male	59	2007.04-
CHEN Kexiang	Senior Vice President	Male	57	2007.01-
IP So Lan	Senior Vice President	Female	58	2011.01-
YAO Jun	Chief Legal Officer, Company Secretary	Male	49	2008.10-
CHAN Tak Yin	Chief Investment Officer	Male	55	2012.08-
JIN Shaoliang	Secretary of the Board	Male	55	2012.02-

(1) Mr. Ku Man ceased to be the Executive Vice President of the Company on March 12, 2014, and tendered his resignation as the Executive Director of the Company on the same day. The resolution regarding the appointment of Ms. Cai Fangfang as an Executive Director of the Company to replace Mr. Ku Man was passed at the 2013 Annual General Meeting held by the Company on June 12, 2014. The qualification of Ms. Cai Fangfang as an Executive Director of the Company was obtained from CIRC on July 2, 2014, on which day Ms. Cai Fangfang replaced Mr. Ku Man as an Executive Director of the Company formally.

(2) Ms. Wang Liping ceased to be the Senior Vice President of the Company from January 3, 2014.

MAJOR WORKING EXPERIENCES AND PART-TIME JOBS OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Directors

Executive Directors

MA Mingzhe, founder of the Company. Mr. Ma founded Ping An Insurance Company in March 1988, and is the current Chairman and CEO of the Company. Since the establishment of the Company, Mr. Ma has served as President, Director, and concurrently as Chairman and CEO of the Company, and has been fully involved in the operation and management of the Company. Prior to establishing the Company, Mr. Ma was the Deputy Manager of China Merchants Shekou Industrial Zone Social Insurance Company. Mr. Ma has a Doctorate degree in Money and Banking from Zhongnan University of Economics and Law (previously Zhongnan University of Economics).

SUN Jianyi, has been an Executive Director of the Company since March 1995 and the Vice Chairman of the Board of Directors since October 2008. Mr. Sun has been serving as the Executive Vice President of the Company since October 1994, and is also the Chairman of the Board of Directors of Ping An Bank which is a subsidiary of the Company, a Non-executive Director of China Vanke Co., Ltd. and China Insurance Security Fund Co., Ltd., and an Independent Non-executive Director of Haichang Holdings Ltd.. Since joining the Company in July 1990, Mr. Sun has been the General Manager of the Management Department, Senior Vice President, Executive Vice President and Vice Chief Executive Officer. Prior to joining the Company, Mr. Sun was the Head of the Wuhan Branch of the PBOC, the Deputy General Manager of the Wuhan Branch Office of the People's Insurance Company of China and the General Manager of Wuhan Securities Company. Mr. Sun has a Diploma in Finance from Zhongnan University of Economics and Law (previously Zhongnan University of Economics).

REN Huichuan, has been an Executive Director of the Company since July 2012, the President of the Company since March 2011 and the Chairman and CEO of Wanlitong since February 2015. Mr. Ren joined the Company in 1992. He was the Senior Vice President of the Company between June 2010 and March 2011, Chief Insurance Business Officer between June 2010 and December 2010, the Chairman and CEO of Ping An Property & Casualty between April 2007 and May 2011, and was appointed as an Employee Representative Supervisor of the Company from March 2009 to March 2010. Before that, Mr. Ren had been the assistant to the President and Financial Director of the Company, the Assistant Director of the Development and Reform Centre, Senior Vice President of Ping An Property & Casualty and the Assistant Manager of the property & casualty insurance business of the Company. Mr. Ren holds an MBA degree from Peking University.

YAO Jason Bo, has been an Executive Director of the Company since June 2009. Mr. Yao has been the Chief Financial Officer and Senior Vice President of the Company since April 2010 and June 2009, respectively, the Chief Actuary since October 2012, and has also been a Non-executive Director of Ping An Bank since June 2010. Mr. Yao joined the Company in May 2001, and served as the Financial Director of the Company from March 2008 to April 2010, the Chief Actuary from January 2007 to June 2010, the Deputy Financial Officer from February 2004 to January 2007, the General Manager of the Corporate Planning Department of the Company from February 2004 to February 2012, the Deputy Chief Actuary from December 2002 to January 2007 and the Deputy General Manager of the Product Centre of the Company from 2001 to 2002. Prior to that, Mr. Yao served in Deloitte Touche Tohmatsu as a consulting actuary and senior manager. Mr. Yao is a fellow of the Society of Actuaries (FSA), and holds an MBA degree from New York University.

LEE Yuansiong, has been an Executive Director of the Company since June 2013, and has been the Senior Vice President and Chief Insurance Business Officer of the Company since January 2011. Mr. Lee is currently the Director of Ping An Property & Casualty, Ping An Life, Ping An Annuity and Ping An Health, the subsidiaries of the Company. Mr. Lee joined the Company in 2004 and served as the Special Assistant to the Chairman of Ping An Life from February 2004 to March 2005, President of Ping An Life from March 2005 to January 2010 and Chairman of Ping An Life from January 2007 to February 2012. Prior to that, Mr. Lee was a Senior Vice President of Prudential Taiwan Branch and the General Manager of Citi-Prudential, etc. Mr. Lee holds a Master's degree in Finance from The University of Cambridge.

CAI Fangfang, has been an Executive Director of the Company since July 2014. Ms. Cai is the Chief Human Resource Officer of the Company and the Executive Vice President of Ping An School of Financial Services. Ms. Cai joined the Company in July 2007. She was the Vice Chief Financial Officer and General Manager of the Corporate Planning Department of the Company from February 2012 to September 2013 and held the positions of Vice General Manager and General Manager of the Remuneration Planning and Management Department of the Human Resource Centre of the Company from October 2009 to February 2012. Ms. Cai has been a Non-executive Director of Ping An Bank since January 2014 and is also currently a director of a number of controlled subsidiaries of the Company including Ping An Life, Ping An Property & Casualty and Ping An Asset Management. Prior to joining the Company, Ms. Cai served as the consulting director of Watson Wyatt Consultancy (Shanghai) Ltd. and the audit director on financial industry of British Standards Institution Management Systems Certification Co. Ltd., etc. Ms. Cai holds a Master's degree in Accounting from The University of New South Wales.

Non-executive Directors

FAN Mingchun, has been a Non-executive Director of the Company since March 2012, and has been the Vice Chairman of the Company since April 2012. Mr. Fan is the Chairman of the Board of Directors and Secretary of Party Committee of Shenzhen Investment Holdings Co., Ltd. and a Non-executive Director of Guosen Securities Co., Ltd.. Mr. Fan has been working and serving as the Deputy Director and the member of Party Group of Shenzhen Administration for Industry and Commerce (Shenzhen Pricing Administration) from June 1993 to August 2009. From August 2009 to January 2011, Mr. Fan was the Deputy Secretary to the Party Committee of Futian District, Shenzhen. Mr. Fan holds a Master's degree in Political Economics from Wuhan Institute of Water Transportation Engineering and an MBA degree from Peking University.

Directors, Supervisors, Senior Management and Employees

LIN Lijun, has been a Non-executive Director of the Company since May 2003 and is currently the Vice Chairman of the Labour Union of the Company. Ms. Lin served as the Chairman of the Board of Directors and President of Linzhi New House Investment Development Co. Ltd. from 2000 to 2013. Ms. Lin previously served as the Deputy General Manager of the Human Resources Department of Ping An Property & Casualty from 1997 to 2000. Ms. Lin holds a Bachelor's degree in Chinese Language and Literature from South China Normal University.

LI Zhe, has been a Non-executive Director of the Company since June 2009. Ms. Li served in Fook Woo Group Holdings Limited as an Executive Director from April 2012 to October 2012 and served in Fook Woo Group Holdings Limited as a Non-executive Director from October 2012 to January 2013. Ms. Li has served in Guangdong Gain Law Firm as a lawyer from January 2007 to July 2011. Ms. Li served in Guangdong Sheng He Sheng Law Firm as a lawyer from May 2003 to December 2006, and headed the Legal Department in New World Infrastructure Limited from August 1998 to April 2003. She was an Advisor on PRC Laws for Victor Chu & Co., Callanty. T. HO & CO. and Anthony Chiang & Partners successively from August 1993 to July 1998. Ms. Li was a lawyer at Guangzhou Second International Economic Law Firm from July 1991 to July 1993. Ms. Li holds a Bachelor's degree in Law from Sun Yat-sen University, a Bachelor's degree in Law from Manchester Metropolitan University and an MBA degree from Murdoch University.

Soopakij CHEARAVANONT, has been a Non-executive Director of the Company since June 2013. Mr. Chearavanont is the Executive Vice Chairman of the CP Group, and also has been an Executive Director and the Chairman of C.P. Lotus Corporation, an Executive Director and Vice Chairman of C.P. Pokphand Co. Ltd. and the Chairman of CT Bright Holdings Limited. Mr. Chearavanont is also a Director of True Corporation Public Company Limited and CP ALL Public Company Limited (both listed in Thailand) and the Chairman of True Visions Public Company Limited based in Thailand. Mr. Chearavanont holds a Bachelor's degree in Science from the College of Business and Public Administration of New York University, USA.

YANG Xiaoping, has been a Non-executive Director of the Company since June 2013. Mr. Yang is currently the Vice Chairman of the CP Group, an Executive Director and the Vice Chairman of C.P. Lotus Corporation, the Senior Vice Chairman of Chia Tai Group Agro-Industry and Food Business for China Area and a Non-executive Director of Tianjin Binhai Teda Logistics (Group) Corporation Limited. Previously, Mr. Yang acted as the Manager of Nichiyo Co., Ltd for China Division and the Chief Representative of Nichiyo Co., Ltd Beijing Office. Mr. Yang is also a member of The Twelfth National Committee of Chinese People's Political Consultative Conference, the Vice President of the Institute for China Rural Studies of Tsinghua University, a Director of China NGO Network for International Exchanges, the Vice President of Beijing Association of Enterprises with Foreign Investment and an adviser of Foreign Investment to Beijing Municipal Government. Mr. Yang holds a Bachelor's degree from Jiangxi Institute of Technology and has experience of studying in Japan.

LU Hua, has been a Non-executive Director of the Company since June 2013. Mr. Lu is currently the Chairman of the Board of Directors of Shum Yip Group Limited, Shum Yip Holdings Company Limited and Shenzhen Investment Limited, and also a Director of Road King Infrastructure Limited. Mr. Lu held various positions from April 2009 to December 2012, including Secretary of Party Committee and Chairman of the Board of Directors in Shenzhen Shahe Industry (Group) Co., Ltd., Senior Vice President and President of Shum Yip Group Limited, etc., and was a Director of Shenzhen Gas Corporation Ltd. from April 2007 to September 2013 and a Non-executive Director of Coastal Greenland Limited from July 2011 to May 2012. Prior to that, Mr. Lu served as the Chairman of Shahe Industrial Co., Ltd., Chairman and Secretary of Party Committee of Shenzhen Shahe Group Co., Ltd. and General Manager of Shenzhen Property Development Company Ltd.. Mr. Lu holds a Doctorate degree in Political Economics from Nankai University and a Master's degree in Finance from University of Reading in United Kingdom.

Independent Non-executive Directors

TANG Yunwei, has been an Independent Non-executive Director of the Company since June 2009, and is currently the Independent Non-executive Director of China National Building Material Company Limited. Mr. Tang served in Ernst & Young Da Hua as a Senior Consultant from December 2006 to December 2008, and served as a Chief Accountant in Shanghai Dahua and Ernst & Young Da Hua respectively from January 2000 to December 2006. Mr. Tang was a Senior Researcher in the International Accounting Standards Committee from March 1999 to January 2000. Mr. Tang had been the Chairman of Shanghai Accounting Association, and had been a Lecturer, Vice Professor, Assistant to the President, Professor, Vice President and President of Shanghai University of Finance and Economics. Mr. Tang is currently an honorary member of the Association of Chartered Certified Accountants in the United Kingdom, a Distinguished International Visiting Professor of American Accounting Association and an Honorary Professor of Hong Kong University and City University of Hong Kong. Mr. Tang is a member of China Accounting Standards Committee and Audit Standards Committee of Ministry of Finance. Mr. Tang holds a Doctorate degree in Accountancy received from Shanghai University of Finance and Economics. Mr. Tang is the founder of the Professors' Association of Accounting in PRC.

LEE Carmelo Ka Sze, has been an Independent Non-executive Director of the Company since June 2009. Mr. Lee joined Woo, Kwan, Lee & Lo in 1983, obtained qualifications to practise as a solicitor in Hong Kong in 1985 and became a partner of Woo, Kwan, Lee & Lo in 1989. Mr. Lee is currently also a Non-executive Director of each of Hopewell Holdings Limited, CSPC Pharmaceutical Group Limited, Yugang International Limited, Y.T. Realty Group Limited, Safety Godown Company Limited and Termbray Industries International (Holdings) Limited, and an Independent Non-executive Director of KWG Property Holding Limited and Esprit Holding Limited, all of the above are companies listed on the HKEx. In addition, Mr. Lee has been the Chairman of the Listing Committee of the HKEx since 2012. Mr. Lee also serves as a member of SFC (HKEx Listing) Committee, a member of the Disciplinary Group of The Hong Kong Institute of Certified Public Accountants, a member of SFC Dual Filing Advisory Group of Securities and Futures Commission, a campaign committee member of the Community Chest of Hong Kong and a Co-chairman of Corporate Challenge Half Marathon of Community Chest. Mr. Lee was a member of the Main Board Listing Committee of the HKEx from 2000 to 2003 and was a Deputy Chairman of the Listing Committee of the HKEx from 2009 to 2012. Mr. Lee received a Bachelor's degree in Laws from The University of Hong Kong. He is qualified as a solicitor in Hong Kong, England and Wales, Singapore and Australian Capital Territory.

WOO Ka Biu Jackson, has been an Independent Non-executive Director of the Company since July 2011, and is currently a Director of Kailey and Fong Fun Group of Companies, an Independent Non-executive Director of Henderson Land Development Company Limited and an Alternate Director to Sir Po Shing Woo as Non-executive Director of Sun Hun Kai Properties Limited. He is also the CEO of Challenge Capital Management Limited, Chairman (International) of Guantao Law Firm and a consultant of its associated firm, Messrs. Peter C. Wong, Chow & Chow. Mr. Woo was a partner of Ashurst Hong Kong, a Director and co-Head of Investment Banking (Greater China) of N M Rothschild & Sons (Hong Kong) Limited, and also was an Alternate Director to Sir Po Shing Woo, a former Non-executive Director of Henderson Investment Limited and Henderson Land Development Company Limited. Prior to that, Mr. Woo was a partner in the corporate finance department of Woo, Kwan, Lee & Lo. In January 2008, Mr. Woo was awarded 2008 World Outstanding Chinese Award by the United World Chinese Association and Honorary Doctorate Degree from the University of West Alabama. He is also an Honorary Director of Tsinghua University, a China-appointed Attesting Officer appointed by the Ministry of Justice, PRC and a Practising Solicitor Member on the panel of the Solicitors' Disciplinary Tribunal in the Hong Kong Special Administrative Region. Mr. Woo holds a Master's degree in Jurisprudence from Oxford University and is qualified as a solicitor in Hong Kong, England and Wales and Australian Capital Territory.

Directors, Supervisors, Senior Management and Employees

Stephen Thomas MELDRUM, has been an Independent Non-executive Director of the Company since July 2012. Mr. Meldrum has been an independent member of the insurance audit committee (an advisory committee) of HSBC Holdings plc from 2008 to March 2012. From January 2007 to January 2009, Mr. Meldrum was the Consultant to Chief Actuary of the Company. From February 2003 to January 2007, Mr. Meldrum was the assistant to the President and Chief Actuary of the Company. From 1999 to 2003, Mr. Meldrum served as the Chief Actuary of the Company. From 1995 to 1998, Mr. Meldrum was an assistant to the President and the Director of International Strategies of Lincoln National, Fort Wayne USA and International Development, respectively. From 1986 to 1995, Mr. Meldrum worked at Lincoln National (UK) plc., and his position was the Investment Director. From 1969 to 1986, Mr. Meldrum served as the Appointed Actuary, Finance Director and Chairman of Mortgage Lender of ILI (UK), Cannon Assurance, Cannon Lincoln and Lincoln National (UK) respectively. Mr. Meldrum has a Master's degree in Computer Science from the University of London and a Master's degree in Mathematics from the University of Cambridge.

YIP Dicky Peter, has been an Independent Non-executive Director of the Company since June 2013, and is currently the Independent Non-executive Director of Sun Hung Kai Properties Limited, South China (China) Limited and DSG International (Thailand) PLC, respectively. Mr. Yip joined The Hongkong and Shanghai Banking Corporation Limited ("HSBC") in 1965, and served as a Chief Executive of China Business at HSBC's Area Office China from January 2003 to May 2005, a General Manager of HSBC from April 2005 to June 2012, and served as an Executive Vice President of Bank of Communications Co., Ltd. from May 2005 to June 2012. Mr. Yip also served as the Director of the Company and the Original Ping An Bank from November 2002 to May 2005. Besides, he had served in many consultative boards including the Aviation Advisory Board, Arts Development Council and the Urban Renewal Authority, and is currently the Asia Pacific Chief Representative of the Institute of International Finance. Mr. Yip holds an MBA degree from University of Hong Kong. Mr. Yip is an elected associated member of Chartered Institute of Bankers, London, and has a Certified Financial Planner certificate issued by the Institute of Financial Planners of Hong Kong and a Certified Financial Management Planner certificate issued by Hong Kong Institute of Bankers.

WONG Oscar Sai Hung, has been an Independent Non-executive Director of the Company since June 2013, currently serves as the Chairman of China Bio-Med Regeneration Technology Limited, and is also an Independent Non-executive Director of the Hong Kong Exchanges and Clearing Limited and JPMorgan Chinese Investment Trust plc (listed in London), a Non-executive Director of Credit China Holdings Limited (listed on HKEx). Mr. Wong was a Director and Chief Executive Officer of ICBC (Asia) Investment Management Company Limited from September 2008 to December 2011, and was the Chairman of LW Asset Management Advisors Limited, an Independent Non-executive Director of ARN Investment SICAV (listed on the Luxembourg Stock Exchange), the Director and Chief Executive of BOCI-Prudential Asset Management Limited and Prudential Portfolio Managers Asia Limited, and the Non-executive Director of the ARN Asian Enterprise Fund Limited (formerly listed on the Irish Stock Exchange). Mr. Wong holds a Higher Diploma in Business Studies (Marketing) from Hong Kong Polytechnic (now known as The Hong Kong Polytechnic University).

SUN Dongdong, has been an Independent Non-executive Director of the Company since June 2013, and currently serves as a professor of Law School in Peking University, the director of Peking University Health Law Research Centre and the Independent Non-executive Director of Zhejiang Dian Diagnostics Co., Ltd.. Mr. Sun is also a deputy director of the Social Legal Work Committee of Chinese Peasants' and Workers' Democratic Party, standing director of Chinese Health Law Society and China Law Society Research Centre of the Law of Protection of the Rights and Interests of Consumers, and an expert of the Health Insurance Experts Committee under Insurance Association of China and China Medical Doctor Association. Mr. Sun graduated with a degree of Medical Science from Beijing Medical College (now known as Peking University Health Science Centre).

Supervisors

GU Liji, has been an Independent Supervisor and the Chairman of Supervisory Committee of the Company since June 2009. Mr. Gu is currently an Independent Director of Maxphotonics Co., Ltd., an Independent Director of Shenzhen Changhong Technology Co., Ltd., an Outside Director of Xiangtan Electric Manufacturing Group Co., Ltd (XEMC), and an Independent Director of Bosera Asset Management Co., Limited. Mr. Gu was a Director of ERGO China Life Insurance Co., Ltd. from May 2013 to August 2014, and was an Executive Director of China Merchants Technology Holdings Co., Ltd. and China Merchants Technology Investment Co., Ltd. (Shenzhen) from November 2008 to October 2010. Before retirement in October 2008, Mr. Gu had served as the Managing Director of China International Marine Containers Co., Ltd., the Chairman and President of China Merchants Shekou Port Services Co., Ltd., the Vice Chairman of the Company, a Director of China Merchants Bank and China Merchants Group Ltd., the Managing Director of China Merchants Shekou Industrial Zone Co., Ltd., Hoi Tung Marine Machinery Suppliers Limited (Hong Kong) and China Merchants Technology Group respectively, and the Chairman of China Merchants Technology Holdings Co., Ltd. Mr. Gu is also an expert on Applicable Electronics of Shenzhen Expert Association. Mr. Gu has obtained the Advanced Management Program AMP (151) certificate from the Harvard Business School of the United States. Mr. Gu also holds a Master's degree in Engineering from Management Science Department of University of Science and Technology of China and a Bachelor's degree in Engineering from Tsinghua University.

PENG Zhijian, has been an Independent Supervisor of the Company since June 2009. Mr. Peng served as an Independent Supervisor of China Merchants Bank Co., Ltd. from October 2011 to October 2014, an Independent Non-executive Director of Dong Guan Trust Co., Ltd. from December 2009 to December 2014 and an Independent Non-executive Director of BOCOM International Holdings Company Limited from March 2009 to November 2011. Mr. Peng started his working career in 1969, and had consecutively served as the Deputy Governor, Governor and Party Committee Secretary of PBOC Guangxi Branch since June 1988, had consecutively served as the Deputy Party Committee Secretary and Deputy Governor of PBOC Guangzhou Branch, the Governor of PBOC Shenzhen Central Branch, the Party Secretary and Governor of PBOC Wuhan Branch and the Head of the State Administration of Foreign Exchange Hubei Bureau, the Party Committee Secretary and Governor of Guangdong Regulatory Bureau of CBRC since November 1998, and had served as the Executive Commissioner of People's Political Consultative Conference Standing Committee of Guangdong Province, and the Deputy Director of the Economic Committee for People's Political Consultative Conference of Guangdong Province from 2008 to 2012. Mr. Peng also served as an Executive Director of the Congress of the Chinese Monetary Society and the General Assembly of the Institute of Chinese Money. Mr. Peng graduated from a full-time course on Finance from Zhengzhou University and holds a Postgraduate degree in Financial Investment from Guangxi Normal University.

LIN Li, has been a Shareholder Representative Supervisor of the Company since July 2012. Mr. Lin is currently the Chairman of Shenzhen Liye Group Co., Ltd and Chinalin Securities Co., Ltd.. He is also the deputy to the fifth National People's Congress of Shenzhen. Mr. Lin is the vice president of China Association of Small and Medium Enterprises and Shenzhen Federation of Industry & Commerce; he is also the executive vice president of Shenzhen Chamber of Investment and the vice chairman of Shenzhen Homocentric Club. Prior to joining Shenzhen Liye Group Co., Ltd., Mr. Lin served in Shenzhen Branch of Bank of China, Shenzhen Zhonghua Trading Company, Heyuan Branch of PBOC and Agricultural Bank of China. Mr. Lin graduated from Hubei Polytechnic University in Finance and Accounting and holds a Doctorate degree from Inter American University.

ZHANG Wangjin, has been a Shareholder Representative Supervisor of the Company since June 2013. Ms. Zhang is currently the Managing Director of CPG Overseas Company Limited (Hong Kong). Before joining CPG Overseas Company Limited (Hong Kong), Ms. Zhang worked in the Audit Department of PricewaterhouseCoopers CPA and the M&A and Restructuring Department of Deloitte & Touche Financial Advisory Services Limited. Ms. Zhang is a member of CPA Australia. Ms. Zhang holds a Bachelor's degree in Accounting from University of International Business and Economics and has obtained an EMBA degree from Guanghua School of Management of Peking University.

Directors, Supervisors, Senior Management and Employees

SUN Jianping, has been an Employee Representative Supervisor of the Company since March 2010. Mr. Sun currently serves as Chairman and CEO of Ping An Property & Casualty. Mr. Sun joined the Company in 1988 and held various positions such as Assistant Manager and Vice President of Ping An Property & Casualty. Mr. Sun has a Bachelor's degree in Engineering from Huazhong College of Engineering (currently Huazhong University of Science and Technology) and a Master's degree in Economics from Zhongnan University of Economics and Law (previously Zhongnan University of Economics).

ZHAO Fujun, has been an Employee Representative Supervisor of the Company since July 2012. Mr. Zhao is currently the Vice President of Ping An Life, President of Central and Western Region Business Department of Ping An Life, the Secretary to the Party Committee of Ping An Life and the member of the Party Committee of the Company. Since Mr. Zhao joined the Group in 1992, he served as the Assistant to the President of Dalian Branch of Ping An Life, the Vice President of Heilongjiang Branch of Ping An Life and the President of Shenzhen Branch of Ping An Life. Mr. Zhao holds a Bachelor's degree in Political Economy from Shanghai University of Finance and Economics.

PAN Zhongwu, has been an Employee Representative Supervisor of the Company since July 2012. Mr. Pan is currently the Deputy Director of the Company Office. Mr. Pan joined the Group in July 1995 and served in the Office of Comprehensive Management Department of Ping An Property & Casualty and the Group Office of the Company successively. Mr. Pan holds a Master's degree in Finance and Insurance from Wuhan University.

Senior Management

See "Executive Directors" for working experiences, positions and part-time jobs of Mr. Ma Mingzhe, Mr. Sun Jianyi, Mr. Ren Huichuan, Mr. Yao Jason Bo and Mr. Lee Yuansiong.

CAO Shifan, has been the Senior Vice President of the Company since April 2007. Mr. Cao joined our Company in November 1991. From March 2004 to April 2007, he was the Chairman of Ping An Property & Casualty. From December 2002 to April 2007, he served as the Chief Executive Officer of Ping An Property & Casualty. From December 2002 to June 2005, he was President of Ping An Property & Casualty. From April to December 2002, he was Senior Vice President of Ping An Insurance Company of China. Ltd. Mr. Cao has a Master's degree in Economics from Zhongnan University of Economics and Law (previously Zhongnan University of Economics).

CHEN Kexiang, has been the Senior Vice President of the Company since January 2007. Mr. Chen joined our Company in December 1992. From February 2003 to January 2007, Mr. Chen served as Vice President of the Company. From June 2002 to May 2006, he served as General Secretary of the Board of the Company, and General Manager of the General Office from June 2002 to April 2007. From 1999 to 2002, Mr. Chen served as Senior Vice President and then President of Ping An Trust. From 1996 to 1999, Mr. Chen served as the Deputy Director and Director of the General Office of our Company. From 1995 to 1996, Mr. Chen served as the President of Ping An Building Management Company. From 1993 to 1995, he served as the Assistant Director and Deputy Director of the General office of the Parent Company. Mr. Chen has a Master's degree in Finance from Zhongnan University of Economics and Law (formerly known as Zhongnan University of Economics).

IP So Lan, has been the Senior Vice President of the Company since January 2011, and the Chief Internal Auditor, Person-in-charge of Auditing and Compliance Officer since March 2006, March 2008 and July 2010, respectively. Ms. Ip joined the Company in 2004 and was the Vice President of Ping An Life from February 2004 to March 2006, the Vice President of the Company from March 2006 to January 2011. Ms. Ip has been the Non-executive Director of Ping An Bank (Original SDB) since June 2010. Ms. Ip had previously worked with AIA and Prudential Hong Kong etc. She holds a Bachelor's Degree in Computing from the Polytechnic of Central London.

YAO Jun, has been the Chief Legal Officer and Company Secretary since September 2003 and May 2008, respectively. He has been appointed as the general manager of the Legal Department of the Company since April 2007. Between October 2008 and February 2012, he was the Secretary of the Board of the Company and the Joint Secretary of the Company from June 2004 to May 2008. Mr. Yao joined the Company in September 2003, before that, he was a partner of Commerce & Finance Law Offices. Mr. Yao is a fellow of FCIS and FCS. He holds a Master's degree in Civil and Commercial Law from Peking University and a Doctorate degree in Legal Sociology from Huazhong University of Science and Technology.

CHAN Tak Yin, has been the Chief Investment Officer of the Company since August 2012 and the Chairman of Ping An of China Asset Management (Hong Kong) since January 2009. Mr. Chan is also a Non-executive Director of Yunnan Baiyao Group Co., Ltd. Mr. Chan joined Ping An in 2005 and was subsequently appointed as the Deputy Chief Investment Officer of the Company as well as the Chairman and CEO of Ping An Asset Management. Prior to this, he held the posts of fund manager, investment director, chief investment director and managing director in BNP Paribas Asset Management SAS, Barclays Investment Management Company, SHK Fund Management Limited and Standard Chartered Investment Management Company, respectively. Mr. Chan graduated from the University of Hong Kong with a Bachelor's Degree in Arts.

JIN Shaoliang, has been the Secretary of the Board of the Company since February 2012. Mr. Jin has been Director of the Board Office and Investor Relations Officer of the Company, respectively since March 2007 and June 2004. Mr. Jin has successively held different positions of the Company since he joined Ping An in September 1992, including General Manager of Re-insurance Department, Director of the General Actuary Office and Assistant General Manager of Strategy Development Office. Mr. Jin has Master's degrees in Management of Commercial Enterprises and Marine Engineering, respectively from Norwegian Institute of Technology.

Chief Actuary

See "Executive Directors" for the working experiences, positions and part-time jobs of Mr. Yao Jason Bo.

Company Secretary

See "Senior Management" for the working experiences, positions and part-time jobs of Mr. Yao Jun.

POSITIONS HELD IN CORPORATE SHAREHOLDERS BY DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Name	Name of corporate shareholder	Position	Period of engagement
FAN Mingchun	Shenzhen Investment Holdings Co., Ltd.	Chairman	January 2011-
LU Hua	Shum Yip Group Limited	Chairman	April 2012-
LIN Li	Shenzhen Liye Group Co., Ltd	Chairman	May 1995-
Soopakij CHEARAVANONT	All Gain Trading Limited	Chairman	October 2012-
	Bloom Fortune Group Limited	Chairman	October 2012-
	Business Fortune Holdings Limited	Chairman	October 2012-
YANG Xiaoping	All Gain Trading Limited	President	October 2012-
	Bloom Fortune Group Limited	President	October 2012-
	Business Fortune Holdings Limited	President	October 2012-

For details of the other engagements information of Directors, Supervisors and Senior Management in non-shareholders outside the Group, please refer to "Major working experiences and part-time jobs of Directors, Supervisors and Senior Management".

Directors, Supervisors, Senior Management and Employees

APPOINTMENT OR REMOVAL OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT DURING THE REPORTING PERIOD

1. Mr. Ku Man ceased to be the Executive Vice President of the Company and tendered his resignation as the Executive Director of the Company on March 12, 2014 due to personal work arrangement. The resolution regarding the appointment of Ms. Cai Fangfang as an Executive Director of the Company to replace Mr. Ku Man was passed at the 2013 Annual General Meeting held by the Company on June 12, 2014. The qualification of Ms. Cai Fangfang as an Executive Director of the Company was obtained from CIRC on July 2, 2014, on which day the appointment of Ms. Cai Fangfang and the resignation of Mr. Ku Man became effective.

2 Ms. Wang Liping ceased to be the Senior Vice President of the Company from January 3, 2014.

CHANGES IN INFORMATION OF DIRECTORS AND SUPERVISORS

1. Mr. Sun Jianyi, the Vice Chairman of the Company, has served as an Independent Non-executive Director of Haichang Holdings Ltd. since February 2014.

2. Mr. Ren Huichuan, the Executive Director of the Company, has served as the Chairman and CEO of Wanlitong since February 2015.

3. Ms. Cai Fangfang, the Executive Director of the Company, has been re-designated as the Chief Human Resource Officer of the Company (formerly as the Vice Chief Human Resource Officer) since March 2015.

4. Mr. Yang Xiaoping, the Non-executive Director of the Company, has been re-designated as the Vice Chairman of CP Group (formerly as the Vice President) since April 2014.

5. Mr. Wong Oscar Sai Hung, the Independent Non-executive Director of the Company, has no longer served as the Independent Non-executive Director of ARN Investment SICAV and the Chairman of LW Asset Management Advisors Limited since January 2014 and April 2014, respectively. Mr. Wong has served as a Non-executive Director of Credit China Holdings Limited since March 2014, and has re-designated as the Chairman of China Bio-Med Regeneration Technology Limited (formerly as the Vice Chairman) since July 2014. Mr. Wong has served as an Independent Non-executive Director of JPMorgan Chinese Investment Trust plc since August 2014.

6. Mr. Tang Yunwei, the Independent Non-executive Director of the Company, has served as an Independent Non-executive Director of China National Building Material Company Limited since October 2014.

7. Mr. Woo Ka Biu Jackson, the Independent Non-executive Director of the Company, has served as the CEO of Challenge Capital Management Limited since October 2014. Mr. Woo has also served as the Chairman (international) of Guantao Law Firm and a consultant of its associated firm, Messers. Peter C. Wong, Chow & Chow. since November 2014.

8. Mr. Gu Liji, the Chairman of the Supervisory Committee, has no longer served as a Director of ERGO China Insurance Co., Ltd. since August 2014, Mr. Gu was appointed as an Independent Non-executive Director of Bosera Asset Management Co., Limited in November 2014, and was appointed as an Independent Non-executive Director of Maxphotonics Co., Ltd. in December 2014.

9. Mr. Peng Zhijian, the Independent Supervisor of the Company, has no longer served as an Independent Supervisor of China Merchants Bank Co., Ltd. since October 2014, and has no longer served as an Independent Non-executive Director of Dong Guan Trust Co., Ltd. since December 2014.

10. Mr. Lin Li, the Shareholder Representative Supervisor of the Company, has served as the Chairman of Chinalin Securities Co., Ltd since October 2014.

CHANGES IN THE NUMBER OF SHARES, SHARE OPTIONS AND RESTRICTED SHARES HELD BY DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT IN THE COMPANY OR ASSOCIATED CORPORATIONS OF THE COMPANY DURING THE REPORTING PERIOD

Direct Shareholding

As at December 31, 2014, the interests of the Directors, Supervisors and Senior Management of the Company in the shares of the Company shall be disclosed pursuant to the "Standard Concerning the Contents and Formats of Information Disclosure by Listed Companies No. 2 – The Contents and Formats of Annual Report (Revised in 2014)" issued by CSRC; and the interests and short positions of the Directors, Supervisors and chief executive of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) shall have been notified to the Company and HKEx pursuant to Divisions 7 and 8 of Part XV of the SFO, including interests and short positions which the Directors, Supervisors or chief executive of the Company are taken as or deemed to have under such provisions of the SFO, or which are recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO or as otherwise required to be notified by the Directors, Supervisors and chief executive to the Company and HKEx pursuant to the Model Code, were as follows:

Change in the number of shares, share options and restricted shares held in the Company

Name	Position	Capacity	H/A shares	Number of shares held at the beginning of the period	Number of shares held at the end of the period	Change	Reason for the change	Nature of interest	Percentage of total issued H/A shares (%)	Percentage of total issued shares (%)
Ma Mingzhe	Chairman, Chief Executive Officer	Interest of his spouse	H	10,000	10,000	-	-	Long position	0.00027	0.00011
Sun Jianyi	Vice Chairman and Executive Vice President	Beneficial owner	A	1,898,280	1,898,280	-	-	Long position	0.03673	0.02135
Ren Huichuan	Executive Director and President	Beneficial owner	A	100,000	100,000	-	-	Long position	0.00193	0.00112
Yao Jason Bo	Executive Director, Senior Vice President, Chief Financial Officer and Chief Actuary	Beneficial owner	H	12,000	12,000	-	-	Long position	0.00032	0.00013
		Interest of his spouse	H	12,000	12,000	-	-	Long position	0.00032	0.00013
Peng Zhijian	Independent Supervisor	Beneficial owner	A	6,600	6,600	-	-	Long position	0.00013	0.00007
Lin Li	Shareholder Representative Supervisor	Interest of controlled corporation(1)	A	73,019,013	43,518,830	-29,500,183	Disposal	Long position	0.84202	0.48941
Zhao Fujun	Employee Representative Supervisor	Interest of his spouse	A	1,700	1,700	-	-	Long position	0.00003	0.00002
Jin Shaoliang	Secretary of the Board	Beneficial owner	H	10,000	10,000	-	-	Long position	0.00027	0.00011

(1) Mr. Lin Li, by virtue of his control over Shenzhen Liye Group Co., Ltd., a shareholder of the Company, was deemed to be interested in the shares of the Company held by Shenzhen Liye Group Co., Ltd..

Change in the number of shares, share options and restricted shares held in associated corporations of the Company

Name	Position	Associated Corporation	Capacity	H/A shares	Number of shares held at the beginning of the period	Number of shares held at the end of the period	Change	Reason for the change	Nature of interest	Percentage of total issued shares in associated corporation (%)
Sun Jianping	Employee Representative Supervisor	Ping An Bank	Beneficial owner	A	43,542	52,251	+8,709	Dividend(1)	Long position	0.00046

(1) Regarding the 2013 final dividend distribution plan, Ping An Bank paid cash dividend of RMB1.60 per 10 shares based on the total share capital of 9,520,745,656 shares to all shareholders. Also, capital common reserves were capitalized and 2 bonus shares were issued for every 10 shares to all shareholders.

Directors, Supervisors, Senior Management and Employees

Changes in the Number of Share Options and Restricted Shares Granted

During the Reporting Period, there were no share options held by the Directors, Supervisors and Senior Management of the Company on job presently and those who resigned during the Reporting Period, nor were there restricted shares granted.

Save as disclosed above, as at December 31, 2014, none of the Directors, Supervisors and chief executive held or was deemed to hold any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (as defined in the SFO), which are recorded in the register required to be kept under Section 352 of the SFO, or otherwise required to be notified by the Directors, Supervisors and chief executive to the Company and the HKEx pursuant to the Model Code nor have they been granted the right to acquire any interests in shares or debentures of the Company or any of its associated corporations.

THE ASSESSMENT & EVALUATION AND REMUNERATION SYSTEMS OF THE COMPANY

The purpose of the Company's remuneration policy is to attract, retain and motivate talented people so as to help achieve the operational objectives of the Company. The principle of the remuneration policy characterizes a clear orientation, reflecting differences, motivating performances, responding to the market and cost optimization. The remuneration package for the Company's employees is based on the following aspects: the salary shall be determined according to its post value; the remuneration shall be in line with the market conditions; the bonus shall be determined in light of performance and contributions shall be given priority. In addition to remuneration and bonuses, employees also enjoy certain welfare treatment. Meanwhile, the structure of remuneration packages of each subsidiary or business unit may not be the same since they vary in its operating features, the development stage and remuneration level in the market.

As approved at the first extraordinary general meeting of the Company in 2004, the Company has established a long-term award scheme system in the form of virtual option. In 2014, there was no newly granted long-term award scheme in the form of virtual options, and none of the expired long-term award scheme in the form of virtual options was exercised.

In 2014, the China Securities Regulatory Commission ("CSRC") announced the Guiding Principles on the Implementation of the Pilot Program of the Employee Share Purchase Plan by Listed Companies, which serves to further optimize the Company's long-term incentive and restriction mechanism. The Company developed The Key employee share purchase plan of Ping An Insurance (Group) Company of China, Ltd. (the "Plan"). The first phase of the Plan will be officially implemented upon approval on the date of the first Extraordinary General Meeting to be held on February 5, 2015. The implementation of the Plan is to strengthen the long-term value orientation, align the interests of key employees, shareholders and the Company, and focus on the constant growth of long-term business performance, so as to promote the shareholder value and support the Company's sustainable development.

The purpose and principle of the Company's remuneration policy is relatively long-term and stable while the specific strategies and structure of remuneration are to be adjusted and optimized according to the changes in the market and the development stage of the Group's business, etc. so as to help achieve the operational objectives of the Company.

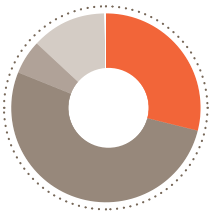
With regard to the remuneration of Directors, that of the Executive Directors is to be determined in accordance with their posts in the Company; Independent Non-executive Directors came from domestic and overseas, while the fees are to be paid in accordance with the standards approved in general meeting of the Company; Non-executive Directors nominated by shareholders will not receive remuneration. Remuneration of all the Directors shall be considered and proposed by the Remuneration Committee under the Board, and shall also be considered and approved at the shareholders' meeting.

The Company sets forth a clear three-year rotation plan and annual accountability objectives for the senior management in accordance with the business plan, conducting severe accountability appraisals twice a year in light of the objectives achieved and evaluate the senior management on the basis of comprehensive feedback. Accountability results are closely linked to the long-term and short-term award and appointment and removal of cadres. The comprehensive evaluation results serve as an important reference in the promotion of cadres.

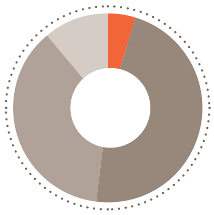
NUMBER OF STAFF, PROFESSIONAL QUALIFICATION AND EDUCATION BACKGROUND

As at December 31, 2014, the Company had a total of 235,999 active staff, of which 68,960 were management and administration personnel, representing 29.22%; 123,008 were sales personnel, representing 52.12%; 13,584 were technician personnel, representing 5.76% and other personnel 30,447, representing 12.90%. Among all the staff, 11,566 hold doctorate or master's degree, representing 4.90%; 111,610 hold bachelor's degree, representing 47.29%; 86,696 attained college education, representing 36.74% and 26,127 with other qualification, representing 11.07%.

By profession structure
(%)



By degree
(%)



STAFF TRAINING PROGRAM

Ping An has always placed a high value on the nurturing of talent and has constantly devoted its resources to establishing and operating its training system. The core objective of the program is to carry out the Company's strategy and development of talent, with its mission of "turning knowledge into value". The Ping An School of Financial Services has established a learning and management training platform, and is in charge of management skills and occupational skills training, while the training departments of the Group's subsidiaries (including branches and sub-branches) are responsible for professional skills and sales technique training as well as the implementation of occupational skills training.

In 2014, the Ping An School of Financial Services focused on developing and exploring mobile learning, with mobile learning applications serving as an important supplement to traditional face-to-face courses and online learning, and is provided to employees online internally. It is gradually becoming a platform for the rapid promotion of the Company's strategy, culture, policy, workflow and business knowledge. It also provides employees with an on-demand, fragmented, interesting and personalized learning style.

In 2014, the Group continued to optimize its training operations with an equal emphasis put on face-to-face courses and online training. The number of the Group's face-to-face courses reached 316. In 2014, the Ping An School of Financial Services conducted 2,039 face-to-face training sessions across the country with training up to 60,606 person-time. Training coverage for personnel who were senior managers and above was 63.12%. The Group established 166 new network courses, increasing the total to 1,582 and consistently promoted learning to all staff. The average number of network courses completed per staff member was 5.

Corporate Governance Report

The board of directors of the Company ("Board") is pleased to report to the shareholders on the corporate governance of the Company for the year ended December 31, 2014 ("Reporting Period").

CORPORATE GOVERNANCE

During the Reporting Period, the Company has been engaged in ongoing efforts to carry out the corporate governance activities and improve its corporate governance structure in strict compliance with the Company Law of PRC and the Securities Law of PRC as well as the relevant laws and regulations promulgated by the regulatory authorities and principles set out in the Corporate Governance Code, with de facto conditions of the Company taken into account. The general meeting, the Board, the supervisory committee of the Company ("Supervisory Committee") and senior management have been performing their duties and responsibilities conferred by the Articles of Association separately; the internal control system of the Company is complete and effective; the Company disclosed relevant information in a truthful, accurate and complete manner, with no report of breach of laws and regulations during the Reporting Period.

During the Reporting Period, the corporate governance of the Company is described as follows:

Shareholders and the General Meetings

During the Reporting Period, the Company convened the 2013 Annual General Meeting. The notice, convocation and procedures for convening and voting at the general meeting have complied with the requirements of the Company Law of PRC and the Articles of Association. The general meeting established and expanded effective channels for communication between the Company and the shareholders, and through listening to their opinions and advices, their information rights, participation rights and voting rights on the significant events of the Company can be ensured.

The Annual General Meeting

The Company held its 2013 Annual General Meeting by way of both onsite voting and online voting on June 12, 2014 in Shenzhen, at which the following reports and resolutions were considered and passed: the 2013 Report of the Board of the Company, the 2013 Report of the Supervisory Committee of the Company, the 2013 Annual Report of the Company and its Summary, the 2013 Report of Final Accounts of the Company, the 2013 Profit Distribution Proposal of the Company, the Resolution on Appointment of the Company's Auditors for 2014, the Resolution on Election of Director, the Resolution on the Adjustment of Basic Remuneration of the Independent Supervisors and the Resolution on the Grant of A General Mandate to the Board to Issue Additional H Shares. The shareholders also reviewed the Performance Report of the Directors of the Company for the year 2013, the Performance Report of the Independent Directors of the Company for the year 2013 and the Report on Connected Transactions and Implementation of Management System of Connected Transactions of the Company for the year 2013.

The announcement regarding the resolutions of 2013 Annual General Meeting was published on Shanghai Securities News, China Securities Journal, Securities Times, Securities Daily and the website of SSE (www.sse.com.cn) on June 13, 2014. The poll results announcement has also been published on the website of HKEx (www.hkexnews.hk) on the same date of the general meeting.

Attendance of Directors at the General Meeting

During the Reporting Period, the Directors have been doing their best to participate in general meeting in person and have actively developed a balanced understanding of the views of shareholders. The attendance records of each Director at the general meeting are as follows:

Members	Date of appointment as Directors	General Meetings attended in person/General Meetings required to attend [3]	% of attendance in person
Executive Directors			
MA Mingzhe (Chairman)	March 21, 1988	1/1	100%
SUN Jianyi	March 29, 1995	1/1	100%
REN Huichuan	July 17, 2012	1/1	100%
YAO Jason Bo	June 9, 2009	1/1	100%
LEE Yuansiong	June 17, 2013	1/1	100%
CAI Fangfang[1]	July 2, 2014	–	–
KU Man[1]	July 17, 2012	0/1	0%
Non-executive Directors			
FAN Mingchun	March 8, 2012	0/1	0%
LIN Lijun	May 16, 2003	0/1	0%
LI Zhe	June 9, 2009	0/1	0%
Soopakij CHEARAVANONT	June 17, 2013	1/1	100%
YANG Xiaoping	June 17, 2013	1/1	100%
LU Hua	June 17, 2013	0/1	0%
Independent Non-executive Directors			
TANG Yunwei	June 9, 2009	1/1	100%
LEE Carmelo Ka Sze	June 9, 2009	0/1	0%
WOO Ka Biu Jackson	July 22, 2011	1/1	100%
Stephen Thomas MELDRUM	July 17, 2012	1/1	100%
YIP Dicky Peter	June 17, 2013	1/1	100%
WONG Oscar Sai Hung	June 17, 2013	1/1	100%
SUN Dongdong	June 17, 2013	0/1	0%

(1) Mr. Ku Man tendered his resignation as the Executive Director of the Company on March 12, 2014 due to personal work arrangement. The resolution regarding the appointment of Ms. Cai Fangfang as an Executive Director of the Company to replace Mr. Ku Man was passed at the 2013 annual general meeting held by the Company on June 12, 2014. The qualification of Ms. Cai Fangfang as a Director of the Company was obtained from CIRC on July 2, 2014, on which day the appointment of Ms. Cai Fangfang and the resignation of Mr. Ku Man became effective.

(2) Some Directors did not attend the general meeting due to business reasons or being abroad.

Shareholders' Rights

As one of the measures to safeguard shareholders' interests and rights, separate resolutions are proposed at general meetings on each substantial issue, including the election of individual directors, for shareholders' consideration and voting. All resolutions put forward at general meetings will be voted by poll and the poll results will be posted on the websites of HKEx, SSE and the Company after the relevant general meetings.

Extraordinary general meetings may be convened on written requisition of shareholder(s) individually or jointly holding 10% or more of the Company's issued and outstanding shares carrying voting rights pursuant to Article 72(3) of the Articles of Association. Such requisition shall state clearly the matters required to be considered and approved at the general meetings and must be signed by the requisitionists and submitted to the Board in written form. Shareholders should follow the requirements and procedures as set out in the Articles of Association for convening an extraordinary general meeting.

In addition, the shareholder(s) individually or collectively holding 3% or more of the Company's issued and outstanding shares carrying voting rights may submit a written interim proposal to the convener 10 days before the date of the general meeting pursuant to Article 75 of the Articles of Association.

For putting forward any enquiries as set out in Article 58(5) of the Articles of Association, shareholders may send their enquiries or requests in respect of their rights as mentioned above to the Company's IR Team or via email to IR@pingan.com.cn. Shareholders who want to examine the relevant information shall provide the Company with the written identification documents pursuant to Article 59 of the Articles of Association. The Company shall provide the relevant information after having verified the identity of the shareholder.

Directors, Board and Specialized Committees under the Board

Directors

As at December 31, 2014, the Board consists of 19 members, among whom there were 6 Executive Directors, 6 Non-executive Directors and 7 Independent Non-executive Directors, and the profile of each Director has been included in the section headed "Directors, Supervisors, Senior Management and Employees" of this Annual Report. The number of Directors and composition of the Board are in compliance with the regulatory requirements and provisions of the Articles of Association. As provided in the Articles of Association, Directors should be elected at the general meeting with a term of 3 years, and are eligible for re-election upon expiry of the term; however, the Independent Non-executive Directors should not hold office for more than 6 consecutive years.

Continuous Professional Development of the Directors

All Directors of the Company have received Service Manual for the Performance of Duties upon appointment, so as to ensure their understanding of the business and operations of the Group and their responsibilities and obligations under the Listing Rules and relevant regulatory requirements. The Service Manual for the Performance of Duties will be updated regularly.

The Company also provided information such as updated statutory and regulatory regime and the business and market changes to all Directors to facilitate the performance of their responsibilities and obligations under the Listing Rules and relevant statutory requirements.

During the Reporting Period, under the arrangement of the Company, all Directors of the Company actively participated in continuous professional development, by attending external training or seminars, attending in-house training or reading materials on various topics, to develop and refresh their knowledge and skills, which ensure that their contribution to the Board remains informed and relevant. The Directors have provided a record of training to the Company.

All Directors of the Company as at December 31, 2014 attended the professional training with the topics covering connected transactions, corporate governance, regulations and the Company's business; in addition, Mr. Lee Carmelo Ka Sze and Mr. Woo Ka Biu Jackson attended the professional training related to laws, regulations and finance, and Mr. Wong Oscar Sai Hung attended the professional training with the topics covering performance of duties as an Independent Non-executive Director.

Board

The Board is responsible for the management of the Company and accountable to the shareholders for their entrusted assets and resources. They represent and owe a duty to act in the interests of the shareholders as a whole. The principal responsibilities of the Board and the types of decisions to be made by the Board include, among others:

- formulating the Group's overall direction, objectives and strategies, business plans and investment proposals as well as monitoring and supervising the management's performance;
- formulating the Company's annual budgets, financial statements and monitoring the Company's performance;
- formulating the Company's profit distribution and loss recovery proposals;
- formulating plans for mergers or disposals and deciding on major investments, pledging of assets and other forms of security (in accordance with the approval of the general meetings);
- formulating proposals for the increase or decrease in the Company's registered capital and the issuance of corporate bonds or other securities, and listing plans;
- engaging or dismissing the senior management staff of the Company, and determining their remuneration and award and reprimand matters; and
- performing the corporate governance function, monitoring, evaluating and ensuring the effectiveness of the Company's internal control systems and compliance with relevant laws and regulations.

On the other hand, responsibilities and functions and types of decisions delegated to the management include, among others:

- implementation of the Company's overall direction, objectives and strategies, business plans and investment proposals as determined by the Board from time to time; and
- the day-to-day management of the Company's business.

Attendance of Directors at the Board Meetings

During the Reporting Period, the Board held 5 meetings. All such meetings were convened in accordance with the Articles of Association, and were attended in person or by proxy or through electronic means of communication by all Directors entitled to be present. All the Directors have been doing their best to make right decisions on the basis of good knowledge of circumstances, and are committed to protecting the interests of the Company and its shareholders as a whole. The attendance records of each Director at the Board meetings are as follows:

Members	Board Meetings attended in person/ Meetings required to attend	% of attendance in person	Meetings attended by proxy/ Meetings required to attend	% of attendance by proxy
Executive Directors				
MA Mingzhe (Chairman)	5/5	100%	0/5	0%
SUN Jianyi	5/5	100%	0/5	0%
REN Huichuan	5/5	100%	0/5	0%
YAO Jason Bo	5/5	100%	0/5	0%
Lee Yuansiong	5/5	100%	0/5	0%
Cai Fangfang(1)	3/3	100%	0/3	0%
KU Man(1)	1/2	50%	1/2	50%
Non-executive Directors				
FAN Mingchun	4/5	80%	1/5	20%
LIN Lijun	4/5	80%	1/5	20%
LI Zhe	2/5	40%	3/5	60%
Soopakij CHEARAVANONT	3/5	60%	2/5	40%
YANG Xiaoping	4/5	80%	1/5	20%
LU Hua	5/5	100%	0/5	0%
Independent Non-executive Directors				
TANG Yunwei	5/5	100%	0/5	0%
LEE Carmelo Ka Sze	5/5	100%	0/5	0%
WOO Ka Biu Jackson	3/5	60%	2/5	40%
Stephen Thomas MELDRUM	5/5	100%	0/5	0%
YIP Dicky Peter	5/5	100%	0/5	0%
WONG Oscar Sai Hung	5/5	100%	0/5	0%
SUN Dongdong	5/5	100%	0/5	0%

(1) Details regarding retirement, resignation and appointment of the Directors during the Reporting Period are set out under the annotations of the "Attendance of Directors at the General Meeting" in this chapter.

Board Meetings and Resolutions

The 12th Meeting of the 9th Session of the Board was held on March 13, 2014, at which resolutions including the 2013 Report of Final Accounts of the Company, the 2013 Profit Distribution Proposal of the Company, the Resolution on Appointment of the Company's Auditors for 2014 and the Resolution on Consideration of the 2013 Annual Report of the Company and its Summary were considered and passed.

The 13th Meeting of the 9th Session of the Board was held on April 28, 2014, at which resolutions including the 2014 First Quarterly Report of the Company were considered and passed.

The 14th Meeting of the 9th Session of the Board was held on July 15, 2014, at which resolutions including the Resolution regarding the Subscription of Ping An Bank Non-public Preference Shares Issuance by Ping An Asset Management, the Resolution regarding the Subscription of Ping An Bank Non-public Shares Issuance and the Resolution on Non-public Issuance of Additional H Shares of the Company were considered and approved.

The 15th Meeting of the 9th Session of the Board was held on August 19, 2014, at which resolutions including the Resolution on Consideration of the 2014 Interim Report of the Company and its Summary, the Resolution in relation to the Distribution of the 2014 Interim Dividend and the Resolution on Consideration of the Solvency Report of the Company for the First Half of 2014 were considered and approved.

The 16th Meeting of the 9th Session of the Board was held on October 28, 2014, at which resolutions including the Resolution on Consideration of the 2014 Third Quarterly Report of the Company were considered and approved.

The Board's Implementation of the Resolutions Approved at the General Meetings

During the Reporting Period, the Board has duly carried out its duties in a stringent manner in accordance with the relevant laws and regulations and the Articles of Association and conscientiously implemented the resolutions approved at the general meetings.

According to the 2013 Profit Distribution Proposal of the Company considered and passed at the Annual General Meeting of 2013 held on June 12, 2014, the Company distributed in cash the 2013 final dividend of RMB0.45 (tax inclusive) per share, in a total amount of RMB3,562,266,808.35, based on 7,916,148,463 shares in issue on the record day. The implementation of the profit distribution proposal has been completed during the Reporting Period.

In accordance with the Article 217 of the Articles of Association, the general meeting authorized the Board to distribute the interim dividend. In accordance with the authorization of the general meeting, the Resolution in relation to the Proposal on Distribution of the 2014 Interim Dividend was approved at the 15th Meeting of the 9th Session of the Board held on August 19, 2014, i.e. the Company distributed the interim dividend for 2014 on the basis of 7,916,205,253 shares in issue on the record day, the cash dividend was RMB0.25 (tax inclusive) per share, and the total amount was RMB1,979,051,313.25. The implementation of the profit distribution proposal has been completed during the Reporting Period.

The Supervisory Committee acknowledges that the Board strictly carried out cash dividend policies and plans for shareholders returns, performed relevant decision-making procedures for cash dividend and disclosed cash dividend policies and its execution truly, accurately and completely.

The Specialized Committees under the Board

The Board has established four specialized committees, i.e. the Strategy and Investment Committee, the Audit and Risk Management Committee, the Remuneration Committee and the Nomination Committee. The details of the roles and functions and the composition of each of these specialized committees are set out below.

Strategy and Investment Committee

The primary duties of the Strategy and Investment Committee are to conduct research and make recommendations to the Board for their consideration in relation to major investments, property transactions, financing, major capital operations, asset management projects, production and operation projects, etc. and also to promptly monitor and follow the tracks of the implementation of investment projects approved by the general meeting or the Board, and promptly notify all directors of its significant process or changes in process.

As of December 31, 2014, the Strategy and Investment Committee comprises 5 Directors, which includes 3 Independent Non-executive Directors, the ratio of Independent Non-executive Directors is 60%. The committee has one chairman, which is served by the Chairman of the Board and the chairman presides over the committee.

In 2014, the Strategy and Investment Committee held 2 meetings, the attendance of which met the requirements of the Articles of Association and the Charter of the Strategy and Investment Committee. The 2014 Working Plan of the Company, the Company's 2013 Annual Plan Implementation Evaluation Report, the Development Plan of the Company in 2013-2015, the Resolution on the Grant of A General Mandate to the Board to Issue Additional H Shares, the Resolution regarding the Subscription of Ping An Bank Non-public Preference Shares Issuance by Ping An Asset Management, the Resolution regarding the Subscription of Ping An Bank Non-public Shares Issuance and the Resolution on Non-public Issuance of Additional H Shares of the Company were considered and passed. The attendance records of each member of the Strategy and Investment Committee are as follows:

Members	Meetings attended in person/Meetings required to attend	% of Attendance in person	Meetings attended by proxy/Meetings required to attend	% of Attendance by proxy
Executive Director				
MA Mingzhe (Chairman)	2/2	100%	0/2	0%
Independent Non-executive Directors				
TANG Yunwei	2/2	100%	0/2	0%
LEE Carmelo Ka Sze	2/2	100%	0/2	0%
WONG Oscar Sai Hung	2/2	100%	0/2	0%
Non-executive Director				
YANG Xiaoping	2/2	100%	0/2	0%

Audit and Risk Management Committee

The primary duties of the Audit and Risk Management Committee are to review and supervise the Company's financial reporting process and conduct risk management. The Audit and Risk Management Committee is also responsible for reviewing any matters relating to the appointment or removal, and remuneration of the external auditors. In addition, the Audit and Risk Management Committee also examines the effectiveness of the Company's internal controls, which involves regular reviews of the internal controls of various corporate structures and business processes, and takes into account their respective potential risk and urgency, to ensure the effectiveness of the Company's business operations and the realization of its corporate objectives and strategies. The scope of such examinations and reviews includes finance, operations, regulatory compliance and risk management. The Audit and Risk Management Committee also reviews the Company's internal audit plan and submits relevant reports and recommendations to the Board on a regular basis.

As of December 31, 2014, the Audit and Risk Management Committee comprises 5 Independent Non-executive Directors and 1 Non-executive Director, and the ratio of Independent Non-executive Directors is 83.3%. None of the members is involved in the day-to-day management of the Company. The Audit and Risk Management Committee is chaired by an Independent Non-executive Director who also possesses the appropriate professional qualifications or accounting or related financial management expertise.

In 2014, the Audit and Risk Management Committee held 5 meetings. All these meetings were convened in accordance with the Articles of Association and the Charter of the Audit and Risk Management Committee. In particular, the Audit and Risk Management Committee reviewed the Company's annual financial statements for the year ended December 31, 2013, the first quarterly financial statements for the three months ended March 31, 2014, the interim financial results for the six months ended June 30, 2014 and the third quarterly financial statements for the nine months ended September 30, 2014. Furthermore, the Audit and Risk Management Committee convened the meeting to review the unaudited financial report for the year 2014 and agreed to deliver it to the auditor for auditing. The Audit and Risk Management Committee also reviewed the audited financial report for the year ended December 31, 2014 at the first meeting in 2015 and was satisfied with the basis of preparation, including the appropriateness of assumptions and accounting policies and standards adopted, and made recommendations to the Board for their consideration. The attendance records of the members of the Audit and Risk Management Committee are as follows:

Members	Meetings attended in person/Meetings required to attend	% of Attendance in person	Meetings attended by proxy/Meetings required to attend	% of Attendance by proxy
Independent Non-executive Directors				
TANG Yunwei (Chairman)	5/5	100%	0/5	0%
WOO Ka Biu Jackson	5/5	100%	0/5	0%
Stephen Thomas MELDRUM	5/5	100%	0/5	0%
YIP Dicky Peter	5/5	100%	0/5	0%
SUN Dongdong	5/5	100%	0/5	0%
Non-executive Director				
YANG Xiaoping	3/5	60%	2/5	40%

Further, in order to enable the members of the Committee to better evaluate the financial reporting systems and internal control procedures of the Company, all the members met with the Company's external auditors separately twice during the year.

The Audit and Risk Management Committee also considered and was satisfied with the performance, independence and objectiveness of the Company's auditors.

According to the resolutions of the 2013 Annual General Meeting of the Company, the Company appointed PricewaterhouseCoopers Zhong Tian LLP and PricewaterhouseCoopers (hereinafter refer to "PricewaterhouseCoopers") as the auditors of the Company's financial statements under CAS and IFRS for the year 2014. During the Reporting Period, the remuneration paid to the Company's auditors PricewaterhouseCoopers is set out as follows:

Services rendered (in RMB million)	Fees paid/payable
Audit services for financial statements – audits, reviews and agreed upon procedures	47
Audit services for internal control	6
Other assurance services	2
Non-assurance services	20
Total	75

Remuneration Committee

The primary duties of the Remuneration Committee is to determine, with delegated responsibility, the specific remuneration packages of the Company's Executive Directors and senior management, including benefits in kind, pension rights and compensation payments and making recommendations to the Board on the remuneration of Non-executive Directors. The Remuneration Committee also advises the Board in relation to establishing a formal and transparent procedure for developing remuneration policy in respect of these individuals, considering and approving remunerations based on performance and market conditions, with reference to the corporate goals and objectives set forth by the Board. In particular, the Remuneration Committee is delegated with the specific task of ensuring that no Director or any of his associates is involved in deciding his own remuneration. Where the remuneration of a member of the Remuneration Committee is to be considered, that member's remuneration should be determined by the other members of the Committee. Meetings of the Remuneration Committee are to be held at least twice a year.

As of December 31, 2014, the Remuneration Committee comprises 4 Independent Non-executive Directors and 1 Non-executive Director, and the ratio of Independent Non-executive Directors is 80%. None of the members is involved in the day-to-day management of the Company. The Remuneration Committee is chaired by an Independent Non-executive Director.

In 2014, the Remuneration Committee held 3 meetings, the attendance of which met the requirements of the Articles of Association and the Charter of the Remuneration Committee. The Committee considered and approved the Proposal on Reviewing the Remuneration of the Company's Senior Management, the 2013 Remuneration Management Report of the Company, the Resolution on the Remuneration of Ms. Cai Fangfang, and the Resolution on Implementation of the Key Employee Share Purchase Scheme. In addition, the Committee also reviewed the Report on Settlement of 2013 Bonuses of the Company's Executive Directors, the Report on Grant of Long-term Incentive of 2013 to the Company's Executive Directors and the Report on Paying Long-term Incentive of 2011 to the Company's Executive Directors. Attendance of meetings by the members of the Remuneration Committee is set out below:

Members	Meetings attended in person/Meetings required to attend	% of Attendance in person	Meetings attended by proxy/Meetings required to attend	% of Attendance by proxy
Independent Non-executive Directors				
YIP Dicky Peter (Chairman)	3/3	100%	0/3	0%
LEE Carmelo Ka Sze	3/3	100%	0/3	0%
TANG Yunwei	2/3	67%	1/3	33%
WOO Ka Biu Jackson	2/3	67%	1/3	33%
Non-executive Director				
Soopakij CHEARAVANONT	2/3	67%	1/3	33%

Nomination Committee

The primary duties of the Nomination Committee are to review, advise and make recommendations to the Board regarding candidates to fill vacancies on the Board and senior management. Meetings of the Nomination Committee are held when necessary but at least once a year.

The nomination of Directors is considered with reference to an individual's business acumen and undertakings, academic and professional achievements and qualifications, experience and independence, having regard to the Company's activities, assets and management portfolio. The Nomination Committee is delegated with the task of actively considering the needs of the Company at the Directors' level and senior management's level, studying the criteria and procedure for selecting directors and senior management, first considering and identifying appropriate candidates, then making recommendations to the Board and implementing any decisions and recommendations of the Board in the execution of appointments. The aim and principal objective of the Nomination Committee is to ensure that there remains a dedicated, professional and accountable Board to serve the Company and its shareholders.

As of December 31, 2014, the Nomination Committee comprises 3 Independent Non-executive Directors and 2 Executive Directors, and the ratio of Independent Non-executive Directors is 60% and it is chaired by an Independent Non-executive Director.

In 2014, the Nomination Committee held 1 meeting, the attendance of which met the requirements of the Articles of Association and the Charter of the Nomination Committee. The meeting considered and recommended Ms. Cai Fangfang to replace Mr. Ku Man as the Executive Director of the Company and reviewed the Review Report of the Structure of the Board in 2013. In addition to nominating candidates of directors, the Nomination Committee also reviewed the structure, size and composition of the Board in accordance with the business activities, assets and management combinations of the Company, as well as considered and approved the Policy Concerning Diversity of Board Members, so as to ensure the Board members reach a balance in terms of skills, experience and diversified visions, to elevate the efficiency of the Board and maintain a high level of corporate governance. All Board appointments will continue to be made on a merit basis with due regard for the benefits of diversity of the Board members. Selection of candidates will be based on a range of diversity perspectives, including but not limited to gender, age, cultural and educational background, experience (professional or otherwise), skills and knowledge. The ultimate decision will be made upon the merits and contribution that the selected candidates will bring to the Board. The attendance records of each member of the Nomination Committee are as follows:

Members	Meetings attended in person/Meetings required to attend	% of Attendance in person	Meetings attended by proxy/Meetings required to attend	% of Attendance by proxy
Independent Non-executive Directors				
LEE Carmelo Ka Sze (Chairman)	1/1	100%	0/1	0%
WONG Oscar Sai Hung	1/1	100%	0/1	0%
SUN Dongdong	1/1	100%	0/1	0%
Executive Directors				
MA Mingzhe	1/1	100%	0/1	0%
REN Huichuan	1/1	100%	0/1	0%

Supervisors and the Supervisory Committee

The Supervisory Committee now consists of 7 members, among which there are 2 Independent Supervisors, 2 Shareholder Representative Supervisors and 3 Employee Representative Supervisors, and the profile of each supervisor has been included in the section headed "Directors, Supervisors, Senior Management and Employees" of this Annual Report. The number of Supervisors and composition of the Supervisory Committee are in compliance with the regulatory requirements and the provisions of the Articles of Association.

The primary functions and powers of the Supervisory Committee include, among others,

- verifying financial reports and other financial information which have been prepared by the Board and which are proposed to be presented at the general meetings;

- examining the Company's financial affairs; and
- monitoring compliance of Directors, Chief Executive Officer and other members of senior management of the Company with applicable laws, administrative regulations and the Articles of Association.

During the Reporting Period, the Supervisory Committee held 4 meetings, whereby the Supervisors inspected and supervised the operating results and financial activities of the Company through reviewing the documents provided to them, such as the periodic reports and designated reports. Adhering to the principle of honesty, the Supervisory Committee has duly carried out its supervisory duties in a stringent manner to effectively protect the rights and interests of the shareholders, the Company and the employees. In addition, the Supervisors also attended the general meetings and on-site Board meetings held during the Reporting Period, whereby they inspected and supervised the performance of the Directors and the senior management, which ensured the sustainable, stable and healthy growth of the Company. The details of the Supervisors' duty performance are set out in the Report of the Supervisory Committee.

The Executive Committee

The Company has established an Executive Committee, which is the highest execution authority under the Board. The primary duty of the Executive Committee is to review the Company's internal business reports, the Company's policies in relation to investment and profit distribution and the Company's management policies, development plans and resource allocation plans. The Executive Committee is also responsible for making management decisions in relation to matters such as the material development strategies, compliance risk control, capital allocation, synergy and brand management. In addition, the Executive Committee is also responsible for reviewing the business plans of the subsidiaries of the Company and evaluating the financial performance of the subsidiaries. The Company has also established 7 management committees under the Executive Committee, namely, the Investment Management Committee, the Budget Management Committee, the Investor Relations Management Committee, the Risk Management Committee, the Connected Transactions Management Committee, the Global Systemically Important Insurer Committee and the Informationalization Working Committee.

Information Disclosure and Implementation of the Registration and Administration Policy for Persons with Inside Information

During the Reporting Period, the Company disclosed the relevant information in a truthful, accurate, complete, timely and effective manner in accordance with the laws and regulations and the Articles of Association, making sure that every shareholder had equal chance to obtain the information, and there was no breach of information disclosure regulations.

During the Reporting Period, there were no such cases as material accounting mistakes, make-up of missing information or revision of profitability forecast.

The Company formulated the Registration Policy for Persons with Inside Information of the Company in October 2009, and subsequently amended it in accordance with the Provisions for Establishing a Registration and Administration Policy for Persons with Inside Information in Listed Companies by CSRC in March 2012. Besides, in order to strengthen the management of undisclosed information of the Company, prevent undue dissemination or manipulation of undisclosed information and protect the interests of the Company and its clients, the Company formulated the Interim Measures for Management of Undisclosed Information of the Company in July 2012. During the Reporting Period, the Company commenced supervision on inside information and undisclosed information strictly in accordance with the Registration Policy for Persons with Inside Information of the Company and the Interim Measures for Management of Undisclosed Information of the Company. The Company also conducted follow-up and supervision on persons with inside information dealing with company securities according to relevant requirements and procedures by regulatory departments including CSRC. Neither the Company nor any of relevant personnel were subject to regulatory actions or administrative penalty due to violation of relevant rules or suspected insider transaction.

Investor Relations

The Company adheres to the principles of compliance, objectiveness, consistency, timeliness, interactivity and fairness in providing services actively, passionately and efficiently to the institutional and individual investors home and abroad, aiming at improving acquaintance between the Company and its investors, enhancing corporate governance and realizing the corporate value of fairness of the Company.

The Company maintains a website at www.pingan.com as a communication platform with shareholders and investors, where the Group's business developments and operations, financial information, corporate governance practices and other information are available for public access. Shareholders and investors may also write directly to the Company's IR Team or via email to IR@pingan.com.cn or PR@pingan.com.cn for any inquiries. Inquiries are dealt with in an appropriate manner.

During the Reporting Period, the Company paid special attention to communication with the capital market in respect of its integrated financial strategy, cross-selling, non-public issuance of additional H shares, conversion of A Share Convertible Bonds, plan and development in all of its business segments. The Company provided illustration of its annual, interim and quarterly results by means of public presentation, video and telephone conferences, roadshows and online roadshows, etc.. As for special projects or activities, the Company resorted to telephone conferences, non-deal roadshow, gathering of stock market analysts, Corporate Strategy Day, Corporate Open Day and so on, to actively promote them in the market, so as to improve the understanding of capital market about the Company and its communication with the Company. While maintaining a good communication with the institutional investors, the Company also established sufficient channels for communication with medium and small investors, including but not limited to online roadshows, the E-interaction of SSE, corporate website, e-mail and telephone calls, so as to provide better services to them and protect the rights and interests of the Shareholders.

In 2014, the Company organized 2 onsite results releases, 1 telephone results release, 1 Corporate Strategy Day, 1 Corporate Open Day, 1 gathering of stock market analysts, 13 roadshows at home and abroad and 2 online roadshows, received nearly 120 visits of investors/analysts home and abroad, attended around 50 conferences of investment banks and securities brokers home and abroad, and processed around 400 valid mails from investors and around 2,000 inquiry phone calls of investors. Moreover, the Company was committed to collecting capital market analysis reports and shareholders' information, and paid special attention to the investors' concerns and advices, aiming at further enhancing the management and operation of the Company as well as its corporate governance. The Company also took great efforts in improving its internal workflow and policy formulation so as to provide the investors with better service in a more efficient way.

During the reporting period, Ping An was awarded the "Outstanding Director Award (Outstanding Board Category)"by the Hong Kong Institute of Directors, and the "Outstanding Corporate Governance Model" and "Best Company Secretary of the Year" by Corporate Governance Asia. The magazine also selected our chairman, Mr. Ma Mingzhe as "Best Director among Asian Companies of the Year". The Company was the winner of "2014 3A Corporate Awards - Platinum" by The Asset for the sixth consecutive year. Also, the Company was selected by Institutional Investor as "Best IR Company in China", "Best CFO" and "Most Reputable Company" etc..

Amendments Made to the Articles of Association

During the Reporting Period, no changes were made to the Articles of Association.

PERFORMANCE OF DUTIES BY INDEPENDENT NON-EXECUTIVE DIRECTORS

The 9th Session of the Board consists of 7 Independent Non-executive Directors, which is in compliance with the requirements under the regulatory rules of the Company's listed jurisdictions that the number of Independent Non-executive Directors should be one third or more of the total number of members of the Board. All Independent Non-executive Directors of the Company possess extensive experience in various fields, such as finance and accounting, law, and actuary, which is crucial to the healthy growth of the Company. All Independent Non-executive Directors of the Company meet the specific independence guidelines as set out in the regulatory rules of the Company's listed jurisdictions, and have presented their annual confirmation on independence to the Company, therefore the Company continued to believe that they are independent. The Independent Non-executive Directors owe fiduciary duties to the Company and its shareholders, and are especially responsible for protecting the minority interests. They are playing a significant check-and-balance role in the decision-making of the Board and are a key link of the corporate governance of the Company.

The Establishment, Perfection and Key Contents of the Independent Non-executive Directors' Working System and Performance of Duties by Independent Non-executive Directors

The Company has established, considered and passed the Annual Report Working System of the Independent Non-Executive Directors in March 2008, which have specific regulations on reviewing of connected transactions and responsibilities and obligations in preparing and disclosing the annual reports. The Company has established Guidelines on Independent Non-executive Directors in August 2007 and has also revised it in April 2009, which has detailed requirements such as the qualifications, nomination, election and change process of Independent Non-Executive Directors, responsibilities and obligations of the Independent Non-Executive Directors and safeguards of performance of duties by Independent Non-Executive Directors.

The Independent Non-executive Directors of the Company conscientiously perform their duties and responsibilities conferred by the Articles of Association, promptly learn the important information of operation of the Company, pay high attention to the development of the Company and actively attend the meetings of the Board during the Reporting Period. After a due review on the external guarantees of the Company in 2013, the Independent Non-executive Directors of the Company believed that the Company had exerted stringent control on risks associated with external guarantees and the external guarantees were in compliance with relevant laws and regulations and the Articles of Association. The Independent Non-executive Directors have conscientiously considered and made independent advice to agree with the following resolutions that were considered by the 9th Session of the Board in 2014: the Resolution on Recommendation of Director Candidates, the 2013 Profit Distribution Proposal of the Company, the Proposal on Reviewing the Remuneration of the Company's Senior Management, the Resolution regarding the Subscription of Ping An Bank Non-public Shares Issuance, the Resolution regarding the Subscription of Ping An Bank Non-public Preference Shares Issuance by Ping An Asset Management, the Resolution on Implementation of Key Employee Share Purchase Scheme, and the adjustment of the accounting estimates involved in 2013 Annual Report and 2014 Interim Report of the Company.

Attendance of Independent Non-executive Directors at the Board Meetings

During the Reporting Period, the Independent Non-executive Directors conscientiously performed their duties and responsibilities in accordance with the relevant laws and regulations and the Articles of Association, and they fulfilled their credibility and due diligence obligations as well; they actively attended the Board meetings and meetings of the specialized committees under the Board. The details of the attendance of Independent Non-executive Directors at the Board meetings are as follows:

Names of Independent Non-executive Directors	Meetings required to attend this year	Meetings attended in person (times)	Meetings attended by proxy (times)	Absence (times)	Remark
TANG Yunwei	5	5	0	0	–
LEE Carmelo Ka Sze	5	5	0	0	–
WOO Ka Biu Jackson	5	3	2	0	Mr. Woo Ka Biu Jackson did not attend in person the 12th Meeting and the 14th Meeting of the 9th Session of the Board due to business reason and authorized the Independent Non-executive Directors Mr. Tang Yunwei and Mr. Wong Oscar Sai Hung to vote on his behalf, respectively.
Stephen Thomas MELDRUM	5	5	0	0	–
YIP Dicky Peter	5	5	0	0	–
WONG Oscar Sai Hung	5	5	0	0	–
SUN Dongdong	5	5	0	0	–

Objections of Independent Non-executive Directors on Relevant Matters of the Company

During the Reporting Period, the Independent Non-executive Directors of the Company did not have any objection on the resolutions at the Board meetings and other matters that were not submitted to the Board meetings of the Company.

Adoption of Independent Non-executive Directors' Recommendation on the Company

During the Reporting Period, the Independent Non-executive Directors made some constructive advice and suggestions in respect of the shareholders and the Company as a whole, including but not limited to corporate governance, reform and development and operations; particularly, attention was paid to the legitimate interests of the minority shareholders in the decision-making process. All of their opinions and recommendation were adopted by the Company.

INDEPENDENCE OF THE COMPANY FROM THE CONTROLLING SHAREHOLDERS ON BUSINESS, STAFF, ASSETS, ORGANIZATION AND FINANCE

The shareholding structure of the Company is diversified and there are no controlling shareholders or de facto controllers. As an integrated financial services group, the Company maintains full independence in terms of business, staff, assets, organization and finance under the supervision of CIRC. The Company is an independent legal person responsible for its own profits and losses, runs independent and complete business and is capable of independent business operation. During the Reporting Period, none of the controlling shareholders or other connected parties had occupied the Company's capital illegally. PricewaterhouseCoopers Zhong Tian LLP hereby made the special-purpose explanation for it; the Company has not given any undisclosed information to the controlling shareholder or de facto controller.

ESTABLISHMENT AND PERFECTION OF THE INTERNAL CONTROL SYSTEM

The Company has been committing itself to build an internal control system which meets both international best practices standards and regulatory requirements. This system is continuously updated to cope with changes in our risk profile and environment. By benchmarking the Company against world-class financial institutions, leveraging our integrated financial development strategy and taking into account operational needs, we have adopted the "Laws + 1" system in compliance with national laws, regulations and regulatory requirements. It covers all subsidiaries and business units. With such well targeted, effective, complete, rigorous and standardized system, it optimizes our internal control mechanism, strengthens risk resistance, ensures all operations within the Group and its subsidiaries comply with laws, regulations, and regulatory requirements, and promotes sustainable and healthy growth of core finance and internet finance businesses, as well as the Group as a whole. In 2014, the Company kept to our philosophy of "Regulation as the Foundation, Risks as the Guide, Processes as the Link, Internal Control as the Tool" to continuously optimize the methodology of internal control assessment, strengthen the daily operation mechanism of internal control assessment, optimize the functionality of the system platform and continuously enhance the efficiency and effectiveness of internal control assessment. At the same time, the Company actively integrated the advanced standards, methods and tools of operational risk management of domestic and foreign regulations to establish a standardized internal control and operational risk management system throughout the Group.

In terms of internal control mechanism and structure, the Company has established an internal control structural system which is well-structured, with clearly defined responsibilities and duties, and well-staffed in accordance with relevant laws, regulations, regulatory requirements and internal management requirements. The Board ensures the establishment and effective operations of internal control. The Audit and Risk Management Committee, which is under the Board, supervises, reviews and evaluates its effectiveness and coordinates auditing functions and other relevant control matters. The Supervisory Committee supervises the establishment and effective operations of internal control, and evaluates the performance of senior management. Under the senior management (Group Executive Committee), the Group Risk Monitoring Committee (RMC) sets risk management targets, fundamental policies and working rules, monitors risk exposures and available capital, guides subsidiaries to set up their own risk management departments and evaluates their performance, and supervises risk management in subsidiaries and business units. The Group Connected-Party Transaction Committee under the senior management (Group Executive Committee) manages connected-party transaction (CPT) and has set a Connected Parties Transaction Office to coordinate the management of CPT, improve management system and mechanism, review and monitor related transactions and to guide CPT between subsidiaries. In 2014, the Company further strengthened the delineation of responsibilities and coordination across the three lines of defense, namely the business and functional departments which would be directly responsible for risk management, the compliance departments which would promote and support such efforts, and the audit and supervision departments which would handle supervision, inspections and audits. This would promote their partnership and information sharing, to effectively implement internal controls and ensure the continued steady growth of the Company.

In terms of internal control operations and internal control assessment, the Company continued to improve governance structure, firewall management, CPT management, anti-money laundering management and operational risk management, as well as to strengthen internet finance risk control. This enables us to prevent systemic risks and risk transfer. We have put in place a compliance and risk management performance indicator system, contributing to more effective internal control. In 2014, in continued compliance with Internal Control Guidelines for Enterprises and other related guidelines, the Company dedicated itself to meeting internal control assessment. The Compliance Department coordinated and promoted the practice of conducting self-assessment among business divisions, and the Audit and Supervision Department carried out independent audit assessments, while an external accounting firm was appointed to assess and audit the internal control process. This internal control mechanism is proved to be running smoothly with good results. The Company established an annual theme of "Raising Crisis Awareness, Based on the Evidence of Trust, Increase the Influence of Compliance" to support our compliance and internal control works. We also launched a series of activities such as internal control competitions and an internal control training campaign, so as to create an active environment for compliance to raise employee awareness and enhance the effectiveness of internal control. The Company further strengthened the mechanism of internal control assessment, and thus has upgraded the standardization of our internal control. This enhanced our routine internal control which can be described as "Everyone is involved in Internal Control, Everyone is responsible for Compliance, and Internal Control is part of our business and processes". We improved our working efficiency for internal control assessment by optimizing our internal control management and strengthening the function of automatic control in our internal control assessment.

In terms of optimization of internal control mechanisms and operational risk management, in 2014, the Company used existing compliance management and internal control systems as the bases to integrate the advanced standards, methods and tools of operational risk management of domestic and foreign regulations, and to optimize operational risk management structure and operational risk management mechanism. It also strengthened collaboration and cooperation between departments, established daily monitoring and reporting mechanisms, prepared regular reports to management on the overall operational risk situation, developed a set of rules and standards for operational risk management, strengthened establishment of the system platform and continually raised the effectiveness the level of operational risk management. The Company manages operational risk primarily through the following mechanisms and measures: establishing a robust and comprehensive management system covering the whole Group which identifies, evaluates, monitors, controls/mitigates, reports operational risk; continuing to optimize the operational risk policies, framework, workflow, system and tools; enhancing overall operational risk management; stepping up the implementation of operational risk management tools among subsidiaries, such as the Risk and Control Self-Assessment (RCSA), Key Risk Indicator (KRI) and Loss Data Collection (LDC); conducting research and planning on operational risk measurement activities according to regulatory requirements and management requirements; and promoting a culture of operational risk management through operational risk management training.

In terms of auditing and supervision, the Company continued to develop and promote an independent and vertical centralized auditing management model. It also strengthened and promoted new auditing and supervision measures, and further improved the level of automation in the platform which enables us to meet our objectives in internal control as "improving management, development and efficiency". The Company has established a Litigation Case Prevention and Management framework and set up a joint meeting mechanism between our insurance, banking and investment businesses lines. To manage litigation cases, the early warning and emergency processing mechanism was strengthened across business lines, fully utilizing the early warning function of the supervisory mechanism which alerts on potential risks. The anti-money laundering, anti-corruption and anti-fraud mechanisms which are known as the "three anti-actions", were continuously improved to further enhance risk prevention and supervisory capability. In 2014, the Company shifted the focus of auditing and supervision to the effectiveness of risk control and assessment of risk management outcomes, through continually making more efforts in a risk-oriented auditing and supervision approach, effectively integrating auditing and supervision resources and adapting innovative methods. For example, under insurance business line, we consolidated auditing resources in a comprehensive manner and optimized auditing management processes and measures. We focused on ambush-style auditing and special auditing, in addition to regular auditing, and ensured that subsidiary's management is fully responsible for the risk control on their own risks, so as to increase the effectiveness of internal audit. Under the banking business line, the bank audit department made a reasonable plan of annual audit under the banking strategy. Following the "risk-based auditing", the focus of project management has evolved from risk identification to risk management driven by the "TeamMate" project management system, forming a "synergy linking mechanism comprising letters, visits, monitoring, internal control and fraud prevention". Under the investment business line, we sought to establish a comprehensive and highly efficient investment management model and risk management mechanism to support the optimization of our investment management. We continued to implement the investment business firewall audit, procure and instruct subsidiaries to continue strengthening the establishment of firewall system, and ensure all the control measures of the firewall continued to be effective.

Corporate Governance Report

During the year, the Company maintained an effective internal control over key aspects of financial reporting in compliance with "The Internal Control Guidelines for Enterprises" and related requirements. The Board reviewed and approved the annual internal control assessment report. The Company also engaged PricewaterhouseCoopers Zhong Tian LLP to audit the effectiveness of internal control relating to its financial reporting, as well as the effectiveness of internal control over its non-financial reporting. By results, PricewaterhouseCoopers Zhong Tian LLP issued "Internal Control Audit Report".

ESTABLISHMENT AND PERFECTION OF CORPORATE GOVERNANCE SYSTEM

The Company endeavoured to establish a high-standard corporate governance structure and believed that a sound corporate governance structure can further enhance the efficiency and reliability of corporate management, and is crucial to maximize the value for its shareholders. The Company has established a meticulous and systematic corporate governance system in accordance with laws, regulations, SSE Listing Rules and HKEx Listing Rules which provides important institutional protection and basic guidelines for the corporate governance of the Company.

During the Reporting Period, the Company paid serious attention to and actively carried out self-inspection of corporate governance. Through continuously inspecting every part of its corporate governance, the Company made sure that the regularity and fairness of corporate governance, the timeliness and transparency of information disclosure, shareholders' value enhancement and recognition, compliance with the financial and accounting standards and requirements of the regulatory authorities, completeness of risk management system and internal control system were all in compliance with the regulatory requirements and there are no corporate governance issues that need to be straightened up.

During the Reporting Period, the Company continued to establish and perfect its corporate governance system. In order to strengthen the management of the securities of Ping An Group held by Directors, Supervisors and senior management of the Company as well as the relevant changes therein, and to prevent insider trading, the Company formulated the "Code of Conduct regarding the Holding and Trading of Shares of the Company by Director, Supervisor and Senior Management" in August 2007. Amendments were made in April 2010 and August 2011, respectively according to regulatory rules and the actual condition of the Company. The Company carried out the regular review and made further amendments to the aforementioned code of conduct in April 2014, and renamed it as "Code of Conduct regarding the Holding and Trading of Securities of Ping An Group by Director, Supervisor and Senior Management".

FORMULATION AND IMPLEMENTATION OF ACCOUNTABILITY SYSTEM FOR MAJOR ERRORS IN ANNUAL REPORTS

The Board formulated the Policy on Accountability System for Major Errors in Annual Report Disclosure of the Company in April 2010. In 2014, there was no major error in the annual report of the Company.

OUR COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Board is responsible for performing the corporate governance duties set out in the terms of reference in the Code Provision D.3.1 of the Corporate Governance Code.

During the Reporting Period, the Board held Board meetings to review the Company's compliance with the Corporate Governance Code and the contents disclosed in the Corporate Governance Report.

None of the Directors is aware of any information that would reasonably indicate that the Company did not meet the applicable Code Provisions set out in the Corporate Governance Code for any part of the period from January 1, 2014 to December 31, 2014 save as disclosed below.

Chairman of the Board and the Chief Executive Officer of the Company

The Code Provision A.2.1 of the Corporate Governance Code provides that the roles of the Chairman and Chief Executive Officer should be separate and should not be performed by the same individual. However, after considering the relevant principle of the Code Provision A.2.1 of the Corporate Governance Code and examining the management structure of the Company, the Board is of the view that:

1. Since the Company introduced international strategic investors (The Goldman Sachs Group, Inc. and Morgan Stanley) in 1994, the Company has built up a Board structure of international standard. In terms of the composition of the Board, the Company has reached an international, diversified and professional level, and we have established a very structured and strict operation system and a set of meeting procedural rules. The Chairman, as a convener and chairperson of the Board meetings, does not have any special power different from that of other directors in the decision making process.

2. In the day-to-day operation of the Company, the Company has put in place an established management system and structure, and has established various roles and committees such as the President, Executive Committee and other specialized committees. Decisions on all material matters will be subject to complete and stringent deliberation and decision making procedures in order to ensure that the Chief Executive Officer can perform his duties diligently and effectively.

3. Since the establishment of the Company, the business and operating results have maintained a continuous, steady and fast growth, and the management model has been widely recognized in the industry. All along, the Chairman of the Board has assumed the role of the Chief Executive Officer of the Company and this model has proven to be reliable, efficient and successful, therefore the continuous adoption of this model will be beneficial to the future development of the Company.

4. There is clear delineation in the responsibilities of the Board and the management set out in the Articles of Association.

In light of the above, the Board is of the opinion that the Company's management structure is able to provide the Company with efficient management and, at the same time, protect the shareholders' rights to the greatest extent. Accordingly, the Company does not intend to separate the roles of the Chairman of the Board and the Chief Executive Officer at the moment.

OUR COMPLIANCE WITH THE MODEL CODE BY DIRECTORS AND SUPERVISORS OF THE COMPANY

In August 2007, the Company adopted a code of conduct regarding securities transactions by Directors and Supervisors of the Company ("Code of Conduct"), which was amended in April 2014, on terms no less exacting than the required standard set out in the Model Code. Specific enquiry has been made to all Directors and Supervisors of the Company who have confirmed that they had complied with the required standard set out in the Model Code and the Code of Conduct for the period from January 1, 2014 to December 31, 2014.

By order of the Board

Ma Mingzhe
Chairman and Chief Executive Officer

Shenzhen, PRC
March 19, 2015

Report of the Board of Directors

All members of the Board of Directors present their annual report and the audited consolidated financial statements of the Company and its subsidiaries (the "Group") for the year ended December 31, 2014.

PRINCIPAL ACTIVITIES

The principal activities of the Group comprise the provision of a wide range of financial products and services with a focus on the three core businesses, namely, insurance, banking and investment. There were no significant changes in the nature of the Group's principal activities during the year.

MAJOR CUSTOMERS

In the year under review, operating income from the Group's five largest customers accounted for less than 1% of the total operating income for the year.

None of the Directors of the Company or any of their associates or any shareholders (which, to the best knowledge of the Directors, own more than 5% of the Company's issued share capital) had any beneficial interest in the Group's five largest customers.

SUMMARY FINANCIAL INFORMATION

A summary of the published results, assets and liabilities of the Group for the last five years is set out in "Five-Year Summary".

IMPLEMENTATION OF CASH DIVIDEND POLICY AND PROFIT DISTRIBUTION PROPOSAL DURING THE REPORTING PERIOD

Cash Dividend Policy

According to rule 213 of the Articles of Association, the Company shall attach importance to the reasonable investment returns of investors in terms of its profit distribution. The profit distribution policy of the Company shall maintain its continuity and stability. The accumulated profit to be distributed in cash for any three consecutive years shall not be less than 30% of the average annual distributable profit realized in the three years, provided that the annual distributable profits of the Company (namely profits after tax of the Company after covering the losses and making contributions to the revenue reserve) are positive in value and such distributions are in compliance with the prevailing laws and regulations and the requirements of regulatory authorities for solvency ratio. In determining the specific ratio of distribution of cash dividend, the Company shall take into account its profit, cash flow, solvency and operation and business development requirements. The board of directors of the Company shall be responsible for formulating and implementing a distribution plan according to the provisions of the Articles of Association.

In preparing profit distribution plans, the Board of Directors of the Company shall listen and absorb views and advice from shareholders (in particular, the minority shareholders), independent directors and independent supervisors through various ways. Independent directors of the Company shall express their independent opinions on the profit distribution plans. When a specific cash dividends distribution plan is put forward for consideration at a general meeting, a variety of channels shall be provided for active communication and opinion exchange with shareholders (in particular, the minority shareholders), whose opinions and demands shall be fully heard and prompt response shall be given to any issues the minority shareholders are concerned.

Where adjustment to our profit distribution policy is required due to the applicable national laws and regulations and new rules promulgated by the CSRC regarding profit distribution policies of listed companies or significant changes in the external business environment and/or operating situations of the Company, it shall be done for the purpose of safeguarding the shareholders' interests and in strict compliance with the decision-making process. To this end, the Board of Directors of the Company shall work out an adjustment plan based on the operating situations of the Company and the relevant regulations of the CSRC, and then submit the same to the general meeting for consideration and approval. Implementation of the adjustment plan is conditional upon approval by shareholders (including their proxies) holding more than two-thirds of voting rights present at the general meeting.

Implementation of Profit Distribution Proposal

The 2013 annual profit distribution proposal of the Company was considered and passed at the 2013 Annual General Meeting of the Company held on June 12, 2014. The Company paid in cash the 2013 final dividend of RMB0.45 (tax inclusive) per share, in a total amount of RMB3,562,266,808.35, based on its 7,916,148,463 shares in issue. The Independent Non-executive Directors of the Company have made independent opinion to agree with the profit distribution proposal. The record date for the distribution of dividends of A shares was June 26, 2014, and the dividend distribution date of A shares was June 27, 2014. The record date for the distribution of dividends of H shares was July 2, 2014, and the dividend distribution date of H shares was August 8, 2014.

The interim profit distribution proposal for 2014 was considered and passed by the 15th meeting of the 9th Session of the Board of Directors of the Company held on August 19, 2014. The Company paid in cash the 2014 interim dividend of RMB0.25 (tax inclusive) per share, in a total amount of RMB1,979,051,313.25, based on its 7,916,205,253 shares in issue. The Independent Non-executive Directors of the Company had agreed with the profit distribution proposal unanimously. The record date for the distribution of dividends of A shares was September 11, 2014, and the dividend distribution date of A shares was September 12, 2014. The record date for the distribution of dividends of H shares was September 17, 2014, and the dividend distribution date of H shares was October 17, 2014.

The decision-making procedure and mechanism of the above profit distribution proposals were complete, and the dividend payout standard and proportion were clear. The above profit distribution proposals were in line with the Articles of Association and relevant deliberation procedures and had fully protected the legitimate interests of medium and small investors. The announcements on the resolution of the general meeting and the board meeting were published in China Securities Journal, Shanghai Securities News, Securities Times and Securities Daily on June 13, 2014 and August 20, 2014, respectively. The announcements regarding the distribution of 2013 final dividend and 2014 interim dividend of the Company were published on the websites of SSE and HKEx, and in China Securities Journal, Shanghai Securities News, Securities Times and Securities Daily printed on June 20, 2014 and September 5, 2014, respectively. The implementation of the above-mentioned distribution proposals has been completed.

ANNUAL RESULTS AND PROFIT DISTRIBUTION

The Group's results in 2014 are set out in the section titled "FINANCIAL STATEMENTS".

As stated in the 2014 audited financial statements of the Group prepared under CAS, the net profit attributable to shareholders of the parent company was RMB39,279 million and net profit of the parent Company was RMB7,214 million. Pursuant to the Articles of Association and other relevant requirements, the Company shall make appropriation to the statutory surplus reserve fund based on 10% of the net profit of the Company as shown in the financial statements under CAS before determining the profit available for distribution to shareholders. Appropriation to the statutory surplus reserve fund may cease to apply if the balance of the statutory surplus reserve fund reached an amount equal to 50% of the registered capital of the Company. After making the above profit distribution and taking into account the retained profit carried forward from last year, according to the Articles of Association and other relevant requirements, the profit available for distribution to shareholders was RMB32,678 million.

The Company had distributed an interim dividend of RMB0.25 (tax inclusive) per share for 2014, which amounted to a total of RMB1,979,051,313.25. The Company proposes to pay in cash the 2014 final dividend of RMB0.50 (tax inclusive) per share, in a total amount of RMB4,570,060,352.50, based on its latest capital in issue of 9,140,120,705 shares. The remaining profit will be carried forward to 2015. In addition, the Company also proposes to convert the capital reserve into share capital in the proportion of 10 shares for every 10 shares held. The total value of shares increased due to the conversion will be RMB9,140,120,705. The retained profits are mainly for the purpose of endogenous capital accumulation, so as to maintain a reasonable solvency ratio as well as funding to subsidiaries so that they can maintain a reasonable solvency ratio or capital adequacy ratio.

The above proposal will be implemented upon approval at the 2014 Annual General Meeting. The profit distribution proposal is in line with the Articles of Association and relevant deliberation procedures and fully protects the legitimate interests of medium and small investors. The Independent Non-executive Directors of the Company have made independent opinion to agree with the profit distribution proposal.

Particulars on dividend payouts of the Company over the past three years are set out as follows:

	Cash dividend issued for each share during the year (in RMB Yuan)	Cash dividend amount (including tax)[1] (in RMB million)	Net profit attributable to shareholders of the parent company (in RMB million)	Ratio (%)
2013[2]	0.65	5,145	28,154	18.3
2012[2]	0.45	3,562	20,050	17.8
2011[2]	0.40	3,166	19,475	16.3

(1) Cash dividends include interim dividend and final dividend of the year.

(2) Profit distribution for each year has been completed during their corresponding years.

DISTRIBUTABLE RESERVES

As at December 31, 2014, the Company's reserves available for distribution totalled RMB32,678 million, the Company has proposed to distribute the 2014 final dividend of RMB0.50 (tax inclusive) per share in cash. After deducting the 2014 final dividend, the retained profits were carried forward to 2015. In addition, the Company's capital reserve and surplus reserve fund amount to RMB135,005 million. The Company has proposed to convert the capital reserve of RMB9,140 million into share capital in the proportion of 10 shares for every 10 shares held. The remaining reserve fund may be distributed by a future capitalization issue.

MANAGEMENT DISCUSSION AND ANALYSIS

For management discussion and analysis, please refer to the section headed "Management Discussion and Analysis".

USE OF PROCEEDS

An aggregate of 594,056,000 new H Shares have been successfully allotted and issued by the Company on December 8, 2014 and the gross proceeds raised from the placing were HK$36,831,472,000, the net proceeds raised from the placing were approximately HK$36,480,684,404.91. The proceeds raised from the placing were used to develop the main business and replenish the equity and working capital of the Company, and the use of the proceeds raised is consistent with the use that was passed by the meeting of the Board of Directors. As at December 31, 2014, HK$32,986 million from the placing is kept in the fund-raising account, and the rest has been used.

PARTICULARS ON INVESTMENT DURING THE REPORTING PERIOD

The non-raised fund of the Company mainly comes from its core insurance business. The Company has been strictly following the relevant requirements of CIRC on the application of insurance fund. All investment in relation to insurance fund was conducted in the normal course of operation.

EQUITY INVESTMENT DURING THE REPORTING PERIOD

For equity investment, please refer to the section headed "Significant Events".

SHARE CAPITAL

The change in the share capital of the Company in 2014 and the share capital structure of the Company as at December 31, 2014 are set out in "Changes in the Share Capital and Shareholders' Profile".

RESERVES

Details of movements in the reserves of the Company and the Group during the year are set out in note 35 to the consolidated financial statements and in the "Consolidated Statement of Changes in Equity", respectively.

CHARITABLE AND OTHER DONATIONS

Charitable donations made by the Company during 2014 totalled RMB55 million.

PROPERTY AND EQUIPMENT AND INVESTMENT PROPERTIES

Details of movements in property and equipment and investment properties of the Group during the year are set out in notes 31 and 30 to the consolidated financial statements, respectively.

PRE-EMPTIVE RIGHTS

There are no provisions regarding pre-emptive rights under the Company Law of the PRC or the Articles of Association, which would oblige the Company to issue new shares to its existing shareholders in proportion to their existing shareholdings.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

Neither the Company, nor any of its subsidiaries, had purchased, sold or redeemed any of the Company's listed shares during the Reporting Period.

DIRECTORS AND SUPERVISORS

During 2014, the information about Directors and Supervisors of the Company are set out in "Corporate Governance Report" and "Report of the Supervisory Committee".

BIOGRAPHICAL DETAILS OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Biographical details of Directors, Supervisors and Senior Management are set out in "Directors, Supervisors, Senior Management and Employees".

DIRECTORS' AND SUPERVISORS' SERVICE CONTRACTS AND REMUNERATION

According to the resolutions of the 25th Meeting of the 7th Session of the Board of Directors and the 2nd Meeting of the 7th Session of the Supervisory Committee of the Company, the Company entered into service contracts with all Directors of the 9th Session of the Board of Directors and all Supervisors of the 7th Session of the Supervisory Committee, respectively in July 2012 and August 2012, and entered into service contracts with newly appointed Directors, Mr. Yip Dicky Peter, Mr. Wong Oscar Sail Hung, Mr. Sun Dongdong, Mr. Soopakij Chearavanont, Mr. Yang Xiaoping, Mr. Lu Hua and Mr. Lee Yuansiong, and also with newly appointed Supervisor, Ms. Zhang Wangjin in July 2013, respectively. The Company entered into service contracts with newly appointed Director, Ms. Cai Fangfang, in July 2014. Terms, duties, remuneration expenses and confidentiality duties of Directors and Supervisors, and commencement and termination of contracts were specified in the service contracts. As at December 31, 2014, no Directors or Supervisors had a service contract with the Company which was not terminable by the Company within one year without payment of compensation other than statutory compensation.

Details of remuneration of the Directors and Supervisors for the year ended December 31, 2014 are set out in note 51 to the consolidated financial statements.

DIRECTORS' AND SUPERVISORS' INTERESTS IN MATERIAL CONTRACTS

No Directors or Supervisors had a material interest, directly or indirectly, in any contract of significance to the business of the Group to which the Company or any of its subsidiaries was a party during 2014.

DIRECTORS' AND SUPERVISORS' INTERESTS AND SHORT POSITIONS IN SHARES

Details of Directors' and Supervisors' interests and short positions in shares are set out in the section entitled "Directors, Supervisors, Senior Management and Employees".

Report of the Board of Directors

DIRECTORS' AND SUPERVISORS' RIGHTS TO ACQUIRE SHARES

At no time during the year were rights to acquire benefits by means of the acquisition of shares or debentures of the Company granted to any Directors, Supervisors or their respective spouse or minor children, nor were any such rights exercised by them, or was the Company, or any of its subsidiaries a party to any arrangement to enable the Directors or Supervisors to acquire such rights in any other body corporate.

DIRECTORS' AND SUPERVISORS' INTERESTS IN A COMPETING BUSINESS

During 2014, the following person is considered to have interests in a business which competes or is likely to compete, directly or indirectly, with the business of the Group, as defined in the HKEx Listing Rules, as set out below:

Mr. Lin Li, a Shareholder Representative Supervisor of the Company, is the de facto controller of Shenzhen Liye Group Co., Ltd.. Its subsidiary, Chinalin Security Company Limited, is engaged in stockbrokerage, securities investment consultancy, securities underwriting and sponsor and securities dealing. As its businesses overlapped with Ping An Securities, a subsidiary of the Company, that competes with the Company. Save as disclosed, as far as the Directors are aware, none of the Directors and Supervisors had any competing interest in a business, which competes or is likely to compete, either directly or indirectly, with the Group's business.

SPECIALIZED COMMITTEES UNDER THE BOARD

The Company has established a Strategy and Investment Committee, an Audit and Risk Management Committee, a Remuneration Committee and a Nomination Committee. For details regarding these specialized Board committees, please see the relevant sections in the "Corporate Governance Report".

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

For details regarding substantial shareholders' and other persons' interests and short positions in shares and underlying shares, please refer to section entitled "Changes in the Share Capital and Shareholders' Profile".

CONTINUING CONNECTED TRANSACTIONS

For details regarding continuing connected transactions, please refer to section entitled "Significant Events".

POST BALANCE SHEET EVENTS

Details of the significant post balance sheet events of the Group are set out in note 57 to the financial statements.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE CONTAINED IN APPENDIX 14 TO THE HKEX LISTING RULES

None of the Directors of the Company is aware of any information that would reasonably indicate that the Company did not meet the applicable Code Provisions set out in the Corporate Governance Code for any part of the period from January 1, 2014 to December 31, 2014, except that Mr. Ma Mingzhe has occupied the positions of both the Chairman of the Board of Directors and Chief Executive Officer of the Company. Further details of the Company's arrangements and considered reasons for the Company's intention not to separate the roles of the Chairman of the Board of Directors and the Chief Executive Officer of the Company are set out under the section headed "Corporate Governance Report".

ESTABLISHMENT AND IMPLEMENTATION OF THE ADMINISTRATION SYSTEM FOR INSIDE INFORMATION AND REGISTRATION

Details of the establishment and implementation of the administration system for inside information and registration are set out under "Information Disclosure and Implementation of the Registration and Administration Policy for Persons with Insider Information" in "Corporate Governance Report".

AUDITORS

According to the resolutions of the 2013 Annual General Meeting of the Company, the Company continued to appoint PricewaterhouseCoopers Zhong Tian LLP and PricewaterhouseCoopers as the auditors of the Company's financial statements under CAS and IFRS, and continued to appoint PricewaterhouseCoopers Zhong Tian LLP as the auditors of the Company for internal control in 2014.

Ernst & Young Hua Ming LLP and Ernst & Young acted as the auditors of the Company's financial statements under CAS and IFRS in 2012. Ernst & Young Hua Ming LLP also acted as the auditors of the Company for internal control in 2012.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors as at the latest practicable date prior to the issue of this Annual Report, being March 19, 2015, at all times during the year ended December 31, 2014, not less than 20% of the issued share capital of the Company (being the minimum public float applicable to the shares of the Company) was held in public hands.

By order of the Board of Directors

Ma Mingzhe
Chairman and Chief Executive Officer

Shenzhen, PRC
March 19, 2015

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

The 9th Meeting of the 7th Session of the Supervisory Committee was held on March 13, 2014, at which resolutions including the Report of the Supervisory Committee of the Company for 2013, the Resolution Relating to Considering the Annual Report of the Company for 2013, and the Resolution Relating to Considering Corporate Social Responsibility Report of the Company for 2013 were considered and approved unanimously.

The 10th Meeting of the 7th Session of the Supervisory Committee was held from April 23 to 28, 2014 through written communication and voting, at which resolutions including the Resolution Relating to Considering the First Quarterly Report of the Company for 2014 were considered and approved unanimously.

The 11th Meeting of the 7th Session of the Supervisory Committee was held on August 19, 2014, at which the Resolution Relating to Considering the Interim Report of the Company for 2014 and Proposal on Deliberating the Report on the in-office Audit on Mr. Alex Ren were considered and approved unanimously.

The 12th Meeting of the 7th Session of the Supervisory Committee was held from October 23 to 28, 2014 through written communication and voting, at which resolutions including the Third Quarterly Report of the Company for 2014 were 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 in person/ Meetings required to attend	% of attendance in person	Meetings attended by proxy/ Meetings required to attend	% of attendance by proxy
Independent Supervisors	GU Liji (Chairman)	June 3, 2009	4/4	100%	0/4	0%
	PENG Zhijian	June 3, 2009	4/4	100%	0/4	0%
Shareholder Representative Supervisors	LIN Li	July 17, 2012	2/4	50%	2/4	50%
	ZHANG Wangjin	June 17, 2013	4/4	100%	0/4	0%
Employee Representative Supervisors	SUN Jianping	March 19, 2010	4/4	100%	0/4	0%
	ZHAO Fujun	July 17, 2012	4/4	100%	0/4	0%
	PAN Zhongwu	July 17, 2012	4/4	100%	0/4	0%

In September 2014, certain members of the Supervisory Committee conducted inspection and review in the branches of Ping An Life, Ping An Property & Casualty, Ping An Annuity and Ping An Pay in Heilongjiang. 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 2013 Annual General Meeting and meetings of the Board of Directors as non-voting participants 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 was 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 Association or harmed the interests of the shareholders.

(2) Authenticity of the Financial Statement

PricewaterhouseCoopers Zhong Tian LLP and PricewaterhouseCoopers 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 2014. The financial statements truly, fairly and accurately reflected the financial condition and results of operations of the Company.

(3) Use of Proceeds

An aggregate of 594,056,000 new H Shares have been successfully allotted and issued by the Company on December 8, 2014 and the gross proceeds raised from the placing were HK$36,831,472,000, the net proceeds raised from the placing were approximately HK$36,480,684,404.91. The proceeds raised from the placing were used to develop the main business and replenish the equity and working capital of the Company, and the use of the proceeds raised is consistent with the use that was passed by the meeting of the Board of Directors. As at December 31, 2014, HK$32,986 million from the placing is kept in the fund-raising account, and the rest has been used.

(4) Connected Transactions

The Supervisory Committee considered the connected transactions of the Company were fair and reasonable in the Reporting Period, and did not find any harm against the interests of the shareholders and the Company.

(5) 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 2014 and 2014 Assessment Report on Internal Control, and considered the Company has set up a relatively complete, reasonable and effective internal control system.

(6) Implementation of the Resolutions Approved in the General Meetings

Certain 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 19, 2015

GENERAL ANALYSIS OF INVESTMENT

Ping An is an integrated financial services group, investment business is one of its core businesses. The investment portfolio of insurance funds represents a majority of the equity investment assets of the Group. The investment of insurance funds is subject to relevant laws and regulations.

Securities Investments Classified as Held for Trading Financial Assets

No.	Type	Code	Short name	Initial investment cost (RMB million)	Number of shares or pieces at the end of the period (million shares/ million pieces)	Carrying amount at the end of the period (RMB million)	Percentage to total securities investments at the end of the period (%)	Profit or loss for the reporting period (RMB million)
1	Stock	600556	Beisheng Pharmaceutical	181	14.8	207	21.9	26
2	Stock	300232	UNILUMIN	119	7.9	106	11.2	(13)
3	Convertible bond	110029	Zheneng CB	63	0.5	70	7.4	7
4	Stock	000016	SKJ A	33	5.5	33	3.5	–
5	Stock	000538	Yunnan Baiyao	5	0.4	24	2.5	(2)
6	Convertible bond	110015	China Petroleum & Chemical CB	14	0.1	16	1.7	2
7	Stock	600030	CITIC Securities	14	0.4	15	1.6	1
8	Stock	600016	CMBC	14	1.3	15	1.5	1
9	Stock	600036	CMB	13	0.9	14	1.5	1
10	Stock	600837	Haitong Securities	12	0.5	13	1.4	1
Other securities investments held at the end of the period				416	–	435	45.8	33
Profit or loss upon disposal of securities investments for the reporting period				–	–	–	–	370
Total				884	–	948	100.0	427

Notes: (1) Securities investments listed in the table include stocks, warrants and convertible bonds.
(2) Other securities investments refer to securities investments other than the above top ten securities.
(3) Profit or loss for the reporting period includes dividend income and gain or loss from fair value change during the reporting period.

Top Ten Equity Investments in Other Listed Companies

No.	Stock code	Short name	Initial investment cost (RMB million)	Carrying amount at the end of the period (RMB million)	Percentage of shareholding in such companies (%)	Profit or loss for the reporting period (RMB million)	Change in shareholders' equity for the reporting period (RMB million)	Accounting item
1	HK1398	ICBC	554	564	1.3	30	40	AFS
	601398		19,288	22,474		1,258	5,869	AFS
2	HK1288	ABC	150	152	1.6	10	3	AFS
	601288		13,774	18,970		976	6,239	AFS
3	HK0939	CCB	565	568	1.1	32	53	AFS
	601939		12,534	17,483		829	6,676	AFS
4	HK3328	Bank Comm	127	159	1.3	3	39	AFS
	601328		4,586	6,191		245	2,253	AFS
5	000538	Yunnan Baiyao	1,407	6,157	9.4	33	(472)	AFS
6	BE0974264930	Ageas(original name: Fortis)	23,874	2,662	5.2	130	(491)	AFS
7	601166	Industrial Bank	1,167	1,603	0.5	23	464	AFS
8	600000	SPDB	1,160	1,565	0.5	46	111	AFS
9	HK2601	CPIC	103	141	0.5	2	38	AFS
	601601		945	1,313		8	376	AFS
10	HK3988	BOC	432	514	0.1	29	96	AFS
	601988		721	847		7	128	AFS

Notes: (1) Profit or loss for the reporting period refers to dividend income.
(2) Percentage of shareholding in such companies is calculated using the total shares we held.
(3) Shares were acquired from the primary and secondary markets, non-public directed issuance or bonus issue etc.

Equity Investments in Non-listed Financial Enterprises

No.	Name	Initial investment cost (RMB million)	Number of shares (million shares)	Percentage of Shareholding in such companies (%)	Carrying amount at the end of the period (RMB million)	Profit or loss for the reporting period (RMB million)	Change in shareholders' equity for the reporting period (RMB million)	Accounting item	Source
1	Taizhou City Commercial Bank Co., Ltd.	361	186	10.33	1,290	125	929	AFS	Purchased
2	Guotai Junan Securities Co., Ltd.	65	5	0.08	62	–	–	AFS	Held through the subsidiary, Shanghai Jahwa[(1)]
3	China Trust Industry Security Fund Co., Ltd	750	750	13.04	750	–	–	AFS	Subscribed

(1) Shanghai Jahwa (Group) Company Ltd.

Particulars on Trading of Other Listed Companies' Shares

	Number of shares purchased/ disposed during the reporting period (million shares)	Amount used (in RMB million)	Investment income (in RMB million)
Purchase	13,997	136,944	–
Disposal	11,913	–	7,317

Being a large integrated financial group, the Company covers all financial sectors including insurance, banking, securities, trust and asset management. Therefore, capital market investment is its key business of operating activities. The Company conducted its investment stringently in compliance with relevant regulatory requirements while actively seizing any market opportunities and made timely adjustment to its investment strategies so as to bring long term and stable return for its shareholders. The above data summarizes the equity investment of the Company and its subsidiaries.

ASSET TRANSACTION

Subscription of Ping An Bank Non-public Share Issuance

On July 15, 2014, the 14th meeting of the 9th Session of the Board of Directors considered and approved the Resolution regarding the Subscription of Ping An Bank Non-public Share Issuance and the Resolution regarding the Subscription of Ping An Bank Non-public Preference Share Issuance by Ping An Asset Management. It was decided that the proprietary fund of the Company would be used for the subscription of ordinary shares issued under Ping An Bank's non-public issuance, and the subscription ratio would be 45%-50% of the ordinary shares issued under the current non-public issuance of Ping An Bank. Ping An Asset Management, a subsidiary of the Company, will subscribe for the preference shares issued under Ping An Bank's non-public issuance through insurance funds under its management. The subscription ratio would be 50%-60% of the preference shares issued under the current non-public issuance of Ping An Bank. The specific subscription ratio of preference shares is subject to the approval of relevant regulatory authorities.

As at the date of this report, the share subscription is subject to the approval from relevant regulatory authorities.

Placing of New H Shares under General Mandate

On July 15, 2014, the 14th meeting of the 9th Session of the Board of Directors considered and approved the Resolution on Non-public Issuance of Additional H Shares of the Company, which authorized the Board of Directors to issue, allot and deal with new H shares of the Company not exceeding 20% of the total H Shares in issue as at June 12, 2014 according to the general mandate granted to the Board to issue additional H Shares considered and approved at the 2013 annual general meeting of the Company. As approved by CSRC, an aggregate of 594,056,000 new H Shares have been successfully allotted and issued by the Company on December 8, 2014 at the placing price of HK$62.00 (net placing price is approximately HK$61.4) to no fewer than 6 but no more than 10 placees, who and whose ultimate beneficial owners are not connected persons of the Company. The placing price of HK$62.00 represented a discount of approximately 4.69% to the closing price of HK$65.05 per H Share as quoted on the HKEx on November 28, 2014, being the last trading day immediately prior to the date of the signing of the placing agreement.

IMPLEMENTATION OF SHARE INCENTIVE SCHEME OF THE COMPANY AND ITS EFFECTS

During the Reporting Period, the Company has not implemented any share incentive scheme.

IMPLEMENTATION OF THE KEY EMPLOYEE SHARE PURCHASE PLAN OF THE COMPANY

On October 28, 2014, the Company held the 16th meeting of the 9th Session of the Board of Directors and the 12th meeting of the 7th Session of the Supervisory Committee and passed the Proposal on the Implementation of the Key Employee Share Purchase Plan and other related proposals. On November 3, 2014, the Company held an employee meeting and passed The Key Employee Share Purchase Plan of Ping An Insurance (Group) Company of China, Ltd. (Draft) developed by the Board of Directors. On February 5, 2015, the Company's extraordinary general meeting convened and approved the Proposal on the Implementation of the Key Employee Share Purchase Plan and officially announced the implementation of the first phase of the Scheme.

All key employees of the Company and its subsidiaries who are instrumental in the performance and mid to long-term development of the Company are eligible to participate in the Plan. The fund source of the candidates for this plan is from the lawful remuneration and performance bonus of the candidates. During the Reporting Period, there were no shareholding employees.

The Company has entrusted China Merchants Securities Co. Ltd. as the management organization to develop a dedicated asset management plan to purchase and hold Ping An's shares by lawful means.

The implementation of the Plan aligns the interests of employees, shareholders and the Company, improves corporate governance, as well as establishes and improves long-term incentive and restraint mechanisms, so as to support the Company's long-term sustainable and healthy development.

MATERIAL CONNECTED TRANSACTIONS

Continuing Connected Transactions

Continuing connected transactions of deposit nature with HSBC

On June 27, 2012, resolutions were passed at the annual general meeting of the Company for 2011 to approve that the maximum deposit balance of the Group at HSBC and its subsidiaries and associates (hereinafter referred to as "HSBC Group") on any given day during the period from 2013 to 2015 shall not exceed US$1,500 million.

Since HSBC held more than 5% of the shares in the Company before February 6, 2013, HSBC was still a connected party of the Company pursuant to Rule 10.1.3 of the SSE Listing Rules before February 6, 2014. Therefore, during the Reporting Period, the ordinary transactions of deposit nature between the Group and HSBC constitute connected transactions in the ordinary and usual course of business as defined under the SSE Listing Rules.

The maximum deposit balance of the Group at HSBC Group had not exceeded the annual cap of US$1,500 million on any given day before February 6, 2014.

Continuing connected transactions of non-deposit nature with HSBC

The Group has regularly engaged in various kinds of institutional market transactions in the normal course of business with the HSBC Group. To regulate these on-going transactions, the Company entered into the Institutional Market Transactions Framework Agreement with HSBC on March 15, 2012, pursuant to which HSBC Group and the Group agreed to conduct institutional market transactions in accordance with applicable normal institutional market practices and on normal commercial terms. The term of the Agreement is three years from January 1, 2012 to December 31, 2014.

The transactions contemplated under the Institutional Market Transactions Framework Agreement include any of the following transactions (or transactions of a similar nature of any of the following) which are conducted between (on the one hand) the Group and (on the other hand) the HSBC Group, and in each case in the ordinary and usual course of business of the Group and on normal commercial terms:

(1) interbank money market lending and borrowing transactions;

(2) bond transactions (including outright sale and purchase of bonds, and sale and repurchase of bonds);

(3) foreign exchange transactions (including sale and purchase of foreign currencies, or squaring of any conversions between RMB and foreign currencies);

(4) financial derivatives transactions;

(5) interbank lending transactions;

(6) discounting of bank's acceptance bills, on an outright basis or a upfront discount and repurchase basis;

(7) outright transfer of loan assets;

(8) reimbursement financing in respect of letters of credit;

(9) investments in fixed income products excluding vanilla debt instruments (including investment in wealth management products); and

(10) gold lending transactions.

On March 15, 2012, the Board of Directors considered and approved for each of the three years ended December 31, 2014, the revenue and cost of transactions contemplated under the Institutional Market Transactions Framework Agreement shall not exceed RMB1,000 million.

As at February 6, 2014, the revenue and cost for the continuing connected transactions of non-deposit nature between the Group and HSBC Group did not exceed the cap of RMB1,000 million.

The abovementioned transactions between the Group and HSBC Group do not constitute the continuing connected transactions as defined under the HKEx Listing Rules.

In addition, certain related party transactions as disclosed in note 53 to the consolidated financial statements prepared under IFRS constituted connected transactions under the HKEx Listing Rules. However, these transactions were exempted from all the reporting, announcement and independent shareholders' approval requirements as set out in Chapter 14A of HKEx Listing Rules.

MATERIAL CONTRACTS AND THEIR PERFORMANCE

Guarantee

(in RMB million)	External guarantee of the Company (excluding the guarantee in favor of its subsidiaries)
Total guarantee incurred during the Reporting Period	–
Total guarantee balance as at the end of the Reporting Period	–

	Guarantee of the Company in favor of its subsidiaries
Total guarantee in favor of its subsidiaries incurred during the Reporting Period	14,225
Total guarantee balance in favor of its subsidiaries as at the end of the Reporting Period	33,579

	Total guarantee of the Company (including the guarantee in favor of its subsidiaries)
Total guarantee	33,579
Total guarantee as a percentage of the Company's net assets (%)	11.6
Including: Direct or indirect guarantee for the companies with gearing ratio over 70% (as at December 31, 2014)	30,464

Note: The data set out in the table above does not include those arise from financial guarantee businesses conducted by Ping An Bank (the controlling subsidiary) and other subsidiaries of the Company in strict compliance with the scope of operation approved by relevant regulatory authorities.

Independent Opinions of Independent Non-executive Directors on External Guarantee of the Company

According to the relevant requirements of the Notice Concerning the Regulation on the Flow of Funds Between Listed Companies and Their Connected Parties and the Provision of Guarantees by Listed Companies to External Parties as well as the Notice regarding the Regulation of the Provision of External Guarantee by Listed Companies set out by CSRC, the independent non-executive directors of the Company conducted a prudent review on the Company's external guarantee in 2014. Their specific illustrations and independent advice are set out as follows:

1. During the Reporting Period, the Company did not provide any guarantee to its controlling shareholder and other connected parties which are less than 50% share-controlled by the Company, any non-legal entities or individuals;

2. During the Reporting Period, the Company's total guarantee provided to its subsidiaries amounted to RMB14,225 million. As at December 31, 2014, the Company's total guarantee balance in favor of its subsidiaries was RMB33,579 million, representing approximately 11.6% of the Company's net asset. The sum did not exceed 50% of the net asset as stated in the consolidated financial statements of the latest fiscal year of the Company;

3. The Company has strictly observed the approval procedures and internal control policies regarding external guarantee set out in the Articles of Association of the Company, and there exists no irregular external guarantee;

4. The Company has fulfilled its obligation to disclose information on external guarantee and unequivocally provided chartered accountants with all the details about the Company's external guarantee, in strict compliance with the relevant requirements under the SSE Listing Rules and the Articles of Association of the Company.

Entrustment, Underwriting, Lease, Asset under Management, Entrusted Loan and Other Material Contracts

No matters relating to entrustment, underwriting, lease, asset under management, entrusted loan or other material contracts of the Company were required to be disclosed during the Reporting Period.

MATERIAL LITIGATIONS, ARBITRATIONS AND ISSUES OF MEDIA INTEREST

During the Reporting Period, the Company had no material litigations, arbitrations and negative material issues attracting media interest.

UNDERTAKINGS

Shareholders' Undertaking

The Company received written notices from original Shenzhen New Horse Investment Development Co., Ltd. (newly known as Linzhi New Horse Investment Development Co., Ltd.), original Shenzhen Jinao Industrial Development Co., Ltd. (newly known as Linzhi Jingao Industrial Development Co., Ltd.) and original Shenzhen Jiangnan Industrial Development Co., Ltd. (newly known as Gongbujiangda Jiangnan Industrial Development Co., Ltd.) on February 22, 2010. According to such written notices, Linzhi New Horse Investment Development Co., Ltd. and Linzhi Jingao Industrial Development Co., Ltd. will reduce their shareholdings in the Company by not more than 30% of the 389,592,366 A shares and the 331,117,788 A shares, respectively per annum through the offer for sale in the secondary market as well as the block trading platform in the next five years. Out of the A shares held by Gongbujiangda Jiangnan Industrial Development Co., Ltd., the holding of 88,112,886 A shares will also be reduced in the next five years through the offer for sale in the secondary market as well as the block trading platform, by not more than 30% of the 88,112,886 A shares per annum.

As at December 31, 2014, the above undertakings were still in the process of performance and there was no violation of the above undertakings.

Undertakings in Respect of the Major Asset Restructuring with Shenzhen Development Bank

(1) The Company undertakes that, after the completion of the major asset restructuring with Shenzhen Development Bank and during the period when the Company remains as the controlling shareholder of Shenzhen Development Bank, and in respect of the businesses or commercial opportunities similar to those of Shenzhen Development Bank that the Company and the enterprises under its control intend to carry out or have substantially obtained whereby the assets and businesses arising from such business or commercial opportunities may possibly form potential competition with those of Shenzhen Development Bank, the Company and the enterprises under its control shall not be engaged in the businesses identical or similar to those carried out by Shenzhen Development Bank, so as to avoid direct or indirect competition with the operations of Shenzhen Development Bank.

(2) The Company undertakes that, after the completion of the major asset restructuring with Shenzhen Development Bank and in respect of the transactions between the Company and the enterprises under its control and Shenzhen Development Bank which constitute the connected transactions of Shenzhen Development Bank, the Company and the enterprises under its control shall enter into transaction with Shenzhen Development Bank following the principle of "fairness, justness and openness" at fair and reasonable prices, and shall go through the decision-making process according to the requirements of the relevant laws and regulations and regulatory documents and perform their obligations of information disclosure as required by law. The Company undertakes that the Company and the enterprises under its control shall not procure any illegal interests or let Shenzhen Development Bank undertake any illicit obligations through the transactions with Shenzhen Development Bank.

(3) The Company undertakes that, after the completion of the major asset restructuring and during the period when the Company remains as the controlling shareholder of Shenzhen Development Bank, the Company shall maintain the independence of Shenzhen Development Bank and ensure that Shenzhen Development Bank is independent from the Company and the enterprises under its control in respect of personnel, assets, finance, organization and business.

As at December 31, 2014, the above undertakings were still in the process of performance and there was no violation of the above undertakings.

Undertaking in Respects of the Issuance of A Share Convertible Bonds

During the period of issuing A Share Convertible Bonds by the Company, in terms of certain subsidiaries are engaged in construction of private properties and community for the elderly, the Company undertakes that, nowadays and in the future, it will strictly comply with relevant regulations in relation to the insurance funds used in real estate investment and the principle that the insurance funds should only be applied to specific property without property speculations or selling in an inappropriate form. It will not develop or sell commercial housing by the means of investment in annuity and private real estate.

As at December 31, 2014, the above undertaking was still in the process of performance and there was no violation of the above undertaking.

Undertaking in Respect of the Subscription for 1,323,384,991 New Shares of Ping An Bank through Non-public Issuance

In relation to the subscription for 1,323,384,991 new shares of Ping An Bank through non-public issuance, the Company undertakes that it shall not transfer the shares within thirty-six months since the date of listing the new shares (January 9, 2014), excluding the transfer between the Company and its connected organizations (i.e. any parties directly or indirectly controlling the Company or under the direct or indirect control of the Company or under the control of the same controller as that of the Company) to the extent permitted by the applicable laws. Upon expiry of the above mentioned term, the Company will be free to dispose of such newly-issued shares pursuant to the requirements of CSRC and Shenzhen Stock Exchange.

As at December 31, 2014, the above undertaking was still in the process of performance and there was no violation of the above undertaking.

Undertaking in Respect of the Placing of New H Shares under General Mandate

The Company has undertaken to its H shares placing agent that, except for (1) the issue of the 594,056,000 placing shares and save pursuant to (2) the issuance of shares or other securities (including rights or options) are issued, offered or granted to employees (including Directors) of the Company or any of its subsidiaries or any associated company of the Company pursuant to any share option scheme of the Company; (3) bonus or scrip dividend or similar arrangements which provide for the allotment of shares in lieu of the whole or part of a dividend on shares in accordance with the Articles of Association; or (4) conversion of outstanding convertible bonds already issued by the Company as at November 30, 2014, neither the Company nor any of its affiliates nor any person acting on its behalf will:

(a) issue, offer, sell, pledge, contract to sell or otherwise dispose of or grant options, issue warrants or offer rights entitling persons to subscribe or purchase any interest in any shares or other securities of the Company or any securities convertible into, exchangeable for or which carry rights to subscribe or purchase any Shares or other securities of the Company or other instruments representing interests in any Shares or other securities of the Company;

(b) enter into any swap or other agreement that transfers, in whole or in part, any of the economic consequences of the ownership of any Shares or other securities of the Company;

(c) enter into any transaction with the same economic effect as, or which is designed to, or which may reasonably be expected to result in, or agree to do, any of the foregoing, whether any such transaction of the kind described in (a), (b) or (c) above is to be settled by delivery of Shares or other securities of the Company, in cash or otherwise; or

(d) announce or otherwise make public an intention to do any of the foregoing, in any such case without the prior written consent of the H shares placing agent from November 30, 2014 until the earlier of the date of termination of the placing agreement and the expiry of 180 days from December 8, 2014.

As at December 31, 2014, the above undertaking was still in the process of performance and there was no violation of the above undertaking.

APPOINTMENT OF AUDITOR

Information of the Company's auditors and the remuneration paid to auditors are set out in the sections entitled "Report of the Board of Directors" and "Corporate Governance Report".

APPOINTMENT OF INTERNAL CONTROL AUDITOR

Information of the Company's internal control auditors and the remuneration paid to auditors are set out in the sections entitled "Report of the Board of Directors" and "Corporate Governance Report".

PUNISHMENTS IMPOSED ON THE LISTED COMPANY AND ITS DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT, SHAREHOLDERS AND DE FACTO CONTROLLERS AND RECTIFICATIONS

During the Reporting Period, the Company and its Directors, Supervisors, senior management, shareholders and de facto controllers were not subject to the inspection, administrative penalties, punishment notice by CSRC, or the public condemnation by the stock exchange.

ENTERPRISE INCOME TAX WITHHOLDING

Enterprise Income Tax Withholding of Overseas Non-Resident Enterprises

Pursuant to the applicable provisions of the Enterprise Income Tax Law of the People's Republic of China which came into effect on January 1, 2008 and its implementing rules, the Company shall be obligated to withhold 10% enterprise income tax when it distributes 2014 final dividend to non-resident enterprise holders of H shares, including Hong Kong Securities Clearing Company Nominees Limited, as listed on the Company's register of members of H shares on Monday, August 3, 2015 (the "Record Date"); after the legal opinion is provided by the resident enterprise shareholders within the stipulated time frame and upon the Company's confirmation of such opinion, the Company will not withhold any enterprise income tax when it distributes 2014 final dividend to resident enterprise holders of H shares listed on the Company's register of members of H shares on the Record Date.

If any resident enterprise (as defined in the Enterprise Income Tax Law) listed on the Company's register of members of H shares which is duly incorporated in the PRC or under the laws of a foreign country (or a region) but with a PRC-based de facto management body, does not desire the Company to withhold the said 10% enterprise income tax, it shall submit to Computershare Hong Kong Investor Services Limited at or before 4:30 p.m. on Tuesday, July 28, 2015 a legal opinion, issued by a PRC mainland qualified lawyer (inscribed with the seal of the applicable law firm), that verifies its resident enterprise status.

Individual Income Tax Withholding of Overseas Individual Shareholders

The Circular on the Questions Concerning Tax on the Profits Earned by Enterprises with Foreign Investment, Foreign Enterprises and Individual Foreigners from the Transfer of Stocks (Stock Rights) and on Dividend Income (Guo Shui Fa [1993] No. 045) was repealed on January 4, 2011, therefore individual holders of H shares who hold the Company's H shares and whose names appear on the register of members of H shares of the Company can no longer be exempted from PRC individual income tax. Upon the confirmation of the Company after having made consultation with the relevant tax authorities, and pursuant to the applicable provisions of the Individual Income Tax Law of the People's Republic of China and its implementation regulations, the individual resident shareholders outside the PRC shall pay individual income tax upon their receipt of the distributed dividends and bonus in respect of the shares issued by domestic non-foreign investment enterprises in Hong Kong, which shall be withheld by obligors on behalf of such individual shareholders by law. Those individual resident shareholders outside the PRC may, however, enjoy relevant preferential treatments in accordance with the provisions of applicable tax agreements signed between the countries where they belong to by virtue of residential identification and the PRC as well as the tax arrangements made between the Mainland China and Hong Kong (Macau).

Pursuant to the aforesaid tax regulations and the Notice of the State Administration of Taxation on Matters Concerning the Levy and Administration of Individual Income Tax after the Repeal of Guo Shui Fa [1993] No. 045 (Guo Shui Fa [2011] No. 348), the Company shall generally be obligated to withhold individual income tax at the tax rate of 10% when it distributes 2014 final dividend to individual holders of H shares appear on the Company's register of members of H shares on the Record Date. However, if stated in the tax regulations and relevant tax agreements otherwise, the Company will withhold individual income tax based on the amount of the dividend at the relevant tax rate and in accordance with the procedures as stipulated.

If individual holders appear on the Company's register of members of H shares, and who are citizens from the countries applying a tax rate of less than 10% under tax agreements, are not applicable to be withheld individual tax at the rate of 10% by the Company, the Company may handle applications on their behalf for preferential treatments as stipulated in relevant agreements pursuant to the Notice of the State Administration of Taxation on Issues about the Administrative Measures for Non-residents to Enjoy the Treatments of Tax Treaties (for Trial Implementation) (Guo Shui Fa [2009] No. 124). Qualified shareholders are required to submit to Computershare Hong Kong Investor Services Limited at or before 4:30 p.m. on Tuesday, July 28, 2015 a written authorization and relevant evidencing documents, which shall be handed on by the Company to the applicable tax authorities for approval, and then excess portion of the tax amounts withheld can be refunded.

The Company will withhold the enterprise income tax as well as the individual income tax for shareholders as required by law on the basis of the Company's register of members of H shares on the Record Date. The Company assumes no liability and will not deal with any dispute over income tax withholding triggered by failure to submit proof materials within the stipulated time frame, and holders of H shares of the Company shall either personally or appoint a representative to attend to the procedures in accordance with the applicable tax regulations and relevant provisions of the PRC.

All investors are requested to read this report carefully. Shareholders are recommended to consult their taxation advisors regarding their holding and disposing of H shares of the Company for the PRC, Hong Kong and other tax effects involved.

OTHER SIGNIFICANT EVENTS

No further significant events of the Company were required to be disclosed during the Reporting Period.

Independent Auditor's Report

To the shareholders of
Ping An Insurance (Group) Company of China, Ltd.
(incorporated in the People's Republic of China with limited liability)

We have audited the consolidated financial statements of Ping An Insurance (Group) Company of China, Ltd. ('the Company') and its subsidiaries (together, the 'Group') set out on pages 143 to 276, which comprise the consolidated and company statements of financial position as at 31 December 2014, and the consolidated statement of income, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit and to report our opinion solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

We conducted our audit in accordance with Hong Kong Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 31 December 2014, and of the Group's profit and cash flows for the year then ended in accordance with International Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 19 March 2015

Consolidated Statement of Income

For the year ended 31 December 2014

(in RMB million)	Notes	2014	2013
Gross written premiums	7	**326,423**	269,051
Less: Premiums ceded to reinsurers		**(24,660)**	(21,034)
Net written premiums	7	**301,763**	248,017
Change in unearned premium reserves		**(12,984)**	(7,818)
Net earned premiums		**288,779**	240,199
Reinsurance commission income		**7,963**	6,584
Interest income from banking operations	8	**119,422**	93,291
Fees and commission income from non-insurance operations	9	**25,643**	15,815
Investment income	10	**71,538**	55,583
Share of profits and losses of associates and jointly controlled entities		**(62)**	(264)
Other income	11	**16,737**	10,013
Total income		**530,020**	421,221
Gross claims and policyholders' benefits	12	**(242,454)**	(209,339)
Less: Reinsurers' share and policyholders' benefits	12	**14,128**	11,337
Claims and policyholders' benefits		**(228,326)**	(198,002)
Commission expenses on insurance operations		**(34,941)**	(25,390)
Interest expenses on banking operations	8	**(64,527)**	(50,861)
Fees and commission expenses on non-insurance operations	9	**(3,230)**	(1,979)
Loan loss provisions, net of reversals	13, 23	**(14,614)**	(6,709)
Foreign exchange (losses)/gains		**(191)**	(381)
General and administrative expenses		**(102,565)**	(81,753)
Finance costs		**(6,974)**	(3,202)
Other expenses		**(12,299)**	(6,720)
Total expenses		**(467,667)**	(374,997)
Profit before tax	13	**62,353**	46,224
Income tax	14	**(14,423)**	(10,210)
Profit for the year		**47,930**	36,014
Attributable to:			
– Owners of the parent		**39,279**	28,154
– Non-controlling interests		**8,651**	7,860
		47,930	36,014
		RMB	RMB
Earnings per share attributable to ordinary equity holders of the parent:			
– Basic	17	**4.93**	3.56
– Diluted	17	**4.68**	3.55

Details of the dividends proposed for the year are disclosed in Note 16 to the financial statements.

FINANCIAL STATEMENTS

Consolidated Statement of Comprehensive Income

For the year ended 31 December 2014

(in RMB million)	Note	2014	2013
Profit for the year		**47,930**	36,014
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss:			
Available-for-sale financial assets		**50,359**	(9,421)
Shadow accounting adjustments		**(9,434)**	1,094
Exchange differences on translation of foreign operations		**41**	11
Share of other comprehensive income of associates and jointly controlled entities		**(8)**	(10)
Income tax relating to components of other comprehensive income		**(10,184)**	2,114
Other comprehensive income for the year, net of tax	15	**30,774**	(6,212)
Total comprehensive income for the year		**78,704**	29,802
Attributable to:			
– Owners of the parent		**69,590**	22,930
– Non-controlling interests		**9,114**	6,872
		78,704	29,802

Consolidated Statement of Financial Position

As at 31 December 2014

(in RMB million)	Notes	31 December 2014	31 December 2013
Assets			
Cash and amounts due from banks and other financial institutions	18	**398,485**	353,331
Balances with the Central Bank and statutory deposits	19	**313,728**	237,154
Fixed maturity investments	20	**1,608,736**	1,454,637
Equity investments	21	**241,690**	157,068
Derivative financial assets	22	**4,311**	3,402
Loans and advances to customers	23	**1,053,882**	861,770
Premium receivables	24	**30,740**	24,205
Accounts receivable	25	**14,983**	8,033
Reinsurers' share of insurance liabilities	26	**15,587**	13,839
Finance lease receivable	27	**37,908**	12,985
Policyholder account assets in respect of insurance contracts	28	**42,673**	35,502
Policyholder account assets in respect of investment contracts	28	**4,577**	4,101
Investments in associates and jointly controlled entities	29	**12,898**	12,081
Investment properties	30	**17,170**	18,262
Property and equipment	31	**28,341**	18,873
Intangible assets	32	**43,032**	43,896
Deferred tax assets	43	**12,354**	15,253
Other assets	33	**124,816**	85,920
Total assets		**4,005,911**	3,360,312
Equity and liabilities			
Equity			
Share capital	34	**8,892**	7,916
Reserves	35	**181,597**	104,452
Retained profits	35	**99,075**	70,341
Including: Proposed final dividend	16	**4,570**	3,562
Equity attributable to owners of the parent		**289,564**	182,709
Non-controlling interests	35	**64,252**	56,996
Total equity		**353,816**	239,705
Liabilities			
Due to banks and other financial institutions	36	**456,153**	509,466
Other financial liabilities held for trading		**4,747**	3,692
Assets sold under agreements to repurchase	37	**99,672**	121,642
Derivative financial liabilities	22	**2,770**	2,918
Customer deposits and payables to brokerage customers	38	**1,510,448**	1,191,515
Accounts payable	39	**2,721**	2,618
Income tax payable		**10,643**	4,347
Insurance payables		**65,660**	54,359
Insurance contract liabilities	40	**1,206,816**	1,030,212
Investment contract liabilities for policyholders	41	**38,330**	38,353
Policyholder dividend payable		**28,673**	25,232
Bonds payable	42	**88,119**	56,756
Deferred tax liabilities	43	**6,160**	6,238
Other liabilities	44	**131,183**	73,259
Total liabilities		**3,652,095**	3,120,607
Total equity and liabilities		**4,005,911**	3,360,312

MA Mingzhe	**SUN Jianyi**	**YAO Jason Bo**
Director	*Director*	*Director*

FINANCIAL STATEMENTS

Consolidated Statement of Changes in Equity

For the year ended 31 December 2014

(in RMB million)	Share capital	Capital reserves	Surplus reserve funds	General reserves	Exchange differences on translation of foreign operations	Retained profits	Non-controlling interests	Total equity
	For the year ended 31 December 2014							
	Equity attributable to owners of the parent							
As at 1 January 2014	**7,916**	**82,679**	**6,982**	**14,680**	**111**	**70,341**	**56,996**	**239,705**
Profit for the year	**-**	**-**	**-**	**-**	**-**	**39,279**	**8,651**	**47,930**
Other comprehensive income for the year	**-**	**30,270**	**-**	**-**	**41**	**-**	**463**	**30,774**
Total comprehensive income for the year	**-**	**30,270**	**-**	**-**	**41**	**39,279**	**9,114**	**78,704**
Placing of new H shares	**594**	**28,248**	**-**	**-**	**-**	**-**	**-**	**28,842**
Conversion of convertible bonds	**382**	**13,615**	**-**	**-**	**-**	**-**	**-**	**13,997**
Dividend declared (Note 16)	**-**	**-**	**-**	**-**	**-**	**(5,541)**	**-**	**(5,541)**
Appropriations to surplus reserves	**-**	**-**	**488**	**-**	**-**	**(488)**	**-**	**-**
Appropriations to general reserves	**-**	**-**	**-**	**4,516**	**-**	**(4,516)**	**-**	**-**
Dividend paid to non-controlling interests	**-**	**-**	**-**	**-**	**-**	**-**	**(1,078)**	**(1,078)**
Equity transactions with non-controlling interests	**-**	**(15)**	**-**	**-**	**-**	**-**	**(1,103)**	**(1,118)**
Contributions from non-controlling interests	**-**	**(7)**	**-**	**-**	**-**	**-**	**428**	**421**
Others	**-**	**(11)**	**-**	**-**	**-**	**-**	**(105)**	**(116)**
As at 31 December 2014	**8,892**	**154,779**	**7,470**	**19,196**	**152**	**99,075**	**64,252**	**353,816**

(in RMB million)	Share capital	Capital reserves	Surplus reserve funds	General reserves	Exchange differences on translation of foreign operations	Retained profits	Non-controlling interests	Total equity
	For the year ended 31 December 2013							
	Equity attributable to owners of the parent							
As at 1 January 2013	7,916	83,794	6,982	10,861	100	49,964	50,032	209,649
Profit for the year	–	–	–	–	–	28,154	7,860	36,014
Other comprehensive income for the year	–	(5,235)	–	–	11	–	(988)	(6,212)
Total comprehensive income for the year	–	(5,235)	–	–	11	28,154	6,872	29,802
Dividend declared (Note 16)	–	–	–	–	–	(3,958)	–	(3,958)
Appropriations to general reserves	–	–	–	3,819	–	(3,819)	–	–
Dividend paid to non-controlling interests	–	–	–	–	–	–	(834)	(834)
Establishment of subsidiaries	–	–	–	–	–	–	1,097	1,097
Equity transactions with non-controlling interests	–	361	–	–	–	–	(361)	–
Issue of convertible bonds	–	3,731	–	–	–	–	–	3,731
Others	–	28	–	–	–	–	190	218
As at 31 December 2013	7,916	82,679	6,982	14,680	111	70,341	56,996	239,705

Consolidated Statement of Cash Flows

For the year ended 31 December 2014

(in RMB million)	Notes	2014	2013
Net cash flows from operating activities	50	**170,260**	227,916
Cash flows from investing activities			
Purchases of investment properties, property and equipment, and intangible assets		**(13,530)**	(10,083)
Proceeds from disposal of investment properties, property and equipment, and intangible assets		**701**	101
Proceeds from disposal of investments		**772,755**	807,206
Purchases of investments		**(1,062,364)**	(1,082,643)
Term deposits placed, net		**(8,713)**	(16,557)
Acquisition of non-controlling interests in subsidiaries		**(1,226)**	–
Acquisition and disposal of subsidiaries, net		**(1,212)**	(658)
Interest received		**82,801**	66,701
Dividends received		**4,371**	6,364
Rentals received		**1,231**	1,065
Others		**(11,703)**	(7,559)
Net cash flows used in investing activities		**(236,889)**	(236,063)
Cash flows from financing activities			
Proceeds from placing of new H shares		**28,842**	–
Capital injected into subsidiaries by non-controlling interests		**339**	1,192
Proceeds from bonds issued		**66,766**	29,600
Decrease in assets sold under agreements to repurchase of insurance operations, net		**(9,691)**	(23,339)
Proceeds from borrowed funds		**37,792**	18,890
Repayment of borrowed funds		**(45,764)**	(14,125)
Interest paid		**(7,999)**	(10,835)
Dividends paid		**(6,195)**	(4,566)
Others		**21,278**	10,070
Net cash flows from financing activities		**85,368**	6,887
Net increase/(decrease) in cash and cash equivalents		**18,739**	(1,260)
Net foreign exchange differences		**344**	(749)
Cash and cash equivalents at beginning of the year		**244,877**	246,886
Cash and cash equivalents at end of the year	49	**263,960**	244,877

Statement of Financial Position

As at 31 December 2014

(in RMB million)	Notes	31 December 2014	31 December 2013
Assets			
Cash and amounts due from banks and other financial institutions		**26,214**	10,659
Fixed maturity investments		**17,182**	15,602
Equity investments		**7,613**	8,888
Investments in subsidiaries	5	**142,367**	127,706
Property and equipment		**23**	28
Other assets		**2,471**	323
Total assets		**195,870**	163,206
Equity and liabilities			
Equity			
Share capital	34	**8,892**	7,916
Reserves	35	**136,969**	94,383
Retained profits	35	**32,678**	31,493
Total equity		**178,539**	133,792
Liabilities			
Due to banks and other financial institutions		**7,170**	6,130
Assets sold under agreements to repurchase		**-**	400
Bonds payable		**9,131**	22,188
Other liabilities		**1,030**	696
Total liabilities		**17,331**	29,414
Total equity and liabilities		**195,870**	163,206

1. CORPORATE INFORMATION

Ping An Insurance (Group) Company of China, Ltd. (the 'Company') was registered in Shenzhen, the People's Republic of China (the 'PRC') on 21 March 1988. The business scope of the Company includes investing in financial and insurance enterprises, as well as supervising and managing various domestic and overseas businesses of subsidiaries, and controlled funds. The Company and its subsidiaries are collectively referred to as the Group. The Group mainly provides integrated financial products and services and is engaged in life insurance, property and casualty insurance, trust, securities, banking and other businesses.

The registered office address of the Company is 15/F, 16/F, 17/F and 18/F, Galaxy Development Center, Fu Hua No.3 Road, Futian District, Shenzhen, Guangdong Province, China.

These consolidated financial statements are presented in millions of Renminbi ('RMB') unless otherwise stated.

2. ISSUED BUT NOT YET EFFECTIVE INTERNATIONAL FINANCIAL REPORTING STANDARDS ('IFRS')

The Group has not applied the following new and revised standards, which have been issued but are not yet effective.

IFRS9, 'Financial instruments', addresses the classification, measurement and recognition of financial assets and financial liabilities. The complete version of IFRS 9 was issued in July 2014. It replaces the guidance in IAS 39 that relates to the classification and measurement of financial instruments. IFRS 9 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortized cost, fair value through OCI and fair value through P&L. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. Investments in equity instruments are required to be measured at fair value through profit or loss with the irrevocable option at inception to present changes in fair value in OCI not recycling. There is now a new expected credit losses model that replaces the incurred loss impairment model used in IAS 39. For financial liabilities there were no changes to classification and measurement except for the recognition of changes in own credit risk in other comprehensive income, for liabilities designated at fair value through profit or loss. IFRS 9 relaxes the requirements for hedge effectiveness by replacing the bright line hedge effectiveness tests. It requires an economic relationship between the hedged item and hedging instrument and for the 'hedged ratio' to be the same as the one management actually use for risk management purposes. Contemporaneous documentation is still required but is different to that currently prepared under IAS 39. The standard is effective for accounting periods beginning on or after 1 January 2018. Early adoption is permitted. The group is yet to assess IFRS 9's full impact.

IFRS15, 'Revenue from contracts with customers' deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. Revenue is recognized when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service. The standard replaces IAS 18 'Revenue' and IAS 11 'Construction contracts' and related interpretations. The standard is effective for annual periods beginning on or after 1 January 2017 and earlier application is permitted. The Group is assessing the impact of IFRS 15.

There are no other IFRSs or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Group.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(1) BASIS OF PREPARATION

The financial statements have been prepared in accordance with IFRS which comprise standards and interpretations approved by the IASB and IFRS Interpretations Committee (IFRS IC) applicable to companies reporting under IFRS. The financial statements have been prepared under the historical cost convention, except for available-for-sale financial assets, and financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss, which have been measured at fair value and insurance contract liabilities, which have been measured primarily based on actuarial methods.

The consolidated financial statements are prepared in accordance with the applicable requirements of the predecessor Companies Ordinance (Cap. 32) for this financial year and the comparative period.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 4.

To the extent that a topic is not covered explicitly by IFRS, the IFRS framework permits reference to another comprehensive body of accounting principles, and therefore the Group has chosen to refer to the accounting practices currently adopted by insurance companies reporting under Accounting Standards for Business Enterprises ('PRC Accounting Standards').

(2) CHANGES IN ACCOUNTING POLICIES AND ESTIMATES

Changes in accounting policies

The Group has adopted the following new/revised standards for the first time for the current year's financial statements.

- *IAS 32 (revised) 'Financial instruments: Presentation on offsetting financial assets and financial liabilities'*

This amendment clarifies that the right of set-off must not be contingent on a future event. It must also be legally enforceable for all counterparties in the normal course of business, as well as in the event of default, insolvency or bankruptcy. The amendment also considers settlement mechanisms.

- *IAS 39 (revised) 'Financial instruments: Recognition and measurement'*

Amendment to IAS 39, 'Financial instruments: Recognition and measurement' on the novation of derivatives and the continuation of hedge accounting. This amendment considers legislative changes to 'over-the-counter' derivatives and the establishment of central counterparties. Under IAS 39 novation of derivatives to central counterparties would result in discontinuance of hedge accounting. The amendment provides relief from discontinuing hedge accounting when novation of a hedging instrument meets specified criteria.

- *IFRIC 21 'Levies'*

IFRIC 21, 'Levies', sets out the accounting for an obligation to pay a levy if that liability is within the scope of IAS 37 'Provisions'. The interpretation addresses what the obligating event is that gives rise to the payment a levy and when a liability should be recognized.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(2) CHANGES IN ACCOUNTING POLICIES AND ESTIMATES (CONTINUED)

Changes in accounting policies (continued)

The adoption of the above new/revised standards had no significant financial effect on these consolidated financial statements.

In addition, the requirements of Part 9 "Accounts and Audit" of the new Hong Kong Companies Ordinance (Cap. 622) come into operation as from the Company's first financial year commencing on or after 3 March 2014 in accordance with section 358 of that Ordinance. The Group is in the process of making an assessment of expected impact of the changes in the Companies Ordinance on the consolidated financial statements in the period of initial application of Part 9 of the new Hong Kong Companies Ordinance (Cap. 622). So far it has concluded that the impact is unlikely to be significant and only the presentation and the disclosure of information in the consolidated financial statements will be affected.

Changes in accounting estimates

Material judgment is required in determining insurance contract liabilities and in choosing discount rates/investment return, mortality, morbidity, lapse rates, policy dividend, and expenses assumptions relating to long term life insurance contracts. Such assumptions should be determined based on current information available at the end of the reporting period. The Group has changed the above assumptions based on current information available as at 31 December 2014 and updated estimate for future cash flows with the corresponding impact on insurance contract liabilities taken into the current year's statement of income. As a result of such changes in assumptions, long term life insurance policyholders' reserves were increased by RMB1,102 million as at 31 December 2014 and the profit before tax for the year 2014 was decreased by RMB1,102 million.

(3) BUSINESS COMBINATIONS AND GOODWILL

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured at the acquisition date fair value which is the sum of the acquisition date fair values of assets transferred by the Group, liabilities assumed by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree that are present ownership interests and entitle their holders to a proportionate share of net assets in the event of liquidation at fair value or at the proportionate share of the acquiree's identifiable net assets. All other components of non-controlling interests are measured at fair value. Acquisition-related costs are expensed as incurred.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, the previously held equity interest is remeasured at its acquisition date fair value and any resulting gain or loss is recognized in profit or loss.

Any contingent consideration to be transferred by the acquirer is recognized at fair value at the acquisition date. Contingent consideration classified as an asset or a liability that is a financial instrument and within the scope of IAS 39 is measured at fair value with changes in fair value either recognized in profit or loss or as a change to other comprehensive income. If the contingent consideration is not within the scope of IAS 39, it is measured in accordance with the appropriate IFRS. Contingent consideration that is classified as equity is not remeasured and subsequent settlement is accounted for within equity.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(3) BUSINESS COMBINATIONS AND GOODWILL (CONTINUED)

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred, the amount recognized for non-controlling interests and any fair value of the Group's previously held equity interests in the acquiree over the identifiable net assets acquired and liabilities assumed. If the sum of this consideration and other items is lower than the fair value of the net assets acquired, the difference is, after reassessment, recognized in profit or loss as a gain on bargain purchase.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. The Group performs its annual impairment test of goodwill as at 31 December. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

Impairment is determined by assessing the recoverable amount of the cash-generating unit (group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit (group of cash-generating units) is less than the carrying amount, an impairment loss is recognized. An impairment loss recognized for goodwill is not reversed in subsequent periods.

Where goodwill has been allocated to a cash-generating unit (or group of cash-generating units) and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on the disposal. Goodwill disposed in these circumstances is measured based on the relative value of the disposed operation and the portion of the cash-generating unit retained.

(4) BASIS OF CONSOLIDATION

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at 31 December 2014 and for the year then ended.

Subsidiaries are fully consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date when such control ceases. The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies. All intra-group balances, transactions, unrealized gains and losses resulting from intra-group transactions and dividends, are eliminated on consolidation in full.

Total comprehensive income within a subsidiary is still attributed to the non-controlling interest even if it results in a deficit balance.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(4) BASIS OF CONSOLIDATION (CONTINUED)

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- Derecognizes the assets (including goodwill) and liabilities of the subsidiary;
- Derecognizes the carrying amount of any non-controlling interest;
- Derecognizes the cumulative translation differences recorded in equity;
- Recognizes the fair value of the consideration received;
- Recognizes the fair value of any investment retained;
- Recognizes any surplus or deficit in profit or loss; and
- Reclassifies the Group's share of components previously recognized in other comprehensive income to profit or loss or retained earnings, as appropriate.

(5) SUBSIDIARIES

A subsidiary is an entity (including structured entities) over which the Group has control. The Group controls an entity when the Group has power over an entity, is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect these returns through its power over the entity. The results of subsidiaries are included in the Company's statement of income to the extent of dividends received and receivable. The Company's investments in subsidiaries are stated at cost less any impairment losses.

(6) STRUCTURED ENTITIES

A structured entity is an entity that has been designed so that voting or similar rights are not the dominant factor in deciding who controls the entity, such as when any voting rights relate to administrative tasks only, and the relevant activities are directed by means of contractual arrangements.

The Group determines whether it is an agent or a principal in relation to those structured entities in which the Group acts as an asset manager. If an asset manager is agent, it acts primarily on behalf of others and so does not control the structured entity. It may be principal if it acts primarily for itself, and therefore controls the structured entity.

The Group has determined that all of its trust products, debt investment plans, equity investment plans and asset funding plans, which are not controlled by the Group, are investments in unconsolidated structured entities. Trust products, equity investment plans and asset funding plans are managed by affiliated or unaffiliated trust companies or asset managers and invest the funds raised in loans or equities of other companies. Debt investment plans are managed by affiliated or unaffiliated asset managers and its major investment objectives are infrastructure funding projects. Trust products, debt investment plans, equity investment plans and asset funding plans finance their operations by issuing beneficiary certificates which entitle the holders to agreed stake according to contractual terms in the respective trust products', debt investment plans', equity investment plans' and asset funding plans' income.

The Group holds beneficiary certificates in each of its trust products, debt investment plans, equity investment plans and asset funding plans.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(7) ASSOCIATES

An associate is an entity, not being a subsidiary or a jointly controlled entity, in which the Group has a long term interest of generally not less than 20% of the equity voting rights and over which it is in a position to exercise significant influence.

The Group's investments in associates are stated in the consolidated statement of financial position at the Group's share of net assets under the equity method of accounting, less any impairment losses. The Group's share of post-acquisition profit or loss is recognized in the income statement, and its share of post-acquisition movements in other comprehensive income is recognized in other comprehensive income with a corresponding adjustment to the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognize further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate. Unrealized gains and losses resulting from transactions between the Group and its associates are eliminated to the extent of the Group's investments in the associates, except where unrealized losses provide evidence of an impairment of the asset transferred. Goodwill arising from the acquisition of associates is included in the carrying amount of the investment and is neither amortized nor individually tested for impairment.

The financial statements of the associates are prepared for the same reporting period as the parent company. Where necessary, adjustments are made to bring the accounting policies in line with those of the Group.

Upon application of the equity method, the Group determines whether it is necessary to recognize an additional impairment loss on the Group's investments in its associates. The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognizes the amount in the statement of income.

Upon loss of significant influence over the associate, the Group measures and recognizes any remaining investment at its fair value. Any differences between the carrying amount of the associate upon loss of significant influence and the fair value of the remaining investment are recognized in profit or loss.

The results of associates are included in the Company's statement of income to the extent of dividends received and receivable. The Company's investments in associates are treated as non-current assets and are stated at cost less any impairment losses.

(8) JOINTLY CONTROLLED ENTITIES

The Group has assessed the nature of its jointly controlled entities and determined them to be joint ventures. The Group has rights to the net assets of these jointly controlled entities. The Group's investments in its jointly controlled entities are accounted for using the equity method of accounting, less any impairment losses. Refer to Note 3. (7) for details of the equity method of accounting.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(9) FOREIGN CURRENCIES

These financial statements are presented in RMB, which is the Company's functional and presentation currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

Foreign currency transactions recorded by the entities in the Group are initially recorded using their respective functional currency rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange ruling at the end of the reporting period. Differences arising on settlement or translation of monetary items are recognized in the statement of income.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. The gain or loss arising on translation of a non-monetary item measured at fair value is treated in line with the recognition of the gain or loss on change in fair value of the item (i.e., translation difference on the item whose fair value gain or loss is recognized in other comprehensive income or profit or loss is also recognized in other comprehensive income or profit or loss, respectively).

The functional currency of most of overseas subsidiaries is the Hong Kong dollar. At the end of the reporting period, the assets and liabilities of these overseas subsidiaries are translated into the presentation currency of the Company at the exchange rates prevailing at the end of the reporting period and their statements of income are translated into RMB at the average exchange rate for the year. The resulting exchange differences are recognized in other comprehensive income and accumulated in the exchange differences on translation of foreign operations reserve. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognized in the statement of income.

For the purpose of the consolidated statement of cash flows, the cash flows of overseas subsidiaries are translated into RMB at the exchange rates ruling at the dates of the cash flows. Frequently recurring cash flows of overseas subsidiaries which arise throughout the year are translated into RMB at the weighted average exchange rate for the year.

(10) CASH AND CASH EQUIVALENTS

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand, demand deposits, current accounts with the Central Bank and short term highly liquid investments including assets purchased under reverse repurchase agreements and others which are readily convertible into known amounts of cash, are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(11) INVESTMENTS AND OTHER FINANCIAL ASSETS

Financial assets within the scope of IAS 39 are classified as financial assets at fair value through profit or loss, held-to-maturity financial assets, loans and receivables and available-for-sale financial assets, as appropriate.

The classification depends on the purpose for which the investments were acquired or originated. Financial assets are classified as at fair value through profit or loss where the Group's documented investment strategy is to manage financial investments on a fair value basis, because the related liabilities are also managed on this basis. The available-for-sale and held-to-maturity categories are used when the relevant liabilities (including shareholders' funds) are relatively passively managed and/or carried at amortized cost.

All regular way purchases and sales of financial assets are recognized on the trade date, i.e., the date the Group commits to purchase or sell the asset. Regular way purchases or sales of financial assets require delivery of assets within the time frame generally established by regulation or convention in the market place.

Financial instruments at fair value through profit or loss have two sub-categories namely financial instruments held for trading and those designated at fair value through profit or loss at inception. Financial instruments typically bought with the intention to sell in the near future are classified as held for trading. A financial instrument can only be designated at inception as at fair value through profit or loss and cannot be subsequently changed. For financial instruments designated at fair value through profit or loss, the following criteria must be met:

- the designation eliminates or significantly reduces the inconsistent treatment that would otherwise arise from measuring the assets or liabilities or recognizing the gains or losses on them on a different basis; or
- the assets and liabilities are part of a group of financial assets, financial liabilities or both which are managed and their performance evaluated on a fair value basis, in accordance with a documented risk management or investment strategy; or
- the financial asset contains an embedded derivative that needs to be separately recorded.

These financial instruments are initially recorded at fair value. Subsequent to initial recognition, they are remeasured at fair value. Fair value adjustments and realized gains and losses are recognized in the statement of income.

Financial assets at fair value through profit or loss include derivative financial instruments.

Held-to-maturity financial assets are non-derivative financial assets that comprise fixed or determinable payments and maturities of which the Group has the positive intention and ability to hold until maturity. Investments intended to be held for an undefined period are not included in this classification. These investments are initially recognized at cost, being the fair value of the consideration paid for the acquisition of the investment. All transaction costs directly attributable to the acquisition are also included in the cost of the investment. Subsequent to initial recognition, these investments are carried at amortized cost using the effective interest method and less any provision for impairment. The amortized cost is computed as the amount initially recognized minus principal repayments, plus or minus the cumulative amortization using the effective interest method of any difference between the initially recognized amount and the maturity amount. This calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums and discounts. Gains and losses are recognized in the statement of income when the investments are derecognized or impaired, as well as through the amortization process.

(11) INVESTMENTS AND OTHER FINANCIAL ASSETS (CONTINUED)

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. It includes policy loans. Loans and receivables acquired by the Group are initially recognized at cost, being the fair value of the consideration paid for the acquisition of the investment. All transaction costs directly attributable to the acquisition are also included in the cost of the investment. Subsequent to initial recognition, these investments are carried at amortized cost, using the effective interest method less any provision for impairment. Gains and losses are recognized in the statement of income when the investments are derecognized or impaired, as well as through the amortization process. Policy loans originated by the Group are carried at amortized cost.

Available-for-sale financial investments include equity and debt securities. Equity investments classified as available-for-sale are those, which are neither classified as held for trading nor designated at fair value through profit or loss. Debt securities in this category are those that are intended to be held for an indefinite period of time and which may be sold in response to needs for liquidity or in response to changes in the market conditions.

After initial recognition, available-for-sale financial assets are subsequently measured at fair value, with unrealized gains or losses recognized as other comprehensive income in the capital reserve until the asset is derecognized, at which time, the cumulative gain or loss is recognized in investment income, or until the investment is determined to be impaired, when the cumulative loss is recognized in the statement of income in investment income and removed from the capital reserve.

Reclassification of financial assets with fixed or determinable payments and fixed maturity from available for sale to held-to-maturity is permitted when the Group has the ability and intention to hold the financial asset until maturity.

For a financial asset reclassified from the available-for-sale category, the fair value at the date of reclassification becomes its new amortized cost and any previous gain or loss on that asset that has been recognized in equity is amortized to profit or loss over the remaining life of the investment using the effective interest rate ('EIR'). Any difference between the new amortized cost and the expected cash flows is also amortized over the remaining life of the asset using the EIR. If the asset is subsequently determined to be impaired, then the amount recorded in equity is reclassified to the statement of income.

(12) FINANCIAL LIABILITIES

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings, minus directly attributable transaction costs.

The Group's financial liabilities mainly include investment contracts without discretionary participation features ('DPF'), net asset value attributable to unit holders, trade and other payables, borrowings, insurance payables and derivative financial instruments.

The subsequent measurement of financial liabilities depends on their classification as follows:

Loans and borrowings

Loans and borrowings include subordinated debts. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognized in the statement of income when the liabilities are derecognized as well as through the effective interest rate amortization process. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(12) FINANCIAL LIABILITIES (CONTINUED)

Convertible bonds

Convertible bonds comprise of the liability and equity components. The liability component, representing the obligation to make fixed payments of principal and interest, is classified as liability and initially recognized at the fair value, calculated using the market interest rate of a similar liability that does not have an equity conversion option, and subsequently measured at amortized cost using the effective interest method. The equity component, representing an embedded option to convert the liability into common shares, is initially recognized in 'others' under 'Reserves' as the difference between the proceeds received from the convertible bonds as a whole and the amount of the liability component. Any directly attributable transaction costs are allocated to the liability and equity components in proportion to the allocation of proceeds.

On conversion of the bonds into shares, the amount transferred to 'Share capital' is calculated as the par value of the shares multiplied by the number of shares converted. The difference between the carrying value of the related component of the converted bonds and the amount transferred to 'Share capital' is recognized in 'share premium' under 'Reserves'.

Financial guarantee contracts

Financial guarantee contracts issued by the Group are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. The Group initially measures such contracts at fair value, being the premium received. This amount is recognized ratably over the period of the contract to fees and commission income. Subsequently, the liabilities are measured at the higher of the initial fair value less cumulative amortization recognized in the statement of income, and the fair value of the provision related to the Group's obligation under the contract.

Apart from the above financial guarantee contracts issued by the Group's banking operations which are accounted for under IAS 39, the Group has also regarded certain contracts it issued with financial guarantee element as insurance contracts and has used the accounting method applicable to insurance contracts, and accordingly has elected to apply IFRS 4 to account for such contracts (Note3. (28)).

(13) DERIVATIVE FINANCIAL INSTRUMENTS

The Group's derivative financial instruments mainly include interest rate swaps, options embedded in convertible bonds purchased by the Group, equity warrants, forward currency contracts and credit related derivatives. Derivative financial instruments are classified as held for trading unless they are designated as effective hedging instruments. All derivatives are carried as assets when the fair values are positive and as liabilities when the fair values are negative.

Embedded derivatives are treated as separate derivatives and are recorded at fair value if their economic characteristics and risks are not closely related to those of the related host contract and the host contract is not itself recorded at fair value through profit or loss. Embedded derivatives that meet the definition of insurance contracts are treated and measured as insurance contracts.

Derivative financial instruments held for trading are typically entered into with the intention to settle in the near future. These instruments are initially recorded at fair value. Subsequent to initial recognition, these instruments are remeasured at fair value. Fair value adjustments and realized gains and losses are recognized in the statement of income.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(14) FAIR VALUE OF FINANCIAL INSTRUMENTS

The fair value of financial instruments that are actively traded in organized financial markets is determined by reference to quoted market bid prices for assets and offer prices for liabilities, at the close of business at the end of the reporting period. If quoted market prices are not available, reference can also be made to broker or dealer price quotations.

For financial instruments where there is no active market, the fair value is determined by using valuation techniques. Such techniques include using recent arm's length transactions, reference to the current market value of another instrument which is substantially the same, discounted cash flow analysis and/or option pricing models. For discounted cash flow techniques, estimated future cash flows are based on management's best estimates and the discount rate used is a market related rate for similar instruments. Certain financial instruments, including derivative financial instruments, are valued using pricing models that consider, among other factors, contractual and market prices, correlation, time value of money, credit risk, yield curve volatility factors and/or prepayment rates of the underlying positions. The use of different pricing models and assumptions could produce materially different estimates of fair values.

The fair value of floating rate and overnight deposits with credit institutions is their carrying value. The carrying value is the cost of the deposit and accrued interest. The fair value of fixed interest bearing deposits is estimated using discounted cash flow techniques. Expected cash flows are discounted at current market rates for similar instruments at the end of the reporting period.

When equity investments have no quoted price in active market and their fair value cannot be reliably measured, such investments are stated at cost less any impairment losses.

(15) OFFSETTING OF FINANCIAL INSTRUMENTS

Financial assets and financial liabilities are offset and the net amount reported in the consolidated statement of financial position when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the assets and settle the liabilities simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the company or the counterparty.

(16) IMPAIRMENT OF FINANCIAL ASSETS

The Group assesses at the end of the reporting period the carrying amount of financial assets. If there is any objective evidence that a financial asset is impaired, the Group provides for such impairment losses. The objective evidence which indicates impairment of financial assets represents events actually occurring after initial recognition of financial assets which have an impact on the financial assets' estimated future cash flows, and the impact can be reliably measured.

Available-for-sale financial assets

As at the end of each reporting period, the Group evaluates each of the available-for-sale equity instruments to determine whether the investments are impaired. If objective evidence of impairment exists, the Group records an impairment loss in the statement of income equal to the difference between the cost of the instrument and the current fair value, adjusted for losses recorded in previous periods. Any unrealized gains or losses previously recognized in the available-for-sale financial assets reserve is removed and recognized in the statement of income as part of the calculation of impairment loss described above.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(16) IMPAIRMENT OF FINANCIAL ASSETS (CONTINUED)

Available-for-sale financial assets (continued)

For equity instruments, a significant or prolonged decline in the fair value of an equity instrument is objective evidence of impairment. In conducting an impairment analysis, the Group considers quantitative and qualitative evidence. More specifically, the Group collectively considers the magnitude of the decline in fair value relative to the cost, volatility, and the duration of the decline in evaluating whether a decline in fair value is significant. The Group considers the period and consistency of the decline in evaluating whether a decline in fair value is prolonged. The Group generally considers a decline of 50% or more as significant and a period of 12 months or longer is considered to be prolonged.

The Group also considers qualitative evidence that includes, but is not necessarily limited to the following:

- Significant financial difficulty of the investee, including failure to comply with contractual obligations, financial restructuring, deterioration of going concern expectations;

- Adverse changes relative to the investee's technology, market, customer base, macroeconomic indicators relative to the business, significant legal or regulatory matters.

Impairments do not establish a new cost basis and, accordingly, to the extent an impairment loss has been previously recorded due to the significant or prolonged criteria described above, any subsequent losses, including any portion attributable to foreign currency changes, are also recognized in profit or loss until the asset is derecognized.

If after an impairment loss has been recognized on an available-for-sale debt instrument, and the fair value of the debt instrument increases in a subsequent period whereby the increase can be objectively related to an event occurring after the impairment losses were recognized, the impairment loss is reversed which is recognized in profit or loss. Impairment losses recognized for equity instruments classified as available-for-sale are not reversed through profit or loss.

Financial assets carried at amortized cost

If financial assets carried at amortized cost are impaired, the carrying amount of the financial assets is reduced to the present value of estimated future cash flows (excluding future credit losses that have not been incurred) and the reduction is recognized as an impairment loss in the statement of income. The present value of estimated future cash flows shall be calculated with the financial asset's original effective interest rate and the related collateral value shall also be taken into account.

For a financial asset that is individually significant, the Group assesses the asset individually for impairment, and recognizes the amount of impairment in profit or loss. For a financial asset that is not individually significant, the Group assesses the asset individually for impairment or includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. If it is determined that no objective evidence of impairment exists for an individually assessed financial asset, whether the financial asset is individually significant or not, the financial asset is included in a group of financial assets with similar credit risk characteristics and collectively assessed for impairment. Financial assets for which an impairment loss is individually recognized are not included in the collective assessment for impairment.

After the Group recognizes an impairment loss of financial assets carried at amortized cost, if there is objective evidence that the financial assets' value restores and the restoration can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss shall be reversed and recognized in profit or loss. However, the reversal shall not result in a carrying amount of the financial asset that exceeds what the amortized cost would have been had the impairment not been recognized at the date the impairment was reversed.

(16) IMPAIRMENT OF FINANCIAL ASSETS (CONTINUED)

Financial assets carried at cost

If there is objective evidence that an impairment loss has been incurred on an unquoted equity instrument that is not carried at fair value because its fair value cannot be reliably measured, or on a derivative asset that is linked to and must be settled by delivery of such an unquoted equity instrument, the amount of loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Impairment losses on these assets are not reversed.

(17) DERECOGNITION OF FINANCIAL INSTRUMENTS

A financial asset (or, when applicable a part of a financial asset or part of a group of similar financial assets) is derecognized when:

(a) the rights to receive cash flows from the asset have expired; or

(b) the Group has transferred the asset; and either: (a) the Group has transferred substantially all the risks and rewards of the asset; or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its right to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognized to the extent of the Group's continuing involvement in the asset. In that case, the Group also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

If the obligation of a financial liability has been fulfilled, cancelled or expired, the financial liability is derecognized. If the present financial liability is substituted by the same debtor with another liability differing in substance, or the terms of the present liability have been substantially modified, this substitution or modification is treated as derecognition of a present liability and recognition of a new liability with any arising difference recognized in the statement of income.

(18) ASSETS PURCHASED UNDER REVERSE REPURCHASE AGREEMENTS AND ASSETS SOLD UNDER REPURCHASE AGREEMENTS

Assets sold under repurchase agreements continue to be recognized but a liability is presented under 'assets sold under agreements to repurchase' for the proceeds from selling such assets. The Group may be required to provide additional collateral based on the fair value of the underlying assets and such non-cash collateral assets continue to be carried on the statement of financial position at the end of the reporting period. The difference between the selling price and repurchasing price is recognized as interest expense during the term of the agreement using the effective interest method.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(18) ASSETS PURCHASED UNDER REVERSE REPURCHASE AGREEMENTS AND ASSETS SOLD UNDER REPURCHASE AGREEMENTS (CONTINUED)

The Group enters into purchases of assets under reverse repurchase agreements. Assets purchased under such agreements are not recognized. The amounts advanced under these agreements are reflected as assets purchased under reverse repurchase agreements under fixed maturity investments in the statement of financial position as loans and receivables. The Group may not take physical possession of assets purchased under such agreements. In the event of default by the counterparty to repay the loan, the Group has the right to the underlying assets. The difference between the purchasing price and reselling price is recognized as interest income during the term of the agreement using the effective interest method.

Sale of assets under repurchase agreements and purchase of assets under reserve repurchase agreements of bank and securities businesses are included in the operating activities of consolidated statement cash flows and sale of assets under repurchase agreements and purchase of assets under reserve repurchase agreements of insurance business are included in the financing activities of consolidated statement of cash flows.

(19) FINANCE LEASE RECEIVABLE AND UNEARNED FINANCE INCOME

A finance lease is a lease that transfers substantially all the risks and rewards incidental to ownership of the leased asset to the lessee. At the commencement of the lease term, the Group recognizes the minimum lease payments receivable by the Group as a finance lease receivable and records the unguaranteed residual value at the same time. The difference between (a) the aggregate of the minimum lease payments and the unguaranteed residual value and (b) their present value is recognized as unearned finance income. Financial lease receivable net of unearned finance income is recorded in the consolidated statement of financial position. Unearned finance income is amortized during the lease term using effective interest method.

(20) PRECIOUS METALS

The Group's precious metals represent gold and other precious metals. Precious metals that are not related to the Group's precious metals trading activities are initially measured at acquisition cost and subsequently measured at the lower of cost and net recoverable amount. Precious metals acquired by the Group for trading purposes are initially measured at fair value and subsequent changes in fair value are recorded in statement of income.

(21) INVESTMENT PROPERTIES

The useful life and depreciation methods are reviewed periodically to ensure that the method and period of depreciation are consistent with the expected pattern of economic benefits from the individual investment properties.

Fully depreciated assets are retained in the financial statements until they are no longer in use and no further charge for depreciation is made in respect of these assets.

Transfers to, or from, investment properties are made when, and only when, there is evidence of a change in use or the investment property is sold.

Investment properties are interests in land and buildings that are held to earn rental income and/or for capital appreciation, rather than for use in the production or supply of goods or services or for administrative purposes.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(21) INVESTMENT PROPERTIES (CONTINUED)

Investment properties are initially measured at cost, which is the fair value of the consideration given to acquire them, including transaction costs. Subsequently, all investment properties are stated at cost less accumulated depreciation and accumulated impairment losses.

Depreciation is computed on a straight-line basis, after taking into account the estimated residual value (1% to 10% of original cost), over the estimated useful lives. The estimated useful lives of investment properties vary from 20 to 40 years.

(22) PROPERTY AND EQUIPMENT

Property and equipment, other than construction in progress, are stated at cost less accumulated depreciation and any impairment losses. An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognized in the statement of income in the year the asset is derecognized is the difference between the net sales proceeds and the carrying amount of the relevant asset.

The cost of an item of property and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Expenditure incurred after items of property and equipment have been put into operation, such as repairs and maintenance, is normally charged to the statement of income in the year in which it is incurred. In situations where it can be clearly demonstrated that the expenditure has resulted in an increase in the future economic benefits expected to be obtained from the use of an item of property and equipment, and where the cost of the item can be measured reliably, the expenditure is capitalized as an additional cost of that asset or as a replacement.

Depreciation is calculated on the straight-line basis to write off the cost of each item of property and equipment to its residual value over its estimated useful life. The principal assumptions used for this purpose are as follows:

	Estimated residual values	Estimated useful lives
Leasehold improvements	–	Over the shorter of economic useful lives and terms of the leases
Buildings	1% – 10%	20 – 40 years
Equipment, furniture and fixtures	0% – 10%	3 – 15 years
Motor vehicles	1% – 10%	5 – 10 years

The useful lives and depreciation methods are reviewed periodically to ensure that the method and period of depreciation are consistent with the expected pattern of economic benefits from the items of property and equipment.

Fully depreciated assets are retained in the financial statements until they are no longer in use and no further charge for depreciation is made in respect of these assets.

(23) CONSTRUCTION IN PROGRESS

Construction in progress mainly represents costs incurred in the construction of building premises, as well as the cost of equipment pending installation, less any impairment losses.

No provision for depreciation is made on construction in progress until such time the relevant assets are completed and ready for use.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(24) INTANGIBLE ASSETS (OTHER THAN GOODWILL)

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is the fair value as at the date of acquisition. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are subsequently amortized on the straight-line basis over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at each financial year end.

Intangible assets with indefinite useful lives are tested for impairment annually either individually or at the cash-generating unit level. Such intangible assets are not amortized. The useful life of an intangible asset with an indefinite life is reviewed annually to determine whether the indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is accounted for on a prospective basis.

(a) Core deposits

Core deposits are accounts that a financial institution expects to maintain for an extended period of time due to ongoing business relationships. The intangible asset value associated with core deposits reflects the present value of additional cash flow resulted from the use of the deposits at a lower cost alternative source of funding in the future periods.

(b) Expressway operating rights

Expenditures on acquiring the expressway operating rights are capitalized as intangible assets and subsequently amortized on the straight-line basis over the contract terms.

(c) Prepaid land premiums

Prepaid land premiums are prepaid under PRC law for fixed periods. Prepaid land premiums are initially stated at cost and subsequently amortized on the straight-line basis over the lease terms. All of the Group's prepaid land premiums are related to lands located in Mainland China.

(d) Trademarks

Trademarks are initially stated at cost and subsequently amortized on the straight-line basis over the estimated useful lives.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(24) INTANGIBLE ASSETS (OTHER THAN GOODWILL) (CONTINUED)

The useful lives of intangible assets are set as below:

	Estimated useful lives
Expressway operating rights	20 – 30 years
Prepaid land premiums	40 – 50 years
Core deposits	20 years
Trademarks	20 – 40 years
Software and others (including patents and know-how, customer relationships and contract rights, etc.)	2 – 28 years

(25) FORECLOSED ASSETS

Foreclosed assets are initially recognized at fair value. The difference between the initial fair value and the sum of the related loan principal, interest receivable and impairment provision is taken into the statement of income. At the end of the reporting period, the foreclosed assets are measured at the lower of their carrying value and net recoverable amount. When the carrying value of the foreclosed assets is higher than the net recoverable amount, a provision for the decline in value of foreclosed assets is recognized in the statement of income in 'General and administrative expenses'.

(26) INVENTORIES

The Group's inventories comprise raw materials, product in progress, finished goods, other supplemental materials, etc. and lands purchased that have been set to be used to build properties for sale by real estate subsidiaries. Inventory is initially measured at cost which includes purchasing cost, processing cost and other costs which made the inventory to the present place and status.

The actual cost of inventory is priced based on moving weighted average method.

At the end of the reporting period, inventory is measured at the lower of its cost and net realizable value. If the net realizable value is lower than cost, inventory impairment provisions are allotted.

Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale and related taxes. Estimates of net recoverable amount are based on the most reliable evidence available at the time the estimates are made, also taking into consideration the purpose for which the inventory is held and the influence after the end of the reporting period.

Inventory impairment provisions should be accrued when the cost of individual inventory item is higher than its net realizable value.

After allotting inventory impairment provisions, if the influencing factors of previous inventory impairment provisions have disappeared, and hence the net realizable value of the inventories are higher than their book values, the previous written down amount should be recovered and the reversed amount which is within the amount of original allotted inventory impairment provisions should be included in current profit and loss.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(27) IMPAIRMENT OF NON-FINANCIAL ASSETS

The Group assesses at each reporting date whether there is an indication that a non-financial asset other than deferred tax assets may be impaired. If any such indication exists, or when annual impairment testing for a non-financial asset is required, the Group makes an estimate of the asset's recoverable amount. A non-financial asset's recoverable amount is the higher of the asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs. Where the carrying amount of a non-financial asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to disposal, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded subsidiaries or other available fair value indicators.

For non-financial assets other than goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such an indication exists, the Group makes an estimate of the recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such a reversal is recognized in the statement of income.

Goodwill is reviewed for impairment, annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. Impairment is determined by assessing the recoverable amount of the cash-generating unit (or group of cash-generating units), to which the goodwill relates. The recoverable amount is the higher of its fair value less costs to disposal and its value-in-use, determined on an individual asset (or cash-generating unit) basis, unless the individual asset (or cash-generating unit) does not generate cash flows that are largely independent from those of other assets or groups of assets (or groups of cash-generating units). Impairment losses recognized in relation to goodwill are not reversed for subsequent increases in its recoverable amount.

Intangible assets with indefinite useful lives are tested for impairment annually at each year end either individually or at the cash-generating unit level, as appropriate.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(28) INSURANCE GUARANTEE FUND

According to the 'Administrative Regulations on the Insurance Guarantee Fund' (Baojianhuiling [2008] No.2), the Group calculates the insurance guarantee fund as follows:

- 0.8% of the premium income for non-investment type property insurance, 0.08% of the consideration received for investment type property insurance with guaranteed return, and 0.05% of the consideration received for investment type property insurance without guaranteed return;
- 0.15% of the consideration received for life insurance with guaranteed return, and 0.05% of the consideration received for life insurance without guaranteed return;
- 0.8% of the premium income for short term health insurance, and 0.15% of the premium income for long term health insurance; and
- 0.8% of the premium income for non-investment type accident insurance; 0.08% of the consideration received for investment type accident insurance with guaranteed return, and 0.05% of the consideration received for investment type accident insurance without guaranteed return.

No additional provision is required when the accumulated insurance guarantee fund balances of Ping An Life Insurance Company of China, Ltd. ('Ping An Life'), Ping An Annuity Insurance Company of China, Ltd. and Ping An Health Insurance Company of China, Ltd. reach 1% of their respective total assets. For Ping An Property & Casualty Insurance Company of China, Ltd. ('Ping An Property & Casualty'), no additional provision is required when the accumulated balance reaches 6% of its total assets. Insurance guarantee fund levy is charged to expenses as incurred.

The revenue and premium income used in the calculation of the insurance guarantee fund is the amount agreed in the insurance policies.

(29) INSURANCE CONTRACTS

Insurance contracts are those contracts under which the Group has accepted significant insurance risk from the policyholders by agreeing to compensate the policyholders if a specified uncertain future event (the insured event) adversely affects the policyholders. Insurance contracts are classified as direct insurance contracts and reinsurance contracts. The significance of insurance risk as determined by the Group is mainly dependent on the magnitude of its potential effect.

Some insurance contracts contain both an insurance component and a deposit component. The Group chooses to unbundle those components, if the insurance component and the deposit component are distinct and separately measurable. The unbundled insurance component is accounted for according to IFRS 4 and the unbundled deposit component is accounted for according to relevant accounting policies. If the insurance component and the deposit component are not distinct and separately measurable, the whole contract is accounted for as an insurance contract.

(30) SIGNIFICANT INSURANCE RISK TESTING

For other insurance contracts issued by the Group, tests are performed to determine if the contracts contain significant insurance risk, and contracts of similar nature are grouped together for this purpose. When performing the significant insurance risk test, the Group makes judgments in sequence as to whether the contract transfers insurance risk, whether the contract has commercial substance, and whether the transferred insurance risk is significant.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(31) INSURANCE CONTRACT LIABILITIES

The insurance contract liabilities of the Group include long term life insurance policyholders' reserves, unearned premium reserves and claim reserves.

When measuring insurance contract liabilities, the Group classifies insurance contracts whose insurance risks are of similar nature as a measurement unit. Property and casualty and short term life insurance policies are grouped into certain measurement units by lines of business. For long term life insurance policies, the Group mainly considers the characteristics of the policies, including product type, gender, age, and durations of policies, when determining the measurement units.

Insurance contract liabilities are measured based on a reasonable estimate of amount of payments when the Group fulfils the relevant obligations under the insurance contracts, which represents the difference between expected future cash outflows and inflows under such contracts, i.e., the expected future net cash outflows.

- Expected future cash outflows represent reasonable cash outflows which are necessary for the Group to fulfill the obligations under the insurance contracts (including benefits attributable to the policyholders), and mainly include:
  - Guaranteed benefits under the insurance contracts, including claims, mortality benefits, disability benefits, morbidity benefits, survival benefits and maturity benefits;
  - Non-guaranteed benefits under the insurance contracts arising from constructive obligations, including policyholder dividends, etc;
  - Reasonable expenses necessary for policy administration and claims handling, including policy maintenance expenses, claim expenses, etc.
- Expected future cash inflows represent cash inflows arising from assuming liabilities under the insurance contracts, including premium income and other charges.

A reasonable estimate of expected future net cash flows is determined based on information currently available as at the end of the reporting period.

Margins are considered and separately measured in determining insurance contract liabilities. Margins are released in the statement of income over the insurance coverage period using systematic and reasonable methods. Margins include risk margin and residual margin.

- Risk margin represents provision for the uncertainty associated with the future net cash flows. The Group determines risk margins of the long term life insurance policyholders' reserves using the scenario comparison method. The unfavorable scenarios are determined according to the uncertainty and impact of expected net cash outflows.
- At inception of an insurance contract, any 'day-one' gain is not recognized in the statement of income, but included in the insurance contract liabilities as a residual margin. The residual margin is calculated net of certain acquisition costs, mainly consisting of commission expenses on insurance operations. At inception of an insurance contract, any 'day-one' loss is recognized in the statement of income. Any residual margin is subsequently measured based on the assumptions of the years when the policies become effective, and will not be adjusted for future change in assumptions. For non-life insurance contracts, the Group amortizes the residual margin on a time basis during the whole insurance coverage period and records it in profit or loss. For life insurance contracts, the Group amortizes the residual margin on the basis of the sums insured or the number of policies during the whole insurance coverage period.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(31) INSURANCE CONTRACT LIABILITIES (CONTINUED)

When measuring insurance contract liabilities, the time value of money is considered. The related future cash flows are discounted when the impact of time value of money is significant. For short duration contracts whose duration is within one year, the cash flows are not discounted. The discount rates used in the measurement of time value of money is determined with reference to information currently available as at the end of the reporting period and is not locked.

When measuring insurance contract liabilities, the expected period of future net cash outflows is the entire insurance period. For insurance policies with a guaranteed renewal option, the expected period is extended to the date when the option to renew policy ceases if the probability that the policyholders may execute the option is high and the Group does not have the right to reprice the premium.

Unearned premium reserves

The unearned premium reserves are provided for unexpired insurance obligations of property and casualty and short term life insurance contracts.

Unearned premium reserves are measured using the unearned premium approach. At inception of the insurance contracts, unearned premium reserves are measured based on written premiums, with deductions made for commissions, business tax, insurance guarantee fund, regulatory charges and other incremental costs. Subsequent to initial recognition, unearned premium reserves are measured on a 1/365 basis.

Claim reserves

Claim reserves are insurance contract liabilities provided for insurance claims of the property and casualty and short term life insurance contracts. Claim reserves include incurred and reported reserves, incurred but not reported ('IBNR') reserves and claim expense reserves.

Incurred and reported reserves are measured at amounts not higher than the sum insured of the insurance contracts, using the case-by-case estimate method and average claim per case method, based on a reasonable estimate of ultimate claim amounts as well as margins.

IBNR are measured according to the nature and distribution of insurance risks, claims development, experience data, etc., using the chain ladder method, the Bornhuetter-Ferguson method, the loss ratio method and the average claim per case method, based on a reasonable estimate of ultimate claim amounts as well as margins.

Claim expense reserves are measured based on a reasonable estimate of ultimate necessary claim expenses in the future by using the case-by-case estimate method and ratio allocation method as well as margins.

Long term life insurance policyholders' reserves

Long term life insurance policyholders' reserves are insurance contract liabilities provided for long term life and health insurance contracts.

The Group determines risk margins of the long term life insurance policyholders' reserves using the scenario comparison method. The unfavorable scenarios are determined according to the uncertainty and impact of expected net cash outflows.

The key assumptions used in the measurement of long term life insurance policyholders' reserves include insurance accident occurrence rates, lapse and surrender rates, expense assumptions, policy dividend assumptions, discount rate, etc. In deriving these assumptions, the Group uses information currently available as at the end of the reporting period. Changes in assumptions are recognized immediately in the statement of income.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(31) INSURANCE CONTRACT LIABILITIES (CONTINUED)

Liability adequacy test

At the end of each reporting period, liability adequacy tests are performed on the unearned premium reserves, claim reserves and long term life insurance policyholders' reserves. If the insurance contract liabilities re-calculated with the insurance actuarial methods exceeds their carrying amounts on date of the liability adequacy test, an additional provision is made for the respective insurance contract liabilities based on the difference and charged in the statement of income. Otherwise, no adjustment is made for the respective insurance contract liabilities.

(32) DPF IN LONG TERM LIFE INSURANCE CONTRACTS AND INVESTMENT CONTRACTS

Some of the Group's long term life insurance contracts and investment contracts contain a discretionary participating feature, which is a contractual right to receive additional benefits as a supplement to guaranteed benefits. These contracts are collectively called participating contracts. Under the current PRC insurance regulations, the Group is obligated to pay to the policyholders of participating contracts at least 70% of the distributable surplus in each period, which includes net investment spread arising from the assets supporting these contracts and mortality gains or losses on the pool of contracts to which the participating contract belongs. The amounts to be collectively allocated to the policyholders are referred to as the eligible surplus. The amount and timing of the subsequent distribution of the eligible surplus to individual policyholders of participating contracts is subject to future declarations by the Group. As long as the eligible surplus has not been declared and paid, it is included in the long term life insurance policyholders' reserves and investment contract reserves. To the extent that there is a subsequent change in the expected future eligible surplus due to realized and unrealized gains, which may be paid to policyholders of participating insurance contracts in the future under the policy terms, such a change in surplus is included in long term life insurance policyholders' reserves and investment contract reserves.

A shadow accounting adjustment is applied to recognize the change in surplus in other comprehensive income to the extent that such change is derived from unrealized gains or losses on supporting assets recognized directly in other comprehensive income.

(33) INVESTMENT CONTRACTS

Insurance policies that are not considered insurance contracts under IFRS 4 are classified as investment contracts. These policies do not contain significant insurance risk.

- Premium receipts are recognized not as premium income, but rather as liabilities, presented as investment contract liabilities. For those non-life investment type policies without guaranteed benefits, the related contract liabilities are measured at fair value and the related transaction costs are recognized in the statement of income. For other investment contracts, the related liabilities are initially measured at fair value and subsequently measured at amortized cost. Commissions, net of receipts from initial charges that are meant to compensate such costs, are recognized as transaction costs in the initial amount of the liabilities.

- Charges including policy administration fees are recognized as other income during the period of service provided.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(34) INVESTMENT-LINKED BUSINESS

The individual investment-linked contracts of the Group contain significant insurance risks and are classified as insurance contracts. These policies also contain both insurance components and deposit components. The deposit components are unbundled from these hybrid insurance contracts. The rest of the contracts are accounted for as insurance contracts. The group investment-linked contracts of the Group that do not contain significant insurance risks are classified as investment contracts.

The assets and liabilities related to investment-linked contracts which are regarded as insurance contracts are presented as policyholder account assets and liabilities in respect of insurance contracts. The assets and liabilities related to investment-linked contracts which are regarded as investment contracts are presented as policyholder account assets and liabilities in respect of investment contracts. The assets and liabilities of each investment-linked fund are segregated from each other and from the rest of the Group's invested assets for record keeping purposes. As the investment risks of investment-linked contracts were fully borne by policyholders, the assets and liabilities related to investment-linked contracts were not included in the analysis of risk management in Note 46.

The group investment-linked contracts and the deposit component unbundled from the above individual investment-linked insurance contracts are accounted for as follows:

- ▶ Premium receipts are recognized not as premium income, but rather as liabilities, presented in policyholder account liabilities. These liabilities are initially measured and subsequently carried at fair value. Commissions, net of receipts from initial charges that are meant to compensate such costs, are recognized as transaction costs in the statement of income.
- ▶ Charges including account management fees and surrender charges are calculated at a fixed amount or certain percentage of policy account liabilities. Account management fees are recognized as other income during the period of service provided and surrender charges are recognized as other income as incurred.
- ▶ Assets of investment-linked contracts are initially measured and subsequently carried at fair value, presented as policyholder account assets.

(35) UNIVERSAL LIFE BUSINESS

The universal life contracts of the Group contain significant insurance risks and are classified as insurance contracts. These policies also contain both insurance components and deposit components. The deposit components are separated from these hybrid insurance contracts. The rest of the contracts are accounted for as insurance contracts as described in Note 3. (31).

The deposit components separated from the above universal life insurance contracts are accounted for as follows:

- ▶ Premium receipts are recognized not as premium income, but rather as liabilities, presented in policyholder contract deposits. These liabilities are initially measured at fair value and subsequently measured using a discounted cash flow model. Commissions, net of receipts from initial charges that are meant to compensate such costs, are recognized as transaction costs in the initial amount of the liabilities.
- ▶ Fair value changes on available-for-sale financial assets related to the universal life insurance portfolio are recognized in other comprehensive income. Changes in the insurance liabilities for the universal life insurance portfolio is also recognized in other comprehensive income to the extent that such change is derived from fair value changes on available-for-sale financial assets related to the universal life insurance portfolio attributable to policyholders.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(36) PROVISIONS

A provision is recognized when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation. When the effect of discounting is material, the amount recognized is the present value at the end of the reporting period of the future expenditures expected to be required to settle the obligation.

Except for contingent considerations deriving from or contingent liabilities assumed in business combinations, contingent liabilities are recognized as provisions if the following conditions are met:

- An entity has a present obligation as a result of a past event;
- It is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and
- A reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision shall be the best estimate of the expenditure required to settle the present obligation at the end of the reporting period with the consideration of risks, uncertainties and the present value. Provisions shall be reviewed at the end of each reporting period and adjusted to reflect the current best estimate.

(37) REVENUE RECOGNITION

Revenue is recognized when it is probable that the economic benefits associated with the transaction will flow to the Group and the amount of the revenue can be measured reliably. The Group's main revenue is recognized on the following bases:

(a) Gross premium

Premium income and reinsurance premium income is recognized when the insurance contracts are issued, related insurance risk is undertaken by the Group, it is probable that related economic benefits will flow to the Group and related income can be reliably measured.

Premiums from long term life insurance contracts with installment or single payments are recognized as revenue when due. Premiums from property and casualty and short term life insurance contracts are recognized as revenue based on the amount of total premium stated in the contracts.

Reinsurance premiums are recognized as revenue in accordance with the terms stated in the reinsurance contracts. Accounting policies for reinsurance contracts are described in Note 3. (38).

(b) Income from investment contracts

Revenues from investment contracts issued by the Group are charged fees for policy administration, investment management, surrenders or other contract services. The fees may be for fixed amounts or vary with the amounts being managed, and will generally be charged as an adjustment to the policyholder's balance. The fees are recognized as revenue in the period in which they are due unless they relate to services to be provided in future periods which would be deferred and recognized as the service is provided. Initiation and other front-end fees are charged for certain investment contracts recorded at amortized cost and are recognized through an adjustment to the effective yield.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(37) REVENUE RECOGNITION (CONTINUED)

(c) Interest income

Interest income for interest bearing financial instruments, is recognized in the statement of income using the effective interest rate method. When a financial asset is impaired, the Group reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income.

(d) Fees and commission income of non-insurance operations

The Group earns fees and commission income of non-insurance operations from a diverse range of services it provides to its customers. Fee income can be divided into the following main categories:

Fee income earned from services that are provided over a certain period of time

Fees earned from the provision of services over a period of time are accrued over that period. These fees include investment fund administration fees, custodian fees, fiduciary fees, credit related fees, asset management fees, portfolio and other management fees, advisory fees, etc. However, loan commitment fees for loans that are likely to be drawn down are deferred (together with any incremental costs) and recognized as an adjustment to the effective interest rate on the loan.

Fee income from providing transaction services

Fees arising from negotiating or participating in the negotiation of a transaction for a third party, such as the arrangement of the acquisition of shares or other securities or the purchase or sale of businesses, are recognized on the completion of the underlying transaction. Fees or components of fees that are linked to a certain performance are recognized after fulfilling the corresponding criteria. These fees may include underwriting fees, corporate finance fees, brokerage fees. Loan syndication fees are recognized in the statement of income when the syndication has been completed and the Group retains no part of the loans for itself or retains part at the same effective interest rate as for the other participants.

(e) Dividend income

Dividend income is recognized when the right to receive dividend payment is established.

(f) Expressway toll fee income

Expressway toll fee income is recognized upon the completion of services.

(g) Sale of goods

Revenue from the sale of goods is recognized when the significant risks and rewards of ownership have been transferred to the buyer, provided that the Group maintains neither managerial involvement to the degree usually associated with ownership, nor effective control over the goods sold.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(38) REINSURANCE

The Group undertakes inward and outward reinsurance in the normal course of operations. All of the reinsurance business of the Group has significant insurance risk transfer.

Outward reinsurance business

Outward reinsurance arrangements do not relieve the Group from its obligations to policyholders. When recognizing premium income from insurance contracts, the Group calculates to determine the amount of premium ceded and reinsurers' share of expenses and recognize them through profit or loss according to reinsurance contracts. When calculating unearned premium reserves, claim reserves and long term life policyholders' reserves of insurance contracts, the Group estimates the reinsurance related cash flows according to the reinsurance contracts, considers the risk margin when determining the amount of insurance contract reserves to be recovered from reinsurers, and recognizes reinsurers' share of insurance contract liabilities. When insurance contract liabilities are reduced for actual payment of claims and claim expenses, reinsurers' share of insurance contract liabilities are reduced accordingly. In the meantime, the Group calculates to determine the amount of claim expenses to be recovered from the reinsurers according to the reinsurance contracts and recognizes the amount through profit or loss. When there is an early termination of an insurance contract, the Group calculates to determine the adjustment amount of premium ceded and reinsurers' share of expenses according to the reinsurance contracts and recognizes the amount through profit or loss, and the balance of reinsurers' share of insurance contract liabilities is reversed accordingly.

As a cedent, the Group presents in the statement of financial position the assets arising from reinsurance contracts and the liabilities arising from insurance contracts separately instead of offsetting the assets and liabilities. The Group also presents in the statement of income the income derived from reinsurance contracts and the expenses incurred for insurance contracts separately instead of offsetting the income and expenses.

Inward reinsurance business

During the period of recognizing reinsurance premium income, the Group determines reinsurance expenses according to the reinsurance contracts and recognizes the expenses through profit or loss. As for profit commission, the Group recognizes it as a reinsurance expense through profit or loss according to the reinsurance contracts when it is feasible to determine the amount of profit commission to be paid to the reinsurers.

Upon receipt of the statement of the reinsurance business, the Group adjusts the reinsurance premium income and reinsurance expenses, and then recognizes the adjusted amounts through profit or loss according to the ceding company statements.

(39) POLICYHOLDER DIVIDENDS

Policyholder dividends represent dividends paid by the Group to policyholders in accordance with the terms of direct insurance contracts. The dividends are calculated and provided based on the dividend allocation method and the results of actuarial valuation.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(40) OPERATING LEASES

Leases where substantially all the rewards and risks of ownership of assets remain with the lessor are accounted for as operating leases.

Where the Group is the lessor, assets leased by the Group under operating leases are included in investment properties and rentals receivable under such operating leases are credited to the consolidated statement of income on the straight-line basis over the lease terms.

Where the Group is the lessee, rentals payable under operating leases are charged to the consolidated statement of income on the straight-line basis over the lease terms. The aggregate benefit of incentives provided by the lessor is recognized as a reduction in rental expenses over the lease terms on the straight-line basis.

(41) EMPLOYEE BENEFITS

(a) Pension obligations

The employees of the Group are mainly covered by various defined contribution pension plans. The Group makes and accrues contributions on a monthly basis to the pension plans, which are mainly sponsored by the related government authorities that are responsible for the pension liability to retired employees. Under such plans, the Group has no other significant legal or constructive obligations for retirement benefits beyond the said contributions, which are expensed as incurred. Certain employees are also provided with group life insurance but the amounts involved are insignificant.

(b) Housing benefits

The employees of the Group are entitled to participate in various government-sponsored housing funds. The Group contributes on a monthly basis to these funds based on certain percentages of the salaries of the employees. The Group's liability in respect of these funds is limited to the contributions payable in each period.

(c) Medical benefits

The Group makes monthly contributions for medical benefits to the local authorities in accordance with the relevant local regulations for the employees. The Group's liability in respect of employee medical benefits is limited to the contributions payable in each period.

(42) SHARE-BASED PAYMENTS

Employees of the Group receive remuneration in the form of share-based payments, whereby employees render services as consideration for equity instruments (equity-settled transactions).

The cost of equity-settled transactions is recognized, together with a corresponding increase in capital reserves in equity, over the period in which the performance and service conditions are fulfilled. The cumulative expense recognized for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(43) TAX

Income tax comprises current and deferred tax. Income tax is recognized in the statement of income, or in other comprehensive income or in equity if it relates to items that are recognized in the same or a different period directly in other comprehensive income or in equity.

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities.

Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognized for all taxable temporary differences, except:

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in jointly controlled entities, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, the carry-forward of unused tax credits and any unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry-forward of unused tax credits and unused tax losses can be utilized, except:

- when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in jointly controlled entities, deferred tax assets are only recognized to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Conversely, previously unrecognized deferred tax assets are reassessed by the end of each reporting period and are recognized to the extent that it is probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the end of the reporting period.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(44) DIVIDENDS

Final dividends proposed by the directors are classified as a separate allocation of retained profits within the equity section of the statement of financial position, until they have been approved by the shareholders in a general meeting. When these dividends have been approved by the shareholders and declared, they are recognized as a liability.

Interim dividends are simultaneously proposed and declared, because the Company's memorandum and articles of association grant the directors the authority to declare interim dividends. Consequently, interim dividends are recognized immediately as a liability when they are proposed and declared.

(45) RELATED PARTIES

A party is considered to be related to the Group if:

(a) the party is a person or a close member of that person's family and that person:

(i) has control or joint control over the Group;

(ii) has significant influence over the Group; or

(iii) is a member of the key management personnel of the Group or of a parent of the Group;

or

(b) the party is an entity where any of the following conditions applies:

(i) the entity and the Group are members of the same group;

(ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);

(iii) the entity and the Group are joint ventures of the same third party;

(iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;

(v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;

(vi) the entity is controlled or jointly controlled by a person identified in (a); and

(vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(46) SEGMENT REPORTING

For management purposes, the Group is organized into operating segments based on the internal organization structure, management requirements and internal reporting. The reportable segments are determined and disclosed based on operating segments and the presentation is consistent with the information reported to the Board of Directors.

Operating segments refer to the Group's component that satisfies the following conditions:

(1) The component produces income and expenses in its daily operation;

(2) The management of the Company regularly assesses the operating results of its business units for the purpose of making decisions about resources allocations and performance assessment;

(3) The Group is able to obtain the accounting information such as the financial position, operating results and cash flows of the component.

Two or more operating segments can be merged as one if they have similar characteristics and satisfy certain conditions.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS IN APPLYING ACCOUNTING POLICIES

The Group makes estimates and judgments that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities in these financial statements. Estimates and judgments are continually assessed based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

In the process of applying the Group's accounting policies, management has made the following judgments and accounting estimation, which have the most significant effect on the amounts recognized in the financial statements.

(1) CLASSIFICATION OF FINANCIAL ASSETS

Management makes significant judgments on the classification of financial assets. Different classifications would affect the accounting treatment and the Group's financial position and operating results, as described in Note 3. (11).

(2) CLASSIFICATION AND UNBUNDLING/SEPARATION OF INSURANCE CONTRACTS AND SIGNIFICANT INSURANCE RISK TESTS

The Group makes significant judgments on whether a written policy contains both an insurance component and a deposit component and whether the insurance component and deposit component are distinct and separately measurable. Such judgment affects the unbundling/separation of insurance contracts.

The Group makes significant judgments on whether the contract transfers insurance risk, whether transfer of insurance risk has commercial substance, and whether the transferred insurance risk is significant when performing significant insurance risk tests. Such judgment affects the classification of insurance contracts.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS IN APPLYING ACCOUNTING POLICIES (CONTINUED)

(2) CLASSIFICATION AND UNBUNDLING/SEPARATION OF INSURANCE CONTRACTS AND SIGNIFICANT INSURANCE RISK TESTS (CONTINUED)

When determining whether the policies transfer a significant insurance risk, the Group makes the following judgments for different policies:

- If the insurance risk ratio of a non-annuity policy is equal or greater than 5% at one or more points in time during the policy coverage period, the Group classifies it as an insurance contract. The insurance risk ratio of a direct insurance policy is the percentage of the benefits to be paid when the insured event occurs divided by the amounts to be paid when the insured event does not occur minus 100%;

- Annuity policies where the longevity risk is transferred are classified as insurance contracts;

- If a property and casualty insurance or a short term life insurance policy obviously meets the criteria for significant insurance risk transfer, the Group directly classifies it as an insurance contract.

When determining whether a reinsurance policy transfers significant insurance risks, judgment is made on a comprehensive understanding of the commercial substance of the reinsurance policy and other relevant contracts and agreements. If the reinsurance risk ratio of the reinsurance policy is greater than 1%, the Group classifies it as a reinsurance contract. The reinsurance risk ratio of a reinsurance policy is derived from the present value of probability-weighted average net losses where the reinsurer incurs a net loss divided by expected premium income of the reinsurer. If a reinsurance policy obviously transfers a significant insurance risk, the Group directly classifies it as a reinsurance contract without calculating the reinsurance risk ratio.

When performing significant insurance risk testing, the Group would group all policies of the same product with similar risk characteristics into the same portfolio. The Group would then select representative policy samples from each policy portfolio to perform individual testing.

The unbundling/separation and classification of insurance contracts would affect the Group's revenue recognition, liability measurement and financial statement presentation.

(3) MEASUREMENT UNIT FOR INSURANCE CONTRACTS

The Group makes significant judgments on whether a group of insurance contracts' insurance risks are of the same nature. Different measurement units would affect the measurement of insurance contract liabilities.

(4) IMPAIRMENT OF AVAILABLE-FOR-SALE EQUITY INVESTMENTS

The Group considers that impairment provision is needed for an available-for-sale equity investment when there is a significant or prolonged decline in fair value of that security below its cost. Management exercises judgment when determining conditions that are considered 'significant or prolonged'. Refer to Note 3. (16) for the factors which the Group considers when making such judgment.

(5) VALUATION OF INSURANCE CONTRACT LIABILITIES

At the end of the reporting period, when measuring the insurance contract liabilities, the Group needs to make a reasonable estimate of amounts of the payments which the Group is required to make in fulfilling the obligations under the insurance contracts, based on information currently available at the end of the reporting period.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS IN APPLYING ACCOUNTING POLICIES (CONTINUED)

(5) VALUATION OF INSURANCE CONTRACT LIABILITIES (CONTINUED)

At the end of the reporting period, the Group shall make an estimate of the assumptions used in the measurement of insurance contract liabilities. Such assumptions shall be determined based on information currently available at the end of the reporting period. To determine these assumptions, the Group selects proper risk margins according to both uncertainties and degree of impact of expected future cash outflows.

The main assumptions used in the measurement of policyholders' reserves and unearned premium reserves are as follows:

- For long term life insurance contracts where the future insurance benefits are not affected by investment return of the underlying asset portfolio, the discount rate assumption is based on the benchmarking yield curve for the measurement of insurance contract liabilities published by China Central Depository and Clearing Co., Ltd., with consideration of the impact of the tax and liquidity premium. The current discount rate assumption for the measurement as at 31 December 2014 ranged from 3.95%-5.50% (31 December 2013: 3.69%-5.43%).

  For long term non-life insurance contracts where the future insurance benefits are not affected by investment return of the underlying asset portfolio, as the risk margin has no material impact on the reserve measurement, the discount rate assumption used is the benchmarking yield curve for the measurement of insurance contract liabilities published by China Central Depository and Clearing Co., Ltd.

  For long term life insurance contracts where the future insurance benefits are affected by investment return of the underlying asset portfolio, the discount rates are determined based on expected future investment returns of the asset portfolio backing those liabilities. The future investment returns assumption for the measurement as at 31 December 2014 ranged from 4.75%-5.50% (31 December 2013: 4.75%-5.50%).

  For short term insurance contracts liabilities whose duration is within one year, the future cash flows are not discounted.

  The discount rate and investment return assumptions are affected by the future macro-economy, capital market, investment channels of insurance funds, investment strategy, etc., and therefore subject to uncertainty.

- The Group uses reasonable estimates, based on market and actual experience and expected future development trends, in deriving assumptions of mortality rates, morbidity rates, disability rates, etc.

  The assumption of mortality rates is based on the Group's prior experience data on mortality rates, estimates of current and future expectations, the understanding of the China insurance market as well as a risk margin. The assumption of mortality rates is presented as a percentage of 'China Life Insurance Mortality Table (2000-2003)', which is the industry standard for life insurance in China.

  The assumption of morbidity rates is determined based on the Group's assumptions used in product pricing, experience data of morbidity rates, and estimates of current and future expectation as well as a risk margin.

  The assumptions of mortality and morbidity rates are affected by factors such as changes in lifestyles of national citizens, social development, and improvement of medical treatment, and hence subject to uncertainty.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS IN APPLYING ACCOUNTING POLICIES (CONTINUED)

(5) VALUATION OF INSURANCE CONTRACT LIABILITIES (CONTINUED)

- The Group uses reasonable estimates, based on actual experience and future development trends, in deriving lapse rate assumptions.

  The assumptions of lapse rates are determined by reference to different pricing interest rates, product categories and sales channels separately. They are affected by factors such as future macro-economy and market competition, and hence subject to uncertainty.

- The Group uses reasonable estimates, based on an expense study and future development trends, in deriving expense assumptions. If the future expense level becomes sensitive to inflation, the Group will consider the inflation factor as well in determining expense assumptions.

  The expense assumptions include assumptions of acquisition costs and maintenance costs. The assumption of maintenance costs also has a risk margin.

- The Group uses reasonable estimates, based on expected investment returns of participating insurance accounts, participating dividend policy, policyholders' reasonable expectations, etc. in deriving policy dividend assumptions.

  The assumption of participating insurance accounts is affected by the above factors, and hence bears uncertainty. The future assumption of life and bancassurance participating insurance with a risk margin based on a dividend rate of 85%.

- In the measurement of unearned premium reserves for the property and casualty insurance and short term life insurance business, the Group applies the cost of capital approach and the insurance industry guideline ranged from 3% to 6% to determine risk margins.

The major assumptions needed in measuring claim reserves include the claim development factor and expected claim ratio, which can be used to forecast trends of future claims so as to estimate the ultimate claim expenses. The loss development factors and expected loss ratio of each measurement unit are based on the Group's historical claim development experiences and claims paid, with consideration of adjustments to company policies like underwriting policies, level of premium rates, claim management and the changing trends of external environments such as macroeconomic regulations, and legislation. In the measurement of claim reserves, the Group applies the cost of capital approach and insurance industry guideline ranged from 2.5% to 5.5% to determine risk margins.

Material judgment is required in determining insurance contract liabilities and in choosing discount rates/investment return, mortality, morbidity, lapse rates, policy dividend, and expenses assumptions relating to long term life insurance contracts. Such assumptions should be determined based on current information available at the end of the reporting period. The Group has changed the above assumptions based on current information available as at 31 December 2014 with the corresponding impact on insurance contract liabilities taken into the current period's statement of income. The impact of such changes in assumptions is disclosed in Note 3. (2).

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS IN APPLYING ACCOUNTING POLICIES (CONTINUED)

(6) FAIR VALUE OF FINANCIAL INSTRUMENTS DETERMINED USING VALUATION TECHNIQUES

Fair value, in the absence of an active market, is estimated by using valuation techniques, mainly include market approach and income approach, reference to the recent arm's length transactions, current market value of another instrument which is substantially the same, and by using the discounted cash flow analysis and/or option pricing models.

When using valuation techniques to determine the fair value of financial instruments, the Group uses to the extent all practicable market parameters that market participants would consider in pricing, including risk-free rate, credit risk, foreign exchange rate, prices of commodity, share price and index, future volatility of financial instrument prices, risk of repayment in advance, etc. In addition, the management of the Group also estimates credit risk and market volatility for both parties of the transaction when references are lacking.

Using different valuation techniques and parameter assumptions may lead to significant differences of fair value estimations.

(7) IMPAIRMENT LOSSES OF LOANS AND ADVANCES

The Group reviews its loans and advances at each reporting date to assess whether an allowance for impairment should be recorded in the statement of income. In particular, judgment by management is required in the estimation of the amount and timing of future cash flows when determining the level of allowance required. Such estimates are based on assumptions about a number of factors and actual results may differ, resulting in future changes to the allowance.

(8) DEFERRED TAX ASSETS AND LIABILITIES

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period. Deferred income tax assets are recognized for all unused tax losses to the extent that it is probable that future taxable profit will be available against which the unused tax losses can be utilized. Significant management judgment is required to estimate the amount and timing of future taxable profit as well as the corresponding applicable tax rates so as to determine, together with the tax planning strategies, the amounts of deferred income tax assets and liabilities to be recognized. In this regard, the Group has formulated feasible tax planning strategies to facilitate recognition of deferred tax assets of approximately RMB5,303 million as at 31 December 2014 (31 December 2013: RMB5,180 million).

(9) CORPORATE INCOME TAX

Since 1 January 2009, the Group has implemented the 'Interpretation No. 2 to China Accounting Standards' and the 'Circular on the Printing and Issuing of the Regulations regarding the Accounting Treatment of Insurance Contracts' (Cai Kuai [2009] No. 15) issued by the Ministry of Finance. As the relevant tax laws and regulations have not clearly clarified how the implementation of the above accounting regulations would affect the manner in which corporate income tax would be imposed, the Group accrued the corporate income tax based on its understanding and judgment of the current prevailing tax laws and regulations when preparing the financial statements. The impact is disclosed in Note 33.

(10) DETERMINATION OF CONTROL OVER THE STRUCTURED ENTITIES

Management applies its judgment to determine whether the Group is acting as agent or principal in relation to the structured entities in which the Group acts as an asset manager. In assessing whether the Group is acting as principal, the Group considers factors such as scope of the asset manager's decision-making authority; rights held by other parties; remuneration to which it is entitled; and exposure to variability of returns from its involvement with structured entities. The Group will reassess it when the factors change.

For further disclosure in respect of the maximum risk exposure of unconsolidated structured entities in which the Group has an interest, see Note 46. (8).

5. SCOPE OF CONSOLIDATION

(1) Particulars of the Group's principal subsidiaries as at 31 December 2014 are set out below:

Name	Place of incorporation	Attributable equity interest (i)	Registered/ authorized capital (RMB unless otherwise stated)	Paid-in capital (RMB unless otherwise stated)	Principal activities	Authorized Representative
Ping An Life Insurance Company of China, Ltd.	Shenzhen	99.51%	33,800,000,000	33,800,000,000	Life insurance	DING Xinmin
Ping An Property & Casualty Insurance Company of China, Ltd. (iii)	Shenzhen	99.51%	21,000,000,000	21,000,000,000	Property and casualty insurance	SUN Jianping
Ping An Bank Co., Ltd. (ii) (iii)	Shenzhen	59.00%	11,424,894,787	11,424,894,787	Banking	SUN Jianyi
China Ping An Trust Co., Ltd.	Shenzhen	99.88%	6,988,000,000	6,988,000,000	Investment and trust	ZHANG Jinsun
Ping An Securities Company, Ltd. (iii)	Shenzhen	86.66%	5,500,000,000	5,500,000,000	Security investment and brokerage	XIE Yonglin
Ping An Annuity Insurance Company of China, Ltd. (iii)	Shanghai	99.92%	4,360,000,000	4,360,000,000	Annuity insurance	DU Yongmao
Ping An Asset Management Co., Ltd.	Shanghai	99.98%	500,000,000	500,000,000	Asset management	WAN Fang
Ping An Health Insurance Company of China, Ltd. (iii)	Shanghai	75.01%	666,577,790	666,577,790	Health insurance	WANG Tao
China Ping An Insurance Overseas (Holdings) Limited (iii)	Hong Kong	100.00%	HKD4,735,000,000	HKD4,735,000,000	Investment holding	N/A
China Ping An Insurance (Hong Kong) Company Limited	Hong Kong	100.00%	HKD490,000,000	HKD490,000,000	Property and casualty insurance	N/A
Ping An International Financial Leasing Co., Ltd. (iii)	Shanghai	100.00%	7,500,000,000	7,500,000,000	Financial leasing	FANG Weihao
Ping An of China Asset Management (Hong Kong) Company Limited	Hong Kong	100.00%	HKD145,000,000	HKD145,000,000	Asset management	N/A
Shenzhen Ping An New Capital Investment Co., Ltd.	Shenzhen	99.88%	4,000,000,000	4,000,000,000	Investment holding	TONG Kai
Ping An Real Estate Co., Ltd. (iii)	Shenzhen	99.65%	10,000,000,000	10,000,000,000	Investment management	ZOU Yimin
Ping An Technology (Shenzhen) Co., Ltd.	Shenzhen	100.00%	USD30,000,000	USD30,000,000	IT services	CHEN Xinying

5. SCOPE OF CONSOLIDATION (CONTINUED)

(1) Particulars of the Group's principal subsidiaries as at 31 December 2014 are set out below (continued):

Name	Place of incorporation	Attributable equity interest (i)	Registered/ authorized capital (RMB unless otherwise stated)	Paid-in capital (RMB unless otherwise stated)	Principal activities	Authorized Representative
Pingan Health Medical Treatment Internet Technology Co.,Ltd. (iv)	Shenzhen	69.99%	350,000,000	271,250,000	Sale of armarium	QIN Jian
Ping An Processing & Technology (Shenzhen) Co., Ltd.	Shenzhen	100.00%	USD30,000,000	USD30,000,000	IT and business process outsourcing services	CHEN Xinying
Shenzhen Wanlitong Internet Information Technology Co.,Ltd. (iv)	Shenzhen	59.99%	200,000,000	160,000,000	Sale of points	WANG Yanbin
Shenzhen Ping An Commercial Property Investment Co., Ltd. (iii)	Shenzhen	99.45%	312,000,000	312,000,000	Real estate investment	LIANG Lianchang
Ping An Futures Co., Ltd. (iii)	Guangzhou	87.77%	300,000,000	300,000,000	Futures brokerage	JIANG Xuehong
Shenzhen Ping An Real Estate Investment Co., Ltd.	Shenzhen	99.88%	1,800,000,000	1,800,000,000	Real estate investment	SONG Chengli
Shenzhen Xin An Investment Consultant Co., Ltd (iii).	Shenzhen	99.96%	1,251,363,637	1,251,363,637	Investment consulting	MO Ming
Ping An Through Consultant Co. Ltd. (iii) (Previously Ping An Channel Development Consultation Service Company of Shenzhen, Ltd.)	Shenzhen	99.98%	100,000,000	100,000,000	Consulting services	LIAO Gang
Shanghai Pingpu Investment Co., Ltd. (v)	Shanghai	99.88%	4,330,500,000	4,330,500,000	Investment management	LI Yuhang
Ansheng Investment Company Limited	British Virgin Islands	100.00%	USD50,000	USD2	Project investment	N/A
Shenzhen Ping An Financial Technology Consulting Co., Ltd. (iii)	Shenzhen	99.98%	4,256,000,000	4,256,000,000	Financial advisory services	ZHOU Tingyuan
Ping An Tradition International Currency Broking Company Ltd.	Shenzhen	66.92%	50,000,000	50,000,000	Currency brokerage	TONG Kai
Shanghai Pingan Property E-commerce Co.,Ltd. (iv)	Shanghai	79.98%	100,000,000	100,000,000	Property broker	WANG Junlang

5. SCOPE OF CONSOLIDATION (CONTINUED)

(1) Particulars of the Group's principal subsidiaries as at 31 December 2014 are set out below (continued):

Name	Place of incorporation	Attributable equity interest (i)	Registered/ authorized capital (RMB unless otherwise stated)	Paid-in capital (RMB unless otherwise stated)	Principal activities	Authorized Representative
Pingan-UOB Wealthtone Asset Management Co., Ltd.	Shenzhen	60.63%	30,000,000	30,000,000	Fund investment	LI Kenan
Ping An UOB Fund Management Company Limited	Shenzhen	60.63%	300,000,000	300,000,000	Fund raising and distribution	YANG Xiuli
Shenzhen Ping An Financial Center Development Company Ltd.	Shenzhen	99.51%	4,800,000,000	4,800,000,000	Real estate development	CHEN Kexiang
Ping An Insurance Sales Services Co., Ltd.	Shenzhen	99.98%	50,000,000	50,000,000	Sale agency of insurance	CHEN Dongqi
Ping An Chuang Zhan Insurance Sales & Service Co., Ltd. (iv)	Shenzhen	99.51%	50,000,000	50,000,000	Insurance sale	DING Keke
Reach Success International Company Limited	British Virgin Islands	100.00%	USD50,000	USD1	Project investment	N/A
Jade Reach Investment Company Limited	British Virgin Islands	100.00%	USD50,000	USD1	Project investment	N/A
Shenyang Shengping Investment Management Co., Ltd.	Shenyang	99.51%	419,000,000	419,000,000	Real estate investment	LI Wenqiang
Tongxiang Ping An Investment Co., Ltd. (iii)	Tongxiang	99.65%	500,000,000	500,000,000	Investment management	ZOU Yimin
Ping An Commercial Factoring Co., Ltd.	Shanghai	100.00%	300,000,000	300,000,000	Commercial factoring consult	CHEN Zhaoyang
Shanxi Changjin Expressway Co., Ltd.	Taiyuan	59.71%	750,000,000	750,000,000	Expressway operation	LIU Hongwu
Shanxi Jinjiao Expressway Co., Ltd.	Taiyuan	59.71%	504,000,000	504,000,000	Expressway operation	LIU Hongwu
Ping An Caizhi Investment Management Company Limited	Shenzhen	86.66%	600,000,000	600,000,000	Equity investment	XIE Yonglin
Ping An of China Securities (Hong Kong) Company Limited	Hong Kong	86.66%	HKD200,000,000	HKD200,000,000	Securities investment and brokerage	N/A

5. SCOPE OF CONSOLIDATION (CONTINUED)

(1) Particulars of the Group's principal subsidiaries as at 31 December 2014 are set out below (continued):

Name	Place of incorporation	Attributable equity interest (i)	Registered/ authorized capital (RMB unless otherwise stated)	Paid-in capital (RMB unless otherwise stated)	Principal activities	Authorized Representative
Shenzhen Xin An Micro Credit Co., Ltd.	Shenzhen	99.88%	280,000,000	280,000,000	Micro credit investment	WANG Zhaomin
Ping An Wealth Management Co., Ltd.	Shanghai	100.00%	50,000,000	50,000,000	Consulting services	ZHANG Yaohui
Ping An Financing (Tianjin) Guarantee Co., Ltd. (iii)	Tianjin	99.97%	800,000,000	800,000,000	Financing guarantee	YANG Xuelian
Shenzhen Pingan Real Estate Industrial Logistics Company Limited	Shenzhen	99.65%	200,000,000	200,000,000	Logistics	WANG Yan
Fullerton Capital International (China) Pte. Ltd. (iv) (vii)	Singapore	100.00%	SGP2	SGP2	Project investment	N/A
Fullerton Investment Credit Guarantee Co.Ltd. (iv) (vii)	Nanjing	100.00%	90,000,000	90,000,000	Credit guarantee	YONG SUK CHO
Beijing Shuangronghui Investment Co., Ltd.	Beijing	99.51%	256,323,143	256,323,143	Real estate investment	CHEN Hongbai
Chengdu Ping An Property Investment Company Co., Ltd.	Chengdu	99.51%	840,000,000	840,000,000	Real estate investment	JIN Boyang
Hangzhou Pingan Pension Industry Equity Investment Partnership Enterprise (Limited Partnership)	Hangzhou	99.65%	500,000,000	100,000,000	Investment management	WANG Yan
Hangzhou Pingjiang Investment Co., Ltd. (iii)	Hangzhou	99.51%	1,380,000,000	1,380,000,000	Real estate development	ZOU Yimin
Beijing Jingxinlize Investment Co., Ltd.	Beijing	99.51%	1,160,000,000	1,160,000,000	Real estate investment	LI Wenqiang
Anbon Allied Investment Company Limited	Hong Kong	99.51%	GBP160	-	Real estate investment	N/A
Anbon Delight Company Limited	Hong Kong	99.51%	GBP62,200,000	GBP62,200,000	Real estate investment	N/A
One Lime Street Company Limited	Hong Kong	99.51%	GBP54,700,730	GBP54,700,730	Real estate investment	N/A
Talent Bronze Limited	Hong Kong	100.00%	HKD1	-	Real estate investment	N/A
Shining Port Limited	Hong Kong	100.00%	HKD1	-	Real estate investment	N/A

5. SCOPE OF CONSOLIDATION (CONTINUED)

(1) Particulars of the Group's principal subsidiaries as at 31 December 2014 are set out below (continued):

Name	Place of incorporation	Attributable equity interest (i)	Registered/ authorized capital (RMB unless otherwise stated)	Paid-in capital (RMB unless otherwise stated)	Principal activities	Authorized Representative
Visual King Limited	Hong Kong	100.00%	HKD1	-	Real estate investment	N/A
Pingan Panhai Capital Co., Ltd. (iii)	Shenzhen	86.66%	1,000,000,000	1,000,000,000	Asset management	WANG Guandong
Shenzhen Pingke Information Consulting Co., Ltd. (iii)	Shenzhen	100.00%	1,600,000,000	1,600,000,000	Management consulting	WANG Yan
Beijing Jingping Shangdi Investment Co., Ltd. (iii)	Beijing	99.51%	45,000,000	45,000,000	Commercial real estate leasing	LI Wenqiang
Guangzhou Xinping Property Investment Co., Ltd.	Guangzhou	99.51%	50,000,000	50,000,000	Property leasing	CHE Dalong
Shanghai Jahwa (Group) Company Ltd.	Shanghai	99.88%	268,261,234	268,261,234	Production and sale of consumer chemicals	XIE Wenjian
Shanghai Jahwa United Co., Ltd. (iii) (vi)	Shanghai	26.78%	672,443,211	672,443,211	Production and sale of consumer chemicals	XIE Wenjian
Shanghai Zean Investment Management Company Limited. (iv)	Shanghai	99.51%	4,810,000,000	4,460,000,000	Asset management	ZHOU Xiaofeng
Shanghai Pingan Automobile E-commerce Co.,Ltd.	Shanghai	94.74%	63,330,000	63,330,000	E-commerce	YANG Zheng

FINANCIAL STATEMENTS

5. SCOPE OF CONSOLIDATION (CONTINUED)

(1) Particulars of the Group's principal subsidiaries as at 31 December 2014 are set out below (continued):

Notes:

(i) The above disclosed equity holdings are the sum product of direct holdings and indirect holdings.

(ii) For the year ended 31 December 2014, Ping An Bank's profit attributable to its non-controlling interest was RMB7,850 million (2013: RMB7,097 million), the dividend paid to its non-controlling interest was RMB625 million (2013: RMB415 million). As at 31 December 2014, Ping An Bank's equity attributable to its non-controlling interest was RMB53,404 million (2013: RMB45,998 million). Ping An Bank's summary financial information is disclosed in 'Segment reporting' under the 'Banking' segment.

(iii) The paid-in capital of these subsidiaries was increased in 2014.

(iv) These entities were newly established or acquired in 2014.

(v) In 2012, the parent of this company, Shenzhen Ping An New Capital Investment Co., Ltd. signed a forward contract transferring beneficial rights associated with part of the equity interests in this company to a third party when certain conditions are met in future, while retaining full rights of control, such as voting rights.

(vi) Shanghai Jahwa (Group) Company Ltd. ('Shanghai Jahwa') has de facto control over this entity. The Group acquired Shanghai Jahwa in 2012 and consequently included Shanghai Jahwa United Co., Ltd. in the scope of consolidation.

(vii) As at 25 August 2014, the Group acquired 100% equity interest in of Fullerton Capital International (China) Pte. Ltd. ('Fullerton Capital') with consideration of RMB1,500 million from Fullerton Financial Holdings Pte. Ltd. Fullerton Capital holds 100% shares of Fullerton Investment Credit Guarantee Co. Ltd., and thus the Group holds 100% equity interest in Fullerton Investment Credit Guarantee Co. Ltd. indirectly.

(viii) In 2013, the Group held 74.91% equity interest and 75.00% voting rights of Shanghai Lujiazui International Financial Assets Commodity Exchange Co., Ltd. ('Lufax') and Xishuangbanna Financial Assets Commodity Exchange Co., Ltd. ('Xijiaosuo') respectively. Through a series of equity transfer transactions and contractual arrangements in 2014, the percentage of the Group's voting rights in Lufax and Xijiaosuo were reduced to 49.99%. The Group lost control but still retained significant influence over Lufax and Xijiaosuo, after taking into consideration various factors such as the agreements between the Group and other equity owners, voting rights distribution, variable returns from the Group's involvement in these two entities and the ability to affect these returns through its power. Accordingly, in 2014, both Lufax and Xijiaosuo became associates of the Group, and were excluded from the scope of consolidation. The Group's share of profit or loss and other comprehensive income in Lufax and Xijiaosuo was recognized as investment income or loss and other comprehensive income in the consolidated financial statements under the equity method of accounting.

Other than the changes above, there are no significant changes to the scope of consolidation as at 31 December 2014 as compared to 2013.

The Company and its subsidiaries are subject to the PRC Company Law as well as various listing requirements, where applicable. Capital or asset transactions between the Company and its subsidiaries might be subject to regulatory requirements. Certain of the Company's subsidiaries are subject to regulatory capital requirements. As such, there are restrictions on the Group's ability to access or use the assets of these subsidiaries to settle the liabilities of the Group. Please refer to Note 46. (7) for detailed disclosure on the relevant regulatory capital requirements.

5. SCOPE OF CONSOLIDATION (CONTINUED)

(2) As at 31 December 2014, the Company consolidated the following principal structured entities:

Name	Attributable equity interest	Paid-in capital (RMB)	Principal activities
Huabao East Aggregated Fund Trust Scheme	99.86%	12,000,000,000	Investment in debts
Shanghai Trust Changcheng Aggregated Fund Management Scheme	59.71%	10,000,000,000	Investment in debts
Shanghai Trust Huarong Aggregated Fund Management Scheme	99.51%	9,500,000,000	Investment in debts
Liying No.22 Aggregated Fund Trust Scheme	67.52%	6,190,000,000	Investment in debts
Ping An Kunyibo Expressway Investment Project Single Fund Trust Scheme	100.00%	5,166,472,000	Investment in debts
Ping An Asset Xinxiang No.1 Assets Management Scheme	99.51%	5,000,000,000	Investment in wealth management product
Jinyao Aggregated Fund Trust Scheme	99.51%	4,090,000,000	Investment in beneficial right of equity

FINANCIAL STATEMENTS

6. SEGMENT REPORTING

Business activities of the Group are first segregated by product and type of service: insurance activities, banking activities, trust activities, securities activities and corporate activities. Due to differences in the nature of products, risks and capital allocation, insurance activities are further divided into life insurance and property and casualty insurance. The types of products and services from which reportable segments derive revenue are listed below:

- ▶ The life insurance segment offers a comprehensive range of life insurance products to individual and corporate customers, including term, whole-life, endowment, annuity, investment-linked, universal life and healthcare insurance;
- ▶ The property and casualty insurance segment offers a wide variety of insurance products to individual and corporate customers, including automobile insurance, non-automobile insurance and accident and health insurance;
- ▶ The banking segment undertakes loan and intermediary businesses with corporate customers and retail business as well as wealth management and credit card services with individual customers;
- ▶ The trust segment provides trust and investment services;
- ▶ The securities segment undertakes brokerage, trading, investment banking and asset management services; and
- ▶ The corporate segment includes the management and support of the Group's business through its strategy, risk, treasury, finance, legal, human resources functions, etc. The corporate segment derives revenue from investing activities.

Management monitors the operating results of the Group's business units separately for the purpose of making decisions with regard to resources allocation and performance assessment. Segment performance is assessed based on indicators such as net profit.

Transfer prices between operating segments are on an arm's-length basis in a manner similar to transactions with third parties.

More than 95% of the Group's revenue is derived from its operations in Mainland China. More than 95% of the Group's non-current assets are located in Mainland China.

During 2014, the Group's top five customers in respect of total income are as follows:

(in RMB million)	2014	2013
Total income from top five customers	**660**	222
Percentage of total income	**0.14%**	0.1%

6. SEGMENT REPORTING (CONTINUED)

The segment analysis as at 31 December 2014 and for the year then ended is as follows:

(in RMB million)	Life insurance	Property and casualty insurance	Banking	Trust	Securities	Corporate	Others	Eliminations	Total
Gross written premiums	183,273	143,150	-	-	-	-	-	-	326,423
Less: Premiums ceded to reinsurers	(4,619)	(20,041)	-	-	-	-	-	-	(24,660)
Change in unearned premium reserves	515	(13,499)	-	-	-	-	-	-	(12,984)
Net earned premiums	179,169	109,610	-	-	-	-	-	-	288,779
Reinsurance commission income	966	6,997	-	-	-	-	-	-	7,963
Interest income from banking operations	-	-	119,371	-	-	-	-	51	119,422
Fees and commission income from non-insurance operations	-	-	19,772	4,294	2,214	-	2,631	(3,268)	25,643
Including: Inter-segment fees and commission income from non-insurance operations	-	-	340	159	6	-	2,763	(3,268)	-
Investment income	55,486	6,949	2,779	1,661	1,783	1,672	3,616	(2,408)	71,538
Including: Inter-segment investment income	2,015	82	-	41	37	3	230	(2,408)	-
Share of profits and losses of associates and jointly controlled entities	-	-	28	(24)	-	4	(70)	-	(62)
Other income	6,601	596	217	607	29	389	19,762	(11,464)	16,737
Including: Inter-segment other income	4,410	21	1	2	-	369	6,661	(11,464)	-
Total income	242,222	124,152	142,167	6,538	4,026	2,065	25,939	(17,089)	530,020
Claims and policyholders' benefits	(165,154)	(63,172)	-	-	-	-	-	-	(228,326)
Commission expenses on insurance operations	(22,797)	(15,450)	-	-	-	-	-	3,306	(34,941)
Interest expenses on banking operations	-	-	(66,345)	-	-	-	-	1,818	(64,527)
Fees and commission expenses on non-insurance operations	-	-	(2,328)	(1,440)	(212)	-	-	750	(3,230)
Loan loss provisions, net of reversals	-	-	(14,614)	-	-	-	-	-	(14,614)
Foreign exchange (losses)/gains	(49)	(4)	(388)	-	-	96	154	-	(191)
General and administrative expenses	(24,025)	(33,028)	(32,743)	(1,473)	(2,121)	(685)	(13,984)	5,494	(102,565)
Finance costs	(1,511)	(238)	-	(648)	(483)	(1,489)	(2,654)	49	(6,974)
Other expenses	(9,407)	(280)	(411)	(220)	(46)	(4)	(7,914)	5,983	(12,299)
Total expenses	(222,943)	(112,172)	(116,829)	(3,781)	(2,862)	(2,082)	(24,398)	17,400	(467,667)
Profit before tax	19,279	11,980	25,338	2,757	1,164	(17)	1,541	311	62,353
Income tax	(3,590)	(3,173)	(6,191)	(558)	(240)	-	(671)	-	(14,423)
Profit for the year	15,689	8,807	19,147	2,199	924	(17)	870	311	47,930

6. SEGMENT REPORTING (CONTINUED)

The segment analysis as at 31 December 2014 and for the year then ended is as follows (continued):

(in RMB million)	Life insurance	Property and casualty insurance	Banking	Trust	Securities	Corporate	Others	Eliminations	Total
Cash and amounts due from banks and other financial institutions	202,377	54,322	116,969	3,610	19,191	26,214	16,482	(40,680)	398,485
Balances with the Central Bank and statutory deposits	7,789	3,800	302,139	-	-	-	3	(3)	313,728
Fixed maturity investments	842,436	70,429	659,470	135	27,750	17,182	5,259	(13,925)	1,608,736
Equity investments	191,705	9,657	488	21,941	3,207	7,567	12,058	(4,933)	241,690
Loans and advances to customers	9,920	-	1,016,642	11	-	-	18,147	9,162	1,053,882
Accounts receivable	-	-	9,925	-	-	-	5,058	-	14,983
Finance lease receivable	-	-	-	-	-	-	37,908	-	37,908
Investments in associates and jointly controlled entities	7,230	-	486	2,467	-	154	3,160	(599)	12,898
Others	120,870	54,143	96,330	8,464	11,730	11,080	32,194	(11,210)	323,601
Segment assets	**1,382,327**	**192,351**	**2,202,449**	**36,628**	**61,878**	**62,197**	**130,269**	**(62,188)**	**4,005,911**
Due to banks and other financial institutions	5,589	-	401,756	7,528	1,647	7,170	39,242	(6,779)	456,153
Assets sold under agreements to repurchase	55,623	1,200	22,568	2,730	17,209	-	342	-	99,672
Customer deposits and payables to brokerage customers	-	-	1,533,183	-	14,899	-	-	(37,634)	1,510,448
Accounts payable	-	-	1,883	-	-	-	838	-	2,721
Insurance payables	50,627	15,861	-	-	-	-	-	(828)	65,660
Insurance contract liabilities	1,091,033	115,783	-	-	-	-	-	-	1,206,816
Investment contract liabilities for policyholders	38,106	224	-	-	-	-	-	-	38,330
Policyholder dividend payable	28,673	-	-	-	-	-	-	-	28,673
Bonds payable	21,335	5,663	41,750	-	2,996	9,131	7,244	-	88,119
Others	13,117	11,999	71,056	14,368	14,929	1,029	33,461	(4,456)	155,503
Segment liabilities	**1,304,103**	**150,730**	**2,072,196**	**24,626**	**51,680**	**17,330**	**81,127**	**(49,697)**	**3,652,095**
Other segment information:									
Capital expenditures	7,827	492	4,355	16	98	5	1,675	(74)	14,394
Depreciation and amortization	1,469	507	2,278	16	84	9	1,068	(43)	5,388
Total other non-cash expenses charged to consolidated results	8,841	292	15,011	93	40	-	619	-	24,896

6. SEGMENT REPORTING (CONTINUED)

The segment analysis as at 31 December 2013 and for the year then ended is as follows (continued):

(in RMB million)	Life insurance	Property and casualty insurance	Banking	Trust	Securities	Corporate	Others	Eliminations	Total
Gross written premiums	153,377	115,674	–	–	–	–	–	–	269,051
Less: Premiums ceded to reinsurers	(4,447)	(16,587)	–	–	–	–	–	–	(21,034)
Change in unearned premium reserves	(11)	(7,807)	–	–	–	–	–	–	(7,818)
Net earned premiums	148,919	91,280	–	–	–	–	–	–	240,199
Reinsurance commission income	877	5,707	–	–	–	–	–	–	6,584
Interest income from banking operations	–	–	93,293	–	–	–	–	(2)	93,291
Fees and commission income from non-insurance operations	–	–	11,821	2,944	1,642	–	816	(1,408)	15,815
Including: Inter-segment fees and commission income from non-insurance operations	–	–	146	90	–	–	1,172	(1,408)	–
Investment income	45,984	5,671	974	1,189	1,076	965	1,726	(2,002)	55,583
Including: Inter-segment investment income	1,717	71	–	27	33	62	92	(2,002)	–
Share of profits and losses of associates and jointly controlled entities	(36)	–	102	28	–	(4)	(355)	1	(264)
Other income	5,262	502	241	571	40	262	11,785	(8,650)	10,013
Including: Inter-segment other income	3,691	13	–	8	–	258	4,680	(8,650)	–
Total income	201,006	103,160	106,431	4,732	2,758	1,223	13,972	(12,061)	421,221
Claims and policyholders' benefits	(142,852)	(55,150)	–	–	–	–	–	–	(198,002)
Commission expenses on insurance operations	(15,798)	(11,486)	–	–	–	–	–	1,894	(25,390)
Interest expenses on banking operations	–	–	(52,399)	–	–	–	–	1,538	(50,861)
Fees and commission expenses on non-insurance operations	–	–	(1,365)	(827)	(157)	–	(31)	401	(1,979)
Loan loss provisions, net of reversals	–	–	(6,675)	–	–	–	(34)	–	(6,709)
Foreign exchange (losses)/gains	(146)	(36)	(163)	–	7	4	(47)	–	(381)
General and administrative expenses	(19,932)	(27,928)	(26,106)	(1,204)	(1,682)	(523)	(8,782)	4,404	(81,753)
Finance costs	(1,055)	(397)	–	(225)	–	(448)	(1,099)	22	(3,202)
Other expenses	(6,643)	(237)	(80)	(37)	(278)	(8)	(3,142)	3,705	(6,720)
Total expenses	(186,426)	(95,234)	(86,788)	(2,293)	(2,110)	(975)	(13,135)	11,964	(374,997)
Profit before tax	14,580	7,926	19,643	2,439	648	248	837	(97)	46,224
Income tax	(2,361)	(2,070)	(4,739)	(477)	(138)	–	(425)	–	(10,210)
Profit for the year	12,219	5,856	14,904	1,962	510	248	412	(97)	36,014

6. SEGMENT REPORTING (CONTINUED)

The segment analysis as at 31 December 2013 and for the year then ended is as follows (continued):

(in RMB million)	Life insurance	Property and casualty insurance	Banking	Trust	Securities	Corporate	Others	Eliminations	Total
Cash and amounts due from banks and other financial institutions	198,129	49,763	102,886	3,315	13,322	10,659	9,646	(34,389)	353,331
Balances with the Central Bank and statutory deposits	7,559	3,400	226,192	–	–	–	3	–	237,154
Fixed maturity investments	707,629	56,477	662,732	–	18,110	15,602	4,219	(10,132)	1,454,637
Equity investments	124,444	5,029	182	11,046	1,339	8,888	11,709	(5,569)	157,068
Loans and advances to customers	13,020	–	832,127	262	–	–	18,882	(2,521)	861,770
Accounts receivable	–	–	7,058	–	–	–	975	–	8,033
Finance lease receivable	–	–	–	–	–	–	12,985	–	12,985
Investments in associates and jointly controlled entities	7,293	–	485	6,332	–	149	2,796	(4,974)	12,081
Others	113,374	44,990	63,940	8,820	4,867	8,975	24,539	(6,252)	263,253
Segment assets	1,171,448	159,659	1,895,602	29,775	37,638	44,273	85,754	(63,837)	3,360,312
Due to banks and other financial institutions	5,963	–	475,686	9,041	2,928	6,130	15,406	(5,688)	509,466
Assets sold under agreements to repurchase	64,394	1,830	36,049	4,724	14,096	400	149	–	121,642
Customer deposits and payables to brokerage customers	–	–	1,217,002	–	10,297	–	(68)	(35,716)	1,191,515
Accounts payable	–	–	2,149	–	–	–	469	–	2,618
Insurance payables	37,078	17,926	–	–	–	–	–	(645)	54,359
Insurance contract liabilities	936,629	93,583	–	–	–	–	–	–	1,030,212
Investment contract liabilities for policyholders	38,031	322	–	–	–	–	–	–	38,353
Policyholder dividend payable	25,232	–	–	–	–	–	–	–	25,232
Bonds payable	13,173	7,702	8,109	–	–	22,188	5,584	–	56,756
Others	7,724	7,489	44,571	11,596	1,655	696	23,086	(6,363)	90,454
Segment liabilities	1,128,224	128,852	1,783,566	25,361	28,976	29,414	44,626	(48,412)	3,120,607
Other segment information:									
Capital expenditures	7,728	332	1,006	25	14	2	971	(74)	10,004
Depreciation and amortization	1,379	412	1,985	38	115	–	819	–	4,748
Total other non-cash expenses charged to consolidated results	1,259	240	6,890	250	45	–	282	–	8,966

7. GROSS AND NET WRITTEN PREMIUMS

(in RMB million)	2014	2013
Gross written premiums and premium deposits	**395,880**	335,032
Less: Premium deposits of policies without significant insurance risk transfer	**(4,784)**	(4,352)
Premium deposits separated out from universal life and investment-linked products	**(64,673)**	(61,629)
Gross written premiums	**326,423**	269,051

(in RMB million)	2014	2013
Long term life business gross written premiums	**170,856**	143,191
Short term life business gross written premiums	**12,417**	10,186
Property and casualty business gross written premiums	**143,150**	115,674
Gross written premiums	**326,423**	269,051

(in RMB million)	2014	2013
Gross written premiums		
Life insurance		
Individual life insurance	**159,584**	134,341
Bancassurance	**13,837**	11,176
Group life insurance	**9,852**	7,860
	183,273	153,377
Property and casualty insurance		
Automobile insurance	**110,667**	90,091
Non-automobile insurance	**29,257**	22,850
Accident and health insurance	**3,226**	2,733
	143,150	115,674
Gross written premiums	**326,423**	269,051

(in RMB million)	2014	2013
Net of reinsurance premiums ceded		
Life insurance		
Individual life insurance	**155,065**	130,539
Bancassurance	**13,813**	11,151
Group life insurance	**9,775**	7,240
	178,653	148,930
Property and casualty insurance		
Automobile insurance	**96,176**	79,374
Non-automobile insurance	**23,736**	17,023
Accident and health insurance	**3,198**	2,690
	123,110	99,087
Net written premiums	**301,763**	248,017

8. NET INTEREST INCOME OF BANKING OPERATIONS

(in RMB million)	2014	2013
Interest income from banking operations		
Due from the Central Bank	**3,885**	3,315
Due from financial institutions	**20,417**	19,188
Loans and advances to customers		
Corporate loans and advances to customers	**37,492**	30,697
Individual loans and advances to customers	**33,599**	22,537
Discounted bills	**308**	294
Bonds	**23,218**	17,031
Others	**503**	229
Subtotal	**119,422**	93,291
Interest income from listed investments	**23,179**	16,766
Interest income from unlisted investments	**96,243**	76,525
Subtotal	**119,422**	93,291
Interest expenses on banking operations		
Due to the Central Bank	**37**	32
Due to financial institutions	**26,778**	24,457
Customer deposits	**36,063**	25,716
Bonds payable	**1,649**	656
Subtotal	**64,527**	50,861
Net interest income from banking operations	**54,895**	42,430

The interest income accrued on impaired financial assets during the year 2014 amounted to RMB313 million (2013: RMB403 million).

9. NET FEES AND COMMISSION INCOME FROM NON-INSURANCE OPERATIONS

(in RMB million)	2014	2013
Fees and commission income from non-insurance operations		
Brokerage fees	**1,385**	987
Underwriting commission income	**473**	387
Trust service fees income	**3,503**	2,226
Fees and commission income from the banking business	**19,770**	11,675
Others	**512**	540
Subtotal	**25,643**	15,815
Fees and commission expenses on non-insurance operations		
Brokerage fees paid	**164**	115
Fees and commission expenses on the banking business	**2,320**	1,334
Others	**746**	530
Subtotal	**3,230**	1,979
Net fees and commission income from non-insurance operations	**22,413**	13,836

10. INVESTMENT INCOME

(in RMB million)	2014	2013
Net investment income	**70,337**	54,310
Realized gains/(losses) from disposal	**9,871**	2,296
Unrealized gains	**615**	596
Impairment losses	**(9,285)**	(1,619)
Total investment income	**71,538**	55,583
Investment income from listed investments	**35,938**	11,720
Investment income from unlisted investments	**35,600**	43,863
Total investment income	**71,538**	55,583

(1) NET INVESTMENT INCOME

(in RMB million)	2014	2013
Interest income from non-banking operations on fixed maturity investments		
Bonds and debt schemes		
– Held-to-maturity	**27,818**	24,100
– Available-for-sale	**6,060**	5,115
– Carried at fair value through profit or loss	**202**	208
– Loans and receivables	**10,809**	4,264
Term deposits		
– Loans and receivables	**11,846**	11,950
Current accounts		
– Loans and receivables	**475**	328
Others		
– Available-for-sale	**1,073**	333
– Carried at fair value through profit or loss	**44**	65
– Loans and receivables	**4,393**	3,143
Dividend income on equity investments		
Equity investment funds		
– Available-for-sale	**3,026**	2,055
– Carried at fair value through profit or loss	**980**	788
Equity securities		
– Available-for-sale	**5,489**	4,056
– Carried at fair value through profit or loss	**94**	3
Operating lease income from investment properties	**1,411**	1,425
Interest expenses on assets sold under agreements to repurchase and placements from banks and other financial institutions	**(3,383)**	(3,523)
	70,337	54,310

10. INVESTMENT INCOME (CONTINUED)

(2) REALIZED GAINS/(LOSSES)

(in RMB million)	2014	2013
Fixed maturity investments		
– Available-for-sale	**(285)**	(483)
– Carried at fair value through profit or loss	**309**	(60)
– Loans and receivables	**254**	(551)
Equity investments		
– Available-for-sale	**6,517**	2,252
– Carried at fair value through profit or loss	**139**	(561)
– Subsidiaries, associates and jointly controlled entities (Note)	**542**	611
Derivative financial instruments		
– Carried at fair value through profit or loss	**(151)**	240
Gain on disposal of bills	**2,546**	848
	9,871	2,296

Note: This refers to gains/(losses) from disposals of subsidiaries, associates and jointly controlled entities.

(3) UNREALIZED GAINS/(LOSSES)

(in RMB million)	2014	2013
Fixed maturity investments		
– Carried at fair value through profit or loss	**283**	(159)
Equity investments		
– Carried at fair value through profit or loss	**464**	–
Derivative financial instruments		
– Carried at fair value through profit or loss	**(132)**	755
	615	596

(4) IMPAIRMENT LOSSES

(in RMB million)	2014	2013
Fixed maturity investments		
– Held-to-maturity	**(1)**	–
– Loan and receivables	**(350)**	–
Equity investments		
– Available-for-sale	**(8,934)**	(1,619)
Total	**(9,285)**	(1,619)

11. OTHER INCOME

(in RMB million)	2014	2013
Sales of goods of Shanghai Jahwa	**5,306**	4,731
Management income from investment-linked products and income from investment contracts	**1,424**	888
Expressway toll fee income	**1,066**	779
Annuity management fee income	**365**	302
Consulting income	**621**	460
Finance lease income	**2,357**	606
Income from financial guarantees	**1,015**	171
Income from customer loyalty program	**720**	136
Others	**3,863**	1,940
	16,737	10,013

12. CLAIMS AND POLICYHOLDERS' BENEFITS

(1)

	2014		
(in RMB million)	**Gross**	**Reinsurers' share**	**Net**
Claims and claim adjustment expenses	**88,721**	**(13,950)**	**74,771**
Surrenders	**10,188**	**–**	**10,188**
Annuities	**5,587**	**–**	**5,587**
Maturities and survival benefits	**17,405**	**–**	**17,405**
Policyholder dividends	**5,871**	**–**	**5,871**
Increase in policyholders' reserves	**99,365**	**(178)**	**99,187**
Interest credited to policyholder contract deposits	**15,317**	**–**	**15,317**
	242,454	**(14,128)**	**228,326**

	2013		
(in RMB million)	Gross	Reinsurers' share	Net
Claims and claim adjustment expenses	75,207	(10,515)	64,692
Surrenders	7,574	–	7,574
Annuities	5,292	–	5,292
Maturities and survival benefits	15,910	–	15,910
Policyholder dividends	5,311	–	5,311
Increase in policyholders' reserves	88,800	(822)	87,978
Interest credited to policyholder contract deposits	11,245	–	11,245
	209,339	(11,337)	198,002

12. CLAIMS AND POLICYHOLDERS' BENEFITS (CONTINUED)

(2)

(in RMB million)	2014 Gross	2014 Reinsurers' share	2014 Net
Long term life insurance contract benefits	**162,357**	**(3,358)**	**158,999**
Short term life insurance claims	**6,528**	**(372)**	**6,156**
Property and casualty insurance claims	**73,569**	**(10,398)**	**63,171**
	242,454	**(14,128)**	**228,326**

(in RMB million)	2013 Gross	2013 Reinsurers' share	2013 Net
Long term life insurance contract benefits	141,136	(3,189)	137,947
Short term life insurance claims	5,077	(172)	4,905
Property and casualty insurance claims	63,126	(7,976)	55,150
	209,339	(11,337)	198,002

13. PROFIT BEFORE TAX

(1) PROFIT BEFORE TAX IS ARRIVED AT AFTER CHARGING/(CREDITING) THE FOLLOWING ITEMS:

(in RMB million)	2014	2013
Employee costs (Note 13. (2))	**41,570**	32,309
Interest expenses on policyholder contract deposits and investment contract reserves	**16,977**	11,789
Provision for insurance guarantee fund	**1,616**	1,322
Regulatory charges	**387**	365
Depreciation of investment properties	**740**	554
Depreciation of property and equipment	**2,533**	2,268
Amortization of intangible assets	**1,932**	1,657
Rental expenses	**5,156**	4,251
Advertising expenses	**8,637**	6,223
Traveling expenses	**1,225**	1,381
Office miscellaneous expenses	**2,698**	2,670
Other taxes	**466**	463
Postage and telecommunication expenses	**1,834**	1,626
Vehicle and vessel fuel expenses	**762**	904
Losses/(gains) on disposal of investment properties, property and equipment, and intangible assets	**134**	(86)
Provision for doubtful debts, net	**310**	185
Provision for loans, net	**14,614**	6,709
Cost of sales of Shanghai Jahwa	**1,967**	1,778
Auditors' remuneration – annual audit, half-year review and quarterly agreed-upon procedures	**53**	50

13. PROFIT BEFORE TAX (CONTINUED)

(2) EMPLOYEE COSTS

(in RMB million)	2014	2013
Wages, salaries and bonuses	**32,700**	24,350
Retirement benefits, social security contributions and welfare benefits	**8,870**	7,959
	41,570	32,309

14. INCOME TAX

(in RMB million)	2014	2013
Current income tax		
– Charge for the year	**21,962**	12,145
– Adjustments in respect of current income tax of previous years	**(407)**	170
Deferred income tax	**(7,132)**	(2,105)
	14,423	10,210

Certain subsidiaries enjoy tax preferential treatments. These subsidiaries are not material to the Group. Except for those subsidiaries enjoying tax preferential treatments, the applicable corporate income tax rate for 2014 for the Group was 25%.

Reconciliation between tax expense and the product of accounting profit multiplied by the applicable tax rate of 25% (2013: 25%) is as follows:

(in RMB million)	2014	2013
Profit before tax	**62,353**	46,224
Tax at the applicable tax rate of 25% (2013: 25%)	**15,588**	11,556
Expenses not deductible for tax	**3,063**	1,248
Income not subject to tax	**(3,821)**	(2,764)
Adjustments in respect of current income tax of previous years	**(407)**	170
Income tax per consolidated statement of income	**14,423**	10,210

The Group's tax position is subject to assessment and inspection of the tax authorities before finalization.

15. OTHER COMPREHENSIVE INCOME

(in RMB million)	2014 Before tax	2014 Tax impact	2014 After tax
Items that may be reclassified subsequently to profit or loss:			
Share of other comprehensive income of associates and jointly controlled entities	**(8)**	**–**	**(8)**
Available-for-sale financial assets:			
Changes in fair value	**46,869**	**(11,671)**	**35,198**
Reclassification adjustments for losses included in the statement of income			
– (Gains)/losses on disposal	**(5,369)**	**1,343**	**(4,026)**
– Impairment losses	**8,859**	**(2,215)**	**6,644**
Shadow accounting adjustments	**(9,434)**	**2,359**	**(7,075)**
Exchange differences on translation of foreign operations	**41**	**–**	**41**
	40,958	**(10,184)**	**30,774**

(in RMB million)	2013 Before tax	2013 Tax impact	2013 After tax
Items that may be reclassified subsequently to profit or loss:			
Share of other comprehensive income of associates and jointly controlled entities	(10)	–	(10)
Available-for-sale financial assets:			
Changes in fair value	(8,144)	2,076	(6,068)
Reclassification adjustments for losses included in the statement of income			
– (Gains)/losses on disposal	(2,779)	695	(2,084)
– Impairment losses	1,502	(386)	1,116
Shadow accounting adjustments	1,094	(271)	823
Exchange differences on translation of foreign operations	11	–	11
	(8,326)	2,114	(6,212)

16. DIVIDENDS

(in RMB million)	2014	2013
In respect of previous year:		
2013 final dividend – RMB0.45 (2012: RMB0.30) per ordinary share (i)	**3,562**	2,375
In respect of current year:		
2014 interim dividend – RMB0.25 (2013: RMB0.20) per ordinary share	**1,979**	1,583

Note (i):

On 13 March 2014, the Board of Directors of the Company approved the Resolution of the Profit Appropriation Plan for 2013, agreeing to declare a final cash dividend of RMB0.45 per share for 2013. On 10 June 2014, the above profit appropriation plan was approved by the shareholders of the Company at the annual general meeting. The conversion option of the A-share convertible bonds issued by the Company on 22 November 2013 was exercisable starting from 23 May 2014. As at 27 June 2014, the ex-dividend date, conversion options relating to 6,371 shares were exercised which made the total shares to be 7,916,148,463, and the amount of final cash dividend for 2013 was RMB3,562 million.

On 19 March 2015, the Board of Directors of the Company approved the Resolution of the Profit Appropriation Plan for 2014, agreeing to declare a final cash dividend of RMB0.50 per share for 2014. It was not recognized as a liability as at 31 December 2014.

17. EARNINGS PER SHARE

(1) BASIC

Basic earnings per share is calculated by dividing the profit attributable to owners of the parent by the weighted average number of ordinary shares in issue during the year excluding ordinary shares purchased by the Company and held as treasury shares.

	2014	2013
Profit attributable to owners of the parent (in RMB million)	**39,279**	28,154
Weighted average number of ordinary shares in issue (million shares)	**7,962**	7,916
Basic earnings per share (in RMB)	**4.93**	3.56

(million shares)	2014	2013
Weighted average number of ordinary shares in issue		
Issued ordinary shares as at 1 January	**7,916**	7,916
Weighted average number of new issued H shares	**37**	–
Weighted average number of shares from conversion of convertible bonds	**9**	–
Weighted average number of ordinary shares in issue	**7,962**	7,916

FINANCIAL STATEMENTS

17. EARNINGS PER SHARE (CONTINUED)

(2) DILUTED

Diluted earnings per share was computed by dividing the adjusted profit attributable to the equity holders of the Company based on assuming conversion of all dilutive potential shares for the year by the adjusted weighted average number of ordinary shares in issue. The Company has convertible bonds as dilutive potential ordinary shares.

	2014	2013
Earnings (in RMB million)		
Profit attributable to owners of the parent	**39,279**	28,154
Interest expense on convertible bonds (net of tax)	**859**	94
Profit used to determine diluted earnings per share	**40,138**	28,248
Weighted average number of ordinary shares (million shares)		
Weighted average number of ordinary shares in issue	**7,962**	7,916
Adjustments for:		
– Assumed conversion of convertible bonds	**620**	52
Weighted average number of ordinary shares for diluted earnings per share	**8,582**	7,968
Diluted earnings per share (in RMB)	**4.68**	3.55

18. CASH AND AMOUNTS DUE FROM BANKS AND OTHER FINANCIAL INSTITUTIONS

(in RMB million)	31 December 2014	31 December 2013
Cash on hand	**4,168**	3,738
Term deposits	**211,107**	206,384
Due from banks and other financial institutions	**137,369**	115,968
Placements with banks and other financial institutions	**45,841**	27,241
	398,485	353,331

Details of placements with banks and other financial institutions are as follows:

(in RMB million)	31 December 2014	31 December 2013
Placements with banks	**43,708**	26,830
Placements with other financial institutions	**2,157**	434
Gross	**45,865**	27,264
Less: Provision for placements with banks and other financial institutions	**(24)**	(23)
Net	**45,841**	27,241

As at 31 December 2014, cash and amounts due from banks and other financial institutions of RMB233 million (31 December 2013: RMB179 million) were restricted from use.

As at 31 December 2014, cash and amounts due from overseas banks and other financial institutions amounted to RMB15,302 million (31 December 2013: RMB5,923 million).

19. BALANCES WITH THE CENTRAL BANK AND STATUTORY DEPOSITS

(in RMB million)	31 December 2014	31 December 2013
Statutory reserve deposits with the Central Bank for banking operations	**250,965**	197,623
– Statutory reserve deposits with the Central Bank for banking operations-RMB	**244,744**	194,291
– Statutory reserve deposits with the Central Bank for banking operations-Foreign Currency	**6,221**	3,332
Unrestricted deposits with the Central Bank	**49,238**	26,652
Other deposits with the Central Bank	**1,936**	1,918
Statutory deposits for insurance operations	**11,589**	10,961
	313,728	237,154

In accordance with relevant regulations, bank operations are required to place mandatory reserve deposits with the People's Bank of China (the 'PBOC') for customer deposits in both RMB and foreign currencies. As at 31 December 2014, the mandatory deposits are calculated at 18% (31 December 2013: 18%) of customer deposits denominated in RMB and 5% (31 December 2013: 5%) of customer deposits denominated in foreign currencies. Mandatory reserve deposits are not available for use by the Group in its day to day operations.

Statutory deposit for insurance operations can only be utilized to settle liabilities during liquidation of insurance companies.

Details of statutory deposits for insurance operations are as follows:

(in RMB million)	31 December 2014	31 December 2013
Ping An Life	**6,760**	6,760
Ping An Property & Casualty	**3,800**	3,400
Ping An Annuity	**872**	672
Ping An Health	**157**	129
	11,589	10,961

Statutory deposits for insurance operations are placed with PRC banks in accordance with the PRC Insurance Law and relevant regulations based on not less than 20% of the registered capital for the insurance company subsidiaries and 5% of the registered capital for insurance sales agency subsidiaries within the Group, respectively.

20. FIXED MATURITY INVESTMENTS

(in RMB million)	31 December 2014	31 December 2013
Bonds	**952,032**	861,088
Debt schemes	**282,240**	198,697
Trust plans	**67,509**	18,009
Policy loans	**37,886**	26,107
Assets purchased under reverse repurchase agreements	**197,177**	298,080
Wealth management products	**71,892**	52,656
	1,608,736	1,454,637

(1) BONDS

(in RMB million)	31 December 2014	31 December 2013
Held-to-maturity	**783,497**	744,070
Available-for-sale, at fair value	**130,126**	94,525
Held for trading	**30,834**	15,523
Loans and receivables	**7,575**	6,970
	952,032	861,088

(in RMB million)	31 December 2014	31 December 2013
Government bonds	**189,757**	152,665
Central Bank bills	**-**	759
Finance bonds	**442,409**	439,353
Corporate bonds	**319,866**	268,311
	952,032	861,088
Listed	**111,362**	99,820
Unlisted	**840,670**	761,268
	952,032	861,088

During 2013, the Group's subsidiary Ping An Bank reclassified bonds with a fair value of RMB91,675 million from available-for-sale financial investments to held-to-maturity financial assets reflecting its positive intention and ability to hold them until maturity. As at 31 December 2014, the carrying amount of these bonds was RMB88,294 million (31 December 2013: RMB94,795 million) while the corresponding fair value was RMB87,850 million (31 December 2013: RMB89,922 million). If these bonds were not reclassified, unrealized gains of RMB4,428 million (31 December 2013: RMB1,630 million) would have been recognized in the available-for-sale financial assets reserves for the year ended 31 December 2014. During 2014, other comprehensive income in the amount of RMB791 million (31 December 2013: RMB90 million) recognized prior to the reclassification was reversed.

20. FIXED MATURITY INVESTMENTS (CONTINUED)

(2) ASSETS PURCHASED UNDER REVERSE REPURCHASE AGREEMENTS

(in RMB million)	31 December 2014	31 December 2013
Beneficial right of loans and receivables purchased under trust schemes	**124,702**	181,138
Bonds	**15,625**	58,288
Bills	**50,807**	55,938
Finance lease receivable	**323**	566
Others	**5,748**	2,185
Gross	**197,205**	298,115
Less: Provision for impairment losses	**(28)**	(35)
Net	**197,177**	298,080

As at 31 December 2014, none of the bills collected as collateral for assets purchased under reverse repurchase agreements (31 December 2013: RMB1,951 million) was re-pledged as collateral for amounts due to the Central Bank.

21. EQUITY INVESTMENTS

(in RMB million)	31 December 2014	31 December 2013
Equity investment funds	**52,096**	46,726
Equity securities	**142,742**	88,497
Other equity investments	**46,852**	21,845
	241,690	157,068

(1) EQUITY INVESTMENT FUNDS

(in RMB million)	31 December 2014	31 December 2013
Available-for-sale, at fair value	**35,417**	34,088
Held for trading	**16,679**	12,638
	52,096	46,726
Listed	**9,058**	7,144
Unlisted	**43,038**	39,582
	52,096	46,726

(2) EQUITY SECURITIES

(in RMB million)	31 December 2014	31 December 2013
Available-for-sale, at fair value	**141,812**	87,246
Held for trading	**930**	1,251
	142,742	88,497
Listed	**142,509**	88,428
Unlisted	**233**	69
	142,742	88,497

21. EQUITY INVESTMENTS (CONTINUED)

(3) OTHER EQUITY INVESTMENTS

(in RMB million)	31 December 2014	31 December 2013
Available-for-sale, at fair value	**40,016**	14,947
Available-for-sale, at cost	**4,064**	6,057
Carried at fair value through profit or loss		
Held-for-trading	**2,291**	570
Designated at fair value through profit or loss	**481**	271
	46,852	21,845
Unlisted	**46,852**	21,845

22. DERIVATIVE FINANCIAL INSTRUMENTS

	31 December 2014			
	Assets		Liabilities	
(in RMB million)	Nominal amount	Fair value	Nominal amount	Fair value
Interest rate swaps	**99,277**	**515**	**148,973**	**566**
Currency forwards and swaps	**250,902**	**1,922**	**246,874**	**1,882**
Gold derivative instruments	**29,117**	**1,873**	**10,318**	**314**
Stock index option	**10,357**	**1**	**–**	**–**
Stock index swaps	**–**	**–**	**400**	**8**
	389,653	**4,311**	**406,565**	**2,770**

	31 December 2013			
	Assets		Liabilities	
(in RMB million)	Nominal amount	Fair value	Nominal amount	Fair value
Interest rate swaps	19,485	420	40,984	474
Currency forwards and swaps	174,363	2,118	211,039	2,374
Gold derivative instruments	14,348	864	2,012	70
	208,196	3,402	254,035	2,918

None of the above derivatives has been designated as a hedging instrument.

23. LOANS AND ADVANCES TO CUSTOMERS

(1) ANALYZED BY CORPORATE AND INDIVIDUAL

(in RMB million)	31 December 2014	31 December 2013
Corporate customers		
Loans	**664,509**	538,733
Discounted bills	**12,413**	12,338
Individual customers		
Operating loan	**116,896**	89,432
Credit cards	**114,445**	86,834
Property mortgages	**55,365**	64,956
Vehicle loan	**65,495**	48,747
Others	**46,114**	36,139
Gross	**1,075,237**	877,179
Less: Loan loss provisions	**(21,355)**	(15,409)
Net	**1,053,882**	861,770

(2) ANALYZED BY INDUSTRY

(in RMB million)	31 December 2014	31 December 2013
Corporate customers		
Agriculture, husbandry and fishery	**5,261**	2,565
Extraction (heavy industry)	**41,520**	29,808
Manufacturing (light industry)	**142,895**	131,731
Energy	**15,294**	15,792
Transportation, storage and communication	**35,076**	40,433
Commercial	**152,319**	125,569
Real estate	**118,668**	86,429
Service, technology, culture and sanitary industries	**65,768**	48,011
Construction	**43,578**	33,433
Others	**44,130**	24,962
Subtotal of loans	**664,509**	538,733
Discounted bills	**12,413**	12,338
Subtotal of corporate customers	**676,922**	551,071
Individual customers	**398,315**	326,108
Gross	**1,075,237**	877,179

23. LOANS AND ADVANCES TO CUSTOMERS (CONTINUED)

(3) ANALYZED BY TYPE OF COLLATERAL HELD OR OTHER CREDIT ENHANCEMENTS

(in RMB million)	31 December 2014	31 December 2013
Unsecured	**305,924**	189,748
Guaranteed	**204,988**	184,625
Secured by collateral		
Secured by mortgages	**387,504**	347,730
Secured by monetary assets	**164,408**	142,738
Subtotal	**1,062,824**	864,841
Discounted bills	**12,413**	12,338
Gross	**1,075,237**	877,179

(4) AGING ANALYSIS OF PAST DUE LOANS

	31 December 2014				
(in RMB million)	Within 3 months	3 months to 1 year	1 to 3 years	More than 3 years	Total
Unsecured	**4,934**	**4,384**	**727**	**2**	**10,047**
Guaranteed	**3,240**	**4,590**	**1,940**	**12**	**9,782**
Secured by collateral					
Secured by mortgages	**6,227**	**6,931**	**6,014**	**126**	**19,298**
Secured by monetary assets	**2,484**	**2,670**	**1,890**	**–**	**7,044**
	16,885	**18,575**	**10,571**	**140**	**46,171**

	31 December 2013				
(in RMB million)	Within 3 months	3 months to 1 year	1 to 3 years	More than 3 years	Total
Unsecured	2,915	2,098	452	36	5,501
Guaranteed	1,794	2,531	978	16	5,319
Secured by collateral					
Secured by mortgages	4,206	4,927	3,745	49	12,927
Secured by monetary assets	1,105	1,657	436	–	3,198
	10,020	11,213	5,611	101	26,945

Past due loans refer to the loans with either principal or interest being past due by one day or more.

(5) ANALYZED BY REGION

	31 December 2014		31 December 2013	
(in RMB million)	Amount	%	Amount	%
Eastern China	**324,456**	**30.17%**	273,113	31.14%
Southern China	**367,411**	**34.17%**	313,996	35.80%
Western China	**115,895**	**10.78%**	89,508	10.20%
Northern China	**222,845**	**20.73%**	176,784	20.15%
Offshore business	**44,630**	**4.15%**	23,778	2.71%
Gross	**1,075,237**	**100.00%**	877,179	100.00%

23. LOANS AND ADVANCES TO CUSTOMERS (CONTINUED)

(6) LOAN LOSS PROVISION

(in RMB million)	2014 Individually assessed	2014 Collectively assessed	2014 Total	2013 Individually assessed	2013 Collectively assessed	2013 Total
As at 1 January	**1,933**	**13,476**	**15,409**	2,138	10,706	12,844
Acquisition of subsidiaries	**29**	**-**	**29**	–	179	179
Charge for the year	**5,640**	**8,974**	**14,614**	3,126	3,583	6,709
Write-off during the year	**(5,420)**	**(3,681)**	**(9,101)**	(3,130)	(1,165)	(4,295)
Write-backs during the year						
Recovery of loans written off previously	**353**	**375**	**728**	204	188	392
Interest accrued on impaired loans and advances	**(313)**	**-**	**(313)**	(403)	–	(403)
Others	**(2)**	**(9)**	**(11)**	(2)	(15)	(17)
As at 31 December	**2,220**	**19,135**	**21,355**	1,933	13,476	15,409

As at 31 December 2014, discounted bills with a carrying amount of RMB194 million (31 December 2013: Nil) were pledged as assets sold under agreements to repurchase.

As at 31 December 2014, discounted bills with a carrying amount of RMB2,709 million (31 December 2013: RMB290 million) were pledged for amounts due to the Central Bank.

24. PREMIUM RECEIVABLES

(in RMB million)	31 December 2014	31 December 2013
Premium receivables	**31,302**	24,537
Less: Provision for doubtful receivables	**(562)**	(332)
Premium receivables, net	**30,740**	24,205
Life insurance	**6,615**	7,630
Property and casualty insurance	**24,125**	16,575
Premium receivables, net	**30,740**	24,205

The credit terms of premium receivables granted are generally from one to six months, and non-interest bearing.

An aging analysis of premium receivables is as follows:

(in RMB million)	31 December 2014	31 December 2013
Within 3 months	**30,482**	23,562
Over 3 months but within 1 year	**547**	799
Over 1 year	**273**	176
	31,302	24,537

25. ACCOUNTS RECEIVABLE

(in RMB million)	31 December 2014	31 December 2013
Receivables under factoring	**12,261**	6,968
Others	**3,429**	1,092
Gross	**15,690**	8,060
Less: Provision for accounts receivable	**(707)**	(27)
Net	**14,983**	8,033

26. REINSURERS' SHARE OF INSURANCE LIABILITIES

(in RMB million)	31 December 2014	31 December 2013
Reinsurers' share of unearned premium reserves	**6,994**	6,841
Reinsurers' share of claim reserves	**7,036**	5,618
Reinsurers' share of policyholders' reserves	**1,557**	1,380
	15,587	13,839

27. FINANCE LEASE RECEIVABLE

(in RMB million)	31 December 2014	31 December 2013
Finance lease receivable, net of unearned finance income	**38,484**	13,148
Less: Provision for impairment losses	**(576)**	(163)
	37,908	12,985

28. POLICYHOLDER ACCOUNT ASSETS IN RESPECT OF INSURANCE/ INVESTMENT CONTRACTS

(1) POLICYHOLDER ACCOUNT ASSETS IN RESPECT OF INSURANCE CONTRACTS

(in RMB million)	31 December 2014	31 December 2013
Cash and amounts due from banks and other financial institutions	**5,205**	4,860
Equity investments	**27,622**	22,984
Fixed maturity investments, at fair value	**8,464**	6,899
Fixed maturity investments, at amortized cost	**721**	252
Other assets	**661**	507
	42,673	35,502

(2) POLICYHOLDER ACCOUNT ASSETS IN RESPECT OF INVESTMENT CONTRACTS

(in RMB million)	31 December 2014	31 December 2013
Cash and amounts due from banks and other financial institutions	**918**	912
Equity investments	**1,292**	1,316
Fixed maturity investments, at fair value	**1,988**	1,527
Fixed maturity investments, at amortized cost	**252**	240
Other assets	**127**	106
	4,577	4,101

29. INVESTMENTS IN ASSOCIATES AND JOINTLY CONTROLLED ENTITIES

The Group's investments in the principal associates and jointly controlled entities as at year end are as follows:

(in RMB million)

Name of the invested entity	31 December 2014	31 December 2013
Associates		
Veolia Water (Kunming) Investment Co., Ltd. ('Veolia Kunming')	**220**	208
Veolia Water (Yellow River) Investment Co., Ltd. ('Veolia Yellow River')	**271**	233
Veolia Water (Liuzhou) Investment Co., Ltd. ('Veolia Liuzhou')	**104**	103
Shanxi Taichang Expressway Co., Ltd. ('Shanxi Taichang')	**781**	808
Beijing-Shanghai High-speed Railway Equity Investment Scheme ('Beijing-Shanghai Railway')	**6,300**	6,300
Ping An Pay Intelligence Technology Co., Ltd. ('Ping An Fu')	**522**	386
Others	**2,710**	2,209
Subtotal	**10,908**	10,247
Jointly controlled entities		
KunYu Highway Development Co., Ltd. ('Kunyu Highway')	**1,682**	1,751
Others	**308**	83
Subtotal	**1,990**	1,834
Investment in associates and jointly controlled entities	**12,898**	12,081

29. INVESTMENTS IN ASSOCIATES AND JOINTLY CONTROLLED ENTITIES (CONTINUED)

The Group's investments in the principal associates and jointly controlled entities as at year end are as follows (continued):

Name of the invested entity	Place of incorporation	Paid-in capital (RMB unless otherwise stated)	Percentage of voting rights	Principal activities
Associates				
Veolia Kunming	Hong Kong	USD91,875,208	24.00%	Water plant operation
Veolia Yellow River	Hong Kong	USD189,421,568	49.00%	Water plant operation
Veolia Liuzhou	Hong Kong	USD32,124,448	45.00%	Water plant operation
Shanxi Taichang	The PRC	2,600,190,000	30.00%	Expressway operation
Beijing-Shanghai Railway	The PRC	16,000,000,000	39.38%	Railway investment
Ping An Fu	The PRC	1,361,899,520	49.99%	Smart card development and sales
Jointly controlled entities				
Kunyu Highway	The PRC	1,600,000,000	50.00%	Expressway operation

29. INVESTMENTS IN ASSOCIATES AND JOINTLY CONTROLLED ENTITIES (CONTINUED)

The summary financial information of Group's principal associates and jointly controlled entities as at year end are as follows:

	31 December 2014				31 December 2013			
Name of the invested entity	**Total assets as at year end**	**Total liabilities as at year end**	**Operating income for the year**	**Net profit for the year**	Total assets as at year end	Total liabilities as at year end	Operating income for the year	Net profit for the year
Associates								
Veolia Kunming	**1,540**	**187**	**-**	**35**	1,033	166	48	21
Veolia Yellow River	**1,263**	**2**	**4**	**(131)**	478	2	10	(7)
Veolia Liuzhou	**338**	**3**	**14**	**12**	234	5	12	(46)
Shanxi Taichang	**7,341**	**4,407**	**890**	**228**	7,866	5,172	914	248
Beijing-Shanghai Railway	**16,000**	**-**	**-**	**-**	16,000	-	-	-
Ping An Fu	**2,172**	**1,564**	**617**	**(346)**	1,208	435	726	(224)
Jointly controlled entities								
Kunyu Highway	**2,801**	**215**	**628**	**433**	4,092	590	610	438

30. INVESTMENT PROPERTIES

(in RMB million)	2014	2013
Cost		
As at 1 January	**20,927**	17,011
Acquisition of subsidiaries	**411**	100
Additions	**581**	4,097
Transfer to property and equipment, net	**(602)**	(77)
Disposals	**(986)**	(204)
As at 31 December	**20,331**	20,927
Accumulated depreciation		
As at 1 January	**2,664**	2,160
Acquisition of subsidiaries	**24**	25
Charge for the year	**740**	554
Transfer to property and equipment, net	**(160)**	(63)
Disposals	**(108)**	(12)
As at 31 December	**3,160**	2,664
Impairment losses		
As at 1 January	**1**	1
As at 31 December	**1**	1
Net book value		
As at 31 December	**17,170**	18,262
As at 1 January	**18,262**	14,850
Fair value as at 31 December	**32,851**	32,360

The fair values of the investment properties as at 31 December 2014 were estimated by the Group, based on valuation performed by independent valuers. It falls under level 3 in the fair value hierarchy.

The rental income arising from investment properties for the year 2014 amounted to RMB1,411 million (2013: RMB1,425 million), which is included in net investment income.

As at 31 December 2014, investment properties with a carrying amount of RMB5,697 million (31 December 2013: RMB6,129 million) were pledged as collateral for long term borrowings with a carrying amount of RMB3,231 million (31 December 2013: RMB3,392 million).

The Group was still in the process of applying for title certificates for certain investment properties with a carrying amount of RMB1,802 million as at 31 December 2014 (31 December 2013: RMB2,612 million).

31. PROPERTY AND EQUIPMENT

(in RMB million)	2014 Leasehold improvements	Buildings	Equipment, furniture and fixtures	Motor vehicles	Construction in progress	Total
Cost						
As at 1 January 2014	4,594	14,100	8,056	1,468	2,598	30,816
Acquisitions of subsidiaries	56	-	23	-	-	79
Additions	960	210	1,701	231	9,670	12,772
Transfer of construction in progress	268	56	24	-	(348)	-
Transfer from/(to) investment properties, net	-	943	-	-	(341)	602
Disposals of subsidiaries	-	-	(102)	-	-	(102)
Disposals	(985)	(271)	(680)	(280)	(155)	(2,371)
As at 31 December 2014	4,893	15,038	9,022	1,419	11,424	41,796
Accumulated depreciation						
As at 1 January 2014	2,562	3,807	4,761	715	-	11,845
Acquisitions of subsidiaries	20	-	3	-	-	23
Charge for the year	770	517	1,084	162	-	2,533
Transfer from investment properties, net	-	160	-	-	-	160
Disposals of subsidiaries	-	-	(26)	-	-	(26)
Disposals	(392)	(113)	(589)	(81)	-	(1,175)
As at 31 December 2014	2,960	4,371	5,233	796	-	13,360
Impairment losses						
As at 1 January 2014	-	98	-	-	-	98
Disposals	-	(3)	-	-	-	(3)
As at 31 December 2014	-	95	-	-	-	95
Net book value						
As at 31 December 2014	1,933	10,572	3,789	623	11,424	28,341
As at 1 January 2014	2,032	10,195	3,295	753	2,598	18,873

31. PROPERTY AND EQUIPMENT (CONTINUED)

(in RMB million)	Leasehold improvements	Buildings	Equipment, furniture and fixtures	Motor vehicles	Construction in progress	Total
	2013					
Cost						
As at 1 January 2013	3,924	13,950	7,254	1,196	1,407	27,731
Acquisitions of subsidiaries	–	8	–	–	–	8
Additions	699	94	1,318	314	1,687	4,112
Transfer of construction in progress	75	6	23	–	(104)	–
Transfer from/(to) investment properties, net	–	98	–	–	(21)	77
Disposals	(104)	(56)	(539)	(42)	(371)	(1,112)
As at 31 December 2013	4,594	14,100	8,056	1,468	2,598	30,816
Accumulated depreciation						
As at 1 January 2013	2,058	3,209	4,214	588	–	10,069
Acquisitions of subsidiaries	–	2	–	–	–	2
Charge for the year	562	549	991	166	–	2,268
Transfer from investment properties, net	–	63	–	–	–	63
Disposals	(58)	(16)	(444)	(39)	–	(557)
As at 31 December 2013	2,562	3,807	4,761	715	–	11,845
Impairment losses						
As at 1 January 2013	–	112	–	–	11	123
Disposals	–	(14)	–	–	(11)	(25)
As at 31 December 2013	–	98	–	–	–	98
Net book value						
As at 31 December 2013	2,032	10,195	3,295	753	2,598	18,873
As at 1 January 2013	1,866	10,629	3,040	608	1,396	17,539

The Group was still in the process of applying for title certificates for its buildings with a carrying amount of RMB550 million as at 31 December 2014 (31 December 2013: RMB2,297 million).

32. INTANGIBLE ASSETS

(in RMB million)	2014 Goodwill	Expressway operating rights	Prepaid land premiums	Core deposits	Trademarks	Software and others	Total
Cost							
As at 1 January 2014	**11,791**	**11,232**	**5,475**	**15,082**	**2,155**	**4,036**	**49,771**
Acquisitions of subsidiaries	**-**	**-**	**-**	**-**	**-**	**188**	**188**
Additions	**246**	**-**	**229**	**-**	**-**	**533**	**1,008**
Disposals of subsidiaries	**-**	**-**	**-**	**-**	**-**	**(16)**	**(16)**
Disposals	**-**	**-**	**(100)**	**-**	**-**	**(25)**	**(125)**
As at 31 December 2014	**12,037**	**11,232**	**5,604**	**15,082**	**2,155**	**4,716**	**50,826**
Accumulated amortization							
As at 1 January 2014	**-**	**1,259**	**533**	**1,885**	**130**	**2,068**	**5,875**
Acquisitions of subsidiaries	**-**	**-**	**-**	**-**	**-**	**2**	**2**
Charge for the year	**-**	**486**	**54**	**754**	**57**	**581**	**1,932**
Disposals of subsidiaries	**-**	**-**	**-**	**-**	**-**	**(4)**	**(4)**
Disposals	**-**	**-**	**(6)**	**-**	**-**	**(5)**	**(11)**
As at 31 December 2014	**-**	**1,745**	**581**	**2,639**	**187**	**2,642**	**7,794**
Net book value							
As at 31 December 2014	**12,037**	**9,487**	**5,023**	**12,443**	**1,968**	**2,074**	**43,032**
As at 1 January 2014	**11,791**	**9,973**	**4,942**	**13,197**	**2,025**	**1,968**	**43,896**

(in RMB million)	2013 Goodwill	Expressway operating rights	Prepaid land premiums	Core deposits	Trademarks	Software and others	Total
Cost							
As at 1 January 2013	11,769	4,672	4,291	15,082	2,155	3,810	41,779
Acquisitions of subsidiaries	–	6,560	–	–	–	–	6,560
Additions	22	–	1,209	–	–	266	1,497
Disposals	–	–	(25)	–	–	(40)	(65)
As at 31 December 2013	11,791	11,232	5,475	15,082	2,155	4,036	49,771
Accumulated amortization							
As at 1 January 2013	–	996	473	1,131	73	1,570	4,243
Charge for the year	–	263	62	754	57	521	1,657
Disposals	–	–	(2)	–	–	(23)	(25)
As at 31 December 2013	–	1,259	533	1,885	130	2,068	5,875
Net book value							
As at 31 December 2013	11,791	9,973	4,942	13,197	2,025	1,968	43,896
As at 1 January 2013	11,769	3,676	3,818	13,951	2,082	2,240	37,536

32. INTANGIBLE ASSETS (CONTINUED)

As at 31 December 2014, all the expressway operating rights of the Group were pledged as collateral for long term borrowings amounting to RMB4,239 million (31 December 2013: RMB3,892 million).

As at 31 December 2014, prepaid land premium with a carrying amount of RMB57 million (31 December 2013: Nil) were still in progress of applying for title certificates.

As at 31 December 2014, no prepaid land premiums were pledged as collateral for long term borrowings. As at 31 December 2013, prepaid land premium with a carrying amount of RMB120 million were pledged as collateral for long term borrowings with a carrying amount of RMB20 million.

GOODWILL IMPAIRMENT

As at 31 December 2014, goodwill amounting to RMB8,761 million (31 December 2013: RMB8,761 million) is derived from acquisition of the former Shenzhen Development Bank. Goodwill amounting to RMB2,502 million (31 December 2013: RMB2,502 million) is derived from acquisition of Shanghai Jahwa.

The primary valuation technique used is cash flow projections based on business plans approved by management covering a three to five year period and a risk adjusted discount rate. Cash flows beyond that period have been extrapolated using a steady growth rate and terminal value. Discount rates used by the Group range from 9% to 14% (2013: 9% to 14%) and growth rates, where applicable, range from 3% to 34% (2013: 3% to 36%).

The results of cash flow projections exceed the carried amount of each related cash-generating unit or group of units. However, subsequent impairment tests may be based upon different assumptions and future cash flow projections, which may result in an impairment of these assets in the foreseeable future.

33. OTHER ASSETS

(in RMB million)	31 December 2014	31 December 2013
Interest receivables	**35,387**	28,949
Other receivables (Note)	**25,953**	16,744
Due from reinsurers	**7,520**	8,924
Foreclosed assets	**1,384**	800
Prepayments	**2,285**	3,074
Precious metals held for trading	**45,254**	21,286
Dividend receivable	**112**	70
Inventories	**2,493**	1,764
Others	**4,428**	4,309
	124,816	85,920

Note: Since 1 January 2009, the Group has implemented the 'Interpretation No. 2 to China Accounting Standards' and the 'Regulation on Accounting for Insurance Contracts' (Cai Kuai [2009] No. 15) issued by the Ministry of Finance. In 2013, the relevant tax laws and regulations have not clearly clarified how the implementation of the above accounting regulations would affect the manner in which corporate income tax would be imposed, the Group accrued the corporate income tax based on its understanding and judgment of the current prevailing tax laws and regulations when preparing the financial statements for 2013. As there is a difference between the accrued corporate income tax amount and the actual payment of the corporate income tax, the Group recorded this difference of RMB3,520 million in other assets as prepaid income tax. On 28 May 2014, State Administration of Taxation issued the "Announcement & Interpretation No.29", and the Group was able to utilize the prepaid income tax to settle the tax payable. Such prepaid income tax amount of RMB3,520 million was fully utilized and recovered as at 31 December 2014.

34. SHARE CAPITAL

(million shares)	Domestic listed A shares, par value RMB1.00 per share	Overseas listed H shares, par value RMB1.00 per share	Total
1 January 2014	**4,786**	**3,130**	**7,916**
Placing of new H shares (1)	**-**	**594**	**594**
Conversion of convertible bonds (2)	**382**	**-**	**382**
31 December 2014	**5,168**	**3,724**	**8,892**

(1) "Regulatory confirmation of opinions on Issuance of Additional Overseas Listed Foreign Shares of Ping An Insurance (Group) Company of China, Ltd to overseas investor" (Bao Jian Fa Gai [2014] No.126) from China Insurance Regulatory Commission and "Approval on Issuance of Additional Overseas Listed Foreign Shares of Ping An Insurance (Group) Company of China, Ltd." (Zheng Jian Xu Ke [2014] No.1163) from China Securities Regulatory Commission, the Company issued an aggregate of 594,056,000 new H Shares at the issue price of HK$62.00 on 8 December 2014, resulting in an increase of share capital by RMB594 million and share premium by RMB28,248 million. The issuance of H shares was verified by PricewaterhouseCoopers Zhong Tian LLP in capital verification report PwC ZT YZ (2014) No.798.

(2) As detailed in Note 42, certain convertible bonds were converted to 381,971,800 share ordinary A shares in 2014 and resulting in an increase of share capital by RMB382 million and capital reserves by RMB13,615 million. The newly issued capital was verified by PricewaterhouseCoopers Zhong Tian LLP in capital verification report PwC ZT YZ(2014) No. 798 and PwC ZT YZ (2015) No.142.

35. RESERVES, RETAINED PROFITS AND NON-CONTROLLING INTERESTS

GROUP

(in RMB million)	Share premium	Available-for-sale investment reserve	Shadow accounting adjustments	Others	Surplus reserve funds	General reserves	Exchange differences on translation of foreign operations	Retained profits	Non-controlling interests	Total
As at 1 January 2014	**83,868**	**(5,517)**	**934**	**3,394**	**6,982**	**14,680**	**111**	**70,341**	**56,996**	**231,789**
Profit for the year	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**39,279**	**8,651**	**47,930**
Other comprehensive income for the year	**-**	**37,315**	**(7,041)**	**(4)**	**-**	**-**	**41**	**-**	**463**	**30,774**
Total comprehensive income for the year	**-**	**37,315**	**(7,041)**	**(4)**	**-**	**-**	**41**	**39,279**	**9,114**	**78,704**
Placing of new H shares	**28,248**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**28,248**
Conversion of convertible bonds	**15,875**	**-**	**-**	**(2,260)**	**-**	**-**	**-**	**-**	**-**	**13,615**
Dividend declared (Note 16)	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(5,541)**	**-**	**(5,541)**
Appropriations to surplus reserves	**-**	**-**	**-**	**-**	**488**	**-**	**-**	**(488)**	**-**	**-**
Appropriations to general reserves	**-**	**-**	**-**	**-**	**-**	**4,516**	**-**	**(4,516)**	**-**	**-**
Dividend paid to non-controlling interests	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(1,078)**	**(1,078)**
Equity transactions with non-controlling interests	**-**	**-**	**-**	**(15)**	**-**	**-**	**-**	**-**	**(1,103)**	**(1,118)**
Contributions from non-controlling interests	**-**	**-**	**-**	**(7)**	**-**	**-**	**-**	**-**	**428**	**421**
Others	**-**	**-**	**-**	**(11)**	**-**	**-**	**-**	**-**	**(105)**	**(116)**
As at 31 December 2014	**127,991**	**31,798**	**(6,107)**	**1,097**	**7,470**	**19,196**	**152**	**99,075**	**64,252**	**344,924**

35. RESERVES, RETAINED PROFITS AND NON-CONTROLLING INTERESTS (CONTINUED)

GROUP (CONTINUED)

(in RMB million)	Share premium	Available-for-sale investment reserve	Shadow accounting adjustments	Others	Surplus reserve funds	General reserves	Exchange differences on translation of foreign operations	Retained profits	Non-controlling interests	Total
As at 1 January 2013	83,506	533	115	(360)	6,982	10,861	100	49,964	50,032	201,733
Profit for the year	–	–	–	–	–	–	–	28,154	7,860	36,014
Other comprehensive income for the year	–	(6,050)	819	(4)	–	–	11	–	(988)	(6,212)
Total comprehensive income for the year	–	(6,050)	819	(4)	–	–	11	28,154	6,872	29,802
Dividend declared (Note 16)	–	–	–	–	–	–	–	(3,958)	–	(3,958)
Appropriations to general reserves	–	–	–	–	–	3,819	–	(3,819)	–	–
Dividend paid to non-controlling interests	–	–	–	–	–	–	–	–	(834)	(834)
Establishment of subsidiaries	–	–	–	–	–	–	–	–	1,097	1,097
Equity transactions with non-controlling interests	362	–	–	(1)	–	–	–	–	(361)	–
Issue of convertible bonds	–	–	–	3,731	–	–	–	–	–	3,731
Others	–	–	–	28	–	–	–	–	190	218
As at 31 December 2013	83,868	(5,517)	934	3,394	6,982	14,680	111	70,341	56,996	231,789

The opening balance of share premium was generated from initial public offering of H shares and A shares. In 2014, share premium in the amount of RMB28,248 million was recognized as a result of additional issuance of H shares and RMB15,875 million was recognized as a result of the conversion of convertible bonds to A shares.

Out of the Group's retained profits, RMB23,900 million as at 31 December 2014 (31 December 2013: RMB15,297 million) represents the Company's share of its subsidiaries' surplus reserve fund which cannot be used for profit distribution.

35. RESERVES, RETAINED PROFITS AND NON-CONTROLLING INTERESTS (CONTINUED)

COMPANY

(in RMB million)	Share premium	Available-for-sale investment reserve	Others	Surplus reserve fund	General reserve	Retained profits	Total
As at 1 January 2014	**83,412**	**(137)**	**3,731**	**6,982**	**395**	**31,493**	**125,876**
Profit for the year	**-**	**-**	**-**	**-**	**-**	**7,214**	**7,214**
Other comprehensive income	**-**	**234**	**1**	**-**	**-**	**-**	**235**
Placing of new H shares	**28,248**	**-**	**-**	**-**	**-**	**-**	**28,248**
Conversion of convertible bonds	**15,875**	**-**	**(2,260)**	**-**	**-**	**-**	**13,615**
Dividend declared	**-**	**-**	**-**	**-**	**-**	**(5,541)**	**(5,541)**
Appropriations to surplus reserves	**-**	**-**	**-**	**488**	**-**	**(488)**	**-**
As at 31 December 2014	**127,535**	**97**	**1,472**	**7,470**	**395**	**32,678**	**169,647**
As at 1 January 2013	83,506	(76)	–	6,982	395	26,819	117,626
Profit for the year	–	–	–	–	–	8,632	8,632
Other comprehensive income	–	(61)	–	–	–	–	(61)
Dividend declared	–	–	–	–	–	(3,958)	(3,958)
Acquisition of subsidiary	(94)	–	–	–	–	–	(94)
Issue of convertible bonds	–	–	3,731	–	–	–	3,731
As at 31 December 2013	83,412	(137)	3,731	6,982	395	31,493	125,876

According to the Company's articles of association, the Company shall set aside 10% of its net profit determined in its statutory financial statements, prepared in accordance with PRC Accounting Standards, to a statutory surplus reserve fund. The Company can cease such profit appropriation to this fund if its balance reaches 50% of the Company's registered share capital. The Company may also make appropriations from its net profit to the discretionary surplus reserve fund provided the appropriation is approved by a resolution of the shareholders. These reserves cannot be used for purposes other than those for which they are created. Profits are used to offset prior year losses before allocations to such reserves.

Subject to resolutions passed in shareholders' meetings, the statutory surplus reserve fund, discretionary surplus reserve fund and capital reserve can be transferred to share capital. The balance of the statutory surplus reserve fund after transfers to share capital shall not be less than 25% of the registered capital.

In accordance with the relevant regulations, general reserves should be set aside to cover catastrophic or other losses as incurred by companies operating in the insurance, banking, trust, securities, futures and fund businesses. The Group's respective entities engaged in such businesses would need to make appropriations for such reserves based on their respective year-end profit or risk assets, as determined in accordance with PRC Accounting Standards, and based on the applicable PRC financial regulations, in their annual financial statements. Such reserves are not available for profit distribution or transfer to capital.

In accordance with the relevant regulations, the net profit after tax of the Company for profit distribution is deemed to be the lower of (i) the retained profits determined in accordance with PRC Accounting Standards and (ii) the retained profits determined in accordance with IFRSs.

36. DUE TO BANKS AND OTHER FINANCIAL INSTITUTIONS

(in RMB million)	31 December 2014	31 December 2013
Deposits from other banks and financial institutions	**395,863**	473,155
Due to the Central Bank	**2,754**	2,264
Short term borrowings	**20,901**	10,391
Long term borrowings	**36,635**	23,656
	456,153	509,466

Refer to Notes 20, 23, 30 and 32 for the assets pledged as collateral to support the above borrowings.

37. ASSETS SOLD UNDER AGREEMENTS TO REPURCHASE

(in RMB million)	31 December 2014	31 December 2013
Bonds	**96,742**	113,666
Discounted bills	**200**	2,261
Beneficial right in equities	**2,730**	4,725
Shares	**–**	990
	99,672	121,642

As at 31 December 2014, beneficial right in equities with a carrying amount of RMB2,730 million (31 December 2013: RMB4,725 million) were pledged as assets sold under agreements to repurchase.

As at 31 December 2014, bonds and bills with par value of RMB56,364 million (31 December 2013: RMB89,098 million) and RMB327 million (31 December 2013: RMB1,567 million) were pledged as collateral for financial assets sold under agreements to repurchase resulted from repurchase transactions entered into by the Group in the inter-bank market. The collateral is restricted from trading during the period of the repurchase transaction.

For bonds repurchase transactions through stock exchange, the Group is required to deposit certain exchange traded bonds into a collateral pool and the fair value converted at a standard rate pursuant to stock exchange's regulation which should be no less than the balance of related repurchase transaction.

As at 31 December 2014, the amount of bonds deposited in the collateral pool was RMB90,485 million (31 December 2013: RMB99,521 million). The collateral is restricted from trading during the period of the repurchase transaction. The Group can withdraw the exchange-traded bonds from the collateral pool without delay provided that the value of certain bonds is no less than the balance of related repurchase transactions.

38. CUSTOMER DEPOSITS AND PAYABLES TO BROKERAGE CUSTOMERS

(in RMB million)	31 December 2014	31 December 2013
Customer deposits		
Current and savings accounts		
– Corporate customers	**280,925**	269,687
– Individual customers	**116,806**	104,500
Term deposits		
– Corporate customers	**593,270**	427,214
– Individual customers	**112,707**	98,965
Guarantee deposits	**321,045**	242,338
Time deposits from the Central Bank	**31,460**	–
Fiscal deposits	**37,189**	36,212
Remittance payables and outward remittance	**2,702**	2,556
	1,496,104	1,181,472
Payables to brokerage customers		
– Individual customers	**12,951**	5,946
– Corporate customers	**1,393**	4,097
	14,344	10,043
	1,510,448	1,191,515

As at 31 December 2014, bonds held-to-maturity with a carrying amount of RMB36,268 million (31 December 2013: Nil) were pledged as collateral for term deposits from the Central Bank.

39. ACCOUNTS PAYABLE

(in RMB million)	31 December 2014	31 December 2013
Payables under factoring	**1,883**	2,024
Others	**838**	594
	2,721	2,618

40. INSURANCE CONTRACT LIABILITIES

(in RMB million)	31 December 2014	31 December 2013
Policyholders' reserves	**724,338**	620,448
Policyholder contract deposits	**319,395**	276,044
Policyholder account liabilities in respect of insurance contracts	**42,673**	35,502
Unearned premium reserves	**74,124**	60,987
Claim reserves	**46,286**	37,231
Total	**1,206,816**	1,030,212

	31 December 2014		
(in RMB million)	**Insurance contract liabilities**	**Reinsurers' share**	**Net**
Long term life insurance contracts	**1,086,406**	**(1,557)**	**1,084,849**
Short term life insurance contracts	**4,627**	**(267)**	**4,360**
Property and casualty insurance contracts	**115,783**	**(13,763)**	**102,020**
	1,206,816	**(15,587)**	**1,191,229**

	31 December 2013		
(in RMB million)	Insurance contract liabilities	Reinsurers' share	Net
Long term life insurance contracts	931,994	(1,380)	930,614
Short term life insurance contracts	4,635	(283)	4,352
Property and casualty insurance contracts	93,583	(12,176)	81,407
	1,030,212	(13,839)	1,016,373

(in RMB million)	31 December 2014	31 December 2013
Current portion*		
Long term life	**5,438**	4,695
Short term life	**5,444**	4,697
Property and casualty	**71,664**	59,703
Non-current portion		
Long term life	**1,080,968**	927,299
Short term life	**(817)**	(62)
Property and casualty	**44,119**	33,880
Total	**1,206,816**	1,030,212

* Estimated net cash flows within 12 months from the end of the reporting period.

FINANCIAL STATEMENTS

40. INSURANCE CONTRACT LIABILITIES (CONTINUED)

(1) LONG TERM LIFE INSURANCE CONTRACTS

(in RMB million)	31 December 2014	31 December 2013
Policyholders' reserves	**724,338**	620,448
Policyholder contract deposits	**319,395**	276,044
Policyholder account liabilities in respect of insurance contracts	**42,673**	35,502
	1,086,406	931,994

The policyholders' reserves are analyzed as follows:

(in RMB million)	2014	2013
As at 1 January	**620,448**	531,639
Increase during the year	**173,798**	148,230
Decrease during the year		
– Claims and benefits paid	**(52,344)**	(45,380)
– Surrender	**(18,569)**	(14,979)
– Others	**1,005**	938
As at 31 December	**724,338**	620,448

The policyholder contract deposits are analyzed as follows:

(in RMB million)	2014	2013
As at 1 January	**276,044**	236,250
Premiums received	**71,521**	66,815
Accretion of investment income	**20,638**	10,873
Liabilities released for benefits paid	**(33,042)**	(22,980)
Policy administration fees and surrender charges deducted	**(10)**	(20)
Others	**(15,756)**	(14,894)
As at 31 December	**319,395**	276,044

40. INSURANCE CONTRACT LIABILITIES (CONTINUED)

(2) SHORT TERM LIFE INSURANCE CONTRACTS

(in RMB million)	31 December 2014	31 December 2013
Unearned premium reserves	**1,970**	2,596
Claim reserves	**2,657**	2,039
	4,627	4,635

The unearned premium reserves of short term life insurance are analyzed as follows:

	2014			2013		
(in RMB million)	Gross	Reinsurers' share	Net	Gross	Reinsurers' share	Net
As at 1 January	**2,596**	**(230)**	**2,366**	2,413	(58)	2,355
Premiums written during the year	**14,657**	**(4,611)**	**10,046**	10,985	(4,443)	6,542
Premiums earned during the year	**(15,283)**	**4,722**	**(10,561)**	(10,802)	4,271	(6,531)
As at 31 December	**1,970**	**(119)**	**1,851**	2,596	(230)	2,366

The claim reserves of short term life insurance are analyzed as follows:

	2014			2013		
(in RMB million)	Gross	Reinsurers' share	Net	Gross	Reinsurers' share	Net
As at 1 January	**2,039**	**(53)**	**1,986**	1,684	(25)	1,659
Claims incurred during the year	**6,632**	**(3,544)**	**3,088**	5,076	(2,538)	2,538
Claims paid during the year	**(6,014)**	**3,449**	**(2,565)**	(4,721)	2,510	(2,211)
As at 31 December	**2,657**	**(148)**	**2,509**	2,039	(53)	1,986

(3) PROPERTY AND CASUALTY INSURANCE CONTRACTS

(in RMB million)	31 December 2014	31 December 2013
Unearned premium reserves	**72,154**	58,392
Claim reserves	**43,629**	35,191
	115,783	93,583

The unearned premium reserves of property and casualty insurance are analyzed as follows:

	2014			2013		
(in RMB million)	Gross	Reinsurers' share	Net	Gross	Reinsurers' share	Net
As at 1 January	**58,392**	**(6,610)**	**51,782**	48,388	(4,413)	43,975
Premiums written during the year	**143,222**	**(20,066)**	**123,156**	115,673	(16,586)	99,087
Premiums earned during the year	**(129,460)**	**19,801**	**(109,659)**	(105,669)	14,389	(91,280)
As at 31 December	**72,154**	**(6,875)**	**65,279**	58,392	(6,610)	51,782

40. INSURANCE CONTRACT LIABILITIES (CONTINUED)

(3) PROPERTY AND CASUALTY INSURANCE CONTRACTS (CONTINUED)

The claim reserves of property and casualty insurance are analyzed as follows:

(in RMB million)	2014 Gross	2014 Reinsurers' share	2014 Net	2013 Gross	2013 Reinsurers' share	2013 Net
As at 1 January	**35,191**	**(5,565)**	**29,626**	29,802	(4,288)	25,514
Claims incurred during the year	**73,462**	**(10,332)**	**63,130**	63,126	(7,976)	55,150
Claims paid during the year	**(65,024)**	**9,009**	**(56,015)**	(57,737)	6,699	(51,038)
As at 31 December	**43,629**	**(6,888)**	**36,741**	35,191	(5,565)	29,626

41. INVESTMENT CONTRACT LIABILITIES FOR POLICYHOLDERS

(in RMB million)	31 December 2014	31 December 2013
Policyholder account liabilities in respect of investment contracts	**4,577**	4,101
Investment contract reserves	**33,753**	34,252
	38,330	38,353

The investment contract liabilities are analyzed as follows:

(in RMB million)	2014	2013
As at 1 January	**38,353**	34,669
Premiums received	**9,675**	8,243
Accretion of investment income	**1,903**	916
Liabilities released for benefits paid	**(12,182)**	(6,408)
Policy administration fees and surrender charges deducted	**(93)**	(33)
Others	**674**	966
As at 31 December	**38,330**	38,353

As at 31 December 2013 and 2014, all reinsurance contracts of the Group transferred significant insurance risk.

42. BONDS PAYABLE

Issuer	Type	Guarantee type	Maturity	Early redemption option	Par value (in RMB million)	Issued year	Interest type	Coupon rate (per annum)	31 December 2014	31 December 2013
Value Success International Limited	Offshore RMB bonds	Guaranteed (Note 1)	3 years	None	2,000	2011	Fixed	2.08%	-	1,999
Value Success International Limited	Offshore RMB bonds	Guaranteed (Note 1)	3 years	None	1,500	2013	Fixed	4.00%	**1,497**	1,496
Value Success International Limited	Offshore RMB bonds	Guaranteed (Note 1)	5 years	None	2,100	2013	Fixed	4.75%	**2,090**	2,088
Value Success International Limited	Offshore RMB bonds	Guaranteed (Note 1)	5 years	None	750	2014	Fixed	4.95%	**748**	-
Value Success International Limited	Offshore RMB bonds	Guaranteed (Note 1)	3 years	None	850	2014	Fixed	4.15%	**848**	-
Value Success International Limited	Offshore SGD bonds	Guaranteed (Note 1)	5.5 years	None	1,779	2014	Fixed	4.13%	**1,704**	-
Ping An Property & Casualty	Subordinated bonds	None	10 years	End of the fifth year	2,000	2009	Fixed	First 5 years: 4.20% Next 5 years: 6.20% (If not redeemed)	-	2,094
Ping An Property & Casualty	Subordinated bonds	None	10 years	End of the fifth year	2,500	2010	Fixed	First 5 years: 4.65% Next 5 years: 6.65% (If not redeemed)	**2,613**	2,586
Ping An Property & Casualty	Subordinated bonds	None	10 years	End of the fifth year	3,000	2012	Fixed	First 5 years: 4.65% Next 5 years: 6.65% (If not redeemed)	**3,050**	3,022
Ping An Life	Subordinated bonds	None	10 years	End of the fifth year	4,000	2011	Fixed	First 5 years: 5.70% Next 5 years: 7.70% (If not redeemed)	**4,112**	4,071
Ping An Life	Subordinated bonds	None	10 years	End of the fifth year	9,000	2012	Fixed	First 5 years: 5.00% Next 5 years: 7.00% (If not redeemed)	**9,191**	9,103

42. BONDS PAYABLE (CONTINUED)

Issuer	Type	Guarantee type	Maturity	Early redemption option	Par value (in RMB million)	Issued year	Interest type	Coupon rate (per annum)	31 December 2014	31 December 2013
Ping An Life	Subordinated bonds	None	10 years	End of the fifth year	8,000	2014	Fixed	First 5 years: 5.90% Next 5 years: 7.90% (If not redeemed)	**8,032**	-
Ping An Bank	Subordinated bonds	None	10 years	End of the fifth year	1,150	2009	Fixed	First 5 years: 4.40% Next 5 years: 7.40% (If not redeemed)	**-**	1,151
Ping An Bank	Subordinated bonds	None	10 years	End of the fifth year	1,850	2009	Floating	First 5 years: one year deposit interest plus 1.65% Next 5 years: one year deposit interest plus 4.65% (If not redeemed)	**-**	1,845
Ping An Bank	Hybrid capital debt instrument	None	15 years	End of the tenth year	1,500	2009	Fixed	First 10 years: 5.70% Next 5 years: 8.70% (If not redeemed)	**1,464**	1,463
Ping An Bank	Hybrid capital debt instrument	None	15 years	End of the tenth year	3,650	2011	Fixed	7.50%	**3,650**	3,650
Ping An Bank	Tier -2 Capital bonds	None	10 years	End of the fifth year	6,000	2014	Fixed	6.50%	**6,000**	-
Ping An Bank	Tier -2 Capital bonds	None	10 years	End of the fifth year	9,000	2014	Fixed	6.80%	**9,000**	-
Ping An Bank	Intercompany deposits	None	3 to 6 months	None	21,900	2014	Discounted	None	**21,636**	-
Ping An International Financial Co.,Ltd	Private Equity notes	None	3 years	None	357	2014	Fixed	4.40%	**357**	-
The Company	Convertible bonds	None	6 years	Note 2	26,000	2013	Step-up	First year: 0.80% Second year: 1.00% Third year: 1.20% Fourth year: 1.80% Fifth year: 2.20% Sixth year: 2.60%	**9,131**	22,188
Ping An Securities	Subordinated Bonds	None	2 years	None	3,000	2014	Fixed	6.50%	**2,996**	-
									88,119	56,756

42. BONDS PAYABLE (CONTINUED)

Note 1:

The bonds are guaranteed by China Ping An Insurance Overseas (Holdings) Limited, which is the holding company of Value Success International Limited.

Note 2:

Pursuant to the approval by relevant PRC authorities, on 22 November 2013, the Company issued A-share convertible bonds with a total principal amount of RMB26 billion. The convertible bonds have a maturity term of six years from 22 November 2013 and bear a fixed interest rate of 0.80% for the first year, with an annual increase to 2.60% through the remaining term. The convertible bond holders are entitled to current period interest calculated by the total par value of convertible bonds held on each anniversary date after the issuance date. The convertible bond holders may exercise their rights to convert the convertible bonds into the Company's A shares at the stipulated conversion price during the period ('Conversion Period') beginning six months after the date of issuance until the maturity date. Within 5 trading days after maturity, the Company shall redeem the outstanding convertible bonds at 108% of par value, including interest for the sixth year.

During the Conversion Period, if the closing price of the Company's A Shares is not lower than or equal to 130% of the prevailing conversion price in at least 15 trading days out of any 30 consecutive trading days, the Company has the right to redeem all or part of the outstanding convertible bonds at par value plus accrued interest on the first day on which the redemption criteria is met. Subject to the board approval, the Company also has the right to redeem all the convertible bonds at par value plus accrued interest should the total outstanding amount be less than RMB30 million.

The conversion price of the convertible bonds will be adjusted, subject to terms and formulae provided for in the bond contracts, to adjust for the dilutive effects of distributions of cash dividends and specified increases in share capital. During the term of the convertible bonds, if the closing price of the A Shares in 15 trading days out of any 30 consecutive trading days is lower than 80% of the prevailing conversion price of the convertible bonds, the board may also propose downward adjustments to the conversion price for the shareholders' approval. From the date of issuance to 31 December 2014, the conversion price of the convertible bonds was adjusted from RMB41.33 per share to RMB41.22 per share with effects of distributions of cash dividends and new H share issuance.

Convertible bonds with a principal amount of RMB15,745 million (2013: Nil) were converted into 381,971,800 share (2013: Nil) ordinary A shares during the year ended 31 December 2014 (Note 34).

The amount of interest related to the convertible bonds paid by the Company was RMB208 million for the year ended 31 December 2014 (2013: Nil).

For the 30 consecutive trading days during the period from November 11, 2014 to December 22, 2014, the closing price of the Company's A shares is not less than 130% of the conversion price of the Convertible Bonds in 15 trading days, the conditional redemption clause of the Convertible Bonds was triggered for the first time. By a resolution of all the executive directors of the Company, it is decided that the Company would exercise its right of early redemption of the Convertible Bonds, and to redeem all the outstanding Convertible Bonds held by holders who are registered on the redemption record date (January 9, 2015) (Note 57).

The details of convertible bonds are as follows:

Initial recognition	
Par value as at 22 November 2013	**26,000**
Less: Issuance cost	**(184)**
Equity component (Note 34)	**(3,731)**
Liability component	**22,085**
Initial recognition of liability component at inception	**22,085**
Accretion	**103**
Liability component as at 31 December 2013	**22,188**
Accretion	**940**
Amount converted to shares	**(13,997)**
Liability component as at 31 December 2014	**9,131**

FINANCIAL STATEMENTS

43. DEFERRED TAX ASSETS AND LIABILITIES

(in RMB million)	**31 December 2014**	31 December 2013
Deferred tax assets	**12,354**	15,253
Deferred tax liabilities	**(6,160)**	(6,238)
Net	**6,194**	9,015

The deferred tax assets are analyzed as follows:

	2014						
(in RMB million)	**As at 1 January**	**Acquisitions of subsidiaries**	**Charged to profit or loss**	**Charged to equity**	**Other changes**	**As at 31 December**	**Temporary difference as at 31 December**
Fair value adjustments on financial assets and liabilities carried at fair value through profit or loss	**157**	**-**	**(144)**	**-**	**-**	**13**	**(52)**
Fair value adjustments and impairment losses on available-for-sale investments	**8,168**	**-**	**2,234**	**(12,564)**	**(73)**	**(2,235)**	**8,940**
Insurance contract liabilities	**(63)**	**-**	**1,793**	**2,359**	**170**	**4,259**	**(17,036)**
Loan loss provisions	**3,104**	**7**	**2,307**	**-**	**(1)**	**5,417**	**(21,668)**
Others	**3,887**	**251**	**717**	**-**	**45**	**4,900**	**(19,600)**
	15,253	**258**	**6,907**	**(10,205)**	**141**	**12,354**	**(49,416)**

	2013						
(in RMB million)	As at 1 January	Acquisitions of subsidiaries	Charged to profit or loss	Charged to equity	Other changes	As at 31 December	Temporary difference as at 31 December
Fair value adjustments on financial assets and liabilities carried at fair value through profit or loss	5	–	152	–	–	157	(628)
Fair value adjustments and impairment losses on available-for-sale investments	6,276	–	(285)	2,184	(7)	8,168	(32,672)
Insurance contract liabilities	(64)	–	272	(271)	–	(63)	252
Loan loss provisions	1,988	–	1,116	–	–	3,104	(12,416)
Others	2,475	640	882	–	(110)	3,887	(15,548)
	10,680	640	2,137	1,913	(117)	15,253	(61,012)

43. DEFERRED TAX ASSETS AND LIABILITIES (CONTINUED)

The deferred tax liabilities are analyzed as follows:

(in RMB million)	2014 As at 1 January	Acquisitions of subsidiaries	Charged to profit or loss	Charged to equity	Other changes	As at 31 December	Temporary difference as at 31 December
Fair value adjustments on financial assets and liabilities carried at fair value through profit or loss	**(3)**	**-**	**(10)**	**-**	**-**	**(13)**	**52**
Fair value adjustments and impairment losses on available-for-sale investments	**(112)**	**-**	**-**	**21**	**8**	**(83)**	**332**
Intangible assets-core deposits	**(3,298)**	**-**	**189**	**-**	**-**	**(3,109)**	**12,436**
Others	**(2,825)**	**-**	**46**	**(55)**	**(121)**	**(2,955)**	**11,820**
	(6,238)	**-**	**225**	**(34)**	**(113)**	**(6,160)**	**24,640**

(in RMB million)	2013 As at 1 January	Acquisitions of subsidiaries	Charged to profit or loss	Charged to equity	Other changes	As at 31 December	Temporary difference as at 31 December
Fair value adjustments on financial assets and liabilities carried at fair value through profit or loss	-	-	(3)	-	-	(3)	12
Fair value adjustments and impairment losses on available-for-sale investments	(222)	-	(91)	201	-	(112)	448
Intangible assets-core deposits	(3,487)	-	189	-	-	(3,298)	13,197
Others	(1,890)	(827)	(127)	-	19	(2,825)	11,300
	(5,599)	(827)	(32)	201	19	(6,238)	24,957

43. DEFERRED TAX ASSETS AND LIABILITIES (CONTINUED)

As at 31 December 2014, unrecognized tax losses of the Group were RMB886 million (31 December 2013: RMB1,666 million).

The following table shows unrecognized tax losses based on its expected expiry date:

(in RMB million)	31 December 2014	31 December 2013
2014	–	9
2015	55	217
2016	151	827
2017	160	320
2018	219	293
2019	301	–
	886	1,666

44. OTHER LIABILITIES

(in RMB million)	31 December 2014	31 December 2013
Other payables	54,124	13,765
Payable to holders of trust schemes and banking wealth management products	8,594	12,481
Salaries and welfare payable	17,013	12,060
Interest payable	26,068	17,106
Other tax payable	4,980	3,897
Receipts in advance	5,029	5,014
Contingency provision	383	1,095
Insurance guarantee fund	620	457
Accruals	3,150	2,714
Deferred income	2,058	1,600
Others	9,164	3,070
	131,183	73,259

45. FIDUCIARY ACTIVITIES

(in RMB million)	31 December 2014	31 December 2013
Assets under trust schemes	382,603	277,420
Assets under corporate annuity schemes	89,280	72,290
Assets under asset management schemes	171,190	84,455
Entrusted loans of banking operation	258,842	95,246
Entrusted investments of banking operation	165,189	123,140
	1,067,104	652,551

The above table showed main fiduciary activity of the Group. Where the Group acts in a fiduciary capacity, such as nominee, trustee or agent, assets held for fiduciary activities together with related undertakings to return such assets to customers, are recorded off-balance sheet, as risks and gains of such assets are assumed by customers. All of the above are off-balance sheet items.

46. RISK AND CAPITAL MANAGEMENT

(1) INSURANCE RISK

Insurance risk refers to the risk that actual indemnity might exceed expected indemnity due to the frequency and severity of insurance accidents, as well as the possibility that insurance surrender rates are being underestimated. The principal risk the Group faces under such contracts is that the actual claims and benefit payments exceed the carrying amount of insurance liabilities. This could occur due to any of the following factors:

- Occurrence risk – the possibility that the number of insured events will differ from those expected.
- Severity risk – the possibility that the cost of the events will differ from those expected.
- Development risk – the possibility that changes may occur in the amount of an insurer's obligation at the end of the contract period.

The variability of risks is improved by diversification of risk of loss to a large portfolio of insurance contracts as a more diversified portfolio is less likely to be affected across the board by change in any subset of the portfolio. The variability of risks is also improved by careful selection and implementation of underwriting strategies and guidelines.

The business of the Group mainly comprises long term life insurance contracts, property and casualty and short term life insurance contracts. For contracts where death is the insured risk, the significant factors that could increase the overall frequency of claims are epidemics, widespread changes in lifestyles and natural disasters, resulting in earlier or more claims than expected. For contracts where survival is the insured risk, the most significant factor is continuing improvement in medical science and social conditions that would increase longevity. For property and casualty insurance contracts, claims are often affected by natural disasters, calamities, terrorist attacks, etc.

These risks currently do not vary significantly in relation to the location of the risk insured by the Group whilst undue concentration by amounts could have an impact on the severity of benefit payments on a portfolio basis.

There would be no significant mitigating terms and conditions that reduce the insured risk accepted for contracts with fixed and guaranteed benefits and fixed future premiums. However, for contracts with discretionary participation features, the participating nature of these contracts results in a significant portion of the insurance risk being shared with the insured party.

Insurance risk is also affected by the policyholders' rights to terminate the contract, pay reduced premiums, refuse to pay premiums or exercise annuity conversion option, etc. Thus, the resultant insurance risk is subject to policyholders' behavior and decisions.

The Group limits its exposure to losses from insurance operations mainly through participation in reinsurance arrangements. More detailed discussion on reinsurance is disclosed in Note 46. (1) (c).

Concentration of insurance risks

The Group runs its insurance business primarily within the PRC. Hence the geographical insurance risk is concentrated primarily within the PRC.

The Group's concentration of insurance risk is reflected by its major lines of business as analyzed by insurance contract liabilities in Note 40.

46. RISK AND CAPITAL MANAGEMENT (CONTINUED)

(1) INSURANCE RISK (CONTINUED)

Assumptions and sensitivities

(a) Long term life insurance contracts

Assumptions

Material judgment is required in determining insurance contract reserves and in choosing discount rates/investment return, mortality, morbidity, lapse rates, policy dividend, expenses assumptions relating to long term life insurance contracts.

Sensitivities

The Group has measured the impact on long term life insurance contract liabilities using sensitivity analysis, of varying independently certain assumptions under reasonable and possible circumstances. The following changes in assumptions have been considered:

- discount rate/investment return assumption increased by 10 basis points every year;
- discount rate/investment return assumption decreased by 10 basis points every year;
- a 10% increase in morbidity rates, mortality of life insurance policies and annuity policies before the payment period, and a 10% decrease in mortality of annuity policies in the payment period;
- a 10% increase in policy lapse rates; and
- a 5% increase in maintenance expense rates.

		31 December 2014			
(in RMB million)	**Change in assumptions**	**Impact on gross policyholders' reserves Increase/ (decrease)**	**Impact on net policyholders' reserves Increase/ (decrease)**	**Impact on profit before tax Increase/ (decrease)**	**Impact on equity before tax Increase/ (decrease)**
Discount rate/investment return	**+10bps**	**(1,250)**	**(1,247)**	**1,247**	**1,247**
Discount rate/investment return	**-10bps**	**3,015**	**3,009**	**(3,009)**	**(3,009)**
Morbidity/mortality rates	**Before annuity payment period +10%, During annuity payment period -10%**	**9,142**	**8,573**	**(8,573)**	**(8,573)**
Policy lapse rates	**+10%**	**4,697**	**4,712**	**(4,712)**	**(4,712)**
Maintenance expense rates	**+5%**	**1,683**	**1,683**	**(1,683)**	**(1,683)**

		31 December 2013			
(in RMB million)	Change in assumptions	Impact on gross policyholders' reserves Increase/ (decrease)	Impact on net policyholders' reserves Increase/ (decrease)	Impact on profit before tax Increase/ (decrease)	Impact on equity before tax Increase/ (decrease)
Discount rate/investment return	+10bps	(3,918)	(3,838)	3,838	3,838
Discount rate/investment return	-10bps	5,053	4,944	(4,944)	(4,944)
Morbidity/mortality rates	Before annuity payment period +10%, During annuity payment period -10%	8,026	7,528	(7,528)	(7,528)
Policy lapse rates	+10%	3,446	3,460	(3,460)	(3,460)
Maintenance expense rates	+5%	1,423	1,423	(1,423)	(1,423)

46. RISK AND CAPITAL MANAGEMENT (CONTINUED)

(1) INSURANCE RISK (CONTINUED)

Assumptions and sensitivities (continued)

(b) Property and casualty and short term life insurance contracts

Assumptions

The principal assumption underlying the estimates includes assumptions in respect of average claim costs, claims handling costs, claims inflation factors and claim numbers for each accident year which are determined based on the Group's past claim experiences. Judgment is used to assess the extent to which external factors such as judicial decisions and government legislation affect the estimates.

Other key assumptions include delays in settlement, etc.

Sensitivities

The property and casualty and short term life insurance claim reserves are sensitive to the above key assumptions. The sensitivity of certain variables including legislative change, uncertainty in the estimation process, etc., is not possible to quantify. Furthermore, because of delays that arise between the occurrence of a claim and its subsequent notification and eventual settlement, the outstanding claim reserves are not known with certainty at the end of the reporting period.

Reproduced below is an exhibit that shows the development of gross claim reserves of property and casualty insurance by the accident year:

(in RMB million)	2010	2011	2012	2013	**2014**	Total
Estimated cumulative claims paid:						
As at end of current year	26,796	38,655	51,312	60,361	**69,852**	
One year later	26,648	38,360	51,966	60,876	**-**	
Two years later	26,767	37,780	51,727	–	**-**	
Three years later	26,417	37,475	–	–	**-**	
Four years later	26,225	–	–	–	**-**	
Estimated cumulative claims	26,225	37,475	51,727	60,876	**69,852**	246,155
Cumulative claims paid	(25,631)	(35,779)	(48,350)	(52,712)	**(43,244)**	(205,716)
Subtotal						40,439
Prior year adjustments, unallocated loss adjustment expenses, discount and risk margin						3,190
Unpaid claim expenses						43,629

FINANCIAL STATEMENTS

46. RISK AND CAPITAL MANAGEMENT (CONTINUED)

(1) INSURANCE RISK (CONTINUED)

Assumptions and sensitivities (continued)

(b) Property and casualty and short term life insurance contracts (continued)

Sensitivities (continued)

Reproduced below is an exhibit that shows the development of net claim reserves of property and casualty insurance by the accident year:

(in RMB million)	2010	2011	2012	2013	**2014**	Total
Estimated cumulative claims paid:						
As at end of current year	23,977	34,486	45,307	52,810	**59,864**	
One year later	23,977	33,912	45,702	53,124	**–**	
Two years later	23,954	33,363	45,469	–	**–**	
Three years later	23,636	32,984	–	–	**–**	
Four years later	23,479	–	–	–	**–**	
Estimated cumulative claims	23,479	32,984	45,469	53,124	**59,864**	214,920
Cumulative claims paid	(22,976)	(31,772)	(42,670)	(46,484)	**(37,189)**	(181,091)
Subtotal						33,829
Prior year adjustments, unallocated loss adjustment expenses, discount and risk margin						2,912
Unpaid claim expenses						36,741

Reproduced below is an exhibit that shows the development of gross claim reserves of short term life insurance by the accident year:

(in RMB million)	2010	2011	2012	2013	**2014**	Total
Estimated cumulative claims paid:						
As at end of current year	3,326	3,739	4,301	4,877	**6,732**	
One year later	3,358	3,547	4,173	5,066	**–**	
Two years later	3,384	3,534	4,182	–	**–**	
Three years later	3,383	3,534	–	–	**–**	
Four years later	3,383	–	–	–	**–**	
Estimated cumulative claims	3,383	3,534	4,182	5,066	**6,732**	22,897
Cumulative claims paid	(3,383)	(3,534)	(4,182)	(4,884)	**(4,382)**	(20,365)
Subtotal						2,532
Prior year adjustments, unallocated loss adjustment expenses and risk margin						125
Unpaid claim expenses						2,657

46. RISK AND CAPITAL MANAGEMENT (CONTINUED)

(1) INSURANCE RISK (CONTINUED)

Assumptions and sensitivities (continued)

(b) Property and casualty and short term life insurance contracts (continued)

Sensitivities (continued)

Reproduced below is an exhibit that shows the development of net claim reserves of short term life insurance by the accident year:

(in RMB million)	2010	2011	2012	2013	**2014**	Total
Estimated cumulative claims paid:						
As at end of current year	2,371	3,495	4,181	4,717	**6,367**	
One year later	2,386	3,286	4,042	4,862	**-**	
Two years later	2,442	3,300	4,050	–	**-**	
Three years later	2,442	3,299	–	–	**-**	
Four years later	2,442	–	–	–	**-**	
Estimated cumulative claims	2,442	3,299	4,050	4,862	**6,367**	21,020
Cumulative claims paid	(2,442)	(3,299)	(4,050)	(4,687)	**(4,155)**	(18,633)
Subtotal						2,387
Prior year adjustments, unallocated loss adjustment expenses and risk margin						122
Unpaid claim expenses						2,509

To illustrate the sensitivities of ultimate claims costs, for example, a respective percentage change in the average claim costs alone results in a similar percentage change in claim reserves:

	31 December 2014				
(in RMB million)	**Change in assumptions**	**Impact on gross liabilities Increase/ (decrease)**	**Impact on net liabilities Increase/ (decrease)**	**Impact on profit before tax Increase/ (decrease)**	**Impact on equity before tax Increase/ (decrease)**
Average claim costs					
Property and casualty insurance	**+5%**	**2,181**	**1,831**	**(1,831)**	**(1,831)**
Short term life insurance	**+5%**	**133**	**125**	**(125)**	**(125)**

	31 December 2013				
(in RMB million)	Change in assumptions	Impact on gross liabilities Increase/ (decrease)	Impact on net liabilities Increase/ (decrease)	Impact on profit before tax Increase/ (decrease)	Impact on equity before tax Increase/ (decrease)
Average claim costs					
Property and casualty insurance	+5%	1,760	1,481	(1,481)	(1,481)
Short term life insurance	+5%	102	99	(99)	(99)

46. RISK AND CAPITAL MANAGEMENT (CONTINUED)

(1) INSURANCE RISK (CONTINUED)

Assumptions and sensitivities (continued)

(c) Reinsurance

The Group limits its exposure to losses from insurance operations mainly through participation in reinsurance arrangements. The majority of the business ceded is placed on the quota share basis and the surplus basis with retention limits varying by product lines. Amounts recoverable from reinsurers are estimated in a manner consistent with the assumptions used for ascertaining the underlying policy benefits and are presented in the statement of financial position as reinsurers' share of insurance liabilities and due from reinsurers.

Even though the Group may have reinsurance arrangements, it is not relieved of its direct obligations to its policyholders and thus a credit exposure exists with respect to reinsurance ceded, to the extent that any reinsurer is unable to meet its obligations assumed under such reinsurance agreements.

(2) MARKET RISK

Market risk is the risk of changes in fair value of financial instruments and future cash flows from fluctuation of market prices, which includes three types of risks from volatility of foreign exchange rates (foreign currency risk), market interest rates (interest rate risk) and market prices (price risk).

(a) Foreign currency risk

Foreign currency risk is the risk of loss resulting from changes in foreign currency exchange rates. Fluctuations in exchange rates between the RMB and other currencies in which the Group conducts business may affect its financial position and results of operations. The foreign currency risk facing the Group comes from movements in the USD/RMB and HKD/RMB exchange rates. The Group seeks to limit its exposure to foreign currency risk by minimizing its net foreign currency position.

The analysis below is performed for reasonably possible movements in key variables with all other variables held constant, showing the pre-tax impact on profit and equity (due to changes in fair value of foreign currency denominated non-monetary assets and liabilities measured at fair value, as well as monetary assets and liabilities). The correlation of variables will have a significant effect on determining the ultimate impact on market risk, but to demonstrate the impact due to changes in variables, variables had to be changed on an individual basis.

		31 December 2014		31 December 2013	
(in RMB million)	Change in variables	**Increase/ (decrease) in profit before tax**	**Increase/ (decrease) in equity before tax**	Increase/ (decrease) in profit before tax	Increase/ (decrease) in equity before tax
USD	+5%	**447**	**532**	132	195
HKD	+5%	**579**	**1,289**	204	899
Other currencies	+5%	**(6)**	**129**	15	175
		1,020	**1,950**	351	1,269
USD	-5%	**(447)**	**(532)**	(132)	(195)
HKD	-5%	**(579)**	**(1,289)**	(204)	(899)
Other currencies	-5%	**6**	**(129)**	(15)	(175)
		(1,020)	**(1,950)**	(351)	(1,269)

46. RISK AND CAPITAL MANAGEMENT (CONTINUED)

(2) MARKET RISK (CONTINUED)

(a) Foreign currency risk (continued)

The main monetary assets and liabilities of the Group (excluding balances of investment-linked contracts) and non-monetary assets and liabilities measured at fair value are analyzed as follows by currency:

	31 December 2014				
(in RMB millions)	RMB	USD (RMB equivalent)	HKD (RMB equivalent)	Others (RMB equivalent)	RMB equivalent total
Assets					
Cash and amounts due from banks and other financial institutions	345,933	31,847	18,668	2,037	398,485
Balances with the Central Bank and statutory deposits	306,574	6,663	491	-	313,728
Fixed maturity investments	1,607,342	635	388	371	1,608,736
Equity investments	223,432	1,368	14,184	2,706	241,690
Loans and advances to customers	946,885	100,763	5,069	1,165	1,053,882
Premium receivables	29,934	774	32	-	30,740
Accounts receivable	14,980	3	-	-	14,983
Reinsurers' share of insurance liabilities	13,951	1,385	251	-	15,587
Finance lease receivable	37,908	-	-	-	37,908
Other assets	64,686	3,900	398	14	68,998
	3,591,625	147,338	39,481	6,293	3,784,737
Liabilities					
Due to banks and other financial institutions	447,909	6,318	18	1,908	456,153
Other financial liabilities held for trading	4,747	-	-	-	4,747
Assets sold under agreements to repurchase	99,451	221	-	-	99,672
Customer deposits and payables to brokerage customers	1,318,099	172,383	17,573	2,393	1,510,448
Accounts payable	2,718	3	-	-	2,721
Insurance payables	65,132	493	33	2	65,660
Insurance contract liabilities	1,204,339	2,001	461	15	1,206,816
Investment contract liabilities for policyholders	38,324	6	-	-	38,330
Policyholder dividend payable	28,662	10	-	1	28,673
Bonds payable	88,119	-	-	-	88,119
Other liabilities	29,228	2,580	1,033	78	32,919
	3,326,728	184,015	19,118	4,397	3,534,258
Net position of foreign currency		(36,677)	20,363	1,896	(14,418)
Notional amount of foreign exchange derivative financial instruments		47,307	5,407	676	53,390
		10,630	25,770	2,572	38,972
Off-balance sheet credit commitments	493,145	41,989	2,266	392	537,792

FINANCIAL STATEMENTS

46. RISK AND CAPITAL MANAGEMENT (CONTINUED)

(2) MARKET RISK (CONTINUED)

(a) Foreign currency risk (continued)

	31 December 2013				
(in RMB millions)	RMB	USD (RMB equivalent)	HKD (RMB equivalent)	Others (RMB equivalent)	RMB equivalent total
Assets					
Cash and amounts due from banks and other financial institutions	333,012	10,887	7,021	2,411	353,331
Balances with the Central Bank and statutory deposits	232,897	4,019	238	–	237,154
Fixed maturity investments	1,454,161	476	–	–	1,454,637
Equity investments	138,657	1,275	13,940	3,196	157,068
Loans and advances to customers	790,657	67,432	3,452	229	861,770
Premium receivables	23,503	657	45	–	24,205
Accounts receivable	8,033	–	–	–	8,033
Reinsurers' share of insurance liabilities	12,283	1,402	154	–	13,839
Finance lease receivable	12,985	–	–	–	12,985
Other assets	53,511	1,096	87	–	54,694
	3,059,699	87,244	24,937	5,836	3,177,716
Liabilities					
Due to banks and other financial institutions	471,044	23,996	677	13,749	509,466
Other financial liabilities held for trading	3,692	–	–	–	3,692
Assets sold under agreements to repurchase	121,504	–	138	–	121,642
Customer deposits and payables to brokerage customers	1,091,895	91,143	6,100	2,377	1,191,515
Accounts payable	2,618	–	–	–	2,618
Insurance payables	37,716	543	40	2	38,301
Insurance contract liabilities	992,367	1,974	355	14	994,710
Investment contract liabilities for policyholders	34,245	6	–	1	34,252
Policyholder dividend payable	25,223	8	–	1	25,232
Bonds payable	56,756	–	–	–	56,756
Other liabilities	48,202	748	36	69	49,055
	2,885,262	118,418	7,346	16,213	3,027,239
Net position of foreign currency		(31,174)	17,591	(10,377)	(23,960)
Notional amount of foreign exchange derivative financial instruments		35,076	396	13,868	49,340
		3,902	17,987	3,491	25,380
Off-balance sheet credit commitments	427,088	20,165	410	680	448,343

46. RISK AND CAPITAL MANAGEMENT (CONTINUED)

(2) MARKET RISK (CONTINUED)

(b) Price risk

The Group's price risk exposure relates to financial assets and liabilities whose values will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or foreign currency risk), which mainly include listed equity securities and equity investment funds classified as available-for-sale financial assets and financial assets at fair value through profit or loss.

The above investments are exposed to price risk because of changes in market prices, where changes are caused by factors specific to the individual financial instruments or their issuers, or factors affecting all similar financial instruments traded in the market.

The Group managed price risks by diversification of investments, setting limits for investments in different securities, etc.

The Group uses a 10-day market price value-at-risk ('VaR') technique to estimate its risk exposure for listed equity securities and equity investments funds. The Group adopts 10-day as the holding period on the assumption that not all the investments can be sold in one day. Moreover, the VaR calculation is made based on normal market conditions and a 99% confidence interval.

The use of VaR has limitations because it is based on historical correlations and volatilities in market prices and assumes that future price movements will follow a statistical distribution. Due to the fact that VaR relies heavily on historical data to provide information and may not clearly predict future changes and modifications of the risk factors, the probability of large market moves may be underestimated if changes in risk factors fail to align with the normal distribution assumption. The VaR may also be under or over estimated due to the assumption placed on risk factors and the relationship between such factors for specific instruments. Even though positions may change throughout the day, the VaR only represents the risk of the portfolios at the close of each business day, and it does not account for any losses that may occur beyond the 99% confidence interval.

In practice, the actual trading results will differ from the VaR calculation and, in particular, the calculation does not provide a meaningful indication of profits and losses in stressed market conditions.

The analysis below is the estimated impact for listed stocks and equity investment funds with 10-day reasonable market fluctuation in using the VaR module in the normal market.

(in RMB million)	**31 December 2014**	31 December 2013
Listed stocks and equity investment funds	**10,705**	8,265

The Group expects that current listed stocks and equity investments funds will not lose more than RMB10,705 million due to market price movements in a 10-trading-day holding period on 99% of occasions.

(c) Interest rate risk

Interest rate risk is the risk that the value/future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

Floating rate instruments expose the Group to cash flow interest rate risk, whereas fixed rate instruments expose the Group to fair value interest risk.

46. RISK AND CAPITAL MANAGEMENT (CONTINUED)

(2) MARKET RISK (CONTINUED)

(c) Interest rate risk (continued)

The Group's interest rate risk policy requires it to manage interest rate risk by maintaining an appropriate mix of fixed and variable rate instruments. The policy also requires it to manage the maturities of interest bearing financial assets and interest bearing financial liabilities. Interest on floating rate instruments is repriced at intervals of less than one year. Interest on fixed interest rate instruments is priced at inception of the financial instruments and is fixed until maturity.

The analysis below is performed for reasonably possible movements in interest rate with all other variables held constant, for the following financial instruments, showing the pre-tax impact on the Group's profit (fair value change on held for trading bonds) and equity (fair value change on held for trading bonds and available-for-sale bonds).

(in RMB million)	Change in interest rate	**31 December 2014** Increase/ (decrease) in profit before tax	**31 December 2014** Increase/ (decrease) in equity before tax	31 December 2013 Increase/ (decrease) in profit before tax	31 December 2013 Increase/ (decrease) in equity before tax
Bonds carried at fair value through profit or loss and available-for-sale	-50 basis points	**81**	**2,722**	100	2,385
Bonds carried at fair value through profit or loss and available-for-sale	+50 basis points	**(81)**	**(2,722)**	(100)	(2,385)

The following sensitivity analysis is based on the assumption that the floating rate bonds, floating rate term deposits and loans and advances have a static structure of interest rate risk. The analysis only measured interest rate changes within one year, reflecting the impact on interest income and interest expenses from the re-pricing of financial assets and liabilities within a year with the following assumptions: firstly, the interest rate of the floating rate bonds, floating rate term deposits/loans and advances is re-priced after the end of the reporting period; secondly, the yield curve moved in parallel with the changes in the interest rate; and thirdly, there are no other changes in the portfolio of financial assets and liabilities. Regarding the above assumptions, the pre-tax impact on the Group's profit and equity as a result of actual increases or decreases in interest rates may differ from that of the following sensitivity analysis.

(in RMB million)	Change in interest rate	**31 December 2014** Increase/ (decrease) in profit before tax	**31 December 2014** Increase/ (decrease) in equity before tax	31 December 2013 Increase/ (decrease) in profit before tax	31 December 2013 Increase/ (decrease) in equity before tax
Floating interest rate bonds	+50 basis points	**205**	**205**	464	464
Floating rate term deposits	+50 basis points	**109**	**109**	110	110
Loans and advances to customers	+50 basis points	**4,016**	**4,016**	2,569	2,569
Floating interest rate bonds	-50 basis points	**(205)**	**(205)**	(464)	(464)
Floating rate term deposits	-50 basis points	**(109)**	**(109)**	(110)	(110)
Loans and advances to customers	-50 basis points	**(4,016)**	**(4,016)**	(2,569)	(2,569)

46. RISK AND CAPITAL MANAGEMENT (CONTINUED)

(2) MARKET RISK (CONTINUED)

(c) Interest rate risk (continued)

The following table sets out the Group's term deposits (excluding balances of investment-linked contracts) by maturity:

(in RMB million)	31 December 2014	31 December 2013
Fixed interest rate		
Less than 3 months (including 3 months)	**4,446**	11,926
3 months to 1 year (including 1 year)	**57,442**	3,549
1-2 years (including 2 years)	**28,531**	54,400
2-3 years (including 3 years)	**62,494**	28,575
3-4 years (including 4 years)	**17,084**	62,510
4-5 years (including 5 years)	**18,770**	17,084
More than 5 years	**2,000**	7,500
Floating interest rate	**20,340**	20,840
	211,107	206,384

The following table sets out the Group's bonds, debt schemes and banking wealth management products (excluding balances of investment-linked contracts) by maturity:

	31 December 2014				
(in RMB million)	**Loans and receivables**	**Held-to-maturity**	**Available-for-sale**	**Carried at fair value through profit or loss**	**Total**
Fixed interest rate					
Less than 3 months (including 3 months)	**109,270**	**13,674**	**8,689**	**6,421**	**138,054**
3 months to 1 year (including 1 year)	**92,138**	**31,343**	**21,908**	**10,399**	**155,788**
1-2 years (including 2 years)	**31,739**	**35,494**	**16,669**	**1,859**	**85,761**
2-3 years (including 3 years)	**21,974**	**38,422**	**21,621**	**4,575**	**86,592**
3-4 years (including 4 years)	**6,478**	**50,759**	**11,042**	**370**	**68,649**
4-5 years (including 5 years)	**11,130**	**75,217**	**14,471**	**4,100**	**104,918**
More than 5 years	**67,974**	**474,864**	**49,412**	**3,010**	**595,260**
Floating interest rate	**88,513**	**63,724**	**2,044**	**1,662**	**155,943**
	429,216	**783,497**	**145,856**	**32,396**	**1,390,965**

46. RISK AND CAPITAL MANAGEMENT (CONTINUED)

(2) MARKET RISK (CONTINUED)

(c) Interest rate risk (continued)

	31 December 2013				
(in RMB million)	Loans and receivables	Held-to-maturity	Available-for-sale	Carried at fair value through profit or loss	Total
Fixed interest rate					
Less than 3 months (including 3 months)	80,027	5,331	2,707	4,951	93,016
3 months to 1 year (including 1 year)	79,776	23,486	6,177	5,716	115,155
1-2 years (including 2 years)	22,606	44,911	10,373	568	78,458
2-3 years (including 3 years)	2,930	32,157	13,330	855	49,272
3-4 years (including 4 years)	3,460	32,331	12,137	781	48,709
4-5 years (including 5 years)	2,310	48,612	13,399	512	64,833
More than 5 years	33,747	484,658	35,293	31	553,729
Floating interest rate	51,476	72,584	1,109	2,109	127,278
	276,332	744,070	94,525	15,523	1,130,450

Interest rates on floating rate term deposits and floating rate bonds are repriced at intervals of less than one year. Interest rates on fixed rate term deposits and fixed rate bonds are fixed before maturity.

(3) CREDIT RISK

Credit risks refer to the risk of losses incurred by the inabilities of debtors or counterparties to fulfill their contractual obligations or by the adverse changes in their credit conditions. The Group is exposed to credit risks primarily associated with its deposit arrangements with commercial banks, loans and advances to customers, investments in bonds, reinsurance arrangements with reinsurers, policy loans, securities financing and direct loans, financial guarantees, loan commitments, etc. The Group uses a variety of controls to identify, measure, monitor and report credit risk.

Credit risk of banking business

The bank segment of the Group has formulated a complete set of credit management processes and internal control mechanisms, so as to carry out whole process management of credit business. Credit management procedures for its corporate and retail loans comprise the processes of credit origination, credit review, credit approval, disbursement, post-disbursement monitoring and collection.

Risks arising from financial guarantees and loan commitments are similar to those associated with loans and advances. Transactions of financial guarantees and loan commitments are, therefore, subject to the same portfolio management and the same requirements for application and collateral as loans and advances to customers.

The bank segment of the Group sub-divides credit asset risks into 10 categories based on the five-tier loan classification system promulgated by the China Banking Regulatory Commission ('CBRC'), and applies different management policies to the loans in accordance with their respective loan categories. With the implementation of the New Capital Accord, the banking business will gradually establish a more scientific rating system in accordance with industry and regulatory requirements.

46. RISK AND CAPITAL MANAGEMENT (CONTINUED)

(3) CREDIT RISK (CONTINUED)

Credit risk of investment business

As to debt investments, the Group grades the existing investments according to internal credit rating policies and processes, chooses high credit quality counterparties and establishes strict access standards.

The Group's debt securities investment mainly includes domestic government bonds, Central Bank bills, financial institution bonds, corporate bonds and debt investment plans. As at 31 December 2014, 99.92% (31 December 2013: 99.91%) of the financial institution bonds held by the Group either had a credit rating of A or above, or were issued by national commercial banks. As at 31 December 2014, 97.65% (31 December 2013: 99.85%) of the corporate bonds and short term corporate financing bonds held by the Group had a credit rating of AA and A-1 or above. The bond credit ratings are assigned by qualified appraisal institutions in the PRC. As at 31 December 2014, 96.17% (31 December 2013: 96.85%) of the debt investment plans are guaranteed by third parties or collateralized.

Credit risk of insurance business

The Group will evaluate the credit rating of the reinsurance companies before signing the reinsurance contracts, and choose the reinsurance companies with higher credit rating to reduce the credit risk.

The limit of policy loans are based on the cash value of valid insurance policy, with an appropriate discount, and the validity period of policy loan is in the validity period of insurance policy. The credit risk associated with policy loans will not cause a material impact on the Group's consolidated financial statements as at 31 December 2014 and 31 December 2013.

Credit quality of amounts due from banks and other financial institutions

The following table sets forth aggregated amounts due from banks and other financial institutions placed with the PBOC and major commercial banks in the PRC held by the Group. The following analysis excludes balances of investment-linked contracts.

(in RMB million)	31 December 2014
PBOC	**302,139**
Top five commercial banks	
Bank of Communications Co., Ltd.	**38,096**
China Merchants Bank Co., Ltd.	**30,306**
China Everbright Bank Co., Ltd.	**28,737**
China CITIC Bank	**26,989**
Bank of China Limited	**26,688**
Other major banks and financial institutions	
China Minsheng Banking Corp. Ltd.	**23,912**
Industrial and Commercial Bank of China Limited	**21,933**
Agricultural Bank of China Ltd.	**21,805**
Shanghai Pudong Development Bank Co., Ltd.	**20,466**
Industrial Bank Co., Ltd.	**18,270**
Others	**152,872**
	712,213

46. RISK AND CAPITAL MANAGEMENT (CONTINUED)

(3) CREDIT RISK (CONTINUED)

Credit quality of amounts due from banks and other financial institutions (continued)

(in RMB million)	31 December 2013
PBOC	226,193
Top five commercial banks	
China Merchants Bank Co., Ltd.	31,901
China Everbright Bank Co., Ltd.	27,841
China Minsheng Banking Corp. Ltd.	27,727
Bank of China Limited	27,719
Shanghai Pudong Development Bank Co., Ltd.	22,070
Other major banks and financial institutions	
Agricultural Bank of China Ltd.	22,066
China CITIC Bank	20,810
Industrial and Commercial Bank of China Limited	19,206
Bank of Communications Co., Ltd.	17,439
Industrial Bank Co., Ltd.	14,547
Others	132,966
	590,485

Credit exposure

For on-balance sheet assets, the exposures are based on net carrying amounts as reported in the financial statements taking no account of collateral or other credit enhancements, The Group also assumes credit risk due to credit commitments. The details are disclosed in Note 54. (3).

Please refer to Note 23. (2) and (5) for an analysis of concentration of loans and advances by industry and geographical region.

Collateral and other credit enhancements

The amount and type of collateral required depends on an assessment of the credit risk of the counterparty. Guidelines are implemented regarding the acceptability of types of collateral and the valuation parameters.

The main types of collateral obtained are as follows:

- for policy loans, cash value of policies;
- for reverse repurchase transactions, bills, loans and negotiable securities;
- for commercial lending, charges over real estate properties, inventories, equity investments and trade receivables, etc.; and
- for retail lending, residential properties mortgages.

46. RISK AND CAPITAL MANAGEMENT (CONTINUED)

(3) CREDIT RISK (CONTINUED)

Collateral and other credit enhancements (continued)

Management monitors the market value of the collateral, requests additional collateral when needed and performs an impairment valuation when applicable.

It is the Group's policy to dispose of repossessed properties in an orderly fashion. The proceeds are used to reduce or repay the outstanding balance. In general, the Group does not occupy repossessed properties for business use.

Aging analysis of financial assets

	31 December 2014						
		Past due but not impaired					
(in RMB million)	Not due and not impaired	Overdue Less than 30 days	Overdue 31 to 90 days	Overdue More than 90 days	Total past due but not impaired	Impaired	Total
Cash and amounts due from banks and other financial institutions – due from and placements with banks and other financial institutions	112,349	-	-	-	-	59	112,408
Assets purchased under reverse repurchase agreements	197,173	-	-	-	-	32	197,205
Loans and advances to customers	1,020,327	8,445	8,722	27,027	44,194	10,716	1,075,237
Including:							
Corporate loans	634,165	5,043	6,026	26,687	37,756	5,001	676,922
Personal loans	386,162	3,402	2,696	340	6,438	5,715	398,315
Premium receivables	28,580	417	392	349	1,158	1,564	31,302
Due from reinsurers	6,963	64	199	176	439	147	7,549
Finance lease receivable	37,875	1	5	27	33	576	38,484
Gross total	1,403,267	8,927	9,318	27,579	45,824	13,094	1,462,185

FINANCIAL STATEMENTS

46. RISK AND CAPITAL MANAGEMENT (CONTINUED)

(3) CREDIT RISK (CONTINUED)

Aging analysis of financial assets (continued)

	31 December 2013						
		Past due but not impaired					
(in RMB million)	Not due and not impaired	Overdue Less than 30 days	Overdue 31 to 90 days	Overdue More than 90 days	Total past due but not impaired	Impaired	Total
Cash and amounts due from banks and other financial institutions – due from and placements with banks and other financial institutions	99,171	–	–	–	–	58	99,229
Assets purchased under reverse repurchase agreements	298,072	–	–	–	–	43	298,115
Loans and advances to customers	850,323	5,602	3,930	9,527	19,059	7,797	877,179
Including:							
Corporate loans	531,418	2,791	2,552	9,316	14,659	4,994	551,071
Personal loans	318,905	2,811	1,378	211	4,400	2,803	326,108
Premium receivables	22,099	140	344	570	1,054	1,384	24,537
Due from reinsurers	5,926	62	2,523	106	2,691	324	8,941
Finance lease receivable	12,985	–	–	–	–	163	13,148
Gross total	1,288,756	5,804	6,797	10,203	22,804	9,769	1,321,149

Of the aggregate amount of gross past due but not impaired loans and advances to customers, the fair value of collateral that the Group held as at 31 December 2014 was RMB36,517 million (31 December 2013: RMB14,644 million).

Of the aggregate amount of corporate loans and advances individually determined to be impaired, the fair value of collateral that the Group held as at 31 December 2014 was RMB3,606 million (31 December 2013: RMB3,807 million).

The carrying amount of loans and advances that would otherwise be past due or impaired and whose terms have been renegotiated is as follows:

(in RMB million)	**31 December 2014**	31 December 2013
Loans and advances to customers	**8,305**	2,081

46. RISK AND CAPITAL MANAGEMENT (CONTINUED)

(4) LIQUIDITY RISK

Liquidity risk is the risk of not having access to sufficient funds or being unable to liquidate a position in a timely manner at a reasonable price to meet the Group's obligations as they become due.

The Group is exposed to liquidity risk on insurance policies that permit surrender, withdrawal or other forms of early termination. The Group seeks to manage its liquidity risk by matching to the extent possible the duration of its investment assets with the duration of its insurance policies and to ensure that the Group is able to meet its payment obligations and fund its lending and investment operations on a timely basis. The banking business of the Group is exposed to potential liquidity risk. The Group monitors the sourcing and usage of funds, deposit to loan ratio, and quick ratio on a daily basis. Moreover, when adopting various liquidity risk management measurement benchmarks, the Group will compare the expected results against the ones derived from stress tests, critically assess the potential impact to the future liquidity risk, and formulate remedial actions according to specific situations. The Group seeks to mitigate the liquidity risk of the banking business by optimizing the assets and liabilities structure, maintaining stable deposits, etc.

The table below summarizes the remaining contractual maturity profile of the financial assets and liabilities of the Group (excluding balances of investment-linked contracts) based on undiscounted contractual cash flows/expected cash flows and remaining contractual maturity profile of derivative cash flows and credit commitment.

	31 December 2014						
(in RMB million)	Repayable on demand	Less than 3 months	3 to 12 months	1 to 5 years	Over 5 years	Undated	Total
Cash and amounts due from banks and other financial institutions	118,360	61,477	80,289	174,022	3,729	137	438,014
Balances with the Central Bank and statutory deposits	22,361	140	1,729	11,393	-	279,780	315,403
Fixed maturity investments	7,808	261,059	259,605	675,185	978,897	-	2,182,554
Equity investments	10,076	1,336	18,503	12,867	1,605	205,684	250,071
Loans and advances to customers	7,850	313,924	419,266	327,586	139,525	-	1,208,151
Premium receivables	2,143	10,088	8,758	9,719	32	-	30,740
Accounts receivable	502	3,559	8,392	3,154	-	-	15,607
Finance lease receivable	-	2,693	21,336	13,879	-	-	37,908
Other assets	4,771	15,444	9,597	3,799	-	-	33,611
	173,871	669,720	827,475	1,231,604	1,123,788	485,601	4,512,059

46. RISK AND CAPITAL MANAGEMENT (CONTINUED)

(4) LIQUIDITY RISK (CONTINUED)

	31 December 2014						
(in RMB million)	Repayable on demand	Less than 3 months	3 to 12 months	1 to 5 years	Over 5 years	Undated	Total
Due to banks and other financial institutions	55,806	258,225	89,973	51,071	15,123	-	470,198
Assets sold under agreements to repurchase	-	97,150	2,827	-	-	-	99,977
Other financial liabilities held for trading	-	3,408	1,435	-	-	-	4,843
Customer deposits and payables to brokerage customers	581,256	302,090	428,068	265,972	-	-	1,577,386
Accounts payable	240	836	879	932	-	-	2,887
Insurance payables	33,862	6,366	976	4	-	-	41,208
Investment contract liabilities for policyholders	-	1,440	4,253	14,743	30,586	-	51,022
Policyholder dividend payable	28,673	-	-	-	-	-	28,673
Bonds payable	-	20,298	12,342	27,486	54,449	-	114,575
Other liabilities	14,503	15,442	21,449	19,175	-	-	70,569
	714,340	705,255	562,202	379,383	100,158	-	2,461,338
Derivative cash flows							
Derivative financial instruments settled on a net basis	-	2	(35)	59	-	-	26
Derivative financial instruments settled on a gross basis							
– Cash inflow	-	280,694	231,077	4,011	373	-	516,155
– Cash outflow	-	(273,326)	(208,911)	(3,463)	(327)	-	(486,027)
	-	7,368	22,166	548	46	-	30,128
Credit commitments	7,663	238,615	295,721	31,018	12,201	-	585,218

46. RISK AND CAPITAL MANAGEMENT (CONTINUED)

(4) LIQUIDITY RISK (CONTINUED)

	31 December 2013						
(in RMB million)	Repayable on demand	Less than 3 months	3 to 12 months	1 to 5 years	Over 5 years	Undated	Total
Cash and amounts due from banks and other financial institutions	70,551	70,625	27,079	210,426	12,181	5,238	396,100
Balances with the Central Bank and statutory deposits	19,488	138	490	12,415	–	206,713	239,244
Fixed maturity investments	7,914	259,166	233,377	556,006	926,393	–	1,982,856
Equity investments	3,720	5,191	1,024	3,954	–	145,214	159,103
Loans and advances to customers	9,968	228,770	335,597	267,306	154,179	–	995,820
Premium receivables	1,812	9,851	5,966	6,535	41	–	24,205
Accounts receivable	277	3,404	2,267	3,195	23	–	9,166
Finance lease receivable	–	875	2,824	9,105	181	–	12,985
Other assets	8,852	6,036	9,759	1,052	46	–	25,745
	122,582	584,056	618,383	1,069,994	1,093,044	357,165	3,845,224
Due to banks and other financial institutions	30,426	253,640	204,831	36,200	6,027	–	531,124
Assets sold under agreements to repurchase	–	117,154	5,067	418	–	–	122,639
Other financial liabilities held for trading	–	3,692	–	–	–	–	3,692
Customer deposits and payables to brokerage customers	529,759	273,621	276,412	156,794	75	–	1,236,661
Accounts payable	15	761	227	1,924	–	–	2,927
Insurance payables	30,241	6,020	2,033	7	–	–	38,301
Investment contract liabilities for policyholders	–	1,121	3,190	11,030	22,742	–	38,083
Policyholder dividend payable	25,232	–	–	–	–	–	25,232
Bonds payable	–	50	7,572	31,496	31,207	–	70,325
Other liabilities	5,920	3,196	7,458	3,061	254	–	19,889
	621,593	659,255	506,790	240,930	60,305	–	2,088,873
Derivative cash flows							
Derivative financial instruments settled on a net basis	–	87	237	472	–	–	796
Derivative financial instruments settled on a gross basis							
– Cash inflow	–	187,851	279,358	2,800	–	–	470,009
– Cash outflow	–	(187,634)	(268,505)	(2,287)	–	–	(458,426)
	–	217	10,853	513	–	–	11,583
Credit commitments	32,441	230,380	179,616	54,901	3,844	–	501,182

FINANCIAL STATEMENTS

46. RISK AND CAPITAL MANAGEMENT (CONTINUED)

(4) LIQUIDITY RISK (CONTINUED)

Management expects the credit commitments will not be entirely used during the commitment period.

The assets and liabilities related to investment-linked contracts which are regarded as insurance contracts are presented as policyholder account assets and liabilities in respect of insurance contracts. The assets and liabilities related to investment-linked contracts which are regarded as investment contracts are presented as policyholder account assets and liabilities in respect of investment contracts. The assets and liabilities of each investment-linked fund are segregated from each other and from the rest of the Group's invested assets for record keeping purposes. As the investment risks of investment-linked contracts were fully borne by policyholders, the assets and liabilities related to investment-linked contracts were not included in the analysis of risk management. Investment-linked contracts are repayable on demand. The Group manages liquidity risk related to the investment-linked contracts by investing mainly in assets with high liquidity, as disclosed in Note 28.

(5) MISMATCHING RISK OF ASSETS AND LIABILITIES

The objective of the Group's asset and liability management is to match assets with liabilities on the basis of both the duration and interest rate. In the current regulatory and market environment, however, the Group is unable to invest in sufficient assets with long enough duration to match that of its life insurance and investment contract liabilities. When the current regulatory and market environment permits, however, the Group will lengthen the duration of its assets by matching the new liabilities of lower guarantee rates, while narrowing the gap of existing liabilities of higher guarantee rates.

(6) OPERATIONAL RISK

Operational risk is the risk of loss resulting from inadequate or failure of proper internal controls on business processes, employees and systems or from uncontrollable external events. The Group is exposed to many types of operational risks in the conduct of its business from inadequate or failure to obtain proper authorizations, supporting documentation and ensuring operational and informational security procedures as well as from fraud or errors by employees. The Group attempts to manage operational risk by establishing clear policies and requiring well documented business processes to ensure that transactions are properly authorized, supported and recorded.

(7) CAPITAL MANAGEMENT

The Group's capital requirements are primarily dependent on the scale and the type of business that it undertakes, as well as the industry and geographic location in which it operates. The primary objectives of the Group's capital management are to ensure that the Group complies with externally imposed capital requirements and to maintain healthy capital ratios in order to support its business and to maximize shareholders' value.

The Group manages its capital requirements by assessing shortfalls, if any, between the reported and the required capital levels on a regular basis. Adjustments to current capital levels are made in light of changes in economic conditions and risk characteristics of the Group's activities. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid, return capital to ordinary shareholders or issue capital securities.

The Group complied with the externally imposed capital requirements as at 31 December 2014 and no changes were made to its capital base, objectives, policies and processes from 2013.

46. RISK AND CAPITAL MANAGEMENT (CONTINUED)

(7) CAPITAL MANAGEMENT (CONTINUED)

The table below summarizes the minimum regulatory capital for the Group and its major insurance subsidiaries and the regulatory capital held against each of them.

	31 December 2014			31 December 2013		
(in RMB million)	Regulatory capital held	Minimum regulatory capital	Solvency margin ratio	Regulatory capital held	Minimum regulatory capital	Solvency margin ratio
The Group	**369,995**	**180,381**	**205.1%**	264,163	151,452	174.4%
Ping An Life	**107,231**	**48,771**	**219.9%**	70,256	40,865	171.9%
Ping An Property & Casualty	**30,243**	**18,385**	**164.5%**	24,714	14,793	167.1%

The Group's solvency ratio is calculated based on the relevant regulations promulgated by the CIRC, which is an indicator of the overall solvency position of a financial conglomerate.

The banking business measures the capital adequacy ratio in accordance with the 'Capital Rules for Commercial Banks (Provisional)' issued by the CBRC in June 2012. According to the requirements, Risk weighted assets for credit risk is measured by Standardised Approach, Risk weighted assets for market risk is measured by Standardised Approach, Risk weighted assets for operation risk is measured by the Basic Indicator Approach.

The Company's core Tier 1 capital adequacy ratio, Tier 1 capital adequacy ratio and capital adequacy ratio are shown below:

	31 December 2014	31 December 2013
Core Tier 1 capital adequacy ratio	**8.64%**	8.56%
Tier 1 capital adequacy ratio	**8.64%**	8.56%
Capital adequacy ratio	**10.86%**	9.90%

(8) GROUP'S MAXIMUM EXPOSURE TO STRUCTURED ENTITIES

The Group uses structured entities in the normal course of business for a number of purposes, for example, structured transactions for customers, to provide finance to public and private sector infrastructure projects, and to generate fees from managing assets on behalf of third-party investors. These structured entities are financed through the issue of notes or units to investors. Refer to Note 4. (10) for the Group's consolidation consideration related to structured entities.

The following table shows the total assets of the various types of unconsolidated structured entities and the amount of funding provided by the Group to these unconsolidated structured entities. The table also shows the Group's maximum exposure to the unconsolidated structured entities representing the Group's maximum possible risk exposure that could occur as a result of the Group's arrangements with structured entities. The maximum exposure is contingent in nature and approximates the sum of funding provided by the Group.

46. RISK AND CAPITAL MANAGEMENT (CONTINUED)

(8) GROUP'S MAXIMUM EXPOSURE TO STRUCTURED ENTITIES (CONTINUED)

As at 31 December 2014, the size of unconsolidated structured entities and the Group's funding and maximum exposure are shown below:

31 December 2014	Unconsolidated structured entities			
(in RMB million)	Size	Carrying amount	Group's maximum exposure	Interest held by Group
Securitization	**29,222**	**79**	**79**	Investment income and service fee
Assets management products managed by affiliated entities	**1,047,645**	**143,118**	**143,118**	Investment income and service fee
Assets management products managed by third parties	**Note 1**	**201,176**	**201,176**	Investment income
Wealth management products managed by affiliated entities	**187,649**	**503**	**503**	Investment income and service fee
Wealth management products managed by third parties	**Note 1**	**65,283**	**65,283**	Investment income
Others	**36,376**	**–**	**–**	Service fee
Total	**1,300,892**	**410,159**	**410,159**	

31 December 2013	Unconsolidated structured entities			
(in RMB million)	Size	Carrying amount	Group's maximum exposure	Interest held by Group
Securitization	17,227	11	11	Investment income and service fee
Assets management products manage by affiliated parties	442,036	40,686	40,686	Investment income and service fee
Assets management products manage by third parties	Note 1	288,151	288,151	Investment income
Wealth management products manage by affiliated entities	35,517	10	10	Investment income and service fee
Wealth management products manage by third parties	Note 1	52,657	52,657	Investment income
Others	22,573	–	–	Service fee
Total	517,353	381,515	381,515	

Note 1: These assets management products and wealth management products are sponsored by third party financial institutions and the information related to size of these structured entities were not publicly available.

The Group's interest in unconsolidated structured entities are recorded as other equity investments under equity investments and bonds, debt schemes, wealth management products under fixed maturity investments and beneficial right of loans and receivables purchased under trust schemes under assets purchased under reverse repurchase agreements.

47. CLASSIFICATION AND FAIR VALUE OF FINANCIAL INSTRUMENTS

The Group's financial instruments mainly consist of cash and amounts due from banks and other financial institutions, term deposits, bonds, funds, stocks, loans, borrowings, deposits from other banks and financial institutions, customer deposits and payables to brokerage customers, etc. The Group holds various other financial assets and liabilities which directly arose from insurance operations, such as premium receivables, reinsurers' share of insurance liabilities, annuity and other insurance payables.

47. CLASSIFICATION AND FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

(1) CLASSIFICATION OF FINANCIAL INSTRUMENTS

The following table sets out the carrying values and fair values of the Group's major financial instruments by classification:

(in RMB million)	Carrying values 31 December 2014	Carrying values 31 December 2013	Fair values 31 December 2014	Fair values 31 December 2013
Financial assets				
Available-for-sale				
Bonds	**130,126**	94,525	**130,126**	94,525
Funds	**35,417**	34,088	**35,417**	34,088
Stocks	**141,812**	87,246	**141,812**	87,246
Others	**44,080**	21,004	**44,080**	21,004
Carried at fair value through profit or loss				
Bonds	**30,834**	15,523	**30,834**	15,523
Funds	**16,679**	12,638	**16,679**	12,638
Stocks	**930**	1,251	**930**	1,251
Others	**2,772**	841	**2,772**	841
Derivative financial assets	**4,311**	3,402	**4,311**	3,402
Held-to-maturity				
Bonds	**783,497**	744,070	**789,332**	688,797
Loans and receivables				
Cash and amounts due from banks and other financial institutions	**398,485**	353,331	**398,485**	353,331
Balances with the Central Bank and statutory deposits	**313,728**	237,154	**313,728**	237,154
Loans and advances to customers	**1,053,882**	861,770	**1,054,228**	862,129
Bonds	**7,575**	6,970	**7,575**	6,970
Debt schemes	**349,749**	84,906	**349,489**	84,906
Policy loans	**37,886**	26,107	**37,886**	26,107
Assets purchased under reverse repurchase agreements	**197,177**	298,080	**197,177**	298,080
Wealth management products	**71,892**	184,456	**71,892**	184,456
Premium receivables	**30,740**	24,205	**30,740**	24,205
Accounts receivable	**14,983**	8,033	**14,983**	8,033
Finance lease receivable	**37,908**	12,985	**37,908**	12,985
Other assets	**68,998**	41,709	**68,998**	41,709
Total financial assets	**3,773,461**	3,154,294	**3,779,382**	3,099,380
Financial liabilities				
Derivative financial liabilities	**2,770**	2,918	**2,770**	2,918
Other financial liabilities				
Due to banks and other financial institutions	**456,153**	509,466	**456,153**	509,466
Assets sold under agreements to repurchase	**99,672**	121,642	**99,672**	121,642
Other financial liabilities held for trading	**4,747**	3,692	**4,747**	3,692
Customer deposits and payables to brokerage customers	**1,510,448**	1,191,515	**1,510,448**	1,191,515
Accounts payable	**2,721**	2,618	**2,721**	2,618
Insurance payables	**41,208**	38,301	**41,208**	38,301
Investment contract liabilities for policyholders	**33,753**	34,252	**33,753**	34,252
Policyholder dividend payable	**28,673**	25,232	**28,673**	25,232
Bonds payable	**88,119**	56,756	**90,594**	56,024
Other liabilities	**92,588**	36,995	**92,588**	36,995
Total financial liabilities	**2,360,852**	2,023,387	**2,363,327**	2,022,655

The assets and liabilities of the investment-linked business are not included in the above financial assets and liabilities.

47. CLASSIFICATION AND FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

(1) CLASSIFICATION OF FINANCIAL INSTRUMENTS (CONTINUED)

Fair value of financial assets and liabilities not carried at fair value

The following describes the methodologies and assumptions used to determine fair values for those financial instruments which are not recorded at fair value in the financial statements, i.e., held-to-maturity and loans and receivables.

Financial assets and liabilities for which fair value approximates to carrying value

For financial assets and financial liabilities that have a short term maturity (less than three months), it is assumed that the carrying amounts approximate to their fair values. This assumption is also applied to term deposits, and savings accounts without a specific maturity. For other variable rate instruments, an adjustment is also made to reflect the change in the market rate since the instrument was first recognized.

Floating rate loans and advances to customers of the Group are repriced within one year, and the interest rates are adjusted according to the statutory interest rate announced by the PBOC. Thus, the carrying amounts approximate to their fair values.

Fixed rate financial instruments

The fair value of fixed rate financial assets and liabilities carried at amortized cost is estimated by comparing market interest rates when they were first recognized with current market rates for similar financial instruments. The estimated fair value of fixed interest bearing deposits is based on discounted cash flows using prevailing money market interest rates for financial products with similar credit risk and maturity. For quoted debts issued the fair values are determined based on quoted market prices. For those debts issued where quoted market prices are not available, a discounted cash flow model is used based on a current interest rate yield curve appropriate for the remaining term to maturity and credit spreads.

47. CLASSIFICATION AND FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

(2) DETERMINATION OF FAIR VALUE AND THE FAIR VALUE HIERARCHY

The Group uses the following hierarchy for determining and disclosing the fair values of financial instruments by valuation techniques:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The primary quoted market price used for financial assets held by the groups is the current bid price. Financial instruments included in Level 1 comprise primarily equity investments, fund investments and bond investments traded on stock exchanges and open-ended mutual funds;

Level 2: other valuation techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly. These valuation techniques maximize the use of observable market data where it is available and rely as little as possible on entity specific estimates;

Level 3: valuation techniques which use any inputs which have a significant effect on the recorded fair value that are not based on observable market data.

The level of fair value calculation is determined by the lowest level input with material significant in the overall calculation. As such, the significance of the input should be considered from an overall perspective in the calculation of fair value.

Valuation methods for Level 2 and Level 3 financial instruments

For Level 2 financial instruments, valuations are generally obtained from third party pricing services for identical or comparable assets, or through the use of valuation methodologies using observable market inputs, or recent quoted market prices. Valuation service providers typically gather, analyze and interpret information related to market transactions and other key valuation model inputs from multiple sources, and through the use of widely accepted internal valuation models, provide a theoretical quote on various securities. Debt securities are classified as Level 2 when they are valued at recent quoted price from Chinese interbank market or from valuation service providers. The fair value of debt investments denominated in RMB is determined based upon the valuation results by the China Central Depository & Clearing Co., Ltd. All significant inputs are observable in the market.

For Level 3 financial instruments, prices are determined using valuation methodologies such as discounted cash flow models and other similar techniques. Determinations to classify fair value measures within Level 3 of the valuation hierarchy are generally based on the significance of the unobservable factors to the overall fair value measurement, and valuation methodologies such as discounted cash flow models and other similar techniques.

47. CLASSIFICATION AND FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

(2) DETERMINATION OF FAIR VALUE AND THE FAIR VALUE HIERARCHY (CONTINUED)

The following table shows an analysis of financial instruments recorded at fair value by level of the fair value hierarchy:

	31 December 2014			
(in RMB million)	Level 1	Level 2	Level 3	Total fair value
Financial assets				
Carried at fair value through profit or loss				
Bonds	1,996	28,838	-	30,834
Equity investment funds	16,427	252	-	16,679
Equity securities	920	10	-	930
Other equity investments	885	1,440	447	2,772
	20,228	30,540	447	51,215
Derivative financial assets				
Interest rate swaps	-	515	-	515
Currency forwards and swaps	-	1,922	-	1,922
Others	-	1,874	-	1,874
	-	4,311	-	4,311
Available-for-sale financial assets				
Bonds	31,757	98,369	-	130,126
Equity investment funds	33,762	1,655	-	35,417
Equity securities	122,613	18,885	314	141,812
Other equity investments	50	25,010	14,956	40,016
	188,182	143,919	15,270	347,371
Total financial assets	208,410	178,770	15,717	402,897
Financial liabilities				
Derivative financial liabilities				
Interest rate swaps	-	566	-	566
Currency forwards and swaps	-	1,882	-	1,882
Others	-	322	-	322
	-	2,770	-	2,770
Other financial liabilities held for trading	4,747	-	-	4,747
Total financial liabilities	4,747	2,770	-	7,517

47. CLASSIFICATION AND FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

(2) DETERMINATION OF FAIR VALUE AND THE FAIR VALUE HIERARCHY (CONTINUED)

The following table shows an analysis of financial instruments recorded at fair value by level of the fair value hierarchy: (continued)

	31 December 2013			
(in RMB million)	Level 1	Level 2	Level 3	Total fair value
Financial assets				
Carried at fair value through profit or loss				
Bonds	737	14,786	–	15,523
Equity investment funds	10,617	2,021	–	12,638
Equity securities	1,251	–	–	1,251
Other equity investments	–	690	151	841
	12,605	17,497	151	30,253
Derivative financial assets				
Interest rate swaps	–	420	–	420
Currency forwards and swaps	–	2,118	–	2,118
Others	–	864	–	864
	–	3,402	–	3,402
Available-for-sale financial assets				
Bonds	19,578	74,936	11	94,525
Equity investment funds	32,817	1,271	–	34,088
Equity securities	84,252	2,972	22	87,246
Other equity investments	21	11,676	3,250	14,947
	136,668	90,855	3,283	230,806
Total financial assets	149,273	111,754	3,434	264,461
Financial liabilities				
Derivative financial liabilities				
Interest rate swaps	–	474	–	474
Currency forwards and swaps	–	2,374	–	2,374
Others	–	70	–	70
	–	2,918	–	2,918
Other financial liabilities held for trading	3,692	–	–	3,692
Total financial liabilities	3,692	2,918	–	6,610

47. CLASSIFICATION AND FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

(2) DETERMINATION OF FAIR VALUE AND THE FAIR VALUE HIERARCHY (CONTINUED)

The following table shows an analysis of financial instruments not recorded at fair value but for which fair value is disclosed by level of the fair value hierarchy:

	31 December 2014			
(in RMB million)	Level 1	Level 2	Level 3	Total fair value
Financial assets				
Held-to-maturity				
Bonds	**41,385**	**746,747**	**1,200**	**789,332**
Total financial assets	**41,385**	**746,747**	**1,200**	**789,332**
Financial liabilities				
Bonds payable	**–**	**90,594**	**–**	**90,594**
Total financial liabilities	**–**	**90,594**	**–**	**90,594**

	31 December 2013			
(in RMB million)	Level 1	Level 2	Level 3	Total fair value
Financial assets				
Held-to-maturity				
Bonds	36,462	652,335	–	688,797
Total financial assets	36,462	652,335	–	688,797
Financial liabilities				
Bonds payable	–	56,024	–	56,024
Total financial liabilities	–	56,024	–	56,024

Financial assets and liabilities for which fair value approximates carry value are not included in the above disclosure of financial instruments not recorded at fair value but for which fair value is disclosed by level of the fair value hierarchy.

Reconciliation of movements in Level 3 financial instruments measured at fair value is as follows:

	Carried at fair value through profit or loss		Carried at fair value through profit or loss	
	Fixed maturity investments		Equity investments	
(in RMB million)	2014	2013	2014	2013
At 1 January	**–**	60	**151**	–
Additions	**–**	–	**300**	139
Disposals	**–**	(60)	**(135)**	–
Total gains/(losses) in investment income in the statement of income	**–**	–	**131**	12
At 31 December	**–**	–	**447**	151

47. CLASSIFICATION AND FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

(2) DETERMINATION OF FAIR VALUE AND THE FAIR VALUE HIERARCHY (CONTINUED)

	Available-for- sale financial assets		Available-for- sale financial assets	
	Fixed maturity investments		Equity investments	
(in RMB million)	**2014**	2013	**2014**	2013
At 1 January	**11**	–	**3,272**	34
Additions	**–**	11	**11,066**	3,250
Disposals	**(11)**	–	**–**	–
Transfers into Level 3	**–**	–	**842**	–
Total gains/(losses) in other comprehensive income	**–**	–	**90**	(12)
At 31 December	**–**	11	**15,270**	3,272

The gains or losses of level 3 financial instruments included in the statement of income for the year are presented as follows:

	2014		
(in RMB million)	**Realized losses**	**Unrealized gains/(losses)**	**Total**
Carried at fair value through profit or loss	**–**	**131**	**131**
	–	**131**	**131**

	2013		
(in RMB million)	Realized losses	Unrealized gains/(losses)	Total
Carried at fair value through profit or loss	–	12	12
	–	12	12

Transfers

During the year 2014, there were no significant transfers between Level 1 and Level 2 fair value measurements. Transfer into level 3 is due to valuation performed on available for sale equity investments previously stated at cost.

48. TRANSFERRED FINANCIAL ASSETS

The Group enters into transactions in the normal course of business by which it transfers recognized financial assets to third parties or to structured entities. In some cases where these transfers may give rise to full or partial derecognition of the financial assets concerned. In other cases where the transferred financial assets do not qualify for derecognition as the Group has retained substantially all the risks and rewards of these financial assets, the Group continued to recognize the transferred financial assets.

Transferred financial assets that do not qualify for derecognition include securitized loans and debt securities held by counterparties as collateral under repurchase agreement.

48. TRANSFERRED FINANCIAL ASSETS (CONTINUED)

The Group's subsidiary Ping An Bank entered into loan securitization transactions. The Group has determined that it retains substantially all the risks and rewards of certain securitised loans and therefore has not derecognized them.

Other transferred financial assets that do not qualify for derecognition mainly include debt securities held by counterparties as collateral under repurchase agreements. The counterparties are allowed to sell or repledge those securities sold under repurchase agreements in the absence of default by the Group, but has an obligation to return the securities at the maturity of the contract. If the securities increase or decrease in value, the Group may in certain circumstances require or be required to provide additional collateral. The Group has determined that it retains substantially all the risks and rewards of these securities and therefore has not derecognized them.

The following table analyses the carrying amount of the abovementioned financial assets transferred to third parties that did not qualify for derecognition and their associated financial liabilities:

	31 December 2014		31 December 2013	
(in RMB million)	Carrying amount assets	Carrying amount associated liabilities	Carrying amount assets	Carrying amount associated liabilities
Repurchase transactions	**6,105**	**6,877**	646	495
Assets securitization	**12,865**	**12,865**	–	–

49. CASH AND CASH EQUIVALENTS

(in RMB million)	31 December 2014	31 December 2013
Cash and amounts due from banks and other financial institutions		
Cash on hand	**4,168**	3,738
Term deposits	**2,010**	6,005
Due from banks and other financial institutions	**92,610**	83,104
Placements with banks and other financial institutions	**44,898**	22,287
Balances with the Central Bank	**49,238**	26,652
Bonds	**4,668**	3,033
Assets purchased under reverse repurchase agreements	**66,368**	100,058
Total	**263,960**	244,877

The carrying amounts disclosed above approximate their fair values at year end.

50. NOTE TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

Reconciliation of profit before tax to net cash flows from operating activities:

(in RMB million)	2014	2013
Profit before tax	**62,353**	46,224
Adjustments for:		
Depreciation	**3,273**	2,822
Amortization of intangible assets	**1,932**	1,657
Losses/(gains) on disposal of investment properties, property and equipment, intangible assets and settled assets	**134**	(22)
Investment income	**(103,364)**	(73,373)
Fair value losses on investments at fair value through profit or loss	**(615)**	(596)
Fair value gains on available-for-sale equity investments (transfer from equity)	**8,859**	1,502
Finance costs	**6,974**	3,202
Foreign exchange losses	**191**	381
Provision for doubtful debts and others, net	**310**	185
Loan loss provisions, net of reversals	**14,614**	6,709
Operating loss before working capital changes	**(5,339)**	(11,309)
Changes in operating assets and liabilities:		
Increase in balances with the Central Bank and statutory deposits	**(53,361)**	(38,578)
(Increase)/Decrease in amounts due from banks and other financial institutions	**(7,497)**	56,929
Increase in premium receivables	**(6,765)**	(5,611)
(Increase)/Decrease in accounts receivable	**(7,682)**	945
Increase in inventories	**(729)**	(645)
Increase in reinsurers' share of insurance liabilities	**(1,699)**	(4,495)
Increase in loans and advances to customers	**(206,726)**	(159,077)
Decrease/(Increase) in assets purchased under reverse repurchase agreements of the banking and securities business	**54,972**	(50,231)
Increase in other assets	**(61,234)**	(21,793)
(Decrease)/Increase in amounts due to banks and other financial institutions	**(76,802)**	68,404
Increase in customer deposits and payables to brokerage customers	**314,632**	202,147
Increase in insurance payables	**11,301**	16,066
Increase in insurance contract liabilities	**121,495**	104,732
Increase in investment contract liabilities for policyholders	**42,852**	43,201
Increase in policyholder dividend payable	**3,441**	3,551
Decrease in assets sold under agreements to repurchase of the banking and securities business	**(10,368)**	(9,826)
Increase in other liabilities	**75,179**	41,288
Cash generated from operations	**185,670**	235,698
Income tax paid	**(15,410)**	(7,782)
Net cash flows from operating activities	**170,260**	227,916

51. COMPENSATION OF KEY MANAGEMENT PERSONNEL

(1) KEY MANAGEMENT PERSONNEL COMPRISE THE COMPANY'S DIRECTORS, SUPERVISORS, AND SENIOR OFFICERS AS DEFINED IN THE COMPANY'S ARTICLES OF ASSOCIATION

The summary of compensation of key management personnel for the year is as follows:

(in RMB million)	2014	2013
Salaries and other short term employee benefits after tax	**54**	57
Individual income tax	**36**	38

The estimated amount of total compensation has been provided in the Group's 2014 financial statements. The total compensation for certain key management personnel has not yet been finalized in accordance with relevant policies. The remaining compensation will be disclosed in a separate announcement when approved.

The long-term benefits attributed to year 2011 for certain key management personnel were paid in 2014 as the required payment conditions had been fulfilled. The amount paid after tax was RMB13.59 million and was disclosed in the Announcement regarding the Resolutions of the Board of Directors of the Company dated 19 August 2014.

The long-term benefits attributed to year 2010 for certain key management personnel were paid in 2013 as the required payment conditions had been fulfilled. The amount paid after tax was RMB12.45 million and was disclosed in the Announcement regarding the Resolutions of the Board of Directors of the Company dated 29 August 2013.

Part of compensation of key management personnel is subject to deferred payment requirement for a period of 3 years in accordance with the "Guidance of insurance company's compensation management" issued by CIRC. Unpaid balances subject to deferred payment requirement were included in the total compensation payable to the key management personnel.

51. COMPENSATION OF KEY MANAGEMENT PERSONNEL (CONTINUED)

(2) DIRECTORS' AND SUPERVISORS' REMUNERATION

(in RMB thousand)	2014 Fees after tax	Salaries, allowances and other benefits after tax	Bonus after tax	Contributions to pension schemes	Salaries and other short term employee benefits after tax	Individual income tax
Directors						
MA Mingzhe (i)	–	2,836	3,314	95	6,245	4,655
SUN Jianyi (ii)	–	1,833	1,664	1	3,498	2,509
REN Huichuan (ii)	–	1,847	1,664	94	3,605	2,496
KU Man (iii)	–	536	–	6	542	350
YAO Jason Bo (ii)	–	2,394	2,533	26	4,953	3,653
LEE Yuansiong (ii) (v)	–	2,510	2,604	26	5,140	3,806
CAI Fangfang (ii) (iii)	–	582	495	44	1,121	675
FAN Mingchun	–	–	–	–	–	–
LIN Lijun	–	469	136	87	692	166
LI Zhe	–	–	–	–	–	–
Soopakij CHEARAVANONT (v)	–	–	–	–	–	–
YANG Xiaoping (v)	–	–	–	–	–	–
LU Hua (v)	–	–	–	–	–	–
TANG Yunwei	298	–	–	–	298	62
LEE Carmelo Ka Sze	290	–	–	–	290	60
WOO Ka Biu Jackson	290	–	–	–	290	60
Stephen Thomas Meldrum	298	–	–	–	298	62
YIP Dicky Peter (v)	298	–	–	–	298	62
WONG Oscar Sai Hung (v)	298	–	–	–	298	62
SUN Dongdong (v)	290	–	–	–	290	60
Subtotal	2,062	13,007	12,410	379	27,858	18,738
Supervisors						
GU Liji	258	–	–	–	258	52
PENG Zhijian	29	–	–	–	29	6
LIN Li	–	–	–	–	–	–
ZHANG Wangjin (v)	–	–	–	–	–	–
SUN Jianping	–	1,297	1,829	87	3,213	2,181
ZHAO Fujun	–	1,068	1,395	80	2,543	1,643
PAN Zhongwu	–	508	204	86	798	205
Subtotal	287	2,873	3,428	253	6,841	4,087
Total	2,349	15,880	15,838	632	34,699	22,825

51. COMPENSATION OF KEY MANAGEMENT PERSONNEL (CONTINUED)

(2) DIRECTORS' AND SUPERVISORS' REMUNERATION (CONTINUED)

	2013					
(in RMB thousand)	Fees after tax	Salaries, allowances and other benefits after tax	Bonus after tax	Contributions to pension schemes	Salaries and other short term employee benefits after tax	Individual income tax
Directors						
MA Mingzhe (i)	–	2,834	3,314	90	6,238	4,662
SUN Jianyi (iv)	–	1,513	1,663	21	3,197	2,244
REN Huichuan (iv)	–	1,521	1,559	88	3,168	2,152
KU Man (iii) (iv)	–	2,713	2,471	25	5,209	3,865
YAO Jason Bo (iv)	–	2,016	1,927	25	3,968	2,849
LEE Yuansiong (iv) (v)	–	2,474	2,276	25	4,775	3,509
FAN Mingchun	–	–	–	–	–	–
LIN Lijun	–	432	81	84	597	132
LI Zhe	–	–	–	–	–	–
Soopakij CHEARAVANONT (v)	–	–	–	–	–	–
YANG Xiaoping (v)	–	–	–	–	–	–
LU Hua (v)	–	–	–	–	–	–
TANG Yunwei	275	–	–	–	275	55
LEE Carmelo Ka Sze	282	–	–	–	282	58
WOO Ka Biu Jackson	282	–	–	–	282	58
Stephen Thomas Meldrum	282	–	–	–	282	58
YIP Dicky Peter (v)	150	–	–	–	150	32
WONG Oscar Sai Hung (v)	150	–	–	–	150	32
SUN Dongdong (v)	158	–	–	–	158	34
NG Sing Yip (vi)	–	–	–	–	–	–
GUO Limin (vi)	–	–	–	–	–	–
ZHANG Hongyi (vi)	126	–	–	–	126	24
CHEN Su (vi)	126	–	–	–	126	24
XIA Liping (vi)	126	–	–	–	126	24
Subtotal	1,957	13,503	13,291	358	29,109	19,812
Supervisors						
GU Liji	242	–	–	–	242	48
PENG Zhijian	67	–	–	–	67	13
LIN Li	–	–	–	–	–	–
ZHANG Wangjin (v)	–	–	–	–	–	–
SUN Jianping	–	1,194	848	87	2,129	1,085
ZHAO Fujun	–	937	1,025	72	2,034	1,240
PAN Zhongwu	–	455	204	80	739	189
SUN Fuxin (vi)	25	–	–	–	25	5
Subtotal	334	2,586	2,077	239	5,236	2,580
Total	2,291	16,089	15,368	597	34,345	22,392

51. COMPENSATION OF KEY MANAGEMENT PERSONNEL (CONTINUED)

(2) DIRECTORS' AND SUPERVISORS' REMUNERATION (CONTINUED)

(i) MA Mingzhe is the Chief Executive Officer of the Company.

(ii) The long-term benefits attributed to year 2011 for SUN Jianyi, REN Huichuan, YAO Jason Bo, LEE Yuansiong and CAI Fangfang were paid in 2014 as the required payment conditions had been fulfilled. The amount after tax paid to SUN Jianyi, REN Huichuan, YAO Jason Bo, LEE Yuansiong and CAI Fangfang were RMB4,059 thousand, RMB4,059 thousand, RMB811.8 thousand, RMB595.3 thousand and RMB459.5 thousand respectively and was disclosed in the Announcement regarding the Resolutions of the Board of Directors of the Company dated 19 August 2014.

(iii) KU Man resigned as Director on 2 July 2014; CAI Fangfang were appointed as Director on 2 July 2014.

(iv) The long-term benefits attributed to year 2010 for SUN Jianyi, REN Huichuan, KU Man, YAO Jason Bo and LEE Yuansiong were paid in 2013 as the required payment conditions had been fulfilled. The amount after tax paid to SUN Jianyi, REN Huichuan KU Man, YAO Jason Bo and LEE Yuansiong were RMB4,125 thousand, RMB825 thousand, RMB660 thousand, RMB825 thousand and RMB800.3 thousand respectively and was disclosed in the Announcement regarding the Resolutions of the Board of Directors of the Company dated 29 August 2013.

(v) LEE Yuansiong, Soopakij CHEARAVANONT, YANG Xiaoping, LU Hua, YIP Dicky Peter, WONG Oscar Sai Hung, SUN Dongdong were appointed as Directors on 17 June 2013. ZHANG Wangjin was appointed as Supervisor on 17 June 2013.

(vi) NG Sing Yip resigned as Director on 4 February 2013; GUO Limin resigned and ZHANG Hongyi, CHEN Su, XIA Liping retired as Directors on 17 June 2013. SUN Fuxin resigned as Supervisor on 17 June 2013.

(3) COMPENSATION OF KEY MANAGEMENT PERSONNEL OTHER THAN DIRECTORS AND SUPERVISORS IS AS FOLLOWS:

(in RMB million)	**2014**	2013
Salaries and other short term employee benefits after tax	**19**	23
Individual income tax	**13**	16

The number of key management personnel other than directors and supervisors whose compensation after tax fell within the following bands is as follows:

	2014	2013
RMB1,000,001 – RMB1,500,000	**–**	1
RMB1,500,001 – RMB2,000,000	**2**	2
RMB2,000,001 – RMB2,500,000	**2**	3
RMB2,500,001 – RMB3,000,000	**–**	–
RMB3,000,001 – RMB3,500,000	**–**	–
RMB3,500,001 – RMB4,000,000	**1**	1
RMB4,000,001 – RMB4,500,000	**–**	–
RMB4,500,001 – RMB5,000,000	**–**	–
RMB7,000,001 – RMB7,500,000	**1**	1
	6	8

Under PRC tax regulations, individual income tax is calculated at progressive rates with a cap of 45%. The effective income tax rates of the above key management personnel other than directors and supervisors of the Group were approximately 35.80% – 43.17% (2013: 35.13% – 43.15%) for 2014 and the average effective tax rate was approximately 40.56% (2013: 40.58%).

52. FIVE HIGHEST PAID INDIVIDUALS

The five individuals whose emoluments were the highest in the Group include 3 (2013: 4) key management members whose emoluments were reflected in the analysis presented in Note 51.

Details of emoluments of the remaining highest paid individuals are as follows:

(in RMB million)	2014	2013
Salaries and other short term employee benefits after tax	**10**	8
Individual income tax	**8**	7

The number of non-key management personnel whose emoluments after tax fell within the following bands is as follows:

	2014	2013
RMB4,500,001 – RMB5,000,000	**1**	–
RMB5,000,001 – RMB5,500,000	**1**	–
RMB8,000,001 – RMB8,500,000	**–**	1

Under PRC tax regulations, individual income tax is calculated at progressive rates with a cap of 45%. The effective income tax rates of the five highest paid individuals in the Group were approximately 42.55% – 44.55% (2013: 42.36% – 43.81%) for 2014 and the average effective tax rate was approximately 43.45% (2013: 43.05%).

53. SIGNIFICANT RELATED PARTY TRANSACTIONS

(1) THE COMPANY'S RELATED PARTIES WHERE SIGNIFICANT INFLUENCE EXISTS INCLUDE CERTAIN SHAREHOLDERS SET OUT BELOW:

Name of related parties	Relationship with the Company
Charoen Pokphand Group Co., Ltd.	Parent of shareholders from 6 February 2013
Shenzhen Investment Holdings Co. Ltd.	Shareholder

As at 31 December 2014, CP Group held 10.91% equity interests in the Company and was the largest shareholder of the Company.

53. SIGNIFICANT RELATED PARTY TRANSACTIONS (CONTINUED)

(2) THE SUMMARY OF SIGNIFICANT RELATED PARTY TRANSACTIONS IS AS FOLLOWS:

(in RMB million)	2014	2013
Goods purchased from		
Newheight Information Technology (Shanghai) Co., Ltd. (the 'Newheight Shanghai')	**808**	669
Premiums income from		
CP Group	**2**	4
Claims expenses to		
CP Group	**2**	2
Rental income from		
CP Group	**30**	17
Newheight Shanghai	**1**	1

(3) THE SUMMARY OF BALANCES OF THE GROUP WITH RELATED PARTIES IS AS FOLLOWS:

(in RMB million)	31 December 2014	31 December 2013
CP Group		
Customer deposits and payables to brokerage customers	**208**	427
Other liabilities	**195**	–
Newheight Shanghai		
Other liabilities	**52**	83

FINANCIAL STATEMENTS

54. COMMITMENTS

(1) CAPITAL COMMITMENTS

The Group had the following capital commitments relating to property development projects and investments:

(in RMB million)	31 December 2014	31 December 2013
Contracted, but not provided for	**9,147**	6,900
Authorized, but not contracted for	**1,043**	3,975
	10,190	10,875

(2) OPERATING LEASE COMMITMENTS

The Group leases office premises and staff quarters under various rental agreements. Future minimum lease payments under non-cancellable operating leases are as follows:

(in RMB million)	31 December 2014	31 December 2013
Within 1 year	**4,218**	3,557
1-5 years	**9,736**	8,090
More than 5 years	**3,013**	2,157
	16,967	13,804

(3) CREDIT COMMITMENTS

(in RMB million)	31 December 2014	31 December 2013
Financial guarantee contracts		
Bank acceptances	**381,650**	359,583
Guarantees issued	**86,131**	39,472
Letters of credit issued	**70,011**	49,288
Subtotal	**537,792**	448,343
Unused limit of credit cards and irrevocable loan commitments	**47,426**	52,839
Total	**585,218**	501,182
Credit risk weighted amounts of credit commitments	**232,909**	181,995

As at 31 December 2014, apart from the above irrevocable credit commitments, revocable loan commitments granted by the Group amounted to RMB2,087 billion (31 December 2013: RMB1,855 billion). Since these commitments are revocable under certain conditions or would be automatically revoked should the creditworthiness of the borrower deteriorates, the total commitment amount does not necessarily represent future cash requirements. Credit commitments disclosed in the table above do not include the financial guarantee contracts treated as insurance by the Group.

54. COMMITMENTS (CONTINUED)

(4) OPERATING LEASE RENTAL RECEIVABLES

The Group leases its investment properties under various rental agreements. Future minimum lease receivables under non-cancellable operating leases are as follows:

(in RMB million)	31 December 2014	31 December 2013
Within 1 year	**1,605**	1,163
1-5 years	**4,344**	2,552
More than 5 years	**3,314**	3,862
	9,263	7,577

55. EMPLOYEE BENEFITS

(1) PENSION

The employees of the Group are mainly covered by various defined contribution pension plans. The Group makes and accrues contributions on a monthly basis to the pension plans, which are mainly sponsored by relevant government authorities that are responsible for the pension liability to retired employees. Under such plans, the Group has no other significant legal or constructive obligations for retirement benefits beyond the said contributions, which are expensed as incurred. Certain employees are also provided with group life insurance but the amounts involved are insignificant.

(2) HOUSING BENEFITS

The employees of the Group are entitled to participate in and make contributions to various government sponsored funds for housing purposes. The Group contributes on a monthly basis to these funds based on certain percentages of the salaries of the employees. The Group's liability in respect of these funds is limited to the contributions payable in each period.

(3) MEDICAL BENEFITS

The Group makes monthly contributions for medical benefits to the local authorities in accordance with relevant local regulations for the employees. The Group's liability in respect of employee medical benefits is limited to the contributions payable in each period.

56. CONTINGENT LIABILITIES

Owing to the nature of the insurance, bank and other financial services business, the Group is involved in contingencies and legal proceedings in the ordinary course of business, including, but not limited to, being the plaintiff or the defendant in litigation and arbitration. Legal proceedings mostly involve claims on the Group's insurance policies and other claims. Provision has been made for probable losses to the Group, including those claims where management can reasonably estimate the outcome of the lawsuits taking into account any legal advice.

No provision has been made for pending assessments, lawsuits or possible violations of contracts when the outcome cannot be reasonably estimated or management believes the probability is low or remote. For pending lawsuits, management also believes that any resulting liabilities will not have a material adverse effect on the financial position or operating results of the Group or any of its subsidiaries.

57. EVENTS AFTER THE REPORTING PERIOD

(1) In December 2014, the conditional redemption clause of the convertible bonds was triggered (Note 42). In January 2015, the Company redeemed all the outstanding convertible bonds with total par value of RMB34 million at RMB100.14 per bond, according to the conditional redemption clauses stated in the prospectus in relation to the public issuance of A share convertible corporate bonds (including subordinated terms). During the period from 1 January 2015 to 9 January 2015, 247,950,813 ordinary A shares were converted from convertible bonds.

(2) In the extraordinary general meeting of the Company on 5 February 2015, the resolution regarding the implementation of a key employee share purchase scheme, which covers the Company and its subsidiaries, was approved. The duration of such scheme is 6 years.

(3) On 19 March 2015, the Board of Directors of the Company approved the Resolution of the Profit Appropriation Plan for 2014, and declared a final cash dividend in the amount of RMB0.50 per share as disclosed in Note 16; and convert capital reserves to share capital, in a proportion of 10 shares for every 10 shares held.

Except for the items listed above, the Group does not have significant events after the reporting period need to disclose.

58. COMPARATIVE FIGURES

Certain comparative figures have been reclassified or restated to conform to the current year's presentation.

59. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorized for issue by the Board of Directors of the Company on 19 March 2015.

Definition

In this report, unless the context otherwise indicated, the following expressions shall have the following meanings:

Ping An, the Company, the Group, Ping An Group	Ping An Insurance (Group) Company of China, Ltd.
Ping An Life	Ping An Life Insurance Company of China, Ltd., a subsidiary of the Company
Ping An Property & Casualty	Ping An Property & Casualty Insurance Company of China, Ltd., a subsidiary of the Company
Ping An Health	Ping An Health Insurance Company of China, Ltd., a subsidiary of the Company
Ping An Annuity	Ping An Annuity Insurance Company of China, Ltd., a subsidiary of the Company
Ping An Trust	China Ping An Trust Co., Ltd., a subsidiary of the Company
Ping An Securities	Ping An Securities Company, Ltd., a subsidiary of Ping An Trust
Ping An Asset Management	Ping An Asset Management Co., Ltd., a subsidiary of the Company
Ping An Bank	Ping An Bank Co., Ltd., a subsidiary of the Company
SDB, Original SDB	The original Shenzhen Development Bank Co., Ltd., an associate of the Company since May 2010, became a subsidiary of the Company in July 2011. On July 27, 2012, its name was changed to "Ping An Bank Co., Ltd."
Original Ping An Bank	The original Ping An Bank Co., Ltd., became a subsidiary of SDB in July 2011, before that, it was a subsidiary of the Company. It was deregistered on June 12, 2012 due to absorption merger by SDB
Ping An Overseas Holdings	China Ping An Insurance Overseas (Holdings) Limited, a subsidiary of the Company
Ping An Financial Leasing	Ping An International Financial Leasing Co., Ltd., a subsidiary of the Company
Ping An Hong Kong	China Ping An Insurance (Hong Kong) Company Limited, a subsidiary of Ping An Overseas Holdings
Ping An Asset Management (Hong Kong)	Ping An of China Asset Management (Hong Kong) Company Limited, a subsidiary of Ping An Overseas Holdings
Ping An Futures	Ping An Futures Co., Ltd., a subsidiary of Ping An Securities
Ping An Caizhi	Ping An Caizhi Investment Management Company Limited, a subsidiary of Ping An Securities
Ping An Pioneer Capital	Ping An Pioneer Capital Co., Ltd., a subsidiary of Ping An Securities

Definition

Ping An Securities (Hong Kong)	Ping An of China Securities (Hong Kong) Company Limited, a subsidiary of Ping An Securities
Ping An New Capital	Shenzhen Ping An New Capital Investment Co., Ltd., a subsidiary of Ping An Trust
Ping An Technology	Ping An Technology (Shenzhen) Co., Ltd., a subsidiary of Ping An Overseas Holdings
Ping An Processing & Technology	Ping An Processing & Technology (Shenzhen) Co., Ltd., a subsidiary of Ping An Overseas Holdings
Ping An Financial Technology	Shenzhen Ping An Financial Technology Consulting Co., Ltd., a subsidiary of the Company
Ping An Direct	Ping An Direct Consulting Co., Ltd, original Ping An Channel Development Consultation Service Company of Shenzhen, Ltd., a subsidiary of Ping An Financial Technology
Ping An-UOB Fund	Ping An-UOB Fund Management Company Limited, a subsidiary of Ping An Trust
Lufax	Shanghai Lujiazui International Financial Assets Commodity Exchange Co., Ltd., an associate of the Company
Ping An Pay	Ping An Pay Intelligence Technology Co., Ltd., an associate of Ping An Financial Technology
Wanlitong	Shenzhen Wanlitong Internet & Information Technology Co., Ltd., a subsidiary of Ping An Financial Technology
PA Haofang	Ping An Haofang (Shanghai) E-commerce Co., Ltd., a subsidiary of Ping An Financial Technology
PA Haoche	Shanghai Ping An Automobile E-commerce Co., Ltd., a subsidiary of Ping An Financial Technology
Ping An Health Cloud	Ping An Health Cloud Co., Ltd., a subsidiary of Ping An Financial Technology
MIT	Mobile Integrated Terminal
CAS	The Accounting Standards for Business Enterprises and the other relevant regulations issued by the Ministry of Finance of PRC
No. 2 Interpretation	The "No. 2 Interpretation of Accounting Standards for Business Enterprises" (Cai Kuai [2008] No. 11) issued by the Ministry of Finance
IFRS	International Financial Reporting Standards issued by International Accounting Standards Board

Written Premiums	All premiums received from the policies underwritten by the Company, which is prior to the significant insurance risk testing and separating of hybrid risk contracts
CSRC	China Securities Regulatory Commission
CIRC	China Insurance Regulatory Commission
CBRC	China Banking Regulatory Commission
Ministry of Finance	Ministry of Finance of the People' s Republic of China
PBOC	The People' s Bank of China
HKEx	The Stock Exchange of Hong Kong Limited
SSE	The Shanghai Stock Exchange
HSBC	The Hongkong and Shanghai Banking Corporation Limited
CP Group	Charoen Pokphand Group
CP Group Ltd.	Charoen Pokphand Group Company Limited, the flagship company of CP Group, through which CP Group controlled its diversified business
HKEx Listing Rules	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
SSE Listing Rules	the Rules Governing the Listing of Stocks on Shanghai Stock Exchange
Corporate Governance Code	the Corporate Governance Code as contained in Appendix 14 to the HKEx Listing Rules, formerly known as the Code on Corporate Governance Practices
SFO	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
Model Code	the Model Code for Securities Transactions by Directors of Listed Companies as contained in Appendix 10 to the HKEx Listing Rules
Articles of Association	the Articles of Association of Ping An Insurance (Group) Company of China, Ltd.
A Share Convertible Bonds	the RMB26 billion A Share convertible corporate bonds (including subordinated terms) issued by the Company on November 22, 2013

Corporate Information

REGISTERED NAMES

Full name of the Company (Chinese/English)
中國平安保險（集團）股份有限公司
Ping An Insurance (Group) Company of China, Ltd.

Stock short name of the Company (Chinese/English)
中國平安
Ping An of China

LEGAL REPRESENTATIVE
MA Mingzhe

TYPE OF SECURITY AND LISTING PLACE
A share The Shanghai Stock Exchange
H share The Stock Exchange of Hong Kong Limited
A share convertible corporate bonds The Shanghai Stock Exchange (delisted from The Shanghai Stock Exchange on January 15, 2015)

SECURITY NAME AND STOCK CODE
A share Ping An of China 601318
H share Ping An of China 2318
A share convertible corporate bonds Ping An Convertible Bonds 113005

THE SPONSOR INSTITUTIONS WHO PERFORM THE CONTINUOUS SUPERVISION RESPONSIBILITIES DURING THE REPORTING PERIOD
China International Capital Corporation Limited
Credit Suisse Founders Securities Limited

AUTHORIZED REPRESENTATIVES
SUN Jianyi
YAO Jun

SECRETARY OF THE BOARD OF DIRECTORS
JIN Shaoliang

COMPANY SECRETARY
YAO Jun

REPRESENTATIVE OF SECURITIES AFFAIRS
LIU Cheng

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COMPANY WEBSITE
www.pingan.com

DESIGNATED NEWSPAPERS FOR INFORMATION DISCLOSURE OF A SHARE
China Securities Journal, Shanghai Securities News, Securities Times and Securities Daily

WEBSITES FOR THE PUBLICATION OF THE REGULAR REPORT OF THE COMPANY
www.sse.com.cn
www.hkexnews.hk

REGULAR REPORTS AVAILABLE FOR INSPECTION
Board Office of the Company

CONSULTING ACTUARIES
PricewaterhouseCoopers Consultants (Shenzhen) Limited

AUDITORS AND PLACE OF BUSINESS

Domestic auditor
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11/F, PricewaterhouseCoopers Center,
2 Corporate Avenue, 202 Hu Bin Road,
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Name of Certified Public Accountants
Charles Chow
CAO Yinhua

International auditor
PricewaterhouseCoopers
22/F Prince's Building,
Central, Hong Kong

LEGAL ADVISORS
DLA Piper Hong Kong
17th Floor, Edinburgh Tower, The Landmark,
No. 15 Queen's Road,
Central, Hong Kong

H SHARE REGISTRAR
Computershare Hong Kong Investor Services Limited
17M Floor, Hopewell Centre,
183 Queen's Road East,
Wanchai, Hong Kong

AMERICAN DEPOSITARY SHARES REGISTRAR
The Bank of New York Mellon

REGISTERED INFORMATION FOR THE FIRST-TIME

Date of registration
March 21, 1988

Place of registration
Shenzhen Administration for Industry and Commerce

Corporate name
Shenzhen Ping An Insurance Company

Please visit the website of the Market Supervision Administration of Shenzhen Municipality (www.szscjg.gov.cn) for details of the Company's registered information for the first-time

REGISTERED INFORMATION AT THE END OF THE REPORTING PERIOD

Place of registration
State Administration for Industry and Commerce of the PRC

Registration number of the business license of the legal entity
100000000012314

Tax registration number
Shen Shui Deng Zi No. 440300100012316

Organization code
10001231-6

The above registered information had no change during the reporting period

CHANGES IN MAIN BUSINESS SINCE LISTING
The main business scope has not been changed since the listing of the Company on the Shanghai Stock Exchange on March 1, 2007.

CHANGES OF CONTROLLING SHAREHOLDER SINCE LISTING
The shareholding structure of the Company is relatively scattered and there is no controlling shareholder.