PING AN

Insurance · Banking · Investment

Annual Report 2015

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

Ping An 3.0 Era: Securing your health and wealth

Investment and wealth management
At your command,
Our one-stop financial services par excellence
Opening the gate to greater wealth.

A better quality of life
At your fingertips,
Our professional health care management services
Lead you to better health.

Ping An,
Together with its peers,
Builds innovative open platforms
Underpinned by modern technologies.

The Ping An 3.0 Era
Has dawned.
Towards our goals we forge ahead with an abiding faith:
Expertise makes life easier.

Aspiring to be a "world-leading personal financial services provider", Ping An focuses on the "big financial assets" and "big health care" industries and pursues a two-pronged development approach of "Integrated Finance + Internet" and "Internet + Integrated Finance". We further develop our Internet finance strategy while maintaining the rapid and healthy development of our core financial businesses. With an eye on customer needs for "health, food, housing, transportation and entertainment", we integrate our financial businesses with online everyday lifestyle services and drive migration, promoting the "One Customer, One Account, Multiple Services and Products" concept and ultimately becoming customers' "Wealth Manager, Health Advisor and Life Companion".

While China's economy is under the "new normal", we will continue to "Survive in Competition and Thrive through Innovation". Set on building Internet financial services platforms which are open, inclusive and integrated, we have started our voyage into the Ping An 3.0 Era!

Ping An - Expertise makes life easier.

Five-Year Summary

(in RMB million)	2015	2014	2013	2012	2011
GROUP					
Total income	**693,220**	530,020	421,221	339,193	272,244
Net profit	**65,178**	47,930	36,014	26,750	22,582
Net profit attributable to shareholders of the parent company	**54,203**	39,279	28,154	20,050	19,475
Basic earnings per share (in RMB)(1)	**2.98**	2.47	1.78	1.27	1.25
Total assets	**4,765,159**	4,005,911	3,360,312	2,844,266	2,285,424
Total liabilities	**4,351,588**	3,652,095	3,120,607	2,634,617	2,114,082
Total equity	**413,571**	353,816	239,705	209,649	171,342
Equity attributable to shareholders of the parent company	**334,248**	289,564	182,709	159,617	130,867
Investment portfolio of insurance funds	**1,731,619**	1,474,098	1,230,367	1,074,188	867,301
Net investment yield of insurance funds (%)	**5.8**	5.3	5.1	4.7	4.5
Total investment yield of insurance funds (%)	**7.8**	5.1	5.1	2.9	4.0
Embedded value	**552,853**	458,812	329,653	285,874	235,627
Group solvency margin ratio (%)	**195.4**	205.1	174.4	185.6	166.7
INSURANCE BUSINESS					
Life Insurance Business					
Written premiums	**299,814**	252,730	219,358	199,483	187,256
Net profit	**18,992**	15,689	12,219	6,457	9,974
Net investment yield (%)	**5.7**	5.3	5.1	4.7	4.5
Total investment yield (%)	**8.0**	5.0	5.0	2.8	4.1
Embedded value	**326,814**	264,223	203,038	177,460	144,400
Solvency margin ratio – Ping An Life (%)	**203.2**	219.9	171.9	190.6	156.1
Property and Casualty Insurance Business					
Premium income	**163,955**	143,150	115,674	99,089	83,708
Net profit	**12,522**	8,807	5,856	4,648	4,979
Net investment yield (%)	**6.3**	5.3	5.3	4.8	4.6
Total investment yield (%)	**6.5**	5.6	5.4	3.3	3.9
Combined ratio (%)	**95.6**	95.3	97.3	95.3	93.5
Solvency margin ratio – Ping An Property & Casualty (%)	**182.2**	164.5	167.1	178.4	166.1
BANKING BUSINESS(2)					
Net interest income	**66,099**	53,046	40,688	33,036	18,371
Net profit	**21,865**	19,802	15,231	13,512	7,977
Net interest spread (%)	**2.63**	2.40	2.14	2.19	2.33
Net interest margin (%)	**2.77**	2.57	2.31	2.37	2.51
Cost-to-income ratio (%)	**31.31**	36.33	40.77	39.41	44.17
Total deposits	**1,733,921**	1,533,183	1,217,002	1,021,108	850,845
Total loans and advances	**1,216,138**	1,024,734	847,289	720,780	620,642
Capital adequacy ratio (%)(3)	**10.94**	10.86	9.90	11.37	11.51
Non-performing loan ratio (%)	**1.45**	1.02	0.89	0.95	0.53
Provision coverage ratio (%)	**165.86**	200.90	201.06	182.32	320.66
ASSET MANAGEMENT BUSINESS					
Trust Business(4)					
Total income	**8,784**	6,557	4,732	4,231	2,407
Net profit	**2,912**	2,212	1,962	1,484	1,063
Assets held in trust	**558,435**	399,849	290,320	212,025	196,217
Securities Business					
Total income	**10,119**	4,026	2,758	2,897	3,080
Net profit	**2,478**	924	510	845	963

(1) On August 4, 2015, the Company completed the conversion of the capital reserve into share capital in the proportion of 10 shares for every 10 shares held, and the latest total share capital is 18,280 million. The Company recalculated the weighted average number of ordinary shares in and before 2015. The basic earnings per share for the five reporting periods were recalculated accordingly.

(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.

(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 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 2011, the figures of trust business are those of Ping An Trust.

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

Introduction

Ping An is dedicated to becoming a world-leading personal financial services provider. Backed by "Integrated Finance + Internet" and "Internet + Integrated Finance" 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 products and services to over 200 million internet users and 100 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, 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, internet finance and integrated 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.

ASSET MANAGEMENT

- 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

Asset Management 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 AND OTHERS

Lufax   Ping An Puhui Finance   Ping An Doctor   PA Haofang   PA Haoche   Ping An Financial Technology
Ping An Pay and Wanlitong   Ping An Technology   Ping An Financial Services

Ping An continued to focus on the concept of "Technology-driven Finance". Under the "Internet + Integrated Finance" model, Ping An focused on users' daily needs in the areas of "health, food, housing, transportation and entertainment", and sought to widen the range of financial and everyday lifestyle scenarios. It also worked on strengthening internet user operations, enhancing the user experience, and promoting a gradual migration of its internet users and customer base. This enabled Ping An to reach its goal of "One Customer, One Account, Multiple Services and Products" and become its customers' "wealth manager, health advisor and life companion".

Ping An Milestones

Foundation of Company

May 27, 1988

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

June 4, 1992

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

Expanding Nationwide

Foreign investors

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.

1994

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

First life insurance policy

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 as "Ping An Trust Investment Company".

October 8, 2002

HSBC Group took a stake in Ping An, becoming its single largest shareholder.

Stake acquired by HSBC

Founding of the Group

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.

December, 2003

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

1988 1992 1994 1995 1996 2002 2003

Listing of H Shares

June 24, 2004

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

Control of SDB

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.

Global No. 1

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.

2004 2006 2007 2011 2012 2014 2015

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.

Listing of A Shares

2012

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

2015

The accumulated online users of Ping An exceeded 200 million and APP users surpassed 100 million.

May, 2006

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

July, 2006

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

LU陆金所.com

FORTUNE 500

Ping An ranked 96th on "Fortune Global 500", marking its debut in the top 100, and was top-ranked among non-state-owned Chinese enterprises. It also ranked No. 32 on "Forbes Global 2000".

Global Top 100

Vision and Strategy

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

- Focusing on the "big financial assets" and "big health care" industries, we insist on the two-pronged development approach of "Integrated Finance + Internet" and "Internet + Integrated Finance" centering around the four pillar sectors of insurance, banking, asset management and internet finance, to finally achieve the goal of "becoming a world-leading personal financial services provider" .
- Users, customers, and migration: We have adopted a customer-centric approach to provide customers with comprehensive financial services. We have also promoted migration of users and customers proactively to achieve the goal of "one customer, one account, multiple services and products".
- Core finance business: The internet-based upgrading to our integrated finance operations enables us to provide one-stop financial services with enhanced service efficiency and customer experience.
- Internet finance business: Focus on the daily needs of users for "health, food, housing, transportation and entertainment" , continue to improve online platforms, provide various services and products, embed financial business into online daily life services.

Insurance Business

- Maintain the healthy and steady development of our property and casualty insurance and life insurance business while promoting their competitiveness and steady expansion in market share;
- Develop in top gear health insurance business and the pension asset management business with corporate annuity as the focal asset, while continue building the "Social Health Insurance One Account" platform to increase efficiency, cut costs, improve experience and enhance benefits of Social 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";
- Shape Ping An Bank into a core integrated financial service platform to provide customers with one-stop integrated financial services.

Asset Management 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.

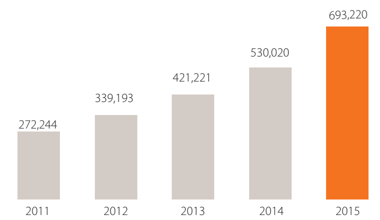
Internet Finance Business

- Holding the concept of "Technology-driven Finance" and the development approach of "Internet+ Integrated Finance" and focusing on the daily needs of users for "health, food, housing, transportation and entertainment", we continue to improve online platforms, provide various services and products, embed financial business into online daily life services, to establish opened internet financial service platform.

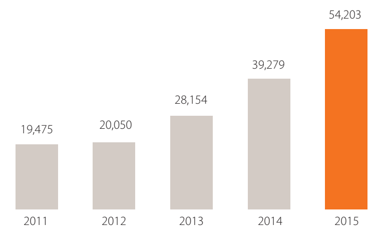
Business Performance at a Glance

- Net profit attributable to shareholders of the parent company reached RMB54,203 million, up by 38.0% compared to last year. Total assets of the Group were about RMB4.77 trillion with strengthening comprehensive competitiveness.
- Core finance businesses had an overall individual customer base of 109 million, of which new customers exceeded 30 million in 2015. The number of our internet users was about 242 million, up by 75.9% over the beginning of the year.
- Written premiums of life insurance business amount nearly RMB300 billion. Premium income of property & casualty business surpassed RMB160 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 increased steadily, while total investment yield reached a record high in recent years.
- Ping An Bank facilitated innovation to pursue changes and smart operations, maintaining sound growth and achieving a net profit of RMB21,865 million, up by 10.4% over the last year.
- Ping An Securities saw its business performance hit a record high with strategies being advanced very effectively. It realized net profit of RMB2,478 million, up 168.2 % over the same period last year.
- Following the philosophy of "Technology-driven Finance", Ping An's pattern of "Internet + Integrated Finance" has gradually matured with diversifying application scenarios. With booming development of the internet finance business, our user experience was further improved.

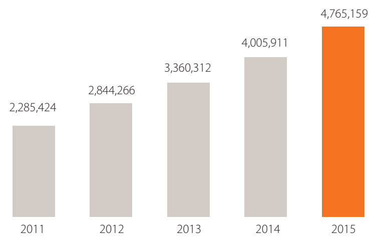
Total Income *(in RMB million)*



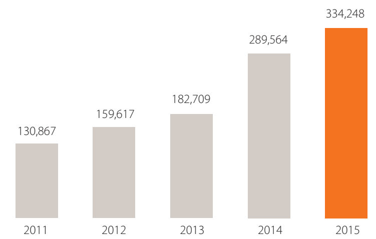
Net Profit attributable to Shareholders of the Parent Company *(in RMB million)*



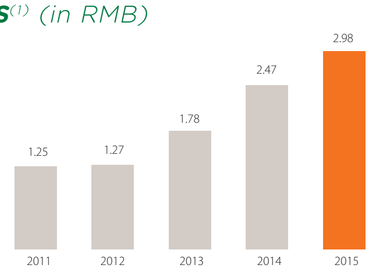
Total Assets *(in RMB million)*



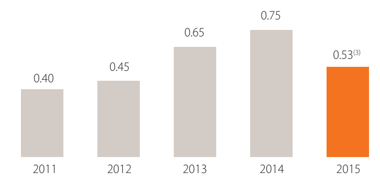
Equity attributable to Shareholders of the Parent Company *(in RMB million)*



Basic EPS(1) *(in RMB)*



Dividend per share(2) *(in RMB)*



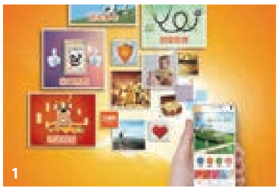
(1) On August 4, 2015, the Company completed the conversion of the capital reserve into share capital in the proportion of 10 shares for every 10 shares held, and the latest total share capital is 18,280 million. The Company recalculated the weighted average number of ordinary shares in and before 2015. The basic earnings per share for the five reporting periods were recalculated accordingly.

(2) Dividend per share refers to cash dividend, it includes final dividend and interim dividend.

(3) The 2015 final dividend of RMB0.35 per share will be proposed for approval at the annual general meeting. The 2015 final dividend is based on the latest share capital of 18,280 million shares.

Chairman's Statement

In 2015, China's reforms entered a "deep water zone" alongside the implementation of the "One Belt and One Road" initiative and the "Internet +" strategy. The strategic transformation of the economy gave rise to changes in the driving force of growth, paths to development and modes of competition. China is becoming the world's largest market with the most key innovative activities. Likewise, for a business to thrive, it must place utmost importance on having the strategy and tactics in place before achieving breakthroughs. Progress and development only come after sound preparations. In the past year, Ping An kept rapid and healthy growth in all its businesses, delivering record results. More importantly, our strategic layout over the past decade, and our business model innovations in recent years have come into fruition. In 2016, having evolved through its 1.0 Era (self-operated model) and 2.0 Era (open marketplace), Ping An will enter the 3.0 Era that features "open platform + open marketplace".



1. As at the end of 2015, the "E-service APP" of Ping An Life had more than 30 million registered users. The "Appointment with Ping An – Walk for Health" events help users develop the habit of doing exercises; the "Asking Doctors" module offers comprehensive health management services including online consultation; the first online product "Million Travel Benefits" successfully achieved written premiums of more than RMB100 million in the first launching day. The "E-service APP" is a key component of the Group's integrated financial strategy, transforming the Ping An Life Insurance's business model from traditional mode to Online-To-Offline mode.

2. On July 8, 2015, Ping An Property & Casualty launched the globally first "Telephone Direct Claiming Service" for auto insurance, which is designed to address customers' needs by offering superior three-step claim method, i.e. "phone claiming, upload pictures and receive compensation". Promising to provide "Prompt, Convenient and Free" services in 2009, Ping An Property & Casualty was continually upgrading its service standard by technology innovations for 6 consecutive years. In the year of 2015, over 50% of the auto insurance claims were settled within half a day from reporting to claim payment.

3. On August 7, 2015, Ping An Annuity introduced the "Good-Faith Claims" service to the market. Integrating technology development in the "Internet+" era, Ping An Annuity applies credit data in the Group's personal insurance claims so as to resolve complaints on the "complicated and slow claim procedure", aiming for enhancing service quality and customer experience.

In 2015, amid slower global growth, the Chinese economy entered to the "new normal" stage. Notwithstanding substantial breakthroughs achieved in reforms, the Chinese economy grappled with downward pressure. In the face of complex economic scenarios, Ping An continued to pursue its goal of becoming a "world-leading personal financial services provider". It focused on individual customers, continued to explore and upgrade its customer operation model, improved customer services and experience and promoted customer migration, so as to achieve the goal of "one customer, one account, multiple services and multiple products" ultimately. With the collaborative efforts of our colleagues, the Group reached new heights in terms of total assets, revenues and net profit. Our core finance businesses recorded stable and healthy growth with industry-leading business quality. After several years of deployment and cultivation, our internet finance business yielded encouraging results, evidenced by an increasing market presence and sustained high growth in innovative areas.

In 2015, we achieved significant growth for all key performance indicators. The Company's net profit attributable to shareholders of the parent company stood at RMB54,203 million, up by 38.0% compared with the previous year. As at December 31, 2015, equity attributable to shareholders of the parent company was RMB334,248 million, up by 15.4% over the beginning of the year; total assets was about RMB4.77 trillion, up by 19.0% over the beginning of the year. The number of our individual customers was nearly 109 million, and internet user was about 242 million with outstanding effect of user and customer migration.

Business Highlights

In 2015, with increasing customer operation level, we delivered a remarkable performance in both core finance business and internet business:

Ping An innovatively pursued a customer centric operation model, which saw a pronounced uptake in customer migration.
We continued to uphold a "customer-oriented" philosophy and to offer our customers comprehensive financial services. We have also upgraded the traditional business model of "offering products first, then services", meanwhile, explored an innovative customer operation model focused on "Initiating Engagement with One Service, Extending the Scope to Multiple Services, then to Multiple Products" to encourage customers to get access to and fully understand Ping An's core finance businesses by offering many internet services and ultimately promote customer migration. After years of operations, Ping An's internet service platform has developed a large user base, which made us realize that Ping An's internet platform can be used to offer service experiences to users and customers. This works effectively as a mode of business development, which would efficiently promote users and customers migration. As at the end of 2015, the combined individual customer base of Ping An's core finance companies reached 109 million, of which 57.12 million became internet users. We have gained over 30 million new customers, with 5.75 million new customers from the migration of our internet users. Ping An's internet user base was about 242 million, up by 75.9% over the beginning of the year. The user base of the mobile internet service business reached 107 million, pointing to a migration of more than 10 million users between our core finance companies and internet finance companies. With our strategy of Ping An 3.0 Era, we will continue to improve the level of customer services and promote migration between users and customers, to build up our core competitiveness to differentiate ourselves, and to support business development.

Insurance business

- Written premiums from life insurance business reached RMB299,814 million, up by 18.6% over the previous year. Written premiums from new business of individual life insurance reached RMB80,456 million, up by 50.9% over last year.
- New business value of life insurance achieved RMB30,838 million, grow by 40.4% over last year.
- The number of individual life insurance sales agents was nearly 870 thousand, up by 36.9% over the beginning of the year. First-year written premiums per agent per month amounted to RMB7,236, up by 15.9% over last year.
- For Ping An Life, written premiums of telemarketing sales reached RMB12,994 million, up by 39.0% over 2014.
- Premium income of property and casualty insurance business reached RMB163,955 million, up by 14.5% over 2014.
- The combined ratio of property and casualty insurance business was 95.6%.
- The investment portfolio of insurance funds reached RMB1,731,619 million, with the net investment yield reaching 5.8% and the total investment yield reaching 7.8%.

Banking business

- Total deposits reached RMB1,733,921 million, up by 13.1% over the beginning of the year. Total loans and advances to customers were RMB1,216,138 million, up by 18.7% over the beginning of the year.
- Cost-to-income ratio was 31.31%, down by 5.02 percentage points over 2014.
- The loan loss provision ratio was 2.41%, up by 0.35 percentage points over the beginning of the year. Non-performing loan ratio and provision coverage ratio were 1.45% and 165.86%, respectively.
- Capital adequacy ratio was 10.94%, and tier 1 capital adequacy ratio was 9.03%.

Asset management business

- Trust business generated a net profit of RMB2,912 million, up by 31.6% over last year.
- Trust business recorded trust product management fee income of RMB5,157 million, up by 25.1% compared with 2014.
- Ping An Securities achieved a net profit of RMB2,478 million, up by 168.2% as compared with the previous year.
- For Ping An Securities, the number of IPO projects was 12, and the number of bonds underwritten as lead underwriter was 52. The number of new customers of brokerage business reached 2.93 million.
- Ping An Asset Management's assets under management reached RMB1,966,611 million, up by 20.5% over the beginning of the year; the scale of its third-party asset management business achieved RMB245,722 million, up by 45.1% over the beginning of the year.

Life insurance business achieved stable and health growth. Property and casualty insurance business maintained its excellent performance in both business growth and quality. Ping An Annuity continued to lead the industry in pension asset management business. The investment yield of insurance funds increased steadily.

Life insurance business achieved rapid and healthy growth. In 2015, written premiums from life insurance reached RMB299,814 million, up by 18.6% over the previous year. With enhanced operation management platforms for all channels and product structure, the value of new business continued to grow by 40.4% over last year. The number of sales agents reached nearly 870 thousand with increasing productivity, translated into a premium growth of 50.9% in the new business of individual life insurance, which reached a record high in recent years. The telemarketing business sustained rapid growth, cementing its leadership in terms of market share.

Property and casualty insurance business maintained its leading position in business growth and quality. In 2015, property and casualty insurance business recorded a premium income of RMB163,955 million, up by 14.5% over 2014, and combined ratio was 95.6%, consistently above industry level. Its automobile insurance business launched the world's first direct-claim call service to further enhance claims service quality and efficiency, with over 50% of the claims during the year settled within 0.5 day from reporting to claim payment.

Ping An Annuity continued to grow in short-term insurance, ranking high in the industry in terms of market share. It kept extending its lead in the corporate annuity market, with assets entrusted and assets under investment management standing at RMB127,226 million and RMB135,480 million, respectively, which maintained leading position among the annuity insurance companies of China. In 2015, Ping An Annuity proactively participated in the building of a government-sponsored health insurance system, and established an industry-leading "Smart Social Health Insurance" management and service system to help the government provide managed medical service.

With the optimized investment structure, the flexible allocation of equity assets and early deployment of fixed-income assets in the declining interest rate environment, the total investment yield of our insurance funds reached a record high in recent years. In 2015, the net investment yield of our insurance funds stood at 5.8%, 0.5 percentage points higher over the previous year; the total investment yield of our insurance funds was 7.8%, up by 2.7 percentage points over last year.

Overall, banking business maintained its robust growth.

In 2015, Ping An Bank reported a net profit of RMB21,865 million, up by 10.4% over 2014. It maintained double-digit growth in both deposits and loans, which continued to lead its peers. With improved operating efficiency, its cost-to-income ratio dropped by 5.02 percentage points compared with last year. Ping An Bank exercised strict risk controls on new business to ensure stable asset quality, with its non-performing loan ratio and provision coverage ratio standing at 1.45% and 165.86% respectively. Ping An Bank successfully issued non-public ordinary shares in the first half of the year to support and safeguard its business development.

Continuously enhancing its risk control system, Ping An Trust reported stable growth. Ping An Securities reached a record high in its operating results. Ping An Asset Management experienced rapid growth in its third-party business.

Our trust business maintained stable growth. In 2015, it generated a net profit of RMB2,912 million, up by 31.6% over last year. In 2015, management fees income of trust products reached RMB5,157 million, up by 25.1% compared with 2014. Continuously enhancing its comprehensive risk controls system to guard against project risks, Ping An Trust redeemed all trust schemes upon scheduled maturity in 2015.

5

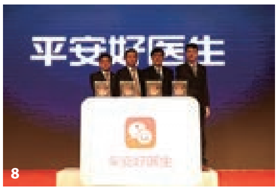

6

4. On June 29, 2015, Ping An Bank launched the service of Internet of Things (IoT) Smart Finance which, by endowing movable property with the attributes of immovable property, has transformed the supply-chain finance model and set the trend for smart movable property-pledged financing. The technology has been successfully applied to the automobile and steel industries. With good planning for its IoT Smart Warehouse Network across the country, Ping An Bank has built partnerships with about 100 main ports, large warehouse companies, large iron and steel manufacturers, and main regional logistics parks.

5. In March 2015, Ping An Securities hosted the 1st Forum of CEOs of Listed Companies in Shenzhen. Chairmen from over 100 listed companies, experts and scholars from many fields attended the forum, discussing the corporate development strategies amid the "New Normal" era. The Chairman and CEO of the Group, Mr. Mingzhe Ma, addressed in the meeting, expressing Ping An's wishes for further cooperation and joint development with the attending companies.

6. In 2015, Ping An Trust launched the Hongcheng Family, the first wealth management brand in China which targets at high-net-worth customers with investable amount of over RMB30 million. Being built on four core advantages – integrated finance, asset allocation, inheritance bespoke plans and "1+N" integrated service – the brand leverages its advanced system, open product platform and comprehensive customer services to provide high-net-worth customers with full internet finance services covering the demands for traditional finance as well as the needs for "health, food, housing, transportation and entertainment".

Chairman's Statement



7. In September 2015, Lufax, China's largest online wealth management platform, launched its open platform strategy 3.0 and moved to the new web domain lu.com.

8. On April 21, 2015, Ping An introduced "Ping An Doctor" APP, its first online health management product. Positioned as a "mobile doctor", the innovative mobile application provides users the access to real-time consultations and health management services offered by a group of experienced doctors. It aims to address the complaints of patients on "difficulties on consultation, making appointments and seeing a doctor" and on "very short time of consultation" with smooth, excellent Online-To-Offline health management experience.

9. On September 22, 2015, Yiwallet and Ping An Credit Card jointly launched the Ping An Yiwallet Huayang Credit Card, a historical innovation on credit card with the attribute of "Internet+". With such innovative features of "self-defined credits", "earning while spending", "spent but still earning" and "more expense, more to earn", Huayang Card provides users with one-stop solutions for wealth management, spending, withdrawal and receipt, equipping Yiwallet with both deposit management and consumer finance features and enriching the scenes of online and offline consuming.

Ping An Securities reached a record high in operating performance and made significant progress in executing its strategy. In 2015, it achieved a net profit of RMB2,478 million, up by 168.2% compared with the previous year. Its securities brokerage business achieved great performance on the internet transformation, attracting 2.93 million new customers during the year, placing it among top three in the market on this front. Ping An Securities ranked among top three in the industry in terms of both number of IPOs and number of bond underwritten as lead underwriter. The assets under management amounted to RMB237 billion, with remarkable breakthroughs in asset securitization.

Ping An Asset Management's business grew steadily and delivered outstanding performance in its third-party business. It recorded a net profit of RMB2,362 million, up by 141.8% compared with 2014. At the end of 2015, its assets under management reached RMB1,966,611 million, of which the scale of its third-party asset management business achieved RMB245,722 million, up by 45.1 % over the beginning of the year. Its income from third-party asset management was RMB1,389 million, up by 91.3% over the previous year.

While delivering impressive results in core finance businesses, we also embraced opportunities presented by the internet to drive rapid growth in innovative businesses. Our internet finance companies continued to develop strategies and sustained rapid growth in terms of business scales.

As at December 31, 2015, Ping An's internet user base was about 242 million, up by 75.9% over the beginning of the year; with the number of mobile terminal APP users reaching 107 million, increased by 4.4 times over the beginning of the year.

The insurance, banking and asset management businesses leveraged the internet to upgrade their business models, where the advantages of offline traditional financial services and efficient online services complemented each other. Ping An Life's "E-Service" APP user base reached 30 million and the first insurance product of the APP was widely popular among customers. Ping An Property & Casualty introduced the "Ping An Auto Owner" APP, which pools the most extensive quality services resources to offer car owners one-stop car-related consumption services. Ping An Bank achieved online sales of over RMB600 billion through the "Hang-E-Tong" platform, and the number of "Orange Bank" users reached 5 million. Ping An Trust launched the Ping An "Cai Fu Bao" APP, the first mobile service terminal in the industry. In 2015, the monthly activity rate of high net wealth client reached 51%, the substitution rate of online service for high net wealth client achieved 47%. As the first batch of securities firms allowed to pilot internet business, Ping An Securities was top-ranked on the *Top 100 Internet+ Securities Firms 2015* by China Internet Weekly.

Lufax continued to promote itself towards an open platform for all financial institutions, corporates and individuals, thus matching supply with demand through the internet and striving to enhance the public wealth. As at the end of 2015, Lufax had 18.31 million registered users, and maintained its industry lead with a trading volume of RMB1.53 trillion during the year.

Specializing in financial payment processing and loyalty points services, Ping An Pay and Wanlitong fully leveraged to their advantages in transaction payments and loyalty points management. As at the end of 2015, "Yiwallet", Ping An's core payment product, had a user base of over 45 million; users of loyalty points business platform exceeded 96 million; the overall trading volume of payment processing and loyalty points businesses during the year reached RMB1.59 trillion.

Ping An Haofang recorded rapid growth with clear planning for its real estate finance platform. In 2015, it established strategic partnerships with dozens of top 100 developers including Shimao, Yurun and Country Garden. New house transactions through its platform exceeded RMB150 billion. Ping An Haofang's online platform had over 7 million registered users and offered new house channels for 51 cities.

Ping An Health Cloud is dedicated to developing a one-stop, whole-process, O2O health care services platform. It has built the largest team of full-time online doctors in China and successfully established a B2C and O2O medicine supply network. In 2015, the "Ping An Doctor" APP offered services to over 30 million users, establishing itself as the No.1 portal for online health care in China.

One Account Management Services strives to become the largest open internet financial service platform in China, and it offers account management, wealth management, credit management, and lifestyle management services to users. As at the end of 2015, One Account Management Services had 100 million registered users with over 18 million monthly active users, and assets under management exceeded RMB1 trillion.

Internet finance business

- The accumulated registered users of Lufax reached 18.31 million, up by 257.6% over the beginning of the year.
- Active investment users of Lufax reached 3.63 million, up by nearly 10 times over the beginning of the year.
- Total trading volume of Lufax achieved RMB1,525.3 billion during the year, up by over 5 times over last year.
- Sales volume of wealth management store of Yiwallet exceeded RMB100 billion, up by 423.4% over last year.
- The total loyalty points issued by Wanlitong were worth RMB6.5 billion, up by 232.0% compared with the previous year.
- "Ping An Doctor" APP's highest daily active users surpassed 1.3 million, with daily peak consultation quantity surpassing 120 thousand.

Prospects

Looking ahead to 2016, the macroeconomic environment will remain complex and present both challenges and opportunities. The weak global economic recovery is unlikely to pick up pace in a major way. Notwithstanding the downward pressure exerted by structural and cyclical factors, the fundamentals and reforms continue to support the stable growth of the Chinese economy. With 2016 marking the start of China's 13th Five-Year Plan, the further development of the "Internet+" strategy will create greater synergies between the internet and traditional industries. This paves the way to future businesses becoming more "mobile-based, specialized, social networking-driven, and scenario-specific". Service and customer experience will be of vital importance to market competition.

In sync with the State's strategy, we have entered the Ping An 3.0 Era to build "open platform + open marketplace". With a sense of mission and crisis as strong as before, we will continue to "thrive in competition and advance through innovation". Adhering to our goal of becoming a "world-leading personal financial services provider ", we will focus on the "big financial assets" and "big health care" industries with the two-pronged model of "Integrated Finance + Internet" and "Internet + Integrated Finance". For our insurance, banking, asset management and internet finance businesses, we will forge ahead with the building of open internet financial services platforms. We are convinced that through our concerted efforts and team spirit, Ping An will deliver an exceptional 3.0 Era!

Finally, on behalf of the Board of Directors and Executive Committee of Group, I would like to extend our sincere gratitude to our customers, investors, partners and friends from all walks of life, as well as to our colleagues who have worked wholeheartedly to fulfill our strategic goals and ambitions.

Chairman and Chief Executive Officer

Shenzhen, China
March 15, 2016

Honors and Awards

In 2015, 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. 96 in "Fortune Global 500"

- Forbes (US)

  Ranked No. 32 in "Forbes Global 2000"

- Financial Times (UK)

  Ranked No. 63 in "FT Global 500", 109 ranks higher than that of 2014

- Euromoney (UK)

  Best Managed Company Asia – Insurance Sector

- FinanceAsia (HK)

  The FA100 Index 2015

  Ranked No.27 by past three years of net profits

  Ranked No.10 by past one year of profit growth

- China Enterprise Directors Association and China Enterprise Confederation

  Ranked No. 20 in China Top 500 List

- SOHU Finance

  China's Most Innovative Company

CORPORATE GOVERNANCE

- Institutional Investor (US)

  Best IR in China region

- Corporate Governance Asia (HK)

  Asian Excellence Recognition Award
  Best CEO (Investor Relations)
  Best CFO (Investor Relations)
  Best IR Company (China)

- The Asset (HK)

  3A Greater China Awards – Platinum Awards

- The Hong Kong Institute of Directors

  Director of the Year Awards

- 21st Century Media Co., Ltd. & 21st Century Business Herald

  The Outstanding Boards of Directors of China Listed Companies

- China's Associate for Public Company

  Most Respected Chinese Companies by Investors 100 – Top 10

CORPORATE SOCIAL RESPONSIBILITY

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

  Most Respected Company

- World Economic & Environmental Conference

  International Carbon Value Award – Social Citizen Award

- China Youth Development Foundation

  Project Hope 2015 Outstanding Contribution Award

- The Chinese Institute of Business Administration and Beijing Rongzhi Corporate Social Responsibility Institute

  Annual Conference of Sustainable Competitiveness of Chinese Enterprises – Best Community Relations Award

BRAND

- Eurobrand

  Ranked No. 96 in "The Global Brand Value Ranking" – the only nominee among the global insurance brands

- Millward Brown, WPP

  Ranked No. 68 in "BrandZ Top 100 Global Brands"
  Ranked No. 11 in "BrandZ Top 100 Chinese Brand" – the No. 1 in China's insurance industry

- Interbrand

  Ranked No. 6 in "2015 Best China Brands", continuously holding a leading position as the No. 1 brand in China's insurance industry

- China Advertising Association

  China Great-wall Advertising Awards – Advertiser Awards

- Hurun Report

  Hurun Brand List: Rank No. 5 on "The Most Valuable Chinese Private Enterprise Brand"

Corporate Social Responsibility

Cherishing the idea of social commitment, we are dedicated to fulfilling our duties to our shareholders, living up to the trust of our customers, benefiting our employees and contributing, with gratitude to society.

We adhere to the philosophy of "Expertise Creates Value". While delivering value to our shareholders, customers and employees, we are also concerned about social well-being and always fulfill our social responsibility, creating a win-win situation with all stakeholders. With the assist of internet, finance was integrated with life to bolster customer experience, and to let our customers enjoy health management and wealth increment induced by integrated finance and internet. Over the past years, we have continued our commitment to education, environment protection, volunteer services and other worthy causes. In response to hot social issues, we leverage internet platforms to deliver the 3.0 Era of charity, and encourage our employees and customers as well as the general public to participate in charity events. Ping An has thus received numerous honors and awards in recognition of its social contributions, among which are the "Most Respected Company in China" for the 14th consecutive year and the "Most Responsible Enterprise" for the 9th consecutive year.

Economic benefits

Basic earnings per share of RMB2.98

Up by +20.6% compared with 2014

Total assets nearly RMB4.77 trillion

Employees

Benefits RMB9,943 million

Remuneration RMB43,321 million

ZhiNiao Learning APP

Over 52,000 courses

Views over 54 million in person time

Registered users of our internet finance platforms

As at December 31, 2015:

Ping An Life "E-service" APP 30 million users

"Ping An Doctor" APP over 30 million users

Lufax 18.31 million users

"Yiwallet " APP over 45 million users

Society and environment

Carbon emissions reduced 62,979 tons in 2015 with technology-enabled services

Invested in hydroelectric projects RMB350 million

A total of RMB40,149 million in green credit

Volunteer teaching at Hope Primary Schools 22,120 hours

Reunited during the spring festival with our help 300 families

Phone bills paid for families of 500 left-behind children in Yunnan, Guizhou, Sichuan and other regions

Customer experience

We introduced the Net Promotion Score (NPS) to monitor customer experience.
Ping An Group's NPS: 26%

Ping An Life overall customer satisfaction 93.7%

Ping An Property & Casualty auto insurance claim payment rate 99.2%

Partners

Ping An Doctor has partnered with 40,000 external doctors

3,000 famous doctors at 3A hospitals

Wanlitong serves nearly 1 million merchants cooperating in loyalty points

RMB6.5 billion loyalty points distributed during 2015

Lufax has partnered with over 500 financial institutions

Management Discussion and Analysis
Overview

- Net profit attributable to shareholders of the parent company reached RMB54,203 million, up by 38.0% compared to last year.
- Insurance business recorded stable and healthy growth, with total investment yield of insurance funds reaching a new high in recent years; Banking business accelerated strategic transformation and business mode innovation, and maintained stable and healthy growth; Trust business insisted on optimizing business structure and maintained stable growth; Ping An Securities' performance reached a record high.
- With co-development and maturing of "Integrated Finance + Internet" and "Internet + Integrated Finance", the Company focused on "health, food, housing, transportation and entertainment" to promote fast growth of the internet finance business with sustained improvement in our user experience.

With diversified distribution channels and the aligned brand, we offer a variety of financial products and services through the three core financial business pillars of insurance, banking and asset management incorporating 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) as well as the internet finance operations represented by Lufax, Ping An Pay and Wanlitong, PA Haofang, Ping An Health Cloud and Ping An Financial Technology.

In 2015, China's economic ran in the reasonable range with new progress achieved in its economic restructuring amid complicated and changeable economic conditions. Aiming to become a world-leading personal financial services provider, the Company focused on industries of "big financial assets" and "big health care" and achieved maturing co-development of "Integrated Finance + Internet" and "Internet + Integrated Finance".

In terms of core finance business, life insurance business recorded written premiums of RMB299,814 million, with the number of insurance sales agents approaching 870 thousand. The value of new business continued to grow. Property and casualty insurance business achieved premium income of RMB163,955 million with a combined ratio of 95.6%. The business quality remained sound. The annuity business of Ping An Annuity maintained its market leadership. Net investment yield on insurance funds increased stably while total investment yield hit a record high in recent years. Ping An Bank continued to press ahead with restructuring and business model innovation and gradually developed the operating characteristics of "Specialization, Intensification, Integrated Finance, and Internet Finance". The image of "a bank of difference" for Ping An Bank was strengthened step by step. Ping An Trust continued to optimize business structure, refined its risk control system and maintained steady business growth. Ping An Securities saw its business performance hit a record high with significant results in the Company's strategic transformation. Ping An Asset Management's performance of investment was sound with fast development in its third-party business.

In terms of the internet finance business, the Group continued to focus on the concept of "Technology-driven Finance". On one hand, the Company upgraded the model of integrated finance through internet, migrated offline customers to online, expanded service scale and improved service efficiency and experience. Meanwhile, focused on the daily needs for "health, food, housing, transportation and entertainment", the Company continued to improve its online platforms, provided various services and products, embedded financial business into online daily life services, and gradually drived horizontal migration, to achieve "one customer, one account, multiple services and products", ultimately becoming customers' "wealth manager, health advisor and life companion". As at December, 31, 2015, Ping An's internet users amounted to about 242 million, up by 75.9% over the beginning of the year, maintaining rapid growth.

In 2015, net profit attributable to shareholders of the parent company was RMB54,203 million, representing a growth of 38.0% compared with 2014. As at December 31, 2015, equity attributable to shareholders of the parent company stood at RMB334,248 million while total assets of the Company was about RMB4.77 trillion, representing increases of 15.4% and 19.0%, respectively, compared with the end of 2014.

CONSOLIDATED RESULTS

(in RMB million)	2015	2014
Total income	**693,220**	530,020
Including: Premium income	**386,012**	326,423
Total expenses	**(599,807)**	(467,667)
Profit before tax	**93,413**	62,353
Net profit	**65,178**	47,930
Net profit attributable to shareholders of the parent company	**54,203**	39,279

NET PROFIT BY BUSINESS SEGMENT

(in RMB million)	2015	2014
Life insurance	**18,992**	15,689
Property and casualty insurance	**12,522**	8,807
Banking	**21,382**	19,147
Trust[1]	**2,912**	2,212
Securities	**2,478**	924
Other businesses and offsetted items[2]	**6,892**	1,151
Net profit	**65,178**	47,930

(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, internet finance business and other businesses.

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

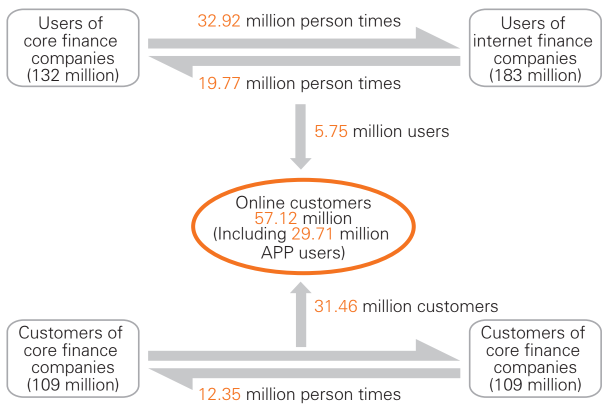
Management Discussion and Analysis
Users, Customers and Migration

- Ping An had nearly 242 million online users and 107 million APP users.
- Ping An had nearly 109 million individual customers; its customer base expanded by 30.78 million in 2015, of which online clients and APP clients reached 57.12 million and 29.71 million respectively.
- Ping An has achieved significant customer migration, 33.9% of new customers of subsidiaries were from customer migration.

Placing individual customers as its core, Ping An aims to achieve "one customer, one account, multiple services and products", keeps exploring and upgrading its customer operation model to improve customer services and experience. As at December 31, 2015, the number of individual customers of Ping An Group was nearly 109 million, up by 21.5% over the beginning of the year. Moreover, Ping An has constantly diversified daily-life service scenarios centered around customer demands for health, food, housing, transportation and entertainment, and embedded finance in online daily-life services. The accumulated registered users of Ping An Group approached 242 million, of which 107 million were APP registered users, up by 75.9% and 443.8% over the beginning of the year respectively.

In the past, Ping An made brilliant achievements with its traditional integrated finance model for customer operation by "offering products first, then services". It has won wide customer recognition with its broad and quality financial products. In 2015, as its platform of internet financial services matured, Ping An proactively explored an innovative customer operation model of "offering services first, then multiple services, and then multiple products" and found that the customer experience would be better, and efficiency of customer migration and transformation would be higher after customer migration from offline to online with offering of Ping An's many financial and life essential services via the internet platforms. Furthermore, Ping An accumulated broad-based internet users through operations of its platforms of internet financial services, enabled the users to get access to and fully understand its core financial services by offering many internet services and ultimately attracted them to be Ping An's customers.

MIGRATION MODEL OF USERS AND CUSTOMERS



Users: They refer to internet users registered with the internet service platforms (websites and APPs) of Ping An Group's core finance companies and internet finance companies.

Customers: They refer to individuals that held valid financial products of Ping An Group's core finance companies.

Online customers: They refer to Ping An Group's customers having an account with its internet service platforms.

Products: They refer to personal financial products being sold by Ping An Group's core finance companies.

Services: They refer to financial services and services concerning "health, food, housing, transportation and entertainment" provided by Ping An Group's core finance companies and internet finance companies.

Ping An has both horizontal and vertical migration of users and customers. Horizontal migration consists of user migration between the internet service platforms of core finance companies and internet finance companies, and customer migration among core finance companies. Tables 2-3 and Table 8 below show the data of horizontal migration. Through vertical migration, customers of core finance companies become internet users, and internet users become customers of core finance companies. For the data of vertical migration, please see Tables 6-7 below.

INTERNET USER SCALE

Ping An's internet finance businesses have constantly diversified daily-life service scenarios, centering around customer demands for "health, food, housing, transportation and entertainment". Ping An's core finance businesses have proactively promoted innovation of business models, constantly improved online platforms, and embedded finance in online daily-life services. After many years of deployment and efforts, Ping An has realized strong development of its internet businesses and rapid growth in its online user base in 2015. As at December 31, 2015, Ping An's online user base had grown to nearly 242 million users, up by 75.9% compared with the beginning of 2015; the user base of internet finance companies had grown to 183 million. The number of online users hold products from Ping An's core finance companies including Ping An Life, Ping An Property & Casualty, and Ping An Bank, reached 57.12 million, up by 49.8% over the beginning of the year.

With the maturity of mobile internet technology and the development of industry, Ping An strengthened its business layout catering to mobile internet service. As at December 31, 2015, Ping An APP users reached 107 million, accounted for 44.4% of total internet users, while total APP users of internet finance companies reached 71.68 million.

User Scale (Table 1)

Internet User Scale

(in ten thousand)	December 31, 2015	December 31, 2014
The Group	**24,157**	13,734
Internet finance companies	**18,258**	9,141
Core finance companies	**13,217**	7,721

APP User Scale

(in ten thousand)	December 31, 2015	December 31, 2014
The Group	**10,719**	1,971
Internet finance companies	**7,168**	1,016
Core finance companies	**5,224**	1,179

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

MIGRATION OF INTERNET USERS

Ping An has stuck to the philosophy of "Technology-driven Finance", improved its online service platforms, promoted migration of internet users, strengthened the stickiness of internet users, and provided more users with one-stop services in diversified financial and daily-life scenarios. In 2015, the scales of migration of Ping An's internet users continued to grow. The table below shows the migration of Ping An's internet users between its core finance companies and internet finance companies in 2015.

Migration person-times of internet users from internet finance companies to core finance companies (in ten thousand) (Table 2)

	Migration Terminal							
Migration Source	Ping An Life	Ping An Property & Casualty	Ping An Annuity	Ping An Bank	Ping An Securities	Ping An Trust	Other core finance companies	Total
Lufax	45	44	12	24	16	5	28	174
Wanlitong	90	169	27	52	18	6	81	443
Ping An Pay	101	122	35	65	17	5	91	436
One Account Management Services	311	133	80	104	19	6	83	736
Other internet finance companies	42	50	17	32	13	3	31	188
Total	589	518	171	277	83	25	314	1,977

Migration person-times of internet users from core finance companies to internet finance companies (in ten thousand) (Table 3)

	Migration Terminal					
Migration Source	Lufax	Wanlitong	Ping An Pay	One Account Management Services	Other internet finance companies	Total
Ping An Life	94	118	298	216	116	842
Ping An Property & Casualty	65	729	498	248	81	1,621
Ping An Annuity	3	6	9	9	4	31
Ping An Bank	36	54	92	23	82	287
Ping An Securities	13	17	32	46	19	127
Ping An Trust	6	4	11	5	5	31
Other core finance companies	29	95	78	125	26	353
Total	246	1,023	1,018	672	333	3,292

(1) Migration refers to an online user of a company becoming an online user of another company through registration.

(2) Migration person-times refers to the times of migration; for example, one user's migration to two platforms is counted as two person-times.

(3) Other internet finance companies refer to PA Haofang, Ping An Health Cloud, etc.; other core finance companies refer to Ping An Direct, etc.

(4) Internet users of core finance businesses refer to users of online service platforms of Ping An Life, Ping An Property & Casualty, Ping An Bank, and Ping An Securities, etc., as well as users of these companies' mobile APPs.

INDIVIDUAL CUSTOMER BASE

Ping An has been leveraging core technologies including the mobile internet, cloud computing, and big data to further identify customer demand and improve customer experience. As at December 31, 2015, the number of individual customers who held Ping An's financial products of core finance companies was nearly 109 million, up by 21.5% from the beginning of 2015, of which APP users reached 29.71 million. In 2015, the number of Ping An's new customers reached 30.78 million, up by 57.8% over the last year.

Individual Customer Base (in ten thousand) (Table 4)

	2015	2014
Customers at the beginning of the reporting period	**8,935**	7,903
New customers in the reporting period(1)	**3,078**	1,951
Including: Ping An Life	**615**	401
Ping An Property & Casualty	**1,728**	1,347
Retail Banking Business	**811**	456
Credit Card Business	**582**	399
Other Businesses	**435**	41
Customers at the end of the reporting period(2)	**10,858**	8,935

(1) Customers who purchased multiple financial products are counted more than once. The figures do not add up to the total due to the elimination of repeated customers.

(2) The number of customers at the end of the reporting period is not equal to the sum of the number of customers at the beginning of the reporting period and new customers in reporting period, due to customer loss.

(3) The number of customers of insurance companies is counted based on the number of valid policy holders.

Individual Customer Structure (in ten thousand) (Table 5)

	Number of customers at the end of 2015	Customers who held other core finance companies' products		Customers who are also internet users		Customers who are also APP users	
		Number	Proportion (%)	Number	Proportion(%)	Number	Proportion(%)
Ping An Life	4,123	1,201	29.1	2,170	52.6	1,057	25.6
Ping An Property & Casualty	3,737	942	25.2	1,930	51.6	814	21.8
Retail Banking Business	3,145	1,220	38.8	1,729	55.0	1,178	37.5
Credit Card Business	1,805	1,194	66.1	1,474	81.7	874	48.4
Other Businesses	844	320	37.9	616	73.0	577	68.4
Total	10,858	2,078	19.1	5,712	52.6	2,971	27.4

(1) Customers who purchased multiple financial products are counted more than once. The figures do not add up to the total due to the elimination of repeated customers.

(2) The number of customers of insurance companies was counted based on the number of valid policy holders.

As Ping An's "Internet + Integrated Finance" model has been mature, the achievements of internet finance strategy initially emerged with massive internet users and customers transforming to each other. More and more users become customers of its core finance companies by purchasing financial products. In 2015, 5.75 million internet users of Ping An became new customers of its core finance companies, occupied 18.7% of total new customers in this year. Meanwhile, 31.46 million customers of core finance companies became online customers by registering on our internet service platforms, accounting for 30.2% of total new internet users in this year.

Internet users that became new customers of core finance companies (in ten thousand) (Table 6)

	Terminal							
Source of users	Ping An Life	Ping An Property & Casualty	Retail Banking Business	Credit Card Business	Ping An Securities	Ping An-UOB Fund	Other core finance Companies	Total
Lufax	3	5	13	5	4	4	–	27
Wanlitong	12	87	20	16	7	13	1	134
Ping An Pay	22	28	23	9	4	22	2	94
One Account Management Services	7	14	44	7	3	16	–	81
Other internet finance companies	6	6	17	22	3	5	–	49
Core finance companies	63	152	47	40	53	19	2	313
Total	95	218	148	86	68	60	5	575

(1) Customers who purchased multiple financial products are counted more than once. The figures do not add up to the total due to the elimination of repeated customers.

Customers of core finance companies that became new internet users (in ten thousand) (Table 7)

	Terminal						
Source of users	Lufax	Wanlitong	Ping An Pay	One Account Management Services	Other internet finance companies	Core finance companies	Total
Ping An Life	105	232	373	326	294	968	1,267
Ping An Property & Casualty	79	464	418	355	230	1,018	1,318
Retail Banking Business	132	302	346	436	427	834	1,060
Credit Card Business	78	357	337	374	421	711	997
Ping An Securities	25	39	52	69	65	174	190
Ping An-UOB Fund	41	33	16	40	48	40	38
Other core finance companies	8	13	26	13	11	40	52
Total	289	937	987	1,034	861	2,349	3,146

(1) As users who registered in multiple internet service platforms are counted more than once. The figures do not add up to the total due to the elimination of repeated users.

CUSTOMERS MIGRATION

Ping An continued to innovate and provide various integrated financial products and services to promote customer migration among its core finance companies. In 2015, the number of migration person times of customers was approximately 12.35 million, and 33.9% of new customers of subsidiaries were from customer migration.

Customer migration person-times among core finance businesses (in ten thousand) (Table 8)

	Migration Terminal					
Migration Source	Ping An Life	Ping An Property & Casualty	Retail Banking Business	Credit Card Business	Other Businesses	Total
Ping An Life	–	235	139	111	110	595
Ping An Property & Casualty	61	–	62	65	36	224
Retail Banking Business	50	103	–	56	53	262
Credit Card Business	19	47	51	–	11	128
Other Businesses	5	9	6	5	1	26
Total	135	394	258	237	211	1,235

(1) Customer migration refers to that the client of one company buys the financial product of another company and becomes the client of this company. It is counted by the number of migration person times of customer.

(2) Other Businesses include Ping An Securities, Ping An Trust and other subsidiaries which carry on core finance business.

While promoting customer migration, Ping An has leveraged the big data technology to explore the potential demand of customers and boost cross-selling. In 2015, Ping An achieved significant results in insurance cross-selling, the premium income of Ping An Property & Casualty, Ping An Annuity and Ping An Health through individual life insurance agents reached nearly RMB30 billion. The table below shows Ping An's results in cross-selling of retail integrated finance business for 2015.

New business acquired via cross-selling (Table 9)

	2015		2014	
(in RMB million)	Amount	Business contribution percentage (%)	Amount	Business contribution percentage (%)
Ping An Property & Casualty				
Premium income	**24,951**	**15.2**	20,369	14.2
Short-term group insurance business of Ping An Annuity				
Premium income	**4,597**	**43.6**	3,674	42.9
Ping An Health				
Premium income	**64**	**12.2**	57	13.7

Going forward, with the government further implementing "Internet +" strategy, traditional industries will be integrated with the internet more closely. Ping An will enter in an era of "Ping An 3.0", constantly diversify its financial and daily-life service scenarios under the "Internet + Integrated Finance" development model, enhance user management on online platforms, improve customer experience, and promote migration of internet users and customers to achieve the goal of "one customer, one account, multiple services and products" and become customers' "wealth manager, health advisor, and Life Companion".

Management Discussion and Analysis
Insurance Business

- Life insurance business generated RMB299,814 million in written premiums, with the number of insurance sales agents reaching 870 thousand, while the value of new business continued to rise.
- Premium income from property and casualty insurance business exceeded RMB160 billion, while the combined ratio remained at a sound level.
- Corporate annuity assets under management of Ping An Annuity exceeded RMB300 billion, maintaining leading position.

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)	2015	2014
Written premiums(1)		
Ping An Life	**283,495**	241,009
Ping An Annuity	**15,703**	11,134
Ping An Health	**616**	587
Total written premiums	**299,814**	252,730
Premium income(2)		
Ping An Life	**208,448**	173,995
Ping An Annuity	**13,086**	8,861
Ping An Health	**523**	417
Total premium income	**222,057**	183,273

(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 2015, the central government carried out in-depth reforms which have entered into a crucial phase with new achievements in economic restructuring. The economy grew within a reasonable range, but still challenged by the downward risk. With continuing reform and innovation in the life insurance industry, the marketization of life insurance premium rates and the implementation of preferential tax policies for commercial health insurance have provided sustained and stable momentum for development of life insurance industry. Total premium of life insurance industry kept growing fast.

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 products with protection function, 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.

In 2015, Ping An Life achieved written premiums of RMB299,814 million, up by 18.6% over last year; written premiums of individual life insurance business hit RMB269,107 million, up by 19.4% over the previous year, of which the written premiums of new business realized RMB80,456 million, up by 50.9% over the same period last year. The one-year new business value for life insurance business grew by 40.4% from the previous year with the value and profit margin of new business by business segment as follows:

	2015	2014
Value of New Business (in RMB million)		
Individual life	**30,174**	20,800
Group insurance	**417**	863
Bancassurance	**246**	303
Total	**30,838**	21,966
Profit margin of new business (%)		
Individual life	**43.5**	44.5
Group insurance	**1.9**	5.0
Bancassurance	**3.0**	3.6
	31.1	30.4

Note: Figures may not match totals due to rounding.

Ping An Life

Ping An Life, through its nationwide service network of 41 branches, including six telemarketing centers, and over 3,000 business outlets, provides individual customers and institutional clients with life insurance products. As at December 31, 2015, Ping An Life had a registered capital of RMB33.8 billion, net assets of RMB105,521 million and total assets of RMB1,632,254 million.

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

	2015	2014
Premium income (in RMB million)	**208,448**	173,995
Market share (%)[1]	**13.1**	13.7

(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 2015, Ping An Life captured a market share of 13.1%, 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, 2015	December 31, 2014
Number of customers (in thousands)		
Individual	**68,647**	62,108
Including: policy holders	**41,233**	37,355
Corporate	**1,288**	1,127
Total	**69,935**	63,235
Distribution network		
Number of individual life insurance sales agents	**869,895**	635,551
Number of group sales representatives	**4,380**	3,913
Bancassurance outlets	**70,258**	68,455

	2015	2014
Agent productivity		
First-year written premiums per agent per month (in RMB)	**7,236**	6,244
New individual life insurance policies per agent per month	**1.2**	1.1
Persistency ratio (%)		
13-month	**90.9**	90.9
25-month	**86.4**	87.4

Our life insurance products are primarily distributed through a network that includes a sales force of about 870 thousand individual life insurance sales agents, 4,380 group insurance sales representatives, and over 70 thousand commercial bank outlets that have made bancassurance arrangements with Ping An Life.

Ping An Life placed customer-focused operations at its core. In particular, it focused on teamwork as the foundation, benevolence as the root, customer experience and innovation as the driving forces. It promoted the synergistic development of multiple channels such as individual sales agents, bancassurance outlets, telemarketing and internet marketing, striving to achieve the sustained, healthy and stable growth of its embedded value and scale. The individual life insurance business strengthened its agencies' team management and built a solid foundation with increase in the scale and productivity of the sales force. The number of individual life insurance agents rose by 36.9% to nearly 870 thousand. There were steady increases in the productivity per capita: first-year written premiums per agent per month amounted to RMB7,236 and new individual life insurance policies per agent per month reached 1.2. The income of agent reached RMB5,124 per agent per month, rose by 9.4% over last year. In response to market competition, the bancassurance business actively enhanced the internal and external channel development and optimized the business structure. Further, building on the balanced development of existing channels, Ping An Life strove to develop new channels such as telemarketing and internet marketing. In 2015, written premiums of telemarketing sales reached RMB12,994 million, up by 39.0% over last year. It continued to maintain a high growth rate, which enabled Ping An Life to maintain the first position in the telemarket. Ping An Life also saw rapid development in internet marketing and written premium of internet sales achieved RMB2,547 million.

In 2015, Ping An Life continued to enrich its products, stepped up sales promotion of product portfolio with protection functions and continued to improve its new business value. It upgraded its flagship protection products of "Ping An Fu" and "Hu Shen Fu", and optimized the products of its universal insurance by leveraging the policies for the reform of universal insurance premium rates to expand the coverage of insurance against critical diseases and benefits for customers. In addition, Ping An Life actively explored business models for O2O products and launched protection products with precise orientation through the "E-service APP" to satisfy the increasingly sophisticated demands for insurance.

Ping An Life also continued to improve the quality and efficiency of business development through new technologies. Leveraging its broad customer transaction and behavior statistics, Ping An Life took advantage of big data analysis to gauge customer demand, by carrying out precise marketing campaigns to increase customer interactions for further purchases. In 2015, over 2.4 million existing customers continued to purchase insurance, up by nearly 50% over the previous year. Integrated with the "Internet+" concept, Ping An Life took great efforts in fabricating an ecosystem of "health, food, housing, transportation and entertainment" for its customers through Ping An Life's "E-service APP", to realize the complementary advantages in its off-line agents and the online channel, and enable a win-win situation with a transformation towards the mobile and online O2O business model. As at December 31, 2015, "E-service APP" had a user base of over 30 million with a monthly activity rate of 33%. The accumulated participants in the campaign for "Appointment with Ping An – Walk for Health" has reached 25 million.

Ping An Life constantly adheres to the principles of customer-centric management, continuing to enhance the "simple, convenient, friendly and safe" customer experience. Leveraging Internet technologies and innovations, Ping An Life launched its online and offline service channels, by integrating its channels with highly accessible services for customers. In 2015, Ping An Life pioneered the world's leading concept of "Smart Store" for building its own financial stores. Featuring private-feeling layouts with a premier customer experience, the stores provide friendly services and apply face-recognition technologies to facilitate efficient policy processing. Further, Ping An Life upgraded its basic services for policies and promoted the efficiency of claim settlement, taking a leading position in the industry in terms of the turnaround time for end-to-end claim services. Ping An Life continued to provide services with care and love for customers. Pioneering "Priority Claims for Serious Illnesses and Pre-claim Services for Special Cases", it has provided customers with pre-claim and advance claims for payments of exceeding RMB59 million from its launching at the beginning of 2015 to the end of the year. By continuing to enhance its operating service platform, Ping An Life strove to provide precise services to customers and actively fulfilled its service commitment. With the focus on operational flexibility, Ping An Life continued to improve service quality and customer satisfaction. It was also the first company in the industry to launch health management services, upon which a high-frequency and interactive value-added service system was built to enable functions such as family doctor consultations, health news, health assessment and health tips to conduct various health-related activities on an ongoing basis and offer all customers "one-to-one" family doctor services and 24/7 free consultation services. From the launching in April, 2014 to the end of 2015, Ping An Life provided 14.24 million individuals with interactive services for a total of 107 million times.

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

Business information of insurance products

In 2015, among all the insurance products offered by Ping An Life, the five highest premium income products were Zunyurensheng Endowment, Jinyurensheng Endowment, Pinganfu whole life insurance, Xinli Endowment and Zunyuerensheng Endowment, which accounted for 28.7% of the premium income of Ping An Life in 2015.

(in RMB million)	Sales channel	Premium income	Standard premiums of new business(1)
Zunyurensheng Endowment (Participating)	Individual agents, bancassurance outlets	13,754	5,179
Jinyurensheng Endowment (Participating)(2)	Individual agents, bancassurance outlets	13,179	-
Pinganfu whole life insurance	Individual agents, bancassurance outlets	12,210	8,626
Xinli Endowment (Participating)	Individual agents, bancassurance outlets	11,618	2,609
Zunyuerensheng Endowment (Participating)(2)	Individual agents, bancassurance outlets	8,969	-

(1) Calculated in accordance with the method set by the CIRC.

(2) The sales of Jinyurensheng Endowment and Zunyuerensheng 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, annuity, asset management products for pension and entrusted pension management, with business outlets throughout the country. Ping An Annuity strives to become the leading pension asset management company and leading medical insurance and social benefits services provider in China. It is shifting from solely operating the annuity business to annuity-based asset management businesses, and switching from traditional corporate group insurance business to medical health insurance business, mainly government health insurance. Ping An Annuity is also undergoing an operational shift, extending its focus on group customers, comprising mainly corporate clients, to governments and their individual customers. As at December 31, 2015, Ping An Annuity had a registered capital of RMB4,860 million.

Ping An Annuity recorded a net profit of RMB645 million in 2015, up by 30.3% over the previous year. The long-term and short-term insurance business scale reached RMB8,435 million and RMB13,193 million, respectively, whose market share maintained leading positions in the industry. Corporate annuity entrusted payments reached RMB33,386 million, corporate annuity invested payments amounted to RMB26,582 million, and other entrusted management business payments amounted to RMB98,085 million. As at December 31, 2015, the assets under management of Ping An Annuity amounted to RMB312,844 million in total; of which corporate annuity entrusted assets, corporate annuity assets under investment management and other entrusted management assets were RMB127,226 million, RMB135,480 and RMB50,138, 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 2015, the investment yield of corporate annuity reached approximately 10.4%.

In 2015, Ping An Annuity proactively participated in the building of a government-sponsored health insurance system, developed a "Social Health Insurance One Account" platform enabling both consulting and processing, and established an industry-leading "Smart Social Health Insurance" management and service system to help cut costs, enhance benefits, and improve services of social health insurance. The pilot model of "Smart Social Health Insurance" was fruitful in cities such as Xiamen; a breakthrough was made in the critical illness insurance project in Shenzhen.

Ping An Health

In 2015, Ping An Health made sound progress in its business development, premium income reached RMB523 million, up by 25.4% over last year. Through product innovation, experience upgrading and operations quality improvement, Ping An Health was strengthening its leading role in medium and high-end medical insurance, with increasing influence in the industry. In terms of product innovation, it developed many new health management services, and continuously enhanced the integration of health insurance and health management, to create unique competitive advantage. In terms of product experience upgrading, Ping An Health increased E level of customer services, and expanded the on-site service team, to improve customers' medical treatment experience and establish a brand of operational services. In terms of operations quality improvement, Ping An Health created a multi-dimensional cost control framework covering the whole process to improve the quality of operations.

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)	2015	2014
Written premiums	**299,814**	252,730
Less: Written premiums on products not passing significant insurance risk testing	**(5,174)**	(4,784)
Less: Premium deposits for universal life products and investment-linked products	**(72,583)**	(64,673)
Premium income	**222,057**	183,273
Net earned premiums	**215,627**	179,169
Investment income	**103,408**	55,486
Other income	**9,860**	7,567
Total income	**328,895**	242,222
Claims and policyholders' benefits	**(213,373)**	(165,154)
Commission expenses of insurance operations	**(34,823)**	(22,797)
Foreign exchange gains/(losses)	**151**	(49)
General and administrative expenses	**(35,063)**	(24,025)
Finance costs	**(1,740)**	(1,511)
Other expenses	**(11,300)**	(9,407)
Total expenses	**(296,148)**	(222,943)
Income tax	**(13,755)**	(3,590)
Net profit	**18,992**	15,689

Jointly affected by the factors including rapid business growth and substantial increase in investment income, life insurance business recorded a net profit of RMB18,992 million in 2015, representing an increase of 21.1% from RMB15,689 million in 2014.

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)	2015	2014	2015	2014
Individual life				
New business				
First-year regular premiums	**76,233**	50,372	**65,072**	43,469
First-year single premiums	**2,072**	705	**287**	168
Short-term accident and health premiums	**2,151**	2,231	**3,189**	3,192
Total new business	**80,456**	53,308	**68,548**	46,829
Renewal business	**188,651**	172,056	**126,897**	112,755
Total individual life	**269,107**	225,364	**195,445**	159,584
Bancassurance				
New business				
First-year regular premiums	**1,613**	1,525	**1,598**	1,516
First-year single premiums	**6,080**	6,858	**6,130**	6,922
Short-term accident and health premiums	**3**	3	**4**	4
Total new business	**7,696**	8,386	**7,732**	8,442
Renewal business	**5,259**	5,465	**5,187**	5,395
Total bancassurance	**12,955**	13,851	**12,919**	13,837
Group insurance				
New business				
First-year regular premiums	**18**	77	**-**	-
First-year single premiums	**4,101**	4,102	**134**	609
Short-term accident and health premiums	**13,587**	9,260	**13,539**	9,220
Total new business	**17,706**	13,439	**13,673**	9,829
Renewal business	**46**	76	**20**	23
Total group insurance	**17,752**	13,515	**13,693**	9,852
Total	**299,814**	252,730	**222,057**	183,273

Individual Life Insurance. Written premiums for our individual life insurance business increased by 19.4% to RMB269,107 million in 2015 from RMB225,364 million in 2014. Among this, there was a 50.9% increase in written premiums of new business to RMB80,456 million in 2015 from RMB53,308 million in 2014, mainly due to the optimization of product structure, 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 9.6% to RMB188,651 million in 2015 from RMB172,056 million in 2014.

Bancassurance. Written premiums for our bancassurance business decreased by 6.5% to RMB12,955 million in 2015 from RMB13,851 million in 2014. In response to the market environment, Ping An Life adhered to the core of value and enhanced the business structure of its bancassurance business by gradually increasing the proportion of high-value regular premium products.

Group Insurance. Written premiums for our group insurance business increased by 31.4% to RMB17,752 million in 2015 from RMB13,515 million in 2014. This increase was primarily because the Company strengthened product innovation and focused on the development of multiple sales channels. The Company continued to reinforce direct selling and cross-selling, while launching internet sales channel. Written premiums for our group short-term accident and health insurance increased by 46.7% to RMB13,587 million in 2015 from RMB9,260 million in 2014.

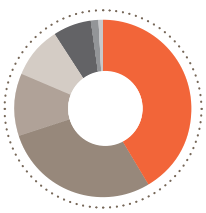
The following is the breakdown of written premiums for our life insurance business by product type:

(in RMB million)	2015	2014
Participating	**124,513**	115,753
Universal life	**85,567**	76,166
Traditional life	**34,168**	22,108
Long-term health	**29,066**	20,030
Accident and short-term health	**20,377**	13,734
Annuity	**3,792**	2,532
Investment-linked	**2,331**	2,407
Total written premiums for life insurance business	**299,814**	252,730

Written premiums for life insurance business by product type

(%)

2015 (2014)



- Participating 41.5 (45.8)
- Universal life 28.5 (30.1)
- Traditional life 11.4 (8.8)
- Long-term health 9.7 (7.9)
- Accident and short-term health 6.8 (5.4)
- Annuity 1.3 (1.0)
- Investment-linked 0.8 (1.0)

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.

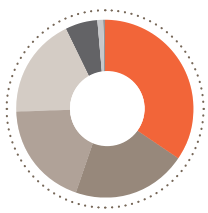
The following is the breakdown of first-year written premiums for our individual life insurance business by product type:

(in RMB million)	2015	2014
Participating	**27,728**	20,489
Long-term health	**16,881**	10,743
Universal life	**15,328**	9,884
Traditional life	**14,578**	7,249
Accident and short-term health	**4,856**	3,781
Annuity	**867**	1,127
Investment-linked	**218**	35
Total first-year written premiums for individual life insurance business	**80,456**	53,308

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

(%)

2015 (2014)



- Participating 34.5 (38.4)
- Long-term health 21.0 (20.2)
- Universal life 19.0 (18.5)
- Traditional life 18.1 (13.6)
- Accident and short-term health 6.0 (7.1)
- Annuity 1.1 (2.1)
- Investment-linked 0.3 (0.1)

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

(in RMB million)	2015	2014
Guangdong	**49,704**	40,041
Beijing	**19,241**	17,649
Shandong	**18,131**	14,784
Jiangsu	**17,592**	15,643
Liaoning	**16,970**	14,358
Subtotal	**121,638**	102,475
Total written premiums for life insurance business	**299,814**	252,730

Written premiums by region

(%)

2015 (2014)

Total investment income

(in RMB million)	2015	2014
Net investment income(1)	**73,587**	58,346
Net realized and unrealized gains(2)	**33,200**	5,521
Impairment losses	**(3,542)**	(8,822)
Total investment income	**103,245**	55,045
Net investment yield (%)(3)	**5.7**	5.3
Total investment yield (%)(3)	**8.0**	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 26.1% to RMB73,587 million in 2015 from RMB58,346 million in 2014. Net investment yield rose to 5.7% in 2015 from 5.3% in 2014. The main reason was that the Company optimized the allocation of investment portfolio, enlarged the scale of fixed income asset with high yield, and equity asset was dynamically allocated with increasing dividend yield of equity investment.

In 2015, with the fluctuation in stock market, the Company grabbed opportunity to lock in gains, net realized and unrealized investment gains significantly increased from RMB5,521 million in 2014 to RMB33,200 million in 2015. Meanwhile, impairment losses of insurance funds portfolio were substantially decreased from RMB8,822 million in 2014 to RMB3,542 million in 2015.

Due to the combination of the above factors, total investment income for life insurance business increased by 87.6% to RMB103,245 million in 2015 from RMB55,045 million in 2014, and total investment yield was substantially increased to 8.0% from 5.0%.

Claims and policyholders' benefits

(in RMB million)	2015	2014
Surrenders	**16,578**	10,188
Claims	**16,516**	11,599
Annuities	**5,882**	5,587
Maturities and survival benefits	**18,713**	17,405
Policyholder dividends	**8,455**	5,871
Interest credited to policyholder contract deposits	**21,387**	15,317
Net increase in policyholders' reserves	**125,842**	99,187
Total	**213,373**	165,154

Payments for surrenders were increased by 62.7% to RMB16,578 million in 2015 from RMB10,188 million in 2014. This was primarily due to the rise in payments for surrenders of high cash value products and certain participating products, in view of the market environment and larger business scale.

Payments for claims rose by 42.4% to RMB16,516 million in 2015 from RMB11,599 million in 2014. This was primarily due to the continuous growth in our accident and health insurance business.

Payments for policyholder dividends increased by 44.0% to RMB8,455 million in 2015 from RMB5,871 million in 2014. This was primarily attributable to the growth of the scale of participating insurance and the higher dividend yield of participating insurance policies compared with last year.

Payments for interest credited to policyholder contract deposits significantly increased by 39.6% to RMB21,387 million in 2015 from RMB15,317 million in 2014. This was primarily due to the increase in interest payments resulting from the growth of universal life products and investment income.

Net increase in policyholders' reserves increased by 26.9% to RMB125,842 million in 2015 from RMB99,187 million in 2014. This was mainly due to a combination of factors such as growth of business scale, restructuring of business and changes in assumptions of the yield curve for the measurement of insurance contract liabilities.

Commission expenses of insurance operations

(in RMB million)	2015	2014
Health insurance	**10,005**	5,442
Accident insurance	**3,193**	2,262
Life insurance and others	**21,625**	15,093
Total	**34,823**	22,797

Commission expenses of insurance operations which were mainly paid to our sales agents increased by 52.8% to RMB34,823 million in 2015 from RMB22,797 million in 2014. This was primarily attributable to the increase in insurance business.

General and administrative expenses

General and administrative expenses increased by 45.9% to RMB35,063 million in 2015 from RMB24,025 million in 2014, which was mainly because of insurance business growth and the increase of operating costs, such as labour costs and office expenses.

Finance costs

Finance costs increased by 15.2% from RMB1,511 million in 2014 to RMB1,740 million in 2015, which was primarily attributable to the increase of interest expense due to the issuance of subordinated bonds.

Income tax

Income tax increased by 283.1% from RMB3,590 million in 2014 to RMB13,755 million in 2015, primarily due to an increase in taxable profit and the change of deferred tax assets.

PROPERTY AND CASUALTY INSURANCE BUSINESS

Business Overview

The Company conducts property and casualty insurance business mainly through Ping An Property & Casualty. Ping An Hong Kong also offers this insurance service in the Hong Kong market. As at December 31, 2015, Ping An Property & Casualty had a registered capital of RMB21 billion, net assets of RMB58,251 million and total assets of RMB252,068 million.

Market share

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

	2015	2014
Premium income (in RMB million)	**163,641**	142,857
Market share (%)[1]	**19.4**	18.9

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

In 2015, the property and casualty insurance market maintained stable growth. Automobile insurance is still the mainstay of property and casualty insurance. The promulgation of the new "Ten National Rules" and "the Belt and Road" initiative reaped further policy benefits. The implementation of the reforms of commercial auto insurance premium rates and the "China Risk Oriented Solvency System (C-ROSS)" further boosted market vitality and facilitated the development of the industry as a whole.

Ping An Property & Casualty has long adhered to a customer-centric model, while outpacing its major peers in China in terms of auto insurance customer satisfaction, reinforcing its competitive strengths as the "No. 1 Brand" of auto insurance in China. As its business grew steadily, Ping An Property & Casualty has long adopted "Providing Customers with the Best Experience" as its service philosophy, taking a bold approach towards innovation and reform. Apart from screening big data for customer needs, Ping An Property & Casualty was the industry pioneer behind a series of measures including real-time payment of compensation, easy claim settlement without survey, claim service via WeChat as well as direct claim settlement over the phone. It also fully implemented the "online+offline" claim service model.

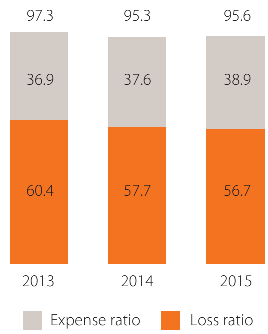
Ping An Property & Casualty further implemented its internet business strategy. Centered on "online customer migration, big data application and better experience with technology", it stepped up efforts to combine its automobile insurance and credit insurance with the internet. It launched the "Ping An Auto Owner" APP Platform, which integrates abundant quality resources in the ecosystem of auto use and provides one-stop living and consumption services related to "automobile insurance, auto-related services and life with autos". With credit insurance business in the form of "insurance + funds", it provides individuals with one-stop consumer finance services.

In 2015, Ping An Property & Casualty recorded RMB163,641 million in premium income, up by 14.5% over the previous year. Premium income for cross-selling, telemarketing and internet reached RMB75,465 million, up by 21.6% over the previous year. Premium income from car dealers reached RMB33,892 million, up by 15.9% over the previous year. According to China's insurance industry statistics published by the CIRC, the premium income of Ping An Property & Casualty accounted for 19.4% of total premium income of Chinese property and casualty insurance companies. Ping An Property & Casualty is the second-largest property insurance company in China by premium income.

Combined Ratio

In 2015, the property and casualty insurance market in China maintained good form while competition intensified. Ping An Property & Casualty persisted with innovative developments, utilized new technologies and big data to further enhance its industry-leading capabilities of risk filtering and cost optimization, kept improving the efficiency of resource use and thus maintained sound profitability. The combined ratio was 95.6%.

Combined ratio
(%)



Summary of operating data

	December 31, 2015	December 31, 2014
Number of customers (in thousands)		
Individual(1)	**37,367**	30,546
Corporate	**2,284**	1,782
Total	**39,651**	32,328
Distribution network		
Number of direct sales representatives	**7,538**	7,589
Number of insurance agents(2)	**74,543**	49,616

(1) The number of individual customers was reprocessed according to the unified standard, and the data in 2014 was recalculated accordingly.

(2) 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, internet marketing and cross-selling.

Reinsurance arrangement
In 2015, Ping An Property & Casualty recorded RMB19,120 million in outward reinsurance premiums, of which RMB13,334 million and RMB5,758 million stemmed from the automobile and non-automobile insurance businesses, respectively. The accident and health insurance division contributed RMB28 million. Ping An Property & Casualty's gross inward reinsurance premiums reached RMB47 million, mainly from the non-automobile insurance business.

In 2015, Ping An Property & Casualty remained actively engaged in reinsurance arrangements which strengthened its underwriting capabilities, diversified its operational risks and ensured its long-term healthy and steady growth. It has endeavored 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 2015, 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 95.9% of the premium income of Ping An Property & Casualty in 2015.

(in RMB million)	Insured amount	Premium income	Claim expenses	Underwriting profit	Balance of policyholders' reserves
Automobile insurance	25,520,449	130,984	63,302	1,321	96,236
Guarantee insurance	119,883	13,532	3,325	3,198	20,385
Corporate property and casualty insurance	10,790,912	4,889	2,454	303	5,699
Liability insurance	10,235,589	4,120	1,585	389	3,517
Accident insurance	166,428,096	3,417	723	782	2,462

Financial Analysis

The financial data in this section include that of Ping An Property & Casualty together with Ping An Hong Kong, except special indication.

Results of operation

(in RMB million)	2015	2014
Premium income	**163,955**	143,150
Net earned premiums	**134,219**	109,610
Reinsurance commission income	**7,703**	6,997
Investment income	**9,946**	6,949
Other income	**855**	596
Total income	**152,723**	124,152
Claim expenses	**(76,137)**	(63,172)
Commission expenses of insurance operations	**(19,704)**	(15,450)
Foreign currency gains/(losses)	**58**	(4)
General and administrative expenses	**(40,538)**	(33,028)
Including: investment-related general and administrative expenses	**(292)**	(153)
Finance costs	**(222)**	(238)
Other expenses	**(221)**	(280)
Total expenses	**(136,764)**	(112,172)
Income tax	**(3,437)**	(3,173)
Net profit	**12,522**	8,807

Our property and casualty insurance business kept its stable growth. As it maintained business quality and seized opportunities on the capital market, its net profit increased by 42.2% from RMB8,807 million in 2014 to RMB12,522 million in 2015.

Premium income

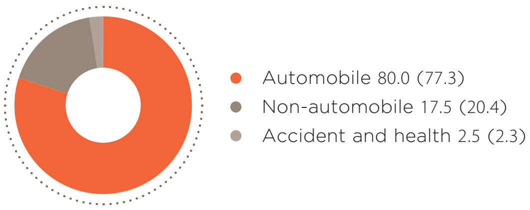
In 2015, all three principal lines of our property and casualty insurance business recorded steady growth.

(in RMB million)	2015	2014
Automobile insurance	**131,117**	110,667
Non-automobile insurance	**28,739**	29,257
Accident and health insurance	**4,099**	3,226
Total premium income	**163,955**	143,150

Premium income by product type

(%)

2015 (2014)



Automobile insurance. Premium income was RMB131,117 million in 2015, representing an increase of 18.5% from RMB110,667 million in 2014. The main reason is that, leveraging on the favourable market environment, Ping An Property & Casualty strengthened the business development, achieving stable growth in premium income of automobile insurance from the cross-selling, telemarketing, internet marketing and car dealer channels.

Non-automobile insurance. Premium income was RMB28,739 million in 2015, representing a decrease of 1.8% from RMB29,257 million in 2014. Of this amount, premium income of guarantee insurance was down by 11.5% to RMB13,532 million in 2015 from RMB15,299 million in 2014. It was primarily because the original products were phased out following the adjustment to the product structure. The premium income from corporate property and casualty insurance dropped by 3.9% from RMB5,153 million in 2014 to RMB4,952 million in 2015, primarily due to lower premium rates amid intensive market competition and slower growth common to the corporate property and casualty insurance industry as a whole. Premium income of liability insurance was RMB4,178 million in 2015, representing an increase of 29.8% from RMB3,219 million in 2014, while premium income of engineering insurance was RMB1,728 million in 2015, representing an increase of 8.8% from RMB1,588 million in 2014.

Accident and health insurance. The business of accident and health insurance achieved stable growth. Its premium income was RMB4,099 million in 2015, representing an increase of 27.1% from RMB3,226 million in 2014.

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

(in RMB million)	2015	2014
Guangdong	**25,840**	22,607
Jiangsu	**11,561**	10,714
Sichuan	**10,079**	8,800
Zhejiang	**9,785**	8,500
Shanghai	**9,561**	8,363
Subtotal	**66,826**	58,984
Total premium income	**163,955**	143,150

Premium income by region

(%)

2015 (2014)

Total investment income

(in RMB million)	2015	2014
Net investment income(1)	**9,631**	6,569
Net realized and unrealized gains(2)	**1,022**	384
Impairment losses	**(707)**	(5)
Total investment income	**9,946**	6,948
Net investment yield (%)(3)	**6.3**	5.3
Total investment yield (%)(3)	**6.5**	5.6

(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 or 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 46.6% to RMB9,631 million in 2015 from RMB6,569 million in 2014, mainly due to the growth of the dividend income from equity investment. Net investment yield increased to 6.3% in 2015 from 5.3% in 2014. The main reason was that equity asset was dynamically allocated with the optimization of the allocation of investment portfolio and the dividend yield of equity investment rose.

Benefitting from the excellent performance of the capital market in the first half of 2015, property and casualty insurance business grabbed opportunity to lock in gains, and significantly grew the net realized and unrealized gains from RMB384 million in 2014 to RMB1,022 million in 2015.

As a result, total investment income of property and casualty insurance business increased by 43.1% from RMB6,948 million in 2014 to RMB9,946 million in 2015, and its total investment yield increased to 6.5% in 2015 from 5.6% in 2014.

Claims expenses

(in RMB million)	2015	2014
Automobile insurance	**66,494**	55,179
Non-automobile insurance	**8,058**	6,762
Accident and health insurance	**1,585**	1,231
Total claims expenses	**76,137**	63,172

Claims attributable to automobile insurance business increased by 20.5% to RMB66,494 million in 2015 from RMB55,179 million in 2014. This was primarily due to the growth in automobile insurance business.

Claims attributable to non-automobile insurance business increased by 19.2% to RMB8,058 million in 2015 from RMB6,762 million in 2014. This was primarily due to the growth in claims expenses caused by natural disasters.

Claims attributable to accident and health insurance business increased by 28.8% to RMB1,585 million in 2015 from RMB1,231 million in 2014. This was primarily due to the growth in accident and health insurance business.

Commission expenses of insurance operations

(in RMB million)	2015	2014
Automobile insurance	**14,423**	10,673
Non-automobile insurance	**4,515**	4,180
Accident and health insurance	**766**	597
Total commission expenses	**19,704**	15,450
Commission expenses as a percentage of premium income (%)	**12.0**	10.8

Commission expenses of our property and casualty insurance business increased by 27.5% to RMB19,704 million in 2015 from RMB15,450 million in 2014. Commission expenses as a percentage of premium income was 12.0% in 2015, higher than the 10.8% in 2014. This was primarily due to the increase in premium income and more intensive market competition.

General and administrative expenses

General and administrative expenses increased by 22.7% to RMB40,538 million in 2015 from RMB33,028 million in 2014, which was primarily due to the business growth, and the increase of labour cost and inputs in customer services.

Income tax

Income tax was RMB3,437 million in 2015, 8.3% higher than the amount of RMB3,173 million in 2014, which was mainly due to an increase in the taxable profits.

INVESTMENT PORTFOLIO OF INSURANCE FUNDS

Insurance business 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 analyses the investment portfolio of insurance funds.

In 2015, the world economy on the whole was still weak and differentiated with emerging economies experiencing slow growth, while the Chinese economy entered the "new normal" stage. Judging from performance of the financial market, the size of issuance in the bond market in China expanded significantly with obvious decrease in issuance interest rates; the bond indexes continued to rise with flattening yield curves of treasuries. Stocks in China displayed great volatilities. The Company conducted in-depth research on investment opportunities under the "new normal" stage, stayed vigilant against market risk, optimized the asset allocation structure and seized investment opportunities in A share stock market. Further, we raised the investment of fixed income assets with higher returns under the premise of controlling contained credit risk, and achieved significant investment income during the year.

Investment Income

(in RMB million)	2015	2014
Net investment income(1)	**84,740**	66,652
Net realized and unrealized gains(2)	**34,278**	5,905
Impairment losses	**(4,268)**	(8,828)
Total investment income	**114,750**	63,729
Net investment yield (%)(3)	**5.8**	5.3
Total investment yield (%)(3)	**7.8**	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 27.1% to RMB84,740 million in 2015 from RMB66,652 million in 2014, while net investment yield increased to 5.8% in 2015 from 5.3% in 2014. The main reason was that the Company optimized the allocation of investment portfolio, increased the investment in the fixed income assets with higher yield, and dynamically adjusted the allocation of equity assets with the increasing dividend yield of equity investment.

In 2015, with the volatility in equity market, the Company grabbed opportunity to lock in gains. Net realized and unrealized investment gains significantly increased from RMB5,905 million in 2014 to RMB34,278 million in 2015. Meanwhile, impairment losses of insurance funds portfolio were substantially decreased from RMB8,822 million in 2014 to RMB4,268 million in 2015.

As a result, total investment income for investment portfolio of insurance funds increased by 80.1% to RMB114,750 million in 2015 from RMB63,729 million in 2014, and total investment yield increased to 7.8% from 5.1% in 2014.

Investment Portfolio

(in RMB million)	December 31, 2015 Carrying value	%	December 31, 2014 Carrying value	%
By category				
Fixed income investments				
Term deposits	**193,248**	**11.1**	235,760	16.0
Bond investments	**829,245**	**47.9**	691,723	46.9
Debt scheme investments	**136,414**	**7.9**	117,683	8.0
Wealth management products(1)	**117,970**	**6.8**	80,412	5.5
Other fixed income investments(2)	**68,931**	**4.0**	49,633	3.3
Equity investments				
Stocks	**124,254**	**7.2**	128,841	8.8
Equity funds	**48,275**	**2.8**	29,929	2.0
Bond funds	**20,067**	**1.2**	5,122	0.4
Preference shares	**43,732**	**2.5**	11,840	0.8
Wealth management products(1)	**24,338**	**1.4**	16,860	1.1
Other equity investments(3)	**19,692**	**1.1**	14,563	1.0
Investment properties	**25,350**	**1.5**	20,301	1.4
Cash, cash equivalents and others	**80,103**	**4.6**	71,431	4.8
Total investments	**1,731,619**	**100.0**	1,474,098	100.0
By purpose				
Carried at fair value through profit or loss	**33,129**	**1.9**	19,022	1.3
Available-for-sale	**440,032**	**25.4**	307,613	20.9
Held-to-maturity	**647,568**	**37.4**	574,193	38.9
Loans and receivables	**576,996**	**33.3**	544,358	36.9
Others	**33,894**	**2.0**	28,912	2.0
Total investments	**1,731,619**	**100.0**	1,474,098	100.0

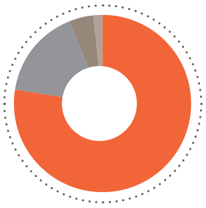
(1) Wealth management products include trust schemes of trust companies, wealth management products of commercial banks, etc.

(2) Other fixed income investments include assets purchased under agreements to resell, policy loans, statutory deposits for insurance operations, etc.

(3) Other equity investments include equity investments of infrastructure projects and non-listed equity investments, etc.

Investment portfolio

(%)
December 31, 2015 (December 31, 2014)



While allocating the asset of insurance funds, a range of factors including such as laws, regulations, actuary, finance and market have been taken into account with the requirements of profitability, safety and liquidity to select the asset allocation manner with the best risk-adjusted return. In 2015, with increasing fluctuation in capital market in China, our insurance funds generated steady investment income under the comprehensive asset allocation and investment risk management system. While risks were under control, the Company continued to actively promote its investment in financial products, preference shares and overseas assets, to further diversify the investment portfolio of insurance funds and increase the stability of returns. Regarding risk management of insurance funds investment, the Company actively implemented special risk management projects adhering to the rules set up by the China Risk Oriented Solvency System ("C-ROSS"), the five-category asset classification and the internal audit for the utilization of insurance fund, thus further improved the quantitative risk management system of market risks and credit risks, and enhanced the timeliness and effectiveness of risk precaution and monitoring for insurance funds investment. At the same time, the Company established an investment risk management system that covers all assets across the Group and promoted the establishment of standardized internal credit rating instruments. In addition to optimizing the credit rating systems and counterparty management systems, the Company strengthened risk management procedures before, during and after investment to ensure the risk of insurance funds investment fell within the Company's tolerance range, as well as to safeguard the safety and profitability of insurance funds.

SOLVENCY MARGIN

An insurance company is required to have a level of capital to commensurate with its risk level and business scale to ensure the adequacy of solvency.

According to the "Administrative Provisions on the Solvency of Insurance Companies" ("China Solvency I"), the solvency margin ratios for Ping An Life and Ping An Property & Casualty are as follows:

	Ping An Life		Ping An Property & Casualty	
(in RMB million)	December 31, 2015	December 31, 2014	December 31, 2015	December 31, 2014
Actual capital	**123,912**	107,231	**39,464**	30,243
Minimum capital	**60,981**	48,771	**21,656**	18,385
Solvency margin ratio (Regulatory requirement>=100%)	**203.2%**	219.9%	**182.2%**	164.5%

As at December 31, 2015, the solvency margin ratios of Ping An Life and Ping An Property & Casualty under Solvency I were both above the regulatory requirements. Ping An Life's solvency margin ratio reduced by 16.7 percentage points over the end of 2014, which was mainly due to dividend distribution and business development. The solvency margin ratio of Ping An Property & Casualty increased by 17.7 percentage points over the end of 2014, which was mainly due to the issuance of RMB5 billion capital supplement bond.

The CIRC issued the China Risk Oriented Solvency System ("C-ROSS", i.e. Solvency II) in February 2015. The insurance industry entered the C-ROSS transition period. A risk-oriented supervision regime was established under the Solvency II to measure the risks of insurance undertakings scientifically and comprehensively, and calculate a capital requirement that aligns with the specific risks with the insurance undertaking's risk profiles. Based on the trial operations during the transition period and as approved by the State Council, the CIRC decided to enforce "the Solvency Regulatory Rules (No. 1-17) for Insurance Companies" from January 1, 2016.

The solvency margin ratios of Ping An Life and Ping An Property & Casualty under Solvency II are as follows:

	December 31, 2015	
(in RMB million)	**Ping An Life**	**Ping An Property & Casualty**
Core capital	418,366	58,029
Actual capital	444,366	66,029
Minimum capital	202,289	24,498
Core solvency margin ratio	206.8%	236.9%
Comprehensive solvency margin ratio	219.7%	269.5%

Note: Core solvency margin ratio =core capital/minimum capital; comprehensive solvency margin ratio =actual capital/minimum capital.

OUR PERFORMANCE

Management Discussion and Analysis
Banking Business

- Ping An Bank maintained steady growth in business scale with stable profitability.
- Ping An Bank has significantly optimized its business structure, improved its operating efficiency, and maintained stable asset quality.
- Ping An Bank has further expanded its branch network with adding 250 outlets in the year.

The Company engages in banking business through Ping An Bank, which is a national joint-stock commercial bank headquartered in Shenzhen, and is listed on the Shenzhen Stock Exchange (stock code: 000001). As at December 31, 2015, Ping An Bank had about RMB2.51 trillion in total assets, RMB161.5 billion in net assets, and RMB14,309 million in registered capital. Ping An Bank provides corporate, retail, and government clients with multiple financial services through 997 outlets across the country.

In 2015, amid slow recovery of the world economy and mixed growth of major economies, the United States initiated an interest rate hike cycle in hesitation. China entered to a "new normal" stage with structural adjustments and stable growth. In 2015, the PBOC maintained its prudent monetary policy stance, reduced interest rates and required reserve rates five times, and completed interest rate liberalization, which further squeezed interest rate spreads. Meanwhile, the formal implementation of deposit insurance system, the increasing heating of internet finance, and the liberation of private banks brought huge challenges to the banking industry.

Amid the slowdown of external economy and structural adjustments in China, Ping An Bank maintained steady growth through proactive innovation and smart operations under a robust differentiation strategy, and achieved excellent results in profit growth, quality control, business development, and strategic transformation.

Ping An Bank realized RMB21,865 million in net profit for 2015, up by 10.4% over the previous year. As at December 31, 2015, Ping An Bank's total deposits had grown to RMB1,733,921 million, up by 13.1% compared with the beginning of the year, with a leading growth in the market, laying a solid foundation for business development. Ping An Bank's total loans and advances had grown to RMB1,216,138 million, up by 18.7% compared with the beginning of the year.

Ping An Bank has significantly optimized its business structure, and constantly improved its operating efficiency. Ping An proactively tackled interest rate liberalization, flexibly adjusted its asset and liability management policy to optimize its asset and liability structure, and promoted innovative intermediary services, which significantly optimized its business structure, and constantly improved its operating efficiency. In 2015, the average cost ratio of interest-bearing liabilities decreased by 0.49 percentage points, and the proportion of credit assets increased by 1.65 percentage points in comparison with the previous year, among which the proportion of high-yield Xin Yi Dai unsecured personal loans, auto loan, credit card loans, and Dai Dai Ping An micro-business loans increased steadily. The net non-interest income reached RMB30,064 million, the percentage accounted for the revenue increased to 31.3% from 27.7% last year. The net interest spread and the net interest margin in 2015 were 2.63% and 2.77%, up by 0.23 and 0.20 percentage points over the previous year, respectively. In 2015, with improved efficiency, the cost-to-income ratio was 31.31%, down by 5.02 percentage points in comparison with the previous year. The decrease was leading the industry.

Ping An Bank has accelerated financial innovation to build a unique presence in internet finance. In 2015, Ping An Bank has reaped a good harvest in the layout of internet finance. As at the end of 2015, Ping An Bank's fast-growing "Orange-e-platform" had 1.63 million registered users, and handled over RMB21 billion online loan in 2015. "Hang-E-Tong", an online interbank platform, has connected tens of thousands of banking outlets across China, with online transaction volume exceeding RMB600 billion. "Orange Bank" strives to become "a bank of the young" with providing "simple, delightful, and profitable" online financial service and it has served over 5 million customers. Ping An Bank has first launched movable property products of Internet of Things finance, which endowed commodity in transaction with the characteristics of finance, to promote the revolution of supply chain finance.

Ping An Bank has enhanced risk control to tackle challenges in the market. Ping An Bank has tackled various challenges proactively, and implemented comprehensive risk management to ensure prudent business operation while serving the real economy. Due to the macro-economic slowdown, some trade companies, low-end manufacturers, and private small/medium-sized enterprises in some areas have become vulnerable to risks with the emerging of financing difficulties and business challenges, causing the non-performing loan ratio to climb. As at the end of 2015, Ping An Bank's non-performing loan ratio was 1.45%, and the provision coverage ratio was 165.86%. Ping An Bank had adopted a series of measures to prevent and avoid various risks induced by existing loans and strengthen its effects to dissolve and dispose of non-performing assets. In 2015, Ping An Bank achieved significant results in debt recovery by recovering RMB5,947 million in non-performing assets, and increased its provisions and write-offs to maintain a relatively stable asset quality with a loan loss provision ratio of 2.41%, up by 0.35 percentage points from the beginning of 2015. Moreover, Ping An Bank constantly optimized the credit structure, strictly controlled the risks from its incremental businesses, improved its risk tolerance and risk limit management system, built a comprehensive liquidity risk management model, and kept all market risks under strict control to ensure prudent business development.

Ping An Bank has replenished its capital, expanded its branch network, and upgraded its brand image. In the first half of 2015, Ping An Bank privately placed RMB10 billion worth of common stocks to replenish its capital and support its business growth. Its capital adequacy ratio and Tier-1 capital adequacy ratio reached 10.94% and 9.03% as at the end of 2015. Ping An Bank continued expanding its branch network to accelerate extension development. As at December 31, 2015, Ping An Bank had 54 branches and 997 outlets.

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 2015.

(in RMB million)	2015	2014
Net interest income	**66,099**	53,046
Net fees and commission income	**26,445**	17,378
Investment income	**3,924**	3,168
Profit or loss through fair value change	**107**	(10)
Foreign exchange losses	**(573)**	(388)
Income from other businesses	**161**	213
Total operating income	**96,163**	73,407
Business tax and surcharges	**(6,671)**	(5,482)
General and administrative expenses	**(30,112)**	(26,668)
Asset impairment losses	**(30,485)**	(15,011)
Total operating expenses	**(67,268)**	(47,161)
Net non-operating income and expenses	**(49)**	(52)
Income tax	**(6,981)**	(6,392)
Net profit	**21,865**	19,802

The profitability of Ping An Bank maintained stable, with a net profit of RMB21,865 million in 2015, up by 10.4% as compared with last year.

NET INTEREST INCOME

(in RMB million)	2015	2014
Interest income		
Due from the PBOC	**4,206**	3,885
Due from financial institutions	**12,660**	20,422
Loans and advances to customers	**86,140**	71,270
Interest income from securities investment	**28,271**	23,179
Others	**372**	446
Total interest income	**131,649**	119,202
Interest expenses		
Due to the PBOC	**(63)**	(37)
Due to financial institutions	**(17,238)**	(26,911)
Customer deposits	**(42,763)**	(37,551)
Bonds payable	**(5,486)**	(1,657)
Total interest expenses	**(65,550)**	(66,156)
Net interest income	**66,099**	53,046
Average balance of interest-earning assets	**2,387,864**	2,064,595
Average balance of interest-bearing liabilities	**2,276,493**	1,963,857
Net interest spread (%)(1)	**2.63**	2.40
Net interest margin (%)(2)	**2.77**	2.57

(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 24.6% to RMB66,099 million in 2015 from RMB53,046 million in 2014, mainly due to the effect of an expanded scale of interest-earning assets and the increase of net interest spread.

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 and the increasing efficiency of resource utilization.

NET FEES AND COMMISSION INCOME

(in RMB million)	2015	2014
Fees and commission income		
Settlement fees income	**1,936**	1,544
Agency commissions	**4,747**	2,947
Bank card fees income	**9,207**	6,780
Wealth management fees income	**3,421**	1,967
Consultancy fees income	**5,250**	3,730
Asset custodian fees income	**2,939**	1,405
Account management fees income	**164**	203
Others	**1,521**	1,130
Total fees and commission income	**29,185**	19,706
Fees and commission expenses		
Agency expenses	**(352)**	(417)
Bank card fees expenses	**(2,156)**	(1,765)
Others	**(232)**	(146)
Total fees and commission expenses	**(2,740)**	(2,328)
Net fees and commission income	**26,445**	17,378

Benefitting from the significantly increased net non-interest income arising from the rapid growth of investment banking and custody business, as well as the excellent performance of the agency and settlement business, credit card business, wealth management and gold leasing, net fees and commission income rose by 52.2% to RMB26,445 million in 2015 from RMB17,378 million in 2014.

GENERAL AND ADMINISTRATIVE EXPENSES

(in RMB million)	2015	2014
General and administrative expenses	**30,112**	26,668
Cost-to-income ratio[1]	**31.31**	36.33

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

General and administrative expenses increased by 12.9% to RMB30,112 million in 2015 from RMB26,668 million in 2014, which was mainly due to the expansion of outlets and business, as well as continued investment in the optimization of management. Cost-to-income ratio decreased by 5.02 percentage points to 31.31% in 2015.

ASSET IMPAIRMENT LOSSES

Asset impairment losses increased greatly from RMB15,011 million in 2014 to RMB30,485 million in 2015, mainly due to the increase in loan loss provision of Ping An Bank.

INCOME TAX

	2015	2014
Effective tax rate (%)[1]	**24.20**	24.40

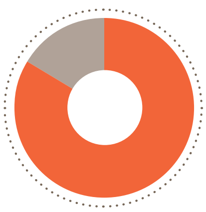
(1) Effective tax rate refers to income tax divided by profit before tax.

DEPOSITS

(in RMB million)	December 31, 2015	December 31, 2014
Corporate deposits	**1,453,590**	1,280,430
Retail deposits	**280,331**	252,753
Total deposits	**1,733,921**	1,533,183

Deposits

(%)
December 31, 2015 (December 31, 2014)



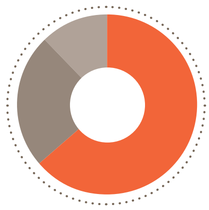
The total deposits increased by 13.1% to RMB1,733,921 million as at December 31, 2015 from RMB1,533,183 million as at December 31, 2014. Both types of deposits maintained a stable growth.

LOANS AND ADVANCES

(in RMB million)	December 31, 2015	December 31, 2014
Corporate loans	**774,996**	639,739
Retail loans	**293,402**	282,096
Accounts receivable on credit cards	**147,740**	102,899
Total loans and advances	**1,216,138**	1,024,734

Loans and advances

(%)
December 31, 2015 (December 31, 2014)



Total loans and advances of Ping An Bank increased by 18.7% to RMB1,216,138 million as at December 31, 2015 from 1,024,734 million as at December 31, 2014.

LOAN QUALITY

(in RMB million)	December 31, 2015	December 31, 2014
Pass	**1,148,011**	977,284
Special mention	**50,482**	36,949
Sub-standard	**7,945**	4,374
Doubtful	**2,141**	2,146
Loss	**7,559**	3,981
Total loans and advances	**1,216,138**	1,024,734
Total non-performing loans	**17,645**	10,501
Non-performing loan ratio (%)	**1.45**	1.02
Impairment provision balance	**(29,266)**	(21,097)
Loan loss provision ratio (%)	**2.41**	2.06
Provision coverage ratio (%)	**165.86**	200.90

Loan quality by region

(in RMB million)	December 31, 2015 Balances	December 31, 2015 Non-performing loan ratio (%)	December 31, 2014 Balances	December 31, 2014 Non-performing loan ratio (%)
East	**364,616**	**1.15**	312,713	1.10
South	**246,702**	**0.76**	250,483	0.58
West	**171,371**	**1.62**	123,455	0.48
North	**222,427**	**0.79**	184,213	0.57
Headquarter	**211,022**	**3.34**	153,870	2.59
Total	**1,216,138**	**1.45**	1,024,734	1.02

In 2015, affected by macro-economy, some enterprises experienced difficulties in operations, shortage of funds and insolvency. The non-performing and special mention loans of Ping An Bank increased. As at the end of 2015, the carrying amount of non-performing loans was RMB17,645 million; the non-performing loan ratio was 1.45%, and the provision coverage ratio was 165.86%. Ping An Bank has actively adopted a series of measures to manage existing loan, and increased provision and loan disposing. Loan loss provision ratio was 2.41%, up by 0.35 percentage points over the beginning of the year. Meanwhile, it strictly controlled incremental business to resist the worse of asset quality and maintained stable asset quality.

CAPITAL ADEQUACY RATIO

(in RMB million)	December 31, 2015	December 31, 2014
Net core tier 1 capital	**150,070**	119,241
Net tier 1 capital	**150,070**	119,241
Net capital	**181,805**	149,951
Total risk weighted assets	**1,661,747**	1,380,432
Core tier 1 capital adequacy ratio (%) (regulatory requirement>=7.5%)	**9.03**	8.64
Tier 1 capital adequacy ratio (%) (regulatory requirement>=8.5%)	**9.03**	8.64
Capital adequacy ratio (%) (regulatory requirement>=10.5%)	**10.94**	10.86

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

As at December 31, 2015, capital adequacy ratio of Ping An Bank was 10.94%, with both tier 1 capital adequacy ratio and core tier 1 capital adequacy ratio of 9.03%, all of which were in compliance with the regulatory requirements.

OUR PERFORMANCE

Management Discussion and Analysis
Asset Management Business

- Ping An Trust insisted on optimizing the business structure, continued to control project risks and maintained stable and healthy business growth.
- Ping An Securities saw its business performance hit a record high with strategies being advanced effectively.
- Ping An Asset Management achieved sound business growth with excellent performance in its third-party business.

TRUST BUSINESS

The company offers investment and financial services through Ping An Trust to high net-worth individual clients, institutional clients, interbank clients and other subsidiaries of the Company. As at December 31, 2015, Ping An Trust had RMB12 billion in registered capital, RMB22,775 million in net assets, and RMB29,253 million in total assets.

Since 2015, the trust industry has seen slowdown in growth of assets under management and an urgent need for transformation of the traditional trust business model as the Chinese economy adjusted to the "new normal" with strains from intensifying competition, the tightening of regulations as well as policies and diminishing institutional dividends, etc.

With the pressure from heightening competition in the pan asset management field and lackluster momentum for sustainable development, Ping An Trust prepared well for possible future downturns, repositioning itself amid market changes, while pressing ahead with the business transformation in a new economic cycle and the competition landscape to overtake rivals in a new round of market competition. Ping An Trust dedicated to be "the largest and leading trust company in China". To achieve this goal, it has established four major core business segments, namely "private wealth management business (retail)", "private equity investment banking and institutional asset management business (corporate)", "interbank business (interbank)" and "private equity investment business (PE)". Leveraging on the brand new risk management system and the robust back office for operational services, Ping An Trust provided full-cycle, full-process and all-round financial solutions to personal clients, corporate clients and interbank clients.

As for private wealth management business, Ping An Trust took full advantage of its traditional strengths of channels and teams and created the "Wealth+" service brand by integrating the concepts of internet finance to provide clients with customized online and offline services through multiple channels. Ping An Trust was the first company to launch a mobile APP named "Ping An Caifubao" for serving clients. In 2015, for high net worth client, the monthly average activity reached 51%, and the online service replacement rate reached 47%. The number of high net worth clients grew steadily. As at December 31, 2015, active high net worth clients amounted to 37 thousand, up by 24.3% over the beginning of 2015. In terms of private equity investment banking and institutional asset management business, Ping An Trust pursued innovation and kept promoting cooperation with quality clients. Bearing in mind the target of serving the real economy, Ping An Trust saw comprehensive and sound development in areas of real estate, infrastructure, investment banking, etc., and offered services to quality enterprises in China in the form of equities, debt plans, mezzanine financing, funds, etc. In terms of interbank business, Ping An Trust launched a platform called "Private Fund V+" to attract more quality private placement funds to issue their products through the platform in a bid to pool wisdom across the industry, integrate high quality resources and share dividends from the pan asset management era with clients. As at December 31, 2015, the platform partnered with over 100 private placement funds with scale exceeding RMB40 billion. In terms of private equity investment business, Ping An Trust adhered to its client-centric principle and aimed to build a "Ping An PE Ecosystem". With careful selection of sunrise industries and quality enterprise, Ping An Trust completed many star projects and issued the first phase of a groundbreaking healthcare fund in total of RMB3.7 billion. In addition, Ping An Trust also established an active managed QFLP fund for overseas fund raising and co-managed the fund as the "overseas institutional asset manager" with offshore fund manager for the first time. The QFLP fund has total assets under management of USD0.5 billion.

Ping An Trust kept advancing the business transformation and maintained steady growth. In 2015, trust business saw management fee income of RMB5,157 million for trust products, up by 25.1% over the previous year, and net profits of RMB2,912 million, up by 31.6% over the previous year.

Assets Held in Trust

(in RMB million)	December 31, 2015	December 31, 2014
Investment category		
Capital market investments	**66,074**	63,685
Private equity investments	**33,184**	27,565
Other investments(1)	**72,540**	33,403
Subtotal	**171,798**	124,653
Financing category		
Real estate industry financing	**46,611**	54,120
Infrastructure industry financing	**29,370**	28,666
Corporate loans	**67,008**	43,985
Pledged and other financing(2)	**19,087**	48,730
Subtotal	**162,076**	175,501
Administrative category(3)	**224,561**	99,695
Total	**558,435**	399,849

(1) Other investments refer to investments other than the above, including structured equity investment, family trust, and other investment businesses.

(2) Pledge financing is generally backed by stocks, beneficiary rights of trust schemes, accounts receivable, etc.; other financing refer to financing trust backed by assets other than the above, including acquired credit card assets, rents receivable, and other debts.

(3) An administrative trust refers to a trust scheme under which a trust company, acting as the trustee, provides the beneficiary with administrative and executive services for specified purposes.

As at 31 December 2015, assets held in trust of Ping An Trust reached RMB558,435 million, up by 39.7% over the end of 2014. As the real economy went downward and the market risks increased, Ping An Trust further adjusted its business structure. The scale of administrative trusts and investment trusts increased, while the scale of financing trusts decreased. The scale of financing trusts was RMB162,076 million, down by 7.6% over the beginning of the year, among which, the scale of trust asset within the real estate financing category was RMB46,611 million, down by 13.9% over the beginning of the year.

Business Structure

(In RMB million)	Trust Industry December 31 2015	Trust Industry December 31 2014	Ping An Trust December 31 2015	Ping An Trust December 31 2014
Total assets held in trust	**16,303,620**	13,979,910	**558,435**	399,849
The percentage of trust assets under investment category	**37.0%**	33.7%	**30.8%**	31.2%
The percentage of trust assets under financing category	**24.3%**	33.7%	**29.0%**	43.9%
The percentage of trust assets under administrative category	**38.7%**	32.6%	**40.2%**	24.9%

Service Operations Management

Ping An Trust continued to increase the investment in its operations and services system, kept optimizing the internal control mechanism for operational risk and promoted operational service innovation with effective results.

In terms of operational risk control, Ping An Trust kept improving its internal control to intensify the business management awareness with establishing the mechanism of veto power over major errors. Meanwhile, Ping An Trust intensified its control over substantial risks, moral hazards as well as management of operational risks and put in place the practices of double review over account opening and contract signing, double processing of key operations and separation of sensitive information. Meanwhile, Ping An Trust also refined manuals of various managerial policies, established its operational risk monitoring system, complaint tracking mechanism and emergency response mechanism.

In terms of service channel innovation, Ping An Trust established the bespoke operations manager service mechanism and 626300 hotline service support, improved the mechanism of services specific for new products, released the operational SLA service commitments, increased the service connotation, improved the express channel mechanism and enhanced client experience on an ongoing basis.

In terms of IT infrastructure building, Ping An Trust established IT platforms of internet, sales, products, investment & financing, risk management, operations and finance, data, etc. with the focus on strengthening the risk control and digital operations platforms to provide efficient support for business development with robust IT platforms.

Risk Management

In 2015, adhering to its risk management principle of “risks creating value and winning with market-leading risk control”, Ping An Trust established a risk management framework marked by “full participation, full-process control and full coverage of business” by combining the expertise of trust business and the refined risk control system of commercial banks.

In terms of risk control, Ping An Trust had a set of strict criteria on selecting projects. By developing risk strategies for various businesses, Ping An Trust specified requirements including counterparty selection, investment size, credit ratings, region selection, collaterals and risk controls. Before investing a project, double due diligence, independent approval and independent decisions should be made. During the investment period, double verification and centralized review are required, and procedures such as stamp collection, underwriting, contract signing, collateral registration and certificate collection should be jointly completed by the frontline staff and the approving officers with centralized management of loan offering review. After investing a project, Ping An Trust set up a dedicated asset management team and appoint directors, financial staff and engineering staff to monitor the project progress and the sales progress via shareholder meetings and board meetings to warn against project starts and sales risks. There are punitive stipulations and advance payment stipulations on suspension, deferment of a project and late new launch of sales in transaction contract to increase the safeguards for trust schemes and minimize the project risks.

In terms of risk/return matching, Ping An Trust introduced quantitative management tools with a stress on the risk and return trade-off. Ping An Trust continued to press ahead with development of the credit rating model, developed debt rating model for trust business, and established risk asset classification methodologies based on the estimated losses calculated according to the credit ratings and debt ratings. It also gradually promoted the utilization of credit rating and debt rating in entry authorization, post-investment management, and risk capital measurement to reflect the true value of assets and balance risks and returns.

Regarding risk disposal, Ping An Trust set up a dedicated team for management and recovery of non-performing assets. It also set up dedicated project teams to follow up projects with potential risks and appointed dedicated staff to track the financial conditions of counterparties and report the risk profile to the management on a regular basis till the complete removal of the risks.

Furthermore, in accordance with "Guidelines on Risk Supervision for Trust Companies" issued by China Banking Regulatory Commission(CBRC), Ping An Trust established a risk prevention and control accountability system and developed a Recovery and Resolution Plan which includes the "mechanism for shareholder liquidity support and capital replenishing", "rules on deferment of incentive payment for senior management", the "mechanism on limiting dividend distribution and bonus claw back", the "business division and recovery mechanism" and the "entity disposal mechanism". Based on strict risk management and prudent operations, Ping An Trust redeemed all the trust schemes at maturity as scheduled in the year of 2015.

As at December 31, 2015, the net capital of Ping An Trust was RMB18,428 million, far exceeding the regulatory requirement of RMB200 million. The ratio of net capital to the sum of risk assets of various businesses was 228.9%, higher than the regulatory requirement of 100%. Net capital to net asset ratio was 80.9%, which complied with regulatory requirement.

	December 31, 2015	December 31, 2014
Net capital (in RMB million) (regulatory requirement >=200)	**18,428**	14,587
Net capital/sum of risk assets of various businesses (regulatory requirement >=100%)	**228.9%**	170.6%
Net capital/net asset (regulatory requirement >=40%)	**80.9%**	74.2%

Management Discussion and Analysis
Asset Management Business

In 2015, Ping An Trust won authoritative awards within the industry due to its resounding results, outstanding performance and good reputation. It won the "Annual Outstanding Trust Company Award" for the sixth consecutive year and the "Annual Best Family Trust Scheme" awarded by Securities Times. It also won the "2015 Best Comprehensive Strength Trust Company Award" of the China Asset Management Gold Shell Awards elected by the 21st Century Business Herald and the "Annual Best Trust Company Award" of the "China Financial Institutions Gold Medal List • Gold Dragon Awards" awarded by Financial Times.

Results of Operation

(in RMB million)	2015	2014
Fees and commission income	**5,331**	4,294
Investment income	**2,113**	1,661
Other income	**1,340**	602
Total operating income	**8,784**	6,557
Fees and commission expenses	**(408)**	(781)
General, administrative and other expenses	**(4,356)**	(2,992)
Total operating expenses	**(4,764)**	(3,773)
Income tax	**(1,108)**	(572)
Net profit	**2,912**	2,212

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 RMB2,912 million, up by 31.6% from RMB2,212 million in 2014, mainly due to the increase in net fees and commission income, investment income and income from investment advisory business as compared with 2014.

Fees and Commission Income

(in RMB million)	2015	2014
Management fees income of trust products	**5,157**	4,123
Income from intermediate business	**174**	171
Total fees and commission income	**5,331**	4,294

Fees and commission income for 2015 was RMB5,331 million, representing an increase of 24.1% from RMB4,294 million in 2014. This was primarily due to the good performance in investment and thus a substantial increase in floating management fees income in 2015.

Investment income

Investment income of trust business for 2015 was RMB2,113 million, increased by 27.2% from RMB1,661 million for last year, which was mainly due to the withdrawal from equity projects and the growth of the profit distribution from trust product.

Other income

Other income for 2015 was RMB1,340 million, up by 122.6% from RMB602 million for 2014, mainly due to the increase of the income from financial advisory services.

SECURITIES BUSINESS

The Company provides securities brokerage, futures brokerage, investment banking, asset management, and financial advisory services through Ping An Securities and its subsidiaries, which are Ping An Futures, Ping An Bright Fortune, Ping An Securities (Hong Kong), and Ping An Pioneer Capital. As at December 31, 2015, Ping An Securities had RMB8,574 million in registered capital, RMB23,555 million in net assets, and RMB93,753 million in total assets.

Chinese stock market saw high volatility in 2015. A-shares market soared from early 2015, with the CSI 300 hitting a seven-year high in June. But then Chinese stocks crashed and fell for following three months, down 45.1% from the top. In response to sharp changes in trends, regulators acted to stabilize the market through a series of policies which included suspending IPOs, restricting major shareholders' selling, and restricting stock index futures trades. The market gradually stabilized from September, and at the end of 2015 the CSI 300 was up by 5.6% compared with the beginning of 2015, with an annual amplitude of 68.7%. The primary market of stocks saw a year-on-year growth rate of 72.3% in funds raised, and the daily average trading volume of the secondary market exceeded RMB1 trillion, up by 246.2% compared with the previous year. Compared with the volatile stock market, the bond market was generally bullish in 2015: the primary market of bonds saw a year-on-year growth rate of 66.9% in funds raised and the secondary market saw a year-on-year increase of 4.5% in the ChinaBond Full Price Index. As interest rates and exchange rates were liberalized, the bond market making and interest rate swap markets will grow rapidly.

In response to the fast-evolving market, Ping An Securities focused on its strategic transformation under its "5+1" initiatives. It achieved remarkable results as it made headway with the "internet brokerage business", "investment banking business 1+N", "operations of the corporate banking business", "establishment of competitive advantages of the interbank business", "development of the trading and financial derivative business" and "implementation roadmap of the Account APP Strategy". Its net profit hit a new high with its business growth and stability leading the market and its rankings in the market rose sharply. Ping An Securities realized RMB2,478 million in net profit for 2015, up by 168.2% over the previous year, beating peers in growth rate. With a more balanced and robust mix of brokerage, fixed-income, and equity businesses, Ping An Securities saw lower volatility in its performance than its peers when stocks fell in the third quarter of 2015.

Ping An Securities effectively transformed towards an online securities broker. In 2015, Ping An Securities acquired 2.93 million new customers, double the original total, ranking 3rd by new customer market share and 8th by customer base among peers, up 13 notches from the beginning of 2015. The Internet became a major channel for customer acquisition as over 90% of the new customers opened accounts via the APP. Ping An Securities has established its image as an leading online securities firm, significantly boosted its market recognition, and ranked 1st on the China Internet Weekly magazine's list of Top 100 Internet+ Securities Firms 2015. The effect of Ping An Securities' investment banking business model transformation was emerging. Ping An Securities ranked 3rd among peers by the number of IPOs and bond issuances for which it acted as lead underwriter. 22 branches were established and made fast-growing contributions to business. As a result of proactively cooperation between headquarters business units and branches, the number of projects in reserve soared. Ping An Securities achieved strong results in bond trading, with a rate of return of over 25%. It beat most peers by interbank bond delivery volume and interest rate swap volume. Ping An Securities made breakthroughs in both the size and the innovation of asset management business. The assets under management grew above RMB237 billion. The size of investment advisory business for small/medium-sized banks soared above RMB100 billion, up by 223.7% over the beginning of 2015. Ping An Securities innovatively completed the first asset securitization for margin trading and securities lending business in the industry, and the accumulated scale reached RMB3.5 billion. Ping An Securities made significant progress in preparing for new business. Ping An Securities has hired some renowned Wall Street traders of bonds and derivatives to prepare for bond market making and interest rate swap business and an initial trading system has been built and started to be tested. Moreover, Ping An Securities has tried to create an initial business model for industry development funds, and expects to boost the business rapidly.

Ping An Securities insists on the baseline of risk control and compliance management, has established a robust risk control platform and a risk budgeting system in place, constantly enhances the building of its middle office, and has developed a prudential risk platform and culture. With more prudential margin lending and proprietary trading strategies, Ping An Securities weathered the market volatility in 2015. Ping An Securities expanded its net assets by 131.0% at the end of 2015, ranking 15th among peers, up by 9 notches over the beginning of 2015, due to the over RMB10 billion of capital injected by shareholders in the first half of 2015 and its retained earnings. Moreover, Ping An Securities has kicked off several debt financing plans to expand its balance sheet strength and promote growth.

Ping An Securities will carry out strategic transformation towards an "online securities broker and wealth manager" and a "modern investment bank", establish an "institutional, corporate, and private banking service system", develop an "alternative investment sector", target a "global financial market", and kick off an "Account App Strategy" and a new "5+1" Initiative in response to challenges such as brokerage fee competition in brokerage business, a looming registration system reform for IPOs, and excess liquidity due to declining interest rates. Ping An Securities has hired top-notch talent from China's Internet industry and securities exchanges as well as Wall Street to build an excellent cross-platform system of teams, and improved performance management, IT systems, and operating processes to ensure successful upgrading and implementation of strategies.

Going forward, Ping An Securities will invest more effort into strengthening its balance sheet by various means of financing, fully explore the potential of teams and mechanisms, develop competitive advantages to differentiate itself based on three regions (East, South, and North) and five focuses (Brokerage, Investment Banking, Marketing, Trading, and Investment).

Results of Operation

(in RMB million)	2015	2014
Fees and commission income	**6,165**	2,214
Investment income	**3,327**	1,783
Other income	**627**	29
Total operating income	**10,119**	4,026
Fees and commission expenses	**(804)**	(212)
Finance costs	**(565)**	(483)
General, administrative and other expenses	**(5,596)**	(2,167)
Total operating expenses	**(6,965)**	(2,862)
Income tax	**(676)**	(240)
Net profit	**2,478**	924

During 2015, net profit from our securities business increased by 168.2% to RMB2,478 million from last year, which was mainly attributable to the large growth in net fees and commission income resulting from the significantly increased transaction volume in stock market, the growth of margin trading and securities lending business, as well as the growth of investment income.

Net Fees and Commission Income

(in RMB million)	2015	2014
Fees and commission income		
Brokerage fees income	**4,035**	1,385
Underwriting commission income	**1,215**	473
Others	**915**	356
Total fees and commission income	**6,165**	2,214
Fees and commission expenses		
Brokerage fees expenses	**(754)**	(175)
Others	**(50)**	(37)
Total fees and commission expenses	**(804)**	(212)
Net fees and commission income	**5,361**	2,002

In 2015, our brokerage fees income increased by 191.3% to RMB4,035 million from last year, mainly due to the increasing transaction volume in the secondary market of A shares, the growth of brokerage business under the internet strategic transformation and the rapid development of margin trading and securities lending business.

Underwriting commission income increased by 156.9% to RMB1,215 million in 2015 over the previous year, which was mainly attributable to the growth of underwriting income generated from IPO and refinancing projects under the active IPO market in the first half of the year, and the steady increase of underwriting income generated from bond issuance business.

Investment income

Investment income increased by 86.6% to RMB3,327 million in 2015 from RMB1,783 million in 2014, mainly due to the increase of the dividends of funds and interest income from bonds and margin trading and securities lending. Meanwhile, in respond to market, Ping An Securities stepped up its investment in bonds and adjusted the scale of margin trading and securities lending business and the investment in stock and funds, locking the investment yield in advance.

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, 2015, Ping An Asset Management had RMB1.5 billion in registered capital.

In 2015, China's economic growth continued to slow, the total supply and demand shrank, while the devaluation of the renminbi brought greater pressure on capital outflows and the downward trend in the economy was still continuing. The domestic stock market saw great volatilities in 2015. Driven by the economic transformation and the innovation-orientated policies, the increase of the growth stocks significantly outpaced the value stocks. The Shanghai Composite Index saw an annual increase of 9.4%; the CSI 300 saw an annual increase of 5.6%, while the ChiNext Index rose by 84.4%. With the economic stimulus such as monetary policy easing and PBOC's reduction in reserve and interest rates, bonds saw a bull market in 2015.

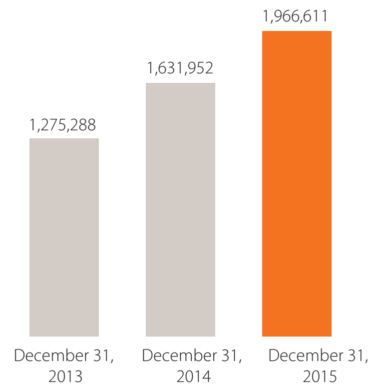
Management Discussion and Analysis
Asset Management Business

Amid market volatilities, Ping An Asset Management leveraged its expertise in investment, seized opportunities in the markets and strove to improve investment returns with risks effectively controlled. Ping An Asset Management kept exploring and innovating its third-party asset management business, diversifying its products, improving the establishment of products lines and enhancing its level of product management and marketing. As a result, the scale and profits saw constant growth. Ping An Asset Management has set up a complete set of risk management and investment platform which is capable of effectively supporting investment research, improving investment efficiency, controlling investment risks to ensure improvement in the investment performance and business development.

In 2015, Ping An Asset Management realized net profits of RMB2,362 million, up by 141.8% over the previous year. Assets under management at the end of the year amounted to RMB1,966,611 million, up by 20.5% over last year; among which, the scale of its third-party asset management business reached RMB245,722 million, up by 45.1% over last year. Its third-party asset management business fees income was RMB1,389 million, up by 91.3% over the previous year.

In future, Ping An Asset Management will continue to actively expand its third-party asset management business while serving the insurance funds, improve its investment capabilities, enhance its risk management, provide investors with more comprehensive investment management services and create Ping An's brand in investment.

Assets under investment management
(in RMB million)



Ping An Asset Management (Hong Kong) operates the overseas investment management business of the Company. Apart from managing overseas investment for insurance funds under the Group, it also provides third-party investment management and investment advisory services as well as a range of overseas investment products to institutions and individual clients in China and abroad. Having built a global investment platform with strong capabilities in overseas investment research and portfolio management, the investment team of Ping An Asset Management (Hong Kong) is responsible for global macroeconomic research, equity investment in Hong Kong and the overseas market as well as investment in fixed income and preferred stocks in the overseas market. In 2015, Ping An Asset Management (Hong Kong) developed its investment advisory business for institutional clients in mainland China and Hong Kong, and built extensive overseas client relationships through the business. As at December 31, 2015, assets under management of Ping An Asset Management (Hong Kong) amounted to HKD42,066 million.

Going forward, Ping An Asset Management (Hong Kong) will further explore overseas capital market, optimize the tactical decision-making processes, refine the risk control measures and stabilize returns. Meanwhile, Ping An Asset Management (Hong Kong) will also closely monitor the change in laws, policies and global economy, continuously deepen its understanding of policies and industry development trends, further leverage its advantages as a cross-border platform, improve its competitiveness in investment, and strive to build a professional overseas investment brand for Ping An Group.

FUND MANAGEMENT BUSINESS

Ping An-UOB Fund mainly engages in raising and sales of securities investment funds, assets management business and offering of professional investment products and related services to retail and institutional investors. As at December 31, 2015, Ping An – UOB Fund has a registered capital of RMB300 million.

Performance of funds under the Ping An-UOB Fund was remarkable with several funds ranking the forefront of the market in 2015. As at December 31, 2015, research report from Haitong Securities showed Ping An-UOB fixed-income funds were ranked No. 4 among 80 companies in terms of absolute returns in the past year, and the equity funds ranked No. 13 among 70 companies in terms of absolute returns in recent three years. Ping An-UOB Fund maintained fast growth in assets under management in 2015. As at December 31, 2015, the scale of its publicly-offered funds reached RMB38.5 billion, up by 205% over the beginning of the year. The subsidiary also saw significant improvement in market position with its segregate account business ranking No. 2 in the industry. Ping An-UOB Fund won “the Growth Fund Management Company” in the 12th election of “Gold Fund” awards in China.

FINANCIAL LEASING BUSINESS

The Company conducts financial leasing business through Ping An Financial Leasing. Ping An Financial Leasing was founded in September 2012. It has engaged in health care, manufacturing and processing, infrastructure, government financing, education and culture as well as institutional financing, and has been exploring new industries and businesses. Leveraging on the Group’s solid capital strength, outstanding brand influence, synergies of the full financial licenses and the integrated financial services platform, Ping An Financial Leasing strove to become a world-leading light capital leasing company, providing its clients with flexible and diversified financial products and comprehensive value-added services.

In 2015, Ping An Financial Leasing opened China’s first medical image center; meanwhile, Ping An Leasing built a team of experts with international backgrounds, penetrated the aircraft leasing market with leading capabilities, and built a platform for its offshore business.

At the end of 2015, Ping An Financial Leasing had RMB9.3 billion in registered capital, ranking the fourth in the industry; and it has accumulated total assets of over RMB70 billion while maintaining a high level of asset quality, ranking among the top places in foreign-funded financial leasing companies.

Management Discussion and Analysis
Internet Finance

- Lufax has become the largest internet financial transaction information service platform.
- Ping An Health cloud has established the largest network of full-time online doctors in China and "Ping An Doctor" APP has become China's No.1 portal for online health care.
- The "One Account Management Services" platform has acquired over 100 million users and over RMB1 trillion in assets under management.

Ping An has stuck to the philosophy of "Technology-driven Finance", constantly diversified its financial and daily-life service scenarios centering around customer demands for "health, food, housing, transportation and entertainment", and pursued innovation of its internet finance business models to serve customers as their "wealth manager, health advisor and life companion". While the core finance companies embrace the internet, internet finance companies have achieved fast growth in various innovative businesses after years of deployment and development.

LUFAX

Lufax is committed to meeting investment and financing demands with advanced internet technologies and philosophies as well as building the best internet financial transaction information service platform in China. Lufax has integrated online and offline channels to serve all financial institutions, corporate clients, and retail customers, matching supply with demand through internet to facilitate wealth growth, provide liquidity, and it also meets customer demands for various financial services through its financial transaction information service platform. Lufax is transforming into an open financial transaction information service platform, and seeking cross-group, cross-region, cross-sector, and cross-border business opportunities and transaction channels.

As at the end of 2015, Lufax had 18.31 million registered users, up by 257.6% compared with the beginning of the year, as the first internet financial transaction information service platform to have over 10 million users. Lufax is committed to providing one-stop financial services for Chinese retail and institutional investors, which retail investors can invest conveniently in a wide range of investment products on Lufax's online platform, and have access to personalized services based on data technology. Lufax proactively diversifies its product mix to satisfy the emerging Chinese middle class's diversifying demand for wealth management. From 2015, Lufax launched new products such as "Ling Huo Bao", "Bian Xian Tong", "Fu Ying Zeng Zhang", and mutual funds to attract more investor segments and boost the investor base, which grew by 3.33 million new investors in 2015, up by over 9 times over the previous year. As at the end of 2015, Lufax had 3.63 million active investors, up by nearly 10 times over the beginning of the year. With transaction activities on Lufax soaring, Lufax had achieved RMB1,814.6 billion in total transaction volume from its establishment to the end of 2015, including RMB733.9 billion in retail transaction volume and RMB1,080.7 billion in institutional transaction volume. In 2015, Lufax achieved RMB1,525,272 million in total trading volume, up by over 5 times compared with the previous year. It achieved RMB646,492 million in retail transaction volume, up by nearly 7 times compared with the previous year, including RMB52.4 billion in primary and secondary transaction volume of P2P business, up by over 2 times compared with the previous year. Lufax achieved RMB878,780 million in institutional transaction volume, up by over 4 times compared with the previous year, maintaining its leading position in the industry. Besides, as mobile transactions accounted for over 67% of retail transactions in 2015, Lufax has become a convenient platform for online users to manage wealth online.

The Number of Users

(in ten thousand)	December 31, 2015	December 31, 2014
Registered users	**1,831**	512
Investors	**368**	35
Active investors	**363**	34

Transaction Volume

(in RMB million)	2015	2014
Retail	**646,492**	82,764
Institutional	**878,780**	168,447
Total	**1,525,272**	251,211

PING AN PUHUI FINANCIAL

Ping An Puhui Financial business is one of China's largest personal consumption finance and micro-enterprise finance service providers. Relying on its profound experience and robust risk management capability in personal consumption finance and micro-enterprise finance service, Ping An Puhui Financial aims to match customers' capital supply with demand through its strong offline distribution and management network. In 2015, Ping An Puhui Financial granted RMB48.3 billion in new loans, up by 160% over the previous year, and the number of its offline lending and service outlets grew to 552. Since it started its consumer credit business, Ping An Puhui Financial has granted RMB99 billion in loans to 1.24 million borrowers.

PING AN PAY AND WANLITONG

Ping An Pay has been integrated with Wanlitong to create strong strategic synergies as they have similar customer bases and complementary business models. The integration has strengthened the combined payment service capability, enhanced the money-saving functionality of the Yiwallet APP, and improved the user experience and value of loyalty points. Since the integration, the two business lines of the Company have grown in synergy rapidly. In 2015, total transaction volume of the payment-processing business and the loyalty point business reached RMB1.59 trillion, up by over 5.9 times over the previous year.

Payment-processing business has industry-leading payment processing capabilities, and provides the Group's internet finance business with a core payment platform. In 2015, various payments processed were worth over RMB1.57 trillion in total. "Yiwallet" APP had over 45 million registered users at the end of 2015, up by 391.4% compared with the beginning of the year, with a monthly average activity rate of 15.3% and an annual activity rate of 24.2%. Monetary funds and bill/bond-backed wealth management products launched on Yiwallet were welcomed by customers, with a sales volume of over RMB100 billion for 2015, up by 423.4% compared to the last year. Yiwallet launched China's first "internet +" credit card, integrated online and offline cards and wallets, and significantly improved user experience and brand reputation, indicating that the internet finance mode of payment business has achieved preliminary results.

Loyalty point business is committed to building the largest general loyalty point platform in the industry. It has further improved customer experience, provided corporate clients with loyalty marketing and value-added services, and established China's first loyalty point union in 2014, which has over 100 renowned corporate members now. As at the end of 2015, the loyalty point platform had over 96 million registered users, covering nearly 1 million online and offline merchants cooperating in loyalty points consumption. The total loyalty points issued in 2015 were worth RMB6.5 billion, up by 232.0% compared with the previous year, including RMB418 million worth of loyalty points issued to customers outside the Group; the annual transaction volume reached RMB21.2 billion, up by 395.0% compared with the previous year; transactions conducted on mobile devices accounted for 43.5% of the total volume.

PA HAOFANG

PA Haofang has made full use of Ping An Group's advantage of integrated finance to build an O2O real estate finance platform. As at the end of 2015, Ping An Haofang's official website has over 7 million registered users; on the website, there are various portals such as New Houses, Second-hand Houses, House Leasing, Overseas Houses, Haofang Finance, and Haofang Crowdfunding. The portal of New Houses has covered 51 cities including all the tier-1 and tier-2 cities in China. In new house business, Ping An Haofang has signed strategic cooperation contracts with nearly 50% of China's top 100 developers, and achieved over RMB150 billion in sales volume of new house through PA Haofang' platform for 2015. In house leasing business, Ping An Haofang successfully launched the "An An Zu" APP in November to build a C2C house leasing platform. Going forward, Ping An Haofang will develop an O2O finance platform for second-hand house while boosting the new house and house leasing businesses.

PING AN HEALTH CLOUD

Ping An Health Cloud is committed to building a one-stop whole-process O2O platform for health care services, and providing customers with seamless services covering online consultation, online medicine purchase, and offline medical services through its "Ping An Doctor APP" and offline service network. In 2015, "Ping An Doctor APP" provided services for over 30 million users, with the peak daily active users of over 1.3 million and a peak daily consultations of more than 120 thousand, becoming the No.1 portal for online health care in China. In 2015, Ping An Health Cloud accelerated implementation of its doctor network and medicine network strategies. It has built a preliminary three-tier network of internal doctors, external doctors, and famous doctors, in which nearly 900 internal doctors employed by Ping An Health Cloud provide free online consultation 24 hours, 40 thousand external contracted doctors provide further and follow-up consultation, and over 3 thousand contracted famous doctors at 3A hospitals provide phone-based consultation and extra appointments. Its B2C medicine supply network has already covered the whole country, and O2O medicine supply network has covered tier-1 cities such as Shanghai, Beijing, and Shenzhen, while it delivers medicines within two hours.

ONE ACCOUNT MANAGEMENT SERVICES

Ping An Financial Technology is committed to build One Account Management Services into the largest open internet financial service platform in China. As at December 31, 2015, One Account Management Services had 100 million users, over 18 million monthly active users, and over RMB1 trillion in assets under management. One Account Management Services offers four major value propositions: account management, wealth management, credit management, and lifestyle management. In terms of account management, One Account Management Services has integrated nine categories of financial and lifestyle accounts that cover over 80% of financial users and 60% of the users have 1.9 accounts on average. In terms of wealth management, One Account Management Services provides users with three wealth management approaches, i.e. self-service, smart service, and advisory service, serving over 10 million users per month on the wealth management platform. In terms of credit management, One Account Management Services has partnered with Qianhai Credit Reference Center to promote the use of personal credit data in various scenarios. Since the partnership began half a year ago, One Account Management Services and Qianhai Credit Reference Center have started cooperation with over 400 financial and daily-life service institutions, and facilitated over 40 million credit queries. In terms of lifestyle management, One Account Management Services has integrated various offerings from Ping An Group's subsidiaries covering autos, housing, and other daily-life services to provide users with comprehensive, specialized, convenient, and excellent experience.

Going forward, Ping An will continue to build a more powerful open internet finance platform to provide various financial and daily-life services covering "health, food, housing, transportation and entertainment" under the "Internet + Integrated Finance" development model.

Embedded Value

As at December 31, 2015, the embedded value of the Company was RMB552,853 million, and the value of one year's new business of life insurance sold during 2015 was RMB30,838 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, 2015 ("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, 2015;
- Review the value and profit margin of new business during 2015;
- 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 2015 annual report.

We also confirm that the EV results disclosed in the Embedded Value chapter in the 2015 annual report is consistent with the results we reviewed.

Peng Jin, Actuary
PricewaterhouseCoopers Consultants (Shenzhen) Limited
March 15, 2016

EMBEDDED VALUE REPORT OF PING AN INSURANCE (GROUP) COMPANY OF CHINA, LTD. 2015

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, 2015.

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 2015 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, 2015	December 31, 2014
	Earned Rate/	Earned Rate/
Risk discount rate	**11.0%**	11.0%
Adjusted net asset value	**327,926**	284,418
Including: Adjusted net asset value of life insurance business	**101,887**	89,829
Value of in-force insurance business written prior to June 1999	**(6,570)**	(7,342)
Value of in-force insurance business written since June 1999	**272,915**	215,626
Cost of holding the required solvency margin	**(41,419)**	(33,890)
Embedded value	**552,853**	458,812
Including: Embedded value of life insurance business	**326,814**	264,223

(in RMB million)	December 31, 2015	December 31, 2014
Risk discount rate	**11.0%**	11.0%
Value of one year's new business	**36,120**	25,190
Cost of holding the required solvency margin	**(5,281)**	(3,224)
Value of one year's new business after cost of solvency	**30,838**	21,966

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 2015 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 and partial annuity 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 industry morbidity table or the Company's own pricing table. The loss ratios have been assumed to be in the range of 15% and 100% 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 2015	2014	Change (%)	Value of one year's new business 2015	2014	Change (%)
Individual	**69,347**	46,731	48.4	**30,174**	20,800	45.1
Group	**21,625**	17,090	26.5	**417**	863	(51.6)
Bancassurance	**8,139**	8,382	(2.9)	**246**	303	(18.8)
Total	**99,110**	72,203	37.3	**30,838**	21,966	40.4

Note: Figures may not match totals due to rounding.

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

	By FYP 2015	2014	By ANP 2015	2014
Individual	**43.5%**	44.5%	**44.0%**	44.7%
Group	**1.9%**	5.0%	**3.0%**	8.9%
Bancassurance	**3.0%**	3.6%	**10.9%**	13.7%
Total	**31.1%**	30.4%	**36.4%**	37.6%

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 RMB552,853 million as at December 31, 2015.

(in RMB million)	2015	Description
Embedded value of life insurance business as at December 31, 2014	**264,223**	
Expected return on year-start embedded value	24,628	Expected growth of embedded value occurred in 2015
Value of one year's new business	31,058	The contribution came from new business sold during 2015 and discounted at earned rate/11.0%
Assumptions and model changes	(246)	Assumptions change, such as the morbidity rates, decreased embedded value
Market value adjustment	756	The change in market value adjustment of relevant investments
Investment return variance	11,599	Actual investment return calculated on the basis of comprehensive income in 2015 was higher than the assumed return
Experience variances	825	Actual experience in 2015 was better than the assumptions
Other	298	
Embedded value of life insurance business before capital changes	**333,142**	Embedded value of life insurance business before impact of capital change increased by 26.1%

Embedded Value

(in RMB million)	2015	Description
Capital injection	500	Capital injection to Ping An Annuity by the Company was RMB500 million
Shareholder dividends	(6,828)	The impact of dividends paid to shareholders by Ping An Life
Embedded value of life insurance business as at December 31, 2015	**326,814**	
Adjusted net asset value of other business as at December 31, 2014	**194,589**	
Net Profit of other business	33,070	
Market value adjustment and other variances	(9,206)	
Adjusted net asset value of other business as at December 31, 2015 before capital changes	**218,453**	
Shareholder dividends	(1,958)	The impact of dividends paid to shareholders by Ping An Asset Management was RMB960 million; The impact of dividends paid to shareholders by Ping An Bank was RMB998 million
Dividends received from subsidiaries	8,786	Dividends paid to the Company by Ping An Life was RMB6,828 million; Dividends paid to the Company by Ping An Asset Management was RMB960 million; Dividends paid to the Company by Ping An Bank was RMB998 million
Capital injection	9,119	The increase in net assets from the conversion of A Share Convertible Bonds was RMB9,119 million
Capital investment	(500)	Capital investment to Ping An Annuity was RMB500 million
Shareholder dividends paid by the Company	(7,861)	Dividends paid to shareholders by the Company
Adjusted net asset value of other business as at December 31, 2015	**226,040**	
Embedded value as at December 31, 2015	**552,853**	
Embedded value per share as at December 31, 2015 (in RMB)	**30.24**	

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, 2015 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 RMB5,631 million within the year. Total free surplus decreased by RMB697 million to RMB38,781 million as at December 31, 2015.

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

(in RMB million)	2015	Description
Free surplus of life insurance business as at December 31, 2014	**39,477**	
Free surplus generated from in-force business	39,174	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	(34,299)	
Capital injection	500	Capital injection to Ping An Annuity by the Company was RMB500 million
Shareholder dividends	(6,828)	The impact of dividends paid to shareholders by Ping An Life
The impact of market value adjustment	756	
Free surplus of life insurance business as at December 31, 2015	**38,781**	

Note: Figures may not match totals due to rounding.

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 2014 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	235,220	224,927	215,255	225,008
	10.5%	11.0%	11.5%	Earned Rate/11.0%
Value of one year's new business	33,271	30,838	28,583	31,058

Assumptions (in RMB million)	Value of in-force business	Value of one year's new business
Central case	224,927	30,838
Assumptions and model used in 2014 valuation	222,559	29,787
Investment return increased by 50bps every year	248,732	34,273
Investment return decreased by 50bps every year	200,727	27,403
10% reduction in mortality and morbidity rates	230,026	31,980
10% reduction in policy discontinuance rates	229,433	32,219
10% reduction in maintenance expense	226,937	31,177
5% increase in the policyholders' dividend payout ratio	217,220	30,129
Solvency margin at 150% of the regulatory level	204,056	28,198

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, 2015, 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. The Budget Management Committee, Risk Management Execution Committee, and Investment Management Committee under the Group Executive Committee are overseeing these essentials at group level. 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 2015, 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, 2015, equity attributable to shareholders of the parent company was RMB334,248 million, up by 15.4% over the end of 2014. The parent company's capital structure mainly comprised contributions from shareholders, proceeds from issuance of H shares and A shares.

The conversion period of Ping An Convertible Bonds issued by the Company on November 23, 2013 commenced on May 23, 2014. Until January, 2015, there were 629,922,613 A shares issued as a result of conversion from Ping An Convertible Bonds. The Ping An Convertible Bonds ceased to be traded or converted on January 12, 2015. Starting from January 15, 2015, the Ping An Convertible Bonds was delisted from the Shanghai Stock Exchange. On August 4, 2015, the conversion of capital reserve into share capital was completed, and the parent company's share capital was increased by RMB9,140 million shares. As at December 31, 2015, the total share capital of the Company was increased to RMB18,280 million.

Liquidity and Financial Resources

The following table indicates the balances of subordinated debts, hybrid capital bonds and tier-2 capital bonds issued by the Group and main subsidiaries at the end of 2015 (par value):

(in RMB million)	Subordinated debts [1]	Hybrid capital bonds	Tier-2 capital bonds
Ping An Property & Casualty	8,000	–	–
Ping An Life	26,000	–	–
Ping An Bank	–	5,150	15,000
Ping An Securities	3,000	–	–

(1) Including subordinated bonds and capital supplement bonds.

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, 2015, the parent company's available capital was RMB27,291 million, decrease by RMB22,500 million than the beginning of this year. The capital is primarily used to invest in the equity of subsidiaries and to distribute dividends to shareholders.

(in RMB million)	December 31, 2015	December 31, 2014
Available capital	**27,291**	49,791

LIQUIDITY RISK MANAGEMENT

Liquidity risk refers to the risk of the Company being unable to obtain sufficient cash in time, or being unable to obtain sufficient cash in time at a reasonable cost, to repay debts or fulfil other payment obligations that have become due.

In accordance with domestic and international regulatory requirements such as those for the Global Systemically Important Insurers (G-SIIs) and those under C-ROSS, the Group has developed and regularly updated the Liquidity Risk Management Plan of Ping An Insurance (Group) Company of China, Ltd. (LRMP), and established a robust liquidity risk management framework covering risk appetites and limits, risk strategies, risk monitoring, stress testing, emergency management, appraisal and accountability. Ping An has constantly improved its management procedures and processes for better identification, evaluation, and management of the liquidity risk at the group and subsidiary levels.

Under the Group's principles and guidelines for liquidity risk management, the subsidiaries have developed their own liquidity risk appetites, risk indicators, and risk limits according to the applicable regulations, industry practices, and features of their business activities. The Group and its subsidiaries have established robust liquidity risk information systems and liquidity monitoring and reporting procedures for adequate identification, accurate measurement, continuous monitoring, and effective control of the liquidity risk in various business activities. The Group and its subsidiaries regularly evaluate liquid assets and maturing debts, conduct stress tests of cash flows, and carry out forward-looking analysis to identify the potential liquidity risk and take measures to control liquidity gaps.

The Group and its subsidiaries have built liquidity reserves and maintains stable, convenient, and diversified source of financing to ensure that they have adequate liquidity to tackle possible impacts from adverse situations; moreover, the Group and its major subsidiaries have developed robust liquidity contingency plans for handling any significant liquidity events. The Group has set up internal firewalls to prevent intra-group contagion of the liquidity risk.

CASH FLOW ANALYSIS

(in RMB million)	2015	2014
Net cash flows from operating activities	**135,618**	170,260
Net cash flows from investing activities	**(273,732)**	(236,889)
Net cash flows from financing activities	**204,976**	85,368

Net cash inflows from operating activities was decreased by 20.3% to RMB135,618 million in 2015 from RMB170,260 million in 2014. This was mainly caused by the structural adjustment of deposit and loan business of Ping An Bank.

Net cash outflows from investing activities increased by 15.6% to RMB273,732 million in 2015 from RMB236,889 million in 2014. This was mainly due to the expansion of investment scale caused by business development.

Net cash inflows from financing activities was largely increased to RMB204,976 million in 2015 from RMB85,368 million in 2014. This was mainly due to the significant increase in cash inflow from interbank deposit business of Ping An Bank.

CASH AND CASH EQUIVALENTS

(in RMB million)	December 31, 2015	December 31, 2014
Cash	**228,633**	192,924
Assets purchased under reverse purchase agreements within 3 months	**101,469**	66,368
Bonds of original maturities within 3 months	**3,223**	4,668
Total cash and cash equivalents	**333,325**	263,960

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.

The following table sets out the relevant data in relation to the solvency of the Group according to the "Administrative Provisions on the Solvency of Insurance Companies ("China Solvency I")":

(in RMB million)	December 31, 2015	December 31, 2014
Actual capital	**428,040**	369,995
Minimum capital	**219,061**	180,381
Solvency margin ratio (regulatory requirement >=100%)	**195.4%**	205.1%

As at December 31, 2015, the Group's solvency margin ratio under China Solvency I was 195.4%, maintaining at an adequate level. The Group's solvency margin ratio decreased by 9.7 percentage points as compared with the end of 2014, mainly because of business development and dividend distribution.

The CIRC issued the China Risk Oriented Solvency System ("C-ROSS", i.e. Solvency II) in February 2015. The insurance industry entered the C-ROSS transition period. A risk-oriented supervision regime was established under the Solvency II to measure the risks of insurance undertakings scientifically and comprehensively, and calculate a capital requirement that aligns with the specific risks with the insurance undertakings' risk profiles. Based on the trial operations during the transition period and as approved by the State Council, the CIRC decided to enforce "the Solvency Regulatory Rules (No. 1-17) for Insurance Companies" from January 1, 2016.

The solvency margin ratios under Solvency II of Ping An Group are as follows:

(in RMB million)	December 31, 2015
Core capital	**730,052**
Actual Capital	**764,677**
Minimum capital	**373,186**
Core solvency margin ratio (regulatory requirement >=50%)	**195.6%**
Comprehensive solvency margin ratio (regulatory requirement >=100%)	**204.9%**

Note: Core solvency margin ratio =core capital/minimum capital; comprehensive solvency margin ratio =actual capital/minimum capital.

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 identification and evaluation of risks, along with mitigation measures, we achieve 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 regarded risk management as an integral part of its operations and business activities. We take steady steps to build an enterprise risk management system aligned with the Group development strategies and the nature of our business. By continuously optimizing our risk management framework, as well as 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 2015, Ping An was designated by the Financial Stability Board (FSB) and the International Association of Insurance Supervisors (IAIS) as one of the Global Systemically Important Insurers (G-SIIs) for the second round; reflected the global recognition of China's financial reforms and achievements as well as the Chinese insurance industry's influences and roles in the international insurance market; this was also a major move of the Chinese insurance industry to participate in international financial governance and to maintain global financial stability. Under the guidance and support of the CIRC, Ping An has actively participated in the development of international insurance regulations by keeping international regulators informed of the realities in the Chinese insurance and financial markets, so as to create a more favourable international regulatory environment for developing countries and China's insurance industry. In 2015, according to the requirement of FSB and IAIS, Ping An updated its Systemic Risk Management Plan (SRMP), Recovery and Resolution Plan (RRP) including Liquidity Risk Management Plan (LRMP). Based on the changes of the systemic risks assessment indicators, Ping An reviewed the changes in its business and risk profile. Based on comprehensive review and assessment, Ping An has effectively kept risks under control with its specialized comprehensive risk management framework, and Ping An Group's systemic impact on the financial market has been limited. RRP including LRMP 2015 has been approved by the Board of Directors and the CIRC. In addition to meeting the G-SII and C-ROSS regulatory requirements, Ping An takes the G-SII projects as an opportunity to incorporate global best practices into its risk management and business procedures, effectively prevents risks and risk contagion, provides the Company's integrated financial business (in particular the innovative business) with strong risk management protection, and acts as a stabilizer of financial markets to make greater contributions to China's financial innovation and development.

As Ping An diversifies its offerings and implements its integrated finance strategy in the changing domestic and global environments amid evolving regulations, the Group builds and strengthens a robust comprehensive risk management approach in line with the highest international standards, focusing on capital, oriented by risk appetites, constantly enhances risk controls and technologies, dynamically manages both individual and accumulative risks through risk quantification tools and risk performance appraisal, and achieves a balance between risk management and business development based on robust compliance, internal control management, and risk governance.

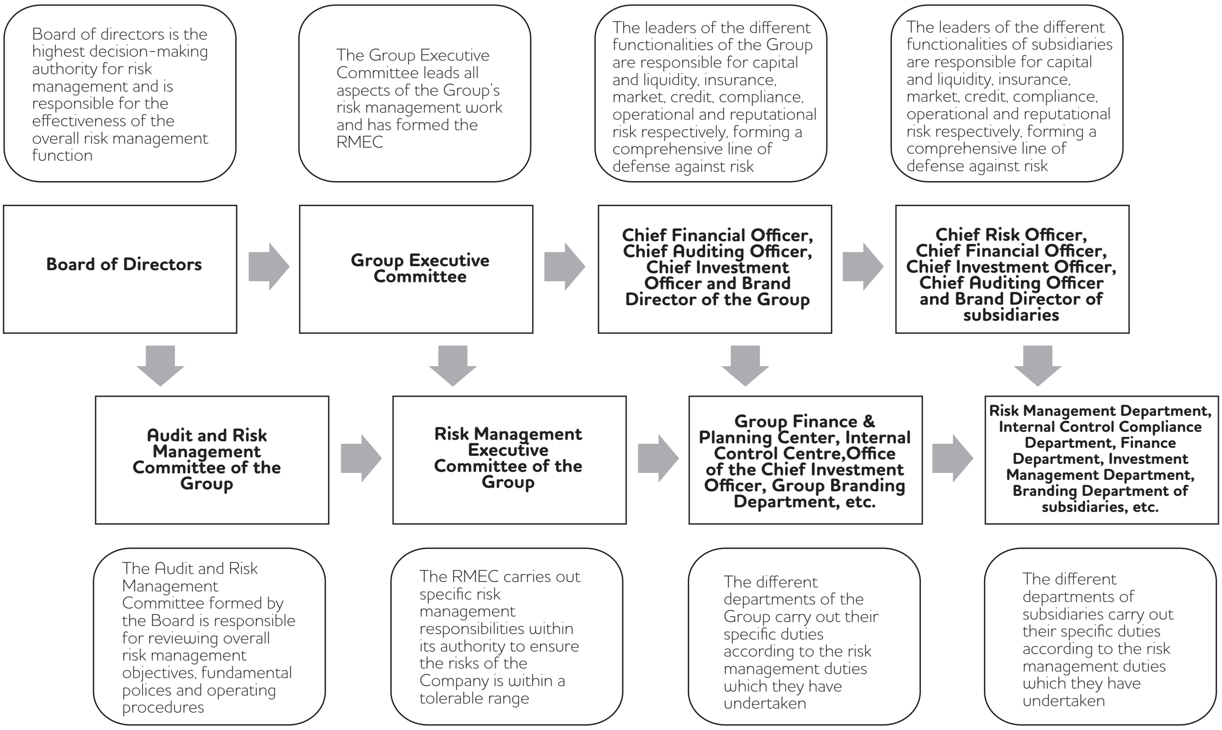
RISK APPETITE SYSTEM

A risk appetite system is central to Ping An's overall strategy and comprehensive risk management. In line with the Group's overall strategy and in consideration of the subsidiaries' development needs, the Group has built a risk appetite system that matches its business strategy, and combined risk appetites with management decisions as well as business development to promote healthy growth of the Group and subsidiaries.

The Group's risk appetite system has four core dimensions: capital adequacy, liquidity adequacy, a good reputation, and compliance. The Group has used these dimensions to guide the subsidiaries in specifying their unique risk appetite dimensions according to their business features and demand, broken down the risk appetites and tolerance into various risk limits in different risk categories, and applied the risk limits to routine risk monitoring and warning so as to support business decision-making and strike a balance between risk management and business development.

RISK MANAGEMENT FRAMEWORK

The Group actively complied with the PRC Company Law and the relevant laws, regulations and regulatory requirements, as well as 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 of Directors 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 of Directors 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 of Directors 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 of risk management, risk appetites and tolerance, and risk management policies and procedures;
- 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, risk appetites and tolerance, 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.

Risk Management

The General Manager of the Group acts as the supervisor of the Group's RMEC, while the Group's Chief Financial Officer, Chief Auditing Officer, Chief Investment Officer and Brand Director act as the deputy supervisors. They are in charge of risks in strategic 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 2015, the Group followed domestic and foreign regulatory trends such as G-SIIs, the New Basel Capital Accord and 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

The insurance risk refers to the risks of adverse deviations between the actual experiences and the expectations (insurance assumptions), such as mortality rates, morbidity rates, loss ratios, expense rate, and lapse rates, which may cause losses 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 rate, on our insurance liability reserve, solvency and profit.

Sensitivity analysis on long term life insurance contracts

December 31, 2015 (in RMB million)	Change in Assumptions	Impact on gross policyholders' reserves (after reinsurance) increase/(decrease)
Discount rate/ Investment return	+10bps	(6,492)
Discount rate/ Investment return	-10bps	6,747
Morbidity/mortality rates*	(+10%/-10% pre/post payment period)	10,614
Policy lapse rates	+10%	5,758
Maintenance expense rates	+5%	1,761

* Morbidity/mortality rates change refers 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, 2015 (in RMB million)	Change in average claim cost	Impact on net liabilities (after reinsurance) increase/(decrease)
Property and casualty insurance	+5%	2,363
Short term life insurance	+5%	199

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

- Develop insurance risk policies, set up a scientific and consistent insurance risk management framework for the Group;
- Develop a set of key insurance risk indicators, closely monitor them, analyse any abnormal changes, adopt appropriate management measures;
- Establish model management policies, standardize the Group actuarial models, strictly control model risks;
- Implement effective product development and management policies, develop products with proper insurance coverage and fair pricing, control product pricing risks;
- Implement prudent underwriting policies, establish relevant guidelines for policy contracting and underwriting, effectively control and reduce adverse selection risks;
- With strict claim investigation and settlement procedures, identify and prevent questionable and fraudulent claims;
- With effective product management procedures, do experience and trend analysis with the latest, most accurate and reliable data, well manage the product mix, control the insurance risks;
- Follow effective reserve valuation process and methodologies, accurately develop the unearned premium reserves and unsettled reserves, assess the reserve adequacy on a regular basis;

- With effective reinsurance management procedures, properly set the retention limits, use reinsurance as an effective risk transfer tool, transfer excess risks to reinsurers with high creditability, control the insurance risks.

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, and reinforced 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 RMEC, 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 exchange 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, 2015 (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	149	5,528

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, 2015, the VaR for listed equity securities and equity investment funds is as follows:

December 31, 2015 (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	18,421

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 exchange 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, 2015 (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	788	2,285

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 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, 2015	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	98.18%
Financial bonds held by the Group with the domestic credit rating of A or above	99.73%

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.

Strategic Risk

Strategic risk refers to the risk of the Company's strategy not matching the market environments and the Company's capabilities due to ineffective development and implementation of the strategy or changes in the business environments.

Based on deep understanding of the state's industry policies and the trends of domestic and foreign markets, the Group has thoroughly verified its high-level plans and development strategies as per regulations and coordinated strategy development across the Group to align the strategic targets of the Group and its subsidiaries. The Group regularly makes its 3-year development plans and annual business plans, proactively implements strategies and annual plans, regularly monitors the implementation of the Group and subsidiaries' strategies and annual business plans, guides the subsidiaries in management of the strategic risk, and promotes synergies among different group members and business lines.

Reputation Risk

Reputation risk is the risk of the Company's brand or reputation being hurt and other relevant losses caused by a stakeholder's negative comment on the Company due to a defect in the Company's operation or an external event.

The Group constantly improves its reputation risk management approach as per regulations, has built and improved the pre-warning, monitoring, review and remediation procedures for reputation risk management, closely monitors all the business lines and external factors to identify risk events and give warnings, follows up on the risk warnings, and minimizes the probability of a risk event happening through effective control and remediation.

Group-level Risk

The Group proactively strengthens risk control of its subsidiaries, implements relevant regulatory requirements, and constantly enhances management of group-level risks such as risk contagion, the risk due to an opaque organization structure, the concentration risk, and risks in non-insurance areas.

Risk Contagion

Risk contagion refers to a situation where the risk created by a member of the Group spreads to another member of the Group by means of intercompany transactions or other activities, causing losses to such other member.

As the Group promotes synergies in integrated finance, in order to prevent intra-group risk contagion, the Group has strengthened management and coordination across the Group by building firewalls, managing connected-party transactions ("CPTs"), managing outsourcing, and coordinating the Group's branding, communication, and information security functions.

The Group has built robust risk firewalls. The Group has built robust firewalls between the Group and its subsidiaries and among its subsidiaries, including legal-entity firewalls, finance firewalls, and information firewalls, to prevent risk contagion. First, the legal-entity firewalls. The Group and its subsidiaries have complete governance structures. The Group itself engages in no specific business activity. It manages the subsidiaries through shareholding, but neither participates in nor intervenes in the subsidiaries' routine business. The subsidiaries carry out business activities independently, and are supervised by their respective regulators. Second, the finance firewalls. The Group and its subsidiaries have finance functions respectively; senior finance managers may not take concurrent offices at different entities within Ping An. Each entity has clear accounts, with independent accounting, assets, and liabilities. Third, the information firewalls. The Group has built a robust information security system, and implemented consistent high standards for information security. The subsidiaries and employees manage the Company's information assets in strict accordance with the information security rules, and strictly protect the Company's business information, trade secrets, and intellectual properties. The Group attaches great importance to customer data protection, and has established strict rules and procedures for customer data protection at the group and subsidiary levels. Moreover, in order to ensure effective segregation of customer data, the Group has established robust customer authorization rules providing that no customer data may be used without authorization by customers and strict approval within Ping An.

The Group has constantly improved its approach to management of CPTs. The Group attaches great importance to CPT management, strictly abides by laws and regulations, and constantly improves the rules and procedures for CPT management to ensure the compliance of all CPTs. The Group has established the Connected-Party Transaction Committee, which has updated various rules and procedures in response to changes in regulations and internal management requirements, specified management processes, enhanced CPT review and management, and developed and implemented guidelines for fair value-based pricing to ensure fair pricing for CPTs and prevent improper transfer of benefits. The Group has developed a culture of strong compliance awareness for CPTs. The Group has improved the approach to CPT disclosure and reporting, and disclosed and reported CPTs in strict accordance with relevant rules and procedures. The Group has constantly enhanced the systems for CPT management to increase efficiency. The Group's CPT management systems and mechanisms have been improved and effectively operated.

The Group has improved its approach to outsourcing. Currently, the Group's four centres (Administration, Internal Control, HR, and Finance) outsource IT services to Ping An Technology, including IT advisory service, development, application system operation, call centre service, office support, and information security; they outsource financial operations to Ping An Financial Services, including financial review and accounting, financial system configuration, cash collection and payment, financial voucher filing, tax processing, sale/purchase and payment of foreign exchanges, and personal income tax declaration. The Group has specified the information security requirements in the outsourcing management rules and procedures; going forward, the Group will improve the rules and procedures for approval, contract signing, and filing of outsourcing. In particular, the process for approval by the Board of Directors or a body delegated by the Board of Directors will be formalized, and the Group's outsourcing contracts will be filed with the CIRC 20 business days before contract signing.

The Group has centralized the management of branding, communication, and information disclosure. The Group has implemented central management of branding, communication, and information disclosure. The Group has developed robust rules and procedures for brand asset management and information disclosure, and strictly implemented them to ensure central management and consistency of branding.

Risk of Opaque Organization Structure

Risk of opaque organizational structure refers to the risk of losses in the Group caused by the complexity or opaqueness of the Group's shareholding structure, management structure, operational processes, and business types.

The Group has a clear shareholding structure. The shareholding structure of the Group is clear, balanced, and relatively scattered. There is no controlling shareholder, nor de facto controller. The Group's subsidiaries engage in businesses such as insurance, banking, investment, and internet; all of the subsidiaries have clear shareholding structures; none of them have cross-shareholding or illegal subscription for capital instruments.

The Group has a transparent governance structure. The Group has established a clear corporate governance structure in compliance with laws and regulations such as the Company Law of the PRC and the Securities Law of the PRC, with the actual conditions of the Company taken into account. The General Meeting of Shareholders, the Board of Directors, the Supervisory Committee, and the senior management have exercised their rights and performed their obligations in accordance with the Articles of Association. The Group itself engages in no specific business activity. It manages the subsidiaries through shareholding, but neither participates in nor intervenes in the subsidiaries' routine business. The Company and its subsidiaries have clearly defined roles and responsibilities of their respective functions, which are independently operated and well-coordinated based on checks and balances; there is no overlap, absence, or over-concentration of powers and responsibilities.

Concentration Risk

The concentration risk refers to risks that when aggregated at the Group level, which may be enough to directly or indirectly threaten the Group's solvency position. The Group manages the concentration risk through business counterparty management, insurance business management, non-insurance businesses management, and investment management.

The concentration risk management of business counterparties. In order to control the concentration risk from the perspective of business counterparties, the Group has specified a set of single risk limits for major counterparties based on the counterparties' credit ratings and the Group's risk appetites. The Group has specified credit risk limits for its major business counterparties, including ordinary enterprises and financial institutions, based on the counterparties' credit ratings, the Group's risk appetites, and the industries' risk profiles. The Group's set of single risk limits for major counterparties covers credit products and investment products with credit exposures.

The concentration risk management of investment assets. In order to control the concentration risk from the perspective of investment assets categories, the Group has established rules and procedures for management of the concentration risk according to the risk-return profiles of different asset classes. The Group has appropriately categorized the investment assets, and specified a set of risk limits for the asset classes according to their respective risk-return profiles. Moreover, the Group regularly reviews the concentration risk posed by investment assets at the subsidiary level to prevent any solvency risk and liquidity risk arising from over-concentration of the Group's investment assets in a certain asset class, counterparty, or industry.

The concentration risk management of insurance and non-insurance businesses. The Group monitors, evaluates, analyses, and reports the concentration of its businesses in accordance with the CIRC's rules. Regarding the insurance business, the Group has established the concentration risk management system for reinsurance counterparties, including risk limit, risk monitoring, analysis, and warning. Regarding non-insurance businesses, the Group, through analysing the structures and risk profiles of non-insurance businesses, specified the concentration risk indicators to be monitored in the routine risk management framework. The Group has effectively prevented the concentration risk through regular evaluation, monitoring, and warning of the concentration risk in insurance and non-insurance businesses.

Risk in Non-insurance Areas

As an integrated financial service group authorized by the State Council to engage in separate operations under a listed holding group subject to separate regulation, the Group has established independent legal entities that engage in insurance, banking, investment, and internet finance respectively. Regarding corporate governance, all the subsidiaries in non-insurance areas carry out specialized operations independently, and are supervised by their respective regulators; the Group ensures that all the non-insurance subsidiaries are effectively segregated from the insurance subsidiaries in terms of assets and liquidity.

For equity investment in non-insurance areas, the Group has developed rules, standards, and limits, established processes for investment decision-making, risk management, investment review, evaluation, and reporting, and specified procedures for activities before, during, and after investment deals. Moreover, the non-insurance subsidiaries strictly follow the Company's strategic planning process to analyse the feasibility of business strategies, regularly review the ROCs, investment pay-back periods, business and financial performance, valuations, and evaluate the risk-return profiles of various businesses.

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, 2015, the Group's solvency ratio stood at 195.4% 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 pre-warn potential changes in solvency margin.

In response to the increasingly diversified and complicated risks in China's fast-growing insurance market, in March 2012, CIRC disclosed a plan to develop the China Risk Oriented Solvency System (the "C-ROSS"). In February 2015, C-ROSS regulations (No.1-17) were published and the China insurance industry started the transition period to C-ROSS. Compared to China Solvency I, which is more scale oriented, C-ROSS is aligned to the international regulatory framework and becomes risk oriented. C-ROSS consists of three pillars, i.e. quantitative capital requirements, qualitative regulatory requirements, and market discipline mechanism. C-ROSS effectively prevents systemic risks and regional risks, and encourages capital efficiencies. Compared to China Solvency I, C-ROSS can more effectively identify and assess risks, helping insurance companies to achieve a balance between risks, values and growth. In 2015, the Group and its major insurance subsidiaries have set up C-ROSS project teams to prepare for the formal implementation of C-ROSS.

As one of the G-SIIs, Ping An is required to follow a series of capital regulations which have been developing by IAIS from 2019, in addition to mandatory compliance with C-ROSS. With support from CIRC, Ping An has been actively engaging with IAIS in the continuing capital rule consultation and development. With better understanding of Chinese insurance industry and Ping An's business model, IAIS is able to accordingly reflect the reality of these conditions in the global rule setting. Positive progress has been made with Ping An's participation.

Prospects on Future Development

BUSINESS PLAN FOR 2016

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.

In 2015, the Company was committed to driving and implementing its business plans effectively. The four pillar businesses – insurance, banking, asset management and internet finance 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 2016, 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. By rolling out the model of "Internet + Integrated Finance" in all industries, and adhering to the development of "Integrated Finance +" and "Internet +", the Company is to reach a higher level towards the goal of being a "global leader in personal financial services".

- Ping An Life placed customer management 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". Leveraging technology and the mobile internet, Ping An Property & Casualty will establish innovative engine to gain unique competitive advantage and enhance the capability of risk screening and cost control. Meanwhile, it provided better customer experience and improved customer satisfaction through matching specific products and services with customer attributes, its Net Promoter Score continue to increase. With the vision of "becoming the leading annuity asset management institution and leading medical insurance and social benefits services provider in China", the business of Ping An Annuity has been proactively transforming from a sole annuity business to asset management focused on annuity, and switching from traditional corporate group insurance business to medical health insurance business, mainly government health insurance. Ping An Annuity is also undergoing an operational shift, extending its focus on group customers, comprising mainly corporate clients, to 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 2016, 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, Ping An bank will integrate government, corporate and interbank as well as resources upstream and downstream of the industry chain. Adhering to the concept of "customer-centric", it will focus on innovations in its organizational structure and business model, and establish its advantages in traditional industry through product research and technical innovation. Meanwhile, insisting on the idea of crossover between traditional and internet finance industry, Ping An Bank will create new finance propositions in the internet era. Ping An Bank will endeavor to steadily promote in its strategic businesses to ensure sustained and reasonable growth in profit.

- We will continue to promote Ping An's asset management 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.

Prospects on Future Development

In compliance with existing laws and regulations, we will actively explore and promote overseas investment of insurance funds, and improve the stability and returns of our insurance fund investments through diversification, to advance the competitiveness of our insurance products.

- We will continue to refine the integrated financial structure and platform which places individual client as core, further explore and upgrade the customer operation model, enhance our customer experience, and thoroughly explore the customer value to promote customer migration and intensify synergy effect.
- Following the concept of "Technology-driven Finance" and the model of "Internet + Integrated Finance and focusing on the daily needs for "health, food, housing, transportation and entertainment", the Company continued to enrich financial and daily living scenarios, strengthened internet user operation, improved user experience and gradually promoted migration, to become customers' "wealth manager, health advisor and life companion".

The Company expects to maintain a steady growth in its performance in 2016. 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 asset management 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

2015 is the year of reform for insurance industry with a number of new policies. With unification of pension system and liberalization of universal insurance's minimum guaranteed interest rate at the beginning of the year, and a pilot reform in commercial auto insurance and an increase in death benefit for minors in the middle of the year, followed by expansion of the pilot reform in commercial auto insurance and the implementation of the policies on preferential individual income tax treatment for commercial health insurance at the end of 2015, these policies indicated that the insurance industry will play an increasingly important role in social and economic development, as well as our daily life in 2016. In 2015, China's insurance business realized a total premium income of RMB2,428,252 million, representing an increase of 20.0% over 2014. Of which, premium income from life insurance was RMB1,324,152 million; premium income from property and casualty insurance was RMB799,497 million; premium income from health insurance was RMB 241,047 million; premium income from accident insurance was RMB63,556 million. Total assets of insurance companies were RMB12.36 trillion, representing an increase of 21.7% as compared with the end of 2014. 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 China's 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.

The past one year witnessed the gear-shifting of China's domestic economy with the significant change for business environment of commercial banks. The trend is featured with "emergence of structural opportunities, co-existence of opportunities and challenges as well as divergence among industries". While confronting the overwhelming challenges such as official launch of the deposit insurance institution, the growing buzz in internet finance and the open-up policies as well as competition of private banking, bank industry is also facing various opportunities resulting from the growth-stabilizing policies, the 13th Five-Year Plan with new concepts in economic development, reforms in finance regulation, upgrades in personal finance and consumption demand as well as emerging technologies. In response, Ping An Bank adopted the model of smart operation and leveraged the integrated finance platform of Ping An Group to strength the innovation and promote management reformation. As a result, Ping An Bank has achieved stable growth of the total business scale with optimized business structure, stable quality of assets, persistent growth of operating efficacy, significant improvement of management, enhanced technology systems, boosted satisfaction from customers and employees as well as extensive brand recognition, all of which have been driving us towards the goal of "Best Commercial Bank".

Asset management industry has maintained sound in 2015. With the establishment of multi-tiered capital markets, the type of products continue to enrich, the entire business scale of asset management industry grew fast with outstanding improvement for profitability. Looking ahead to 2016, with the level of personal wealth and the demand for asset management increasing, the inception of mixed-ownership reform for state-owned enterprises, the launch of registration-based share offering, as well as liberalization of interest rate and exchange rate, these will bring great opportunity for the development of our asset management business. We will grasp the opportunities and take full advantage of Ping An Group's integrated finance to establish a leading investment management platform.

In recent years, the rapid development of internet technology has fueled the vigorous growth across industries and continues to extend into people's daily life. The combination of internet and enterprises enables higher efficiency with lower transaction costs and also breaks the geographical constraints for transactions. The internet finance industry is facing both opportunities and challenges. Opportunities are mainly from the government's strategy of "Internet+" which promotes the rapid and sound growth of the internet industry and successive policies on internet finance which boost the orderly operation of the industry and create a favorable policy environment for the development of internet finance. The major challenges are from innovation, including technological and business model innovation.

With the upgrading of technologies such as big data, cloud computing and face identification, internet finance business also needs to keep pace with the evolution of technology and strengthen the research and the investment on technology. In terms of business model innovation, it requires internet finance companies to be customer-oriented and product-innovative to explore new business models. In future, following the strategy of Ping An 3.0, we will take full advantage of the core finance business of the Group, expand technical innovation and strengthen external partnership, and aligning our business processes with the core technologies including mobile internet, cloud computing and big data to enhance customer experience and promote the development of our internet finance business.

OPPORTUNITIES AND CHALLENGES FOR FUTURE DEVELOPMENT

Amid the global economic slowdown in 2015, China's economy entered a stage of "new normal". It made significant progress in deepening reform, while being challenged by economic downturn. The year of 2016 is the beginning of China's 13th Five-Year Plan. With growing national wealth and deepening reform, China's economy will stay on the track of steady and healthy development. It has staged the substantial development for personal financial services industry and the enhanced integration of traditional industries with the internet, 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, confronting downward pressure, China's economy growth may further slow down. On the other hand, both traditional finance institutions and non-traditional finance companies have actively expedited deployment in internet finance 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.

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 shareholding changes

Unit: Shares	January 1, 2015		Changes during the reporting period					December 31, 2015	
	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 circulating shares									
1. RMB ordinary shares	5,168,381,436	58.12	-	-	+5,416,332,249(1)	+247,950,813(2)	+5,664,283,062	10,832,664,498	59.26
2. Domestically listed foreign shares	-	-	-	-	-	-	-	-	-
3. Overseas listed foreign shares	3,723,788,456	41.88	-	-	+3,723,788,456(1)	-	+3,723,788,456	7,447,576,912	40.74
4. Others	-	-	-	-	-	-	-	-	-
Total	8,892,169,892	100.00	-	-	+9,140,120,705(1)	+247,950,813(2)	+9,388,071,518	18,280,241,410	100.00
III. Total number of shares	8,892,169,892	100.00	-	-	+9,140,120,705(1)	+247,950,813(2)	+9,388,071,518	18,280,241,410	100.00

(1) The additional 5,416,332,249 A shares and 3,723,788,456 H shares during the reporting period resulted from the conversion of the capital reserve into share capital in the proportion of 10 shares for every 10 shares under the Company's profit distribution proposal for 2014.

(2) The additional 247,950,813 A shares during the reporting period resulted from the conversion of Ping An Convertible Bonds issued by the Company in 2013.

Security issuance and listing

Share issuance of the Company

There was no public issuance of shares during the reporting period.

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 247,950,813 and 5,416,332,249 due to the conversion of the Ping An Convertible Bonds and the conversion of the capital reserve into share capital, respectively. The total number of H shares increased by 3,723,788,456 due to the conversion of the capital reserve into share capital. As at December 31, 2015, the total share capital of the Company was 18,280,241,410 shares, of which 10,832,664,498 were A shares and 7,447,576,912 were H shares.

Existing staff shares

As at the end of the reporting period, the Company had no staff shares.

Ping An Convertible Bonds

As approved by the CIRC and CSRC, on November 22, 2013, the Company issued Ping An Convertible Bonds with the principal amount of RMB26 billion, and Ping An Convertible Bonds were listed on the SSE on December 9, 2013. 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 Ping An 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 Ping An 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 Ping An Convertible Bonds, and to redeem all the outstanding Ping An Convertible Bonds held by holders who were 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 Ping An 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 Ping An Convertible Bonds. The total redemption value of the Ping An Convertible Bonds amounts to RMB34,431,000, accounting for 0.13243% of the total value of RMB26 billion of Ping An Convertible Bonds.

Starting from January 12, 2015, the Ping An 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.

Shareholders' Information

Number of shareholders and their shareholdings

Total number of shareholders

Unit: Shareholder	As at the end of the reporting period (December 31, 2015)	As at the end of the month prior to publication of the annual report (February 29, 2016)
Total number of shareholders	325,472 (of which there were 320,779 domestic shareholders)	336,411 (of which there were 331,687 domestic shareholders)

Changes in the Share Capital and Shareholders' Profile

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[3]	Type of shares	Number of selling-restricted shares held	Number of pledged or frozen shares
Hong Kong Securities Clearing Company Nominees Limited[1]	Overseas legal person	32.10	5,867,578,046	+3,027,994,525	H share	-	unknown
Shenzhen Investment Holdings Co., Ltd.	State	5.27	962,719,102	+481,359,551	A share	-	380,060,000 pledged shares
All Gain Trading Limited	Overseas legal person	4.32	789,001,992	+394,500,996	H share	-	789,001,992 pledged shares
Huaxia Life Insurance Co., Ltd. - Universal Insurance Products	Others	3.40	621,586,439	+621,586,439	A share	-	-
Bloom Fortune Group Limited	Overseas legal person	2.77	505,772,634	+252,886,317	H share	-	505,772,634 pledged shares
Central Huijin Asset Management Ltd.	State	2.65	483,801,600	+483,801,600	A share	-	-
China Securities Finance Corporation Limited	State-owned legal person	2.07	377,662,665	+371,424,483	A share	-	-
Business Fortune Holdings Limited	Overseas legal person	1.43	261,581,728	+36,652,723	H share	-	111,969,286 pledged shares
Shum Yip Group Limited	State-owned legal person	1.41	257,728,008	+128,864,004	A share	-	-
Hong Kong Securities Clearing Company Limited[2]	Overseas legal person	1.03	188,979,751	+43,191,199	A share	-	-

Note: (1) Shares held by Hong Kong Securities Clearing Company Nominees Limited ("HKSCC Nominees Limited") are held on behalf of its clients. The shares owned by All Gain Trading Limited, Bloom Fortune Group Limited and Business Fortune Holdings Limited have been registered under the name of HKSCC Nominees Limited. In order to avoid double counting, the shares owned by these three companies have been deducted from the shares held by HKSCC Nominees Limited.

(2) Hong Kong Securities Clearing Company Limited is an institution that holds shares as a nominee shareholder of the Shanghai-Hong Kong Stock Connect Program.

(3) During the reporting period, the capital reserve were converted into share capital and 10 bonus shares were issued for every 10 shares to all shareholders registered on the record date as a result of the implementation of the Company's profit distribution proposal for 2014.

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., and they are of connected relationship 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.

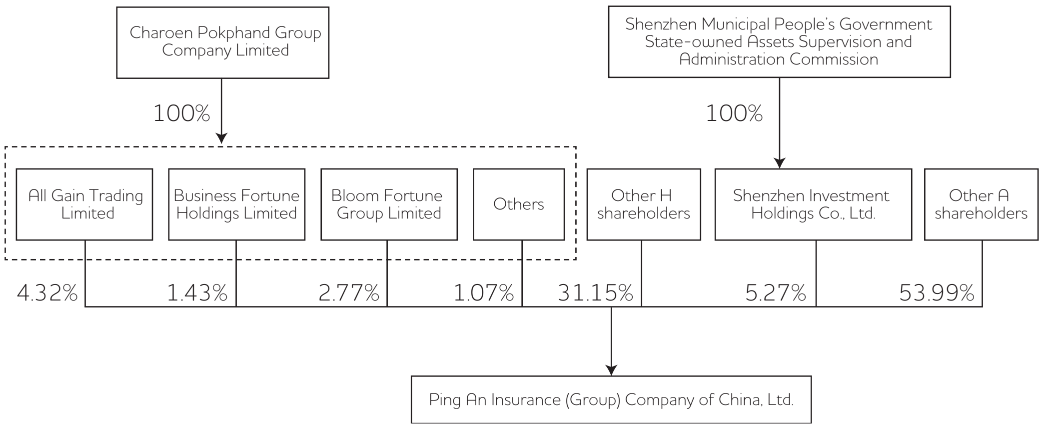
Particulars of controlling shareholder and de facto controller

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

Information on shareholders holding more than 5% of equity interest of the Company

As at December 31, 2015, the total number of issued shares of the Company were 18.28 billion, CP Group Ltd. indirectly held 1,752,331,636 H shares of the Company in total, representing 9.59% of the total issued shares of the Company; Shenzhen Investment Holdings Co., Ltd. held 962,719,102 A Shares of the Company in total, representing 5.27% of the total issued shares of the Company.

The following chart shows the relationship between the Company and the ultimate controller of shareholders holding more than 5% 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. 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.

Founded on October 13, 2004, with a registered and paid-in capital of RMB21.45 billion, Shenzhen Investment Holdings Co., Ltd. is a state wholly-owned limited liability company with the registered address of Floor 18, Investment Tower, Shennan Road, Futian District in Shenzhen, as well as having Xiong Peijin as its legal representative. The business scope of Shenzhen Investment Holdings Co., Ltd. is as follows: investment, operation and management of state-owned equities in enterprises in which it has either the wholly-ownership, holding stakes or share participation through restructuring and merging, capital operating, asset disposing etc.; real estate developments and operations with legal land usage permissions; policy-driven and strategic investments aligned with requirements from the Shenzhen Municipal People's Government State-owned Assets Supervision and Administration Commission; guarantee provision for state-owned enterprises under Shenzhen municipality; other operations as permitted by the Shenzhen Municipal People's Government State-owned Assets Supervision and Administration Commission.

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 Directors or Supervisors of the Company, as at December 31, 2015, 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	H	Interest of controlled corporations		2,357,656,226	Long position	31.66	12.90
		Party to s317 agreement		100,000,000	Long position	1.34	0.55
		Total:	(1),(2)	2,457,656,226		33.00	13.44
		Interest of controlled corporations	(1)	605,324,590	Short position	8.13	3.31
Dhanin Chearavanont	H	Party to s317 agreement		2,357,656,226	Long position	31.66	12.90
		Interest of controlled corporations		100,000,000	Long position	1.34	0.55
		Total:	(1),(2)	2,457,656,226		33.00	13.44
		Party to s317 agreement	(2)	605,324,590	Short position	8.13	3.31
King Ace International Limited	H	Party to s317 agreement		2,357,656,226	Long position	31.66	12.90
		Interest of controlled corporations		100,000,000	Long position	1.34	0.55
		Total:	(1),(2)	2,457,656,226		33.00	13.44
		Party to s317 agreement	(2)	605,324,590	Short position	8.13	3.31

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)	789,001,992	Long position	10.59	4.32
Easy Boom Developments Limited	H	Beneficial owner	(1)	605,324,590	Long position	8.13	3.31
				605,324,590	Short position	8.13	3.31
Bloom Fortune Group Limited	H	Beneficial owner	(1)	505,772,634	Long position	6.79	2.77
JPMorgan Chase & Co.	H	Beneficial owner		385,068,803	Long position	5.17	2.11
		Investment Manager		156,308,445	Long position	2.10	0.86
		Trustee		2,200	Long position	0.00	0.00
		Custodian		263,636,892	Lending Pool	3.54	1.44
		Total:	(3)	805,016,340		10.81	4.40
		Beneficial owner		109,857,485	Short position	1.48	0.60
		Investment Manager		2,225	Short position	0.00	0.00
		Total:	(3)	109,859,710		1.48	0.60
UBS AG	H	Beneficial owner		667,735,354	Long position	8.97	3.65
		Person having a security interest in shares		165,093,247	Long position	2.22	0.90
		Interest of controlled corporations	(4)	101,096,520	Long position	1.36	0.55
		Total:	(4)	933,925,121		12.54	5.11
		Beneficial owner	(4)	1,189,596,046	Short position	15.97	6.51
UBS Group AG	H	Person having a security interest in shares		164,331,096	Long position	2.21	0.90
		Interest of controlled corporations	(5)	798,969,126	Long position	10.73	4.37
		Total:	(5)	963,300,222		12.93	5.27
		Interest of controlled corporations	(5)	1,224,395,172	Short position	16.44	6.70
Deutsche Bank Aktiengesellschaft	H	Beneficial owner		340,735,134	Long position	4.58	1.86
		Person having a security interest in shares		7,602,203	Long position	0.10	0.04
		Interest of controlled corporations	(6)	19,302,347	Long position	0.26	0.11
		Custodian		6,497,516	Lending Pool	0.09	0.04
		Other		385,000	Long position	0.01	0.00
		Total:	(6)	374,522,200		5.03	2.05
		Beneficial owner	(6)	298,853,336	Short position	4.01	1.63
Shenzhen Investment Holdings Co., Ltd.	A	Beneficial owner		962,719,102	Long position	8.89	5.27
Huaxia Life Insurance Co., Ltd. – Universal Insurance Products	A	Beneficial owner		621,586,439	Long position	5.74	3.40

Notes:

(1) CP Group Ltd. was deemed to be interested in a total of 2,357,656,226 H shares (Long position) and 605,324,590 H shares (Short position) in the Company by virtue of its control over several corporations.

According to the disclosure form filed by CP Group Ltd. on November 4, 2015, the following interests in H shares were held by CP Group Ltd. through its controlled corporations, the details of which are as follows:

Name of controlled corporation	Name of controlling shareholder	% control	Direct interest (Y/N)	Nature of interest	Number of shares
CPG Overseas Company Limited	Chareon Pokphand Group Company Limited	100.00	N	Long position	2,357,656,226
CT Bright Group Company Limited (Formerly known as "Chia Tai Resources Holdings Limited")	CPG Overseas Company Limited	100.00	N	Long position	2,357,656,226
Chia Tai Giant Far Limited	CT Bright Group Company Limited (Formerly known as "Chia Tai Resources Holdings Limited")	100.00	N	Long position	2,357,656,226
Chia Tai Primrose Holdings Limited	Chia Tai Giant Far Limited	100.00	Y	Long position	8,360,200
Chia Tai Primrose Holdings Limited	Chia Tai Giant Far Limited	100.00	N	Long position	2,349,296,026
Chia Tai Primrose Investment Limited	Chia Tai Primrose Holdings Limited	100.00	N	Long position	2,349,296,026
Easy Boom Developments Limited	Chia Tai Primrose Investment Limited	100.00	Y	Long position Short position	605,324,590 605,324,590
All Gain Trading Limited	Chia Tai Primrose Investment Limited	100.00	Y	Long position	789,001,992
Business Fortune Holdings Limited	Chia Tai Primrose Investment Limited	100.00	Y	Long position	261,581,728
Bloom Fortune Group Limited	Chia Tai Primrose Investment Limited	100.00	Y	Long position	505,772,634
Jubilee Success Holdings Limited	Chia Tai Primrose Investment Limited	100.00	Y	Long position	47,352,072
Majestic Junilee Limited	Chia Tai Primrose Investment Limited	100.00	Y	Long position	20,730,730
Ewealth Global Limited	Chia Tai Primrose Investment Limited	100.00	Y	Long position	76,858,634
King Beyond Global Limited	Chia Tai Primrose Investment Limited	100.00	Y	Long position	42,673,646

The entire interests of CP Group Ltd. in the Company included 605,324,590 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 100,000,000 H shares (Long position) by virtue of section 317 of the SFO.

(2) Boom Dragon Limited and Long Growth Global Limited held 88,000,000 H shares (Long position) and 12,000,000 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 2,357,656,226 H shares (Long position) and 605,324,590 H shares (Short position) by virtue of section 317 of the SFO.

(3) JPMorgan Chase & Co. was deemed to be interested in a total of 805,016,340 H shares (Long position) and 109,859,710 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 11, 2015, 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 (Y/N)	Nature of interest	Number of shares
J.P. Morgan Securities LLC	J.P. Morgan Broker-Dealer Holdings Inc	100.00	Y	Long position	93,194,397
				Short position	218,557
J.P. Morgan Clearing Corp	J.P. Morgan Securities LLC	100.00	Y	Long position	1,214,961
				Short position	8,400
JF International Management Inc.	JPMorgan Asset Management (Asia) Inc.	100.00	Y	Long position	762,000
				Short position	0
JF Asset Management Limited	JPMorgan Asset Management (Asia) Inc.	100.00	Y	Long position	69,774,000
				Short position	0
JPMorgan Asset Management (Japan) Limited	JPMorgan Asset Management (Asia) Inc.	100.00	Y	Long position	3,112,500
				Short position	0
JPMorgan Asset Management (Taiwan) Limited	JPMorgan Asset Management (Asia) Inc.	100.00	Y	Long position	4,720,500
				Short position	0
J.P. Morgan Investment Management Inc.	JPMorgan Asset Management Holdings Inc	100.00	Y	Long position	33,670,226
				Short position	1,625
J.P. Morgan GT Corporation	JPMorgan Chase & Co.	100.00	Y	Long position	1,000,000
				Short position	0
Bank One International Holdings Corporation	J.P. Morgan International Inc.	100.00	N	Long position	458,225,392
				Short position	131,552,567
J.P. Morgan International Inc.	JPMorgan Chase Bank, N.A.	100.00	N	Long position	458,225,392
				Short position	131,552,567
J.P. Morgan Chase International Holdings	J.P. Morgan Chase (UK) Holdings Limited	100.00	N	Long position	168,565,947
				Short position	21,922,039
J.P. Morgan Trust Company of Delaware	J.P. Morgan Equity Holdings, Inc.	100.00	Y	Long position	9,428
				Short position	0
J.P. Morgan Whitefriars Inc.	J.P. Morgan Overseas Capital Corporation	100.00	Y	Long position	118,580,512
				Short position	65,648,893
J.P. Morgan Securities plc	J.P. Morgan Capital Financing Limited	0.59	Y	Long position	168,565,947
				Short position	21,922,039
J.P. Morgan Securities plc	J.P. Morgan Chase International Holdings	99.41	Y	Long position	168,565,947
				Short position	21,922,039
JPMorgan Chase Bank, N.A.	JPMorgan Chase & Co.	100.00	Y	Long position	270,079,309
				Short position	600
J.P. Morgan Chase Bank Berhad	J.P. Morgan International Finance Limited	100.00	Y	Long position	2,512,986
				Short position	8,950,000
JPMorgan Asset Management (UK) Limited	JPMorgan Asset Management Holdings (UK) Limited	100.00	Y	Long position	32,140,400
				Short position	0

Changes in the Share Capital and Shareholders' Profile

Name of controlled corporation	Name of controlling shareholder	% control	Direct interest (Y/N)	Nature of interest	Number of shares
China International Fund Management Co Ltd	JPMorgan Asset Management (UK) Limited	49.00	Y	Long position	5,459,500
				Short position	0
JPMorgan Funds Management, Inc.	JPMorgan Distribution Services, Inc.	100.00	Y	Long position	219,674
				Short position	0
J.P. Morgan Structured Products B.V.	J.P. Morgan International Finance Limited	100.00	Y	Long position	0
				Short position	13,109,596
J.P. Morgan Capital Financing Limited	JPMorgan Chase & Co.	100.00	N	Long position	168,565,947
				Short position	21,922,039
J.P. Morgan Securities LLC	J.P. Morgan Broker-Dealer Holdings Inc	100.00	N	Long position	1,214,961
				Short position	8,400
J.P. Morgan Broker-Dealer Holdings Inc	JPMorgan Chase & Co.	100.00	N	Long position	94,409,358
				Short position	226,957
J.P. Morgan Capital Holdings Limited	J.P. Morgan Overseas Capital Corporation	27.27	N	Long position	168,565,947
				Short position	21,922,039
J.P. Morgan Capital Holdings Limited	J.P. Morgan International Finance Limited	72.73	N	Long position	168,565,947
				Short position	21,922,039
JPMorgan Asset Management Holdings Inc	JPMorgan Chase & Co.	100.00	N	Long position	149,639,126
				Short position	1,625
JPMorgan Asset Management (Asia) Inc.	JPMorgan Asset Management Holdings Inc	100.00	N	Long position	78,369,000
				Short position	0
J.P. Morgan Chase (UK) Holdings Limited	J.P. Morgan Capital Holdings Limited	100.00	N	Long position	168,565,947
				Short position	21,922,039
JPMorgan Asset Management Holdings (UK) Limited	JPMorgan Asset Management International Limited	100.00	N	Long position	37,599,900
				Short position	0
J.P. Morgan Overseas Capital Corporation	J.P. Morgan International Finance Limited	100.00	N	Long position	287,146,459
				Short position	87,570,932
JPMorgan Asset Management International Limited	JPMorgan Asset Management Holdings Inc	100.00	N	Long position	37,599,900
				Short position	0
JPMorgan Chase Bank, N.A.	JPMorgan Chase & Co.	100.00	N	Long position	458,225,392
				Short position	131,552,567
J.P. Morgan Equity Holdings, Inc.	JPMorgan Chase & Co.	100.00	N	Long position	9,428
				Short position	0
J.P. Morgan International Finance Limited	Bank One International Holdings Corporation	100.00	N	Long position	458,225,392
				Short position	131,552,567
JPMorgan Asset Management (UK) Limited	JPMorgan Asset Management Holdings (UK) Limited	100.00	N	Long position	5,459,500
				Short position	0
JPMorgan Distribution Services, Inc.	JPMorgan Chase & Co.	100.00	N	Long position	219,674
				Short position	0

The entire interests and short positions of JPMorgan Chase & Co. in the Company included a lending pool of 263,636,892 H shares (Long position). Besides, 121,660,252 H shares (Long position) and 109,851,310 H shares (Short position) were held through derivatives as follows:

34,038,711 H shares (Long position) and 16,964,517 H shares (Short position)	–	through physically settled listed securities
477,000 H shares (Long position) and 27,238,100 H shares (Short position)	–	through cash settled listed securities
27,956,865 H shares (Long position) and 21,539,828 H shares (Short position)	–	through physically settled unlisted securities
59,187,676 H shares (Long position) and 44,108,865 H shares (Short position)	–	through cash settled unlisted securities

(4) UBS AG was deemed to be interested in a total of 101,096,520 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 July 30, 2015, 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 (Y/N)	Nature of interest	Number of shares
UBS Fund Management (Switzerland) AG	UBS AG	100.00	Y	Long position	13,347,500
				Short position	0
UBS Fund Services (Luxembourg) S.A.	UBS AG	100.00	Y	Long position	22,604,966
				Short position	0
UBS Global Asset Management (Americas) Inc.	UBS AG	100.00	Y	Long position	2,503,000
				Short position	0
UBS Global Asset Management (Australia) Ltd	UBS AG	100.00	Y	Long position	370,000
				Short position	0
UBS Global Asset Management (Canada) Inc.	UBS AG	100.00	Y	Long position	4,440,000
				Short position	0
UBS Global Asset Management (Hong Kong) Limited	UBS AG	100.00	Y	Long position	12,470,936
				Short position	0
UBS Global Asset Management (Japan) Ltd	UBS AG	100.00	Y	Long position	1,964,104
				Short position	0
UBS Global Asset Management (Singapore) Ltd	UBS AG	100.00	Y	Long position	26,022,000
				Short position	0
UBS Global Asset Management Trust Company	UBS AG	100.00	Y	Long position	64,000
				Short position	0
UBS Global Asset Management (UK) Ltd	UBS AG	100.00	Y	Long position	16,052,000
				Short position	0
UBS Global Asset Management (Deutschland) GmbH	UBS AG	100.00	Y	Long position	29,000
				Short position	0
UBS Financial Services Inc.	UBS AG	100.00	Y	Long position	34,814
				Short position	0
UBS Bank (Canada)	UBS AG	100.00	Y	Long position	13,700
				Short position	0

Changes in the Share Capital and Shareholders' Profile

Name of controlled corporation	Name of controlling shareholder	% control	Direct interest (Y/N)	Nature of interest	Number of shares
UBS Swiss Financial Advisers AG	UBS AG	100.00	Y	Long position	510,000
				Short position	0
UBS Global Asset Management Life Ltd	UBS AG	100.00	Y	Long position	12,000
				Short position	0
UBS Switzerland AG	UBS AG	100.00	Y	Long position	622,000
				Short position	0
UBS O' Connor Limited	UBS AG	100.00	Y	Long position	36,500
				Short position	0

Besides, 644,518,785 H shares (Long position) and 1,089,909,472 H shares (Short position) were held through derivatives as follows:

9,955,876 H shares (Long position) and 9,967,000 H shares (Short position) – through physically settled listed securities

1,252,878 H shares (Long position) and 29,279,768 H shares (Short position) – through cash settled listed securities

182,785,280 H shares (Long position) and 51,911,643 H shares (Short position) – through physically settled unlisted securities

450,524,751 H shares (Long position) and 998,751,061 H shares (Short position) – through cash settled unlisted securities

(5) UBS Group AG was deemed to be interested in a total of 798,969,126 H shares (Long position) and 1,224,395,172 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 21, 2015, 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 (Y/N)	Nature of interest	Number of shares
UBS AG	UBS Group AG	100.00	Y	Long position	678,783,911
				Short position	1,224,376,672
UBS Asset Management (Americas) Inc.	UBS Group AG	100.00	Y	Long position	1,010,000
				Short position	0
UBS Asset Management (Australia) Ltd	UBS Group AG	100.00	Y	Long position	415,000
				Short position	0
UBS Asset Management (Canada) Co.	UBS Group AG	100.00	Y	Long position	4,440,000
				Short position	0
UBS Asset Management (Deutschland) GmbH	UBS Group AG	100.00	Y	Long position	29,000
				Short position	0
UBS Asset Management (Hong Kong) Ltd	UBS Group AG	100.00	Y	Long position	12,834,166
				Short position	0
UBS Asset Management (Japan) Ltd	UBS Group AG	100.00	Y	Long position	2,225,604
				Short position	0
UBS Asset Management Life Limited	UBS Group AG	100.00	Y	Long position	12,000
				Short position	0

Name of controlled corporation	Name of controlling shareholder	% control	Direct interest (Y/N)	Nature of interest	Number of shares
UBS Asset Management (Singapore) Ltd	UBS Group AG	100.00	Y	Long position	32,438,500
				Short position	0
UBS Asset Management Trust Company	UBS Group AG	100.00	Y	Long position	174,000
				Short position	0
UBS Asset Management (UK) Limited	UBS Group AG	100.00	Y	Long position	21,701,500
				Short position	0
UBS Fund Management (Luxembourg) S.A.	UBS Group AG	100.00	Y	Long position	27,420,300
				Short position	0
UBS Fund Management (Switzerland) AG	UBS Group AG	100.00	Y	Long position	16,102,000
				Short position	0
UBS O' Connor Limited	UBS Group AG	100.00	Y	Long position	31,000
				Short position	18,500
UBS Switzerland AG	UBS Group AG	100.00	Y	Long position	841,009
				Short position	0
UBS Financial Services Inc.	UBS Group AG	100.00	Y	Long position	73,864
				Short position	0
UBS Bank (Canada)	UBS Group AG	100.00	Y	Long position	25,272
				Short position	0
UBS Swiss Financial Advisers AG	UBS Group AG	100.00	Y	Long position	412,000
				Short position	0

Besides, 673,815,082 H shares (Long position) and 1,189,597,646 H shares (Short position) were held through derivatives as follows:

7,290,813 H shares (Long position) and 19,003,500 H shares (Short position) – through physically settled listed securities

1,218,508 H shares (Long position) and 24,289,004 H shares (Short position) – through cash settled listed securities

221,848,028 H shares (Long position) and 148,987,778 H shares (Short position) – through physically settled unlisted securities

443,457,733 H shares (Long position) and 997,317,364 H shares (Short position) – through cash settled unlisted securities

Changes in the Share Capital and Shareholders' Profile

(6) Deutsche Bank Aktiengesellschaft was deemed to be interested in a total of 19,302,347 H shares (Long position) in the Company by virtue of its control over several corporations.

According to the disclosure form filed by Deutsche Bank Aktiengesellschaft on August 27, 2015, the following interests in H shares were held by Deutsche Bank Aktiengesellschaft through its controlled corporations, the details of which are as follows:

Name of controlled corporation	Name of controlling shareholder	% control	Direct interest (Y/N)	Nature of interest	Number of shares
DB Valoren S.à r.l.	Deutsche Bank Aktiengesellschaft	100.00	N	Long position	3,979,782
				Short position	0
Deutsche Asia Pacific Holdings Pte Ltd	DB Valoren S.à r.l.	100.00	N	Long position	3,979,782
				Short position	0
Deutsche Asset Management (Asia) Limited	Deutsche Asia Pacific Holdings Pte Ltd	100.00	Y	Long position	3,979,782
				Short position	0
DB UK PCAM Holdings Limited	Deutsche Bank Aktiengesellschaft	100.00	N	Long position	1,383,962
				Short position	0
Deutsche Asset Management Group Limited	DB UK PCAM Holdings Limited	100.00	N	Long position	1,383,962
				Short position	0
Deutsche Asset Management (Korea) Company Limited	Deutsche Asset Management Group Limited	100.00	Y	Long position	31,000
				Short position	0
Deutsche Asset Management (UK) Limited	Deutsche Asset Management Group Limited	100.00	Y	Long position	1,352,962
				Short position	0
Deutsche Bank Luxembourg S.A.	Deutsche Bank Aktiengesellschaft	100.00	N	Long position	1,331,200
				Short position	0
Deutsche Asset & Wealth Management Investment S.A.	Deutsche Bank Luxembourg S.A.	100.00	Y	Long position	1,331,200
				Short position	0
DB Finanz-Holding GmbH	Deutsche Bank Aktiengesellschaft	100.00	N	Long position	11,115,115
				Short position	0
DWS Holding & Service GmbH	DB Finanz-Holding GmbH	99.38	N	Long position	11,115,115
				Short position	0
Deutsche Asset & Wealth Management Investment GmbH	DWS Holding & Service GmbH	100.00	Y	Long position	11,115,115
				Short position	0
DB Capital Markets (Deutschland) GmbH	Deutsche Bank Aktiengesellschaft	100.00	N	Long position	1,180,288
				Short position	0
Deutsche Asset & Wealth Management International GmbH	DB Capital Markets (Deutschland) GmbH	100.00	Y	Long position	900,088
				Short position	0
Sal. Oppenheim jr. & Cie. AG & Co. Kommanditgesellschaft auf Aktien	DB Capital Markets (Deutschland) GmbH	100.00	N	Long position	280,200
				Short position	0
Sal. Oppenheim jr. & Cie. Luxembourg S.A.	Sal. Oppenheim jr. & Cie. AG & Co. Kommanditgesellschaft auf Aktien	100.00	N	Long position	280,200
				Short position	0

Name of controlled corporation	Name of controlling shareholder	% control	Direct interest (Y/N)	Nature of interest	Number of shares
Oppenheim Asset Management Services S.à r.l.	Sal. Oppenheim jr. & Cie. Luxembourg S.A.	100.00	Y	Long position	280,200
				Short position	0
Deutsche Finance No. 2 Limited	Deutsche Bank Aktiengesellschaft	100.00	N	Long position	312,000
				Short position	0
Deutsche Holdings No. 4 Limited	Deutsche Finance No. 2 Limited	94.90	N	Long position	312,000
				Short position	0
Abbey Life Assurance Company Limited	Deutsche Holdings No. 4 Limited	100.00	Y	Long position	312,000
				Short position	0

The entire interests and short positions of Deutsche Bank Aktiengesellschaft in the Company included a lending pool of 6,497,516 H shares (Long position). Besides, 320,723,336 H shares (Long position) and 298,853,336 H shares (Short position) were held through derivatives as follows:

2,172,000 H shares (Long position) and 5,270,000 H shares (Short position)	–	through physically settled listed securities
274,401,976 H shares (Long position) and 279,141,976 H shares (Short position)	–	through cash settled listed securities
44,149,360 H shares (Long position) and 14,441,360 H shares (Short position)	–	through cash settled unlisted securities

(7) 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, 2015 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	60	2015.06-2018 election
SUN Jianyi	Vice Chairman and Executive Vice President	Male	63	2015.06-2018 election
REN Huichuan	Executive Director and President	Male	46	2015.06-2018 election
YAO Jason Bo	Executive Director, Executive Vice President, Chief Financial Officer and Chief Actuary	Male	45	2015.06-2018 election
LEE Yuansiong	Executive Director, Executive Vice President and Chief Insurance Business Officer	Male	50	2015.06-2018 election
CAI Fangfang	Executive Director, Chief Human Resource Officer	Female	42	2015.06-2018 election
LIN Lijun	Non-executive Director	Female	53	2015.06-2018 election
Soopakij CHEARAVANONT	Non-executive Director	Male	51	2015.06-2018 election
YANG Xiaoping	Non-executive Director	Male	51	2015.06-2018 election
XIONG Peijin[1]	Non-executive Director	Male	50	2016.01-2018 election

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

Name	Positions	Sex	Age	Period of appointment
LIU Chong[1]	Non-executive Director	Male	56	2016.01-2018 election
WOO Ka Biu Jackson	Independent Non-executive Director	Male	53	2015.06-2018 election
Stephen Thomas MELDRUM	Independent Non-executive Director	Male	73	2015.06-2018 election
YIP Dicky Peter	Independent Non-executive Director	Male	68	2015.06-2018 election
WONG Oscar Sai Hung	Independent Non-executive Director	Male	60	2015.06-2018 election
SUN Dongdong	Independent Non-executive Director	Male	56	2015.06-2018 election
GE Ming[2]	Independent Non-executive Director	Male	64	2015.06-2018 election
FAN Mingchun[1]	Resigned Vice Chairman, resigned Non-executive Director	Male	53	2015.06-2016.01
LI Zhe[2]	Retired Non-executive Director	Female	46	2012.06-2015.06
LU Hua[1]	Resigned Non-executive Director	Male	51	2015.06-2016.01
TANG Yunwei[2]	Retired Independent Non-executive Director	Male	72	2012.06-2015.06
LEE Carmelo Ka Sze[2]	Retired Independent Non-executive Director	Male	55	2012.06-2015.06

Directors, Supervisors, Senior Management and Employees

Name	Positions	Sex	Age	Period of appointment
GU Liji	Chairman of Supervisory Committee (Independent Supervisor)	Male	68	2015.06-2018 election
PENG Zhijian	Independent Supervisor	Male	67	2015.06-effective date of resignation(3)
ZHANG Wangjin	Shareholder Representative Supervisor	Female	36	2015.06-2018 election
PAN Zhongwu	Employee Representative Supervisor	Male	46	2015.06-2018 election
GAO Peng(4)	Employee Representative Supervisor	Male	39	2015.06-2018 election
LIN Li(4)	Retired Shareholder Representative Supervisor	Male	53	2012.07-2015.06
SUN Jianping(4)	Retired Employee Representative Supervisor	Male	55	2012.07-2015.06
ZHAO Fujun(4)	Retired Employee Representative Supervisor	Male	50	2012.07-2015.06
TAN Sin Yin(5)	Executive Vice President, Chief Operation Officer and Chief Information Officer	Female	38	2015.06-
IP So Lan	Senior Vice President, Chief Internal Auditor, Compliance Officer and Person-in-charge of Auditing	Female	59	2011.01-
CHEN Kexiang	Senior Vice President	Male	58	2007.01-
CAO Shifan	Senior Vice President	Male	60	2007.04-
YAO Jun	Chief Legal Officer, Company Secretary	Male	50	2008.10-
JIN Shaoliang	Secretary of the Board	Male	55	2012.02-
CHAN Tak Yin(6)	Chief Investment Officer	Male	55	2012.08-2015.07

(1) Due to personal work arrangement, Mr. Fan Mingchun and Mr. Lu Hua have tendered their resignations as Non-executive Directors of the Company. According to the resolution passed at the 2nd Extraordinary General Meeting of 2015 of the Company held on December 17, 2015, Mr. Xiong Peijin and Mr. Liu Chong were elected as Non-executive Directors of the Company in place of Mr. Fan Mingchun and Mr. Lu Hua, respectively. The qualifications of Mr. Xiong Peijin and Mr. Liu Chong as Directors of the Company were obtained from CIRC on January 8, 2016, on which day the appointment of Mr. Xiong Peijin and Mr. Liu Chong in place of Mr. Fan Mingchun and Mr, Lu Hua became effective.

(2) The election of the new session of the Board of Directors was passed at the 2014 Annual General Meeting of the Company held on June 15, 2015. According to the resolution, the 10th session of the Board of Director was composed of 17 Directors. Ms. Li Zhe did not stand for re-election as Director of the Company due to personal work arrangement, and Mr. Tang Yunwei and Mr. Lee Carmelo Ka Sze did not stand for re-election as Directors of the Company due to expiration of their terms of office of 6 years as Independent Non-executive Directors. The term of office of Ms. Li Zhe expired on June 15, 2015. According to the resolution passed at the General Meeting, Mr. Ge Ming was elected as an Independent Non-executive Director of the 10th Session of the Board of Directors of the Company. The qualification of Mr. Ge Ming as a Director of the Company was obtained from CIRC on June 30, 2015, on which day the appointment of Mr. Ge Ming and the resignation of Mr. Tang Yunwei and Mr. Lee Carmelo Ka Sze became effective.

(3) The Supervisory Committee of the Company received a letter of resignation from Mr. Peng Zhijian on November 12, 2015. Mr. Peng Zhijian proposed to resign as a Supervisor of the Company due to personal work arrangement. The resignation of Mr. Peng Zhijian as a Supervisor shall be effective upon the approval of the qualification of the new Supervisor (who is appointed to fill Mr. Peng's vacancy) from CIRC. Prior to that, Mr. Peng Zhijian shall continue to perform his duties as a Supervisor in accordance with the laws, administrative regulations and the Articles of Association.

(4) The election of the new session of the Supervisory Committee of the Company was passed at the 2014 Annual General Meeting of the Company held on June 15, 2015. According to the resolution, the 8th session of the Supervisory Committee was composed of 5 Supervisors. Mr. Lin Li, Mr. Sun Jianping and Mr. Zhao Fujun did not stand for re-election as Supervisors due to personal work arrangement. The term of office of Mr. Lin Li expired on June 15, 2015. According to the resolution passed at the employees' representatives meeting of the Company held on January 23, 2015, Mr. Gao Peng was elected as an Employee Representative Supervisor of the 8th session of the Supervisory Committee of the Company. The qualification of Mr. Gao Peng as a Supervisor of the Company was obtained from CIRC on June 30, 2015, on which day the appointment of Mr. Gao Peng and the resignation of Mr. Sun Jianping and Mr. Zhao Fujun became effective.

(5) As considered and approved at the 17th meeting of the 9th session of the Board of Directors held on March 19, 2015, Ms. Tan Sin Yin was appointed as the Senior Vice President of the Company. Ms. Tan Sin Yin was granted the qualifications to act as the Senior Vice President by CIRC on May 28, 2015 and officially served as the Senior Vice President of the Company since June 1, 2015. She has been re-designated as the Executive Vice President of the Company since January 12, 2016.

(6) Mr. Chan Tak Yin has no longer served as the Senior Management of the Company since July 10, 2015, his position of the Chief Investment Officer remains unchanged.

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

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 Chairman and CEO of the Company, and has been fully involved in the operation and management of the Company. Prior to founding 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, and is currently the President of the Company, the Director of a number of controlled subsidiaries of the Company including Ping An Property & Casualty, Ping An Life, Ping An Asset Management, Ping An Trust, and was appointed as the acting Chairman of Ping An Trust. Mr. Ren joined the Company in 1992, and served as 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, and has been the Chairman and CEO of WanLiTong between February 2015 and December 2015. 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, and is the Executive Vice President, Chief Financial Officer and Chief Actuary of the Company. Mr. Yao is the director of a number of controlled subsidiaries of the Company including Ping An Bank, Ping An Life, Ping An Property & Casualty, and Ping An Asset Management. Mr. Yao joined the Company in May 2001 and served as the Senior Vice President of the Company from October 2012 to January 2016. Prior to that, Mr. Yao has successively held different positions of the Company including the Deputy General Manager of the Product Centre, the Deputy Chief Actuary, the General Manager of the Corporate Planning Department, the Deputy Financial Officer and Financial Director of the Company. Prior to joining the Company, Mr. Yao served in Deloitte Touche Tohmatsu as a senior manager and consulting actuary. Mr. Yao is a Fellow of the Society of Actuaries (FSA), and holds an MBA degree from New York University.

Directors, Supervisors, Senior Management and Employees

LEE Yuansiong, has been an Executive Director of the Company since June 2013, and is currently the Executive Vice President and Chief Insurance Business Officer of the Company, and 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, and is currently the Chief Human Resource Officer of the Company, the Executive Vice President of Ping An School of Financial Services, and the Director of a number of controlled subsidiaries of the Company including Ping An Bank, Ping An Life, Ping An Property & Casualty and Ping An Asset Management. Ms. Cai joined the Company in July 2007, and served as 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. 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

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 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.

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 the Chairman of Chia Tai Enterprises International Limited, 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, and is currently the Vice Chairman of the CP Group, an Executive Director and the Vice Chairman of C.P. Lotus Corporation, CEO of CT Bright Holdings Limited, a Non-executive Director of Tianjin Binhai Teda Logistics (Group) Corporation Limited and a Non-Executive Director of CITIC 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.

XIONG Peijin, has been a Non-executive Director of the Company since January 2016, and is currently the Director, General Manager and Deputy Secretary of the Party Committee of Shenzhen Investment Holdings Co., Ltd., and he is also the Non-executive Director of Guotai Junan Securities Company Limited. Mr. Xiong had served as the Director, General Manager and Deputy Secretary of the Party Committee of Shenzhen Special Economic Zone Construction and Development Group Co., Ltd. from July 2011 to May 2014 and the Director of Shenzhen Capital Group Co., Ltd. from June 2010 to September 2012. Prior to that, Mr. Xiong served as the General Economist and member of the Party Committee of Shenzhen Municipal People's Government State-owned Assets Supervision and Administration Commission, Financial Director of Shenzhen International Trust and Investment Co., Ltd., Chairman of the Supervisory Committee and Financial Director of Shenzhen Nanyou (Holdings) Co., Ltd., etc.. Mr. Xiong obtained a Master's degree of Administration Management from Sun Yat-sen University and an EMBA degree from Guanghua School of Management of Peking University. Mr. Xiong is a qualified senior accountant and has the qualification of certified public accountant in China.

LIU Chong, has been a Non-executive Director of the Company since January 2016, and is currently the Vice President of Shum Yip Group Limited and Shum Yip Holdings Company Limited, the Vice President and Executive Director of Shenzhen Investment Limited. Prior to that, Mr. Liu served successively as a Deputy General Manager and Financial Controller of Shenzhen SDG Company Limited, a Director and Financial Controller of Shenzhen Petrochemical Group Co., Ltd., a Director and Financial Controller of Shenzhen Health Mineral Water Co., Ltd., a Director of Shenzhen Tellus (Group) Company Limited from June 2009 to June 2010, and was an Independent Director of Shenzhen Shenxin Taifeng Group Co., Ltd. from May 2009 to February 2014. Mr. Liu holds a Bachelor's degree in Accounting from Jiangxi University of Finance and Economics and a senior accountant qualification.

Independent Non-executive Directors

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 Hung Kai Properties Limited. Mr. Woo is also the CEO of Challenge Capital Management Limited, Chairman (International) of Guantao Law Firm and a consultant of Messrs Guantao & 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. Mr. Woo 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.

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. Mr. Meldrum was the Consultant to Chief Actuary of the Company from January 2007 to January 2009. Mr. Meldrum was the assistant to the President and Chief Actuary of the Company from February 2003 to January 2007. Mr. Meldrum served as the Chief Actuary of the Company from 1999 to 2003. Mr. Meldrum was an assistant to the President and the Director of International Strategies of Lincoln National, Fort Wayne USA from 1995 to 1998. Mr. Meldrum served as the Investment Director at Lincoln National (UK) plc. from 1986 to 1995. 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, from 1969 to 1986. 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.

Directors, Supervisors, Senior Management and Employees

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 Holdings Company Limited (formerly known as 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, Mr. Yip had served in many consultative boards including the Aviation Advisory Board, Arts Development Council and the Urban Renewal Authority, and is currently an Honorary Member of Hong Kong Committee of UNICEF. 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 Regenerative Medicine International 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) and a Director of One Asset Management Limited (registered in Thailand). 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 on the Protection of Consumer Rights and Interests, and an expert of the Health Insurance Experts Committee under Insurance Association of China and Chinese Medical Doctor Association. Mr. Sun graduated with a degree of Medical Science from Beijing Medical College (now known as Peking University Health Science Centre).

GE Ming, has been an Independent Non-executive Director of the Company since June 2015, and is currently the Independent Director of Credit China Holdings Limited and Shanghai Zhenhua Heavy Industries Co., Ltd., Executive Director of the Chinese Institute of Certified Public Accountants, a member of the Certified Public Accountants Testing Committee of the Ministry of Finance of PRC, a Deputy Director of the Industry Development Committee of the Beijing Institute of Certified Public Accountants and a member of the second session of the Listed Companies Mergers and Acquisitions Expert Consultation Committee of CSRC, etc.. Mr. Ge has served as Chairman of Ernst & Young Hua Ming, Partner and Chief Accountant of Ernst & Young Hua Ming LLP and the Independent Director of Shunfeng International Clean Energy Limited. Mr. Ge obtained his Master's Degree in Western Accounting from the Research Institute for Fiscal Science, Ministry of Finance of PRC. Mr. Ge obtained his certified accountant qualification in China in 1983 and has obtained the senior accountant qualification from the Ministry of Finance of PRC.

Supervisors

GU Liji, has been an Independent Supervisor and the Chairman of Supervisory Committee of the Company since June 2009, and is currently an Independent Director of Maxphotonics Co., Ltd., an Independent Director of Shenzhen Changhong Technology Co., Ltd., a Non-executive Director of Xiangtan Electric Manufacturing Group Co., Ltd (XEMC), an Independent Director of Bosera Asset Management Co., Limited and Professor of Graduate School at Shenzhen, Tsinghua University. 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 Harvard Business School. 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, etc. 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 successively.

ZHANG Wangjin, has been a Shareholder Representative Supervisor of the Company since June 2013, and 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.

PAN Zhongwu, has been an Employee Representative Supervisor of the Company since July 2012, and is currently the Deputy Director of the Group Office of the Company. 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.

Directors, Supervisors, Senior Management and Employees

GAO Peng, has been an Employee Representative Supervisor of the Company since June 2015, and is currently the General Manager of the Remuneration Planning and Management Department of the Company, and is also currently a Director of a number of controlled subsidiaries of the Company including Ping An Asset Management. Mr. Gao joined the Company in October 2000, and has served as the Deputy General Manager of the Talent Performance Management Department and the Deputy General Manager of the Employee Services Management Department of the Company successively. Mr. Gao holds a Bachelor's degree in Finance from Zhejiang 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.

TAN Sin Yin, has been the Senior Vice President of the Company since June 2015 and has been re-designated as the Executive Vice President of the Company on January 12, 2016. Ms. Tan joined Ping An in January 2013, she has been the Chief Information Officer and the Chief Operation Officer of the Company since January 2013 and December 2013, respectively. She is also the Chairman and CEO of Ping An Technology and Vice Chairman of Ping An Financial Technology. Ms. Tan is currently a director of a number of controlled subsidiaries of the Company including Ping An Property & Casualty, Ping An Life, Ping An Annuity and Ping An Asset Management. Prior to this, she was a Vice Chairman and Global Director (Partner) of McKinsey & Company. Ms. Tan graduated from the Massachusetts Institute of Technology (MIT) with two Bachelor's degrees in Electrical Engineering and Economics and a Master's degree in Electrical Engineering and Computer Science.

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 Assistant to the President of Ping An Life from February 2004 to March 2006, the Assistant to the President of the Company from March 2006 to January 2011. Ms. Ip has been the Non-executive Director of Ping An Bank since June 2010. Prior to this, Ms. Ip worked with AIA and Prudential Hong Kong etc.. She holds a Bachelor's Degree in Computing from the Polytechnic of Central London.

CHEN Kexiang, has been the Senior Vice President of the Company since January 2007. Mr. Chen joined the Company in December 1992. From February 2003 to January 2007, Mr. Chen served as Assistant to the 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).

CAO Shifan, has been the Senior Vice President of the Company since April 2007, and has been the Chairman of the Labour Union of the Company, Deputy Secretary of the Party Committee and Secretary of the Disciplinary Committee since May 2007 and June 2006, respectively. Mr. Cao joined the 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).

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 is currently a director of a number of controlled subsidiaries of the Company including Ping An Property & Casualty, Ping An Life, Ping An Annuity and Ping An Health. 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.

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, from Norwegian Institute of Technology.

Chief Actuary

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

Company Secretary

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

Chief Investment Officer

CHAN Tak Yin, has been the Chief Investment Officer of the Company since August 2012 and the Chairman of Ping An 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.

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

Name	Name of corporate shareholder	Position	Period of engagement
XIONG Peijin	Shenzhen Investment Holdings Co., Ltd.	Director, General Manager, Deputy Secretary of the Party Committee	May 2014-
LIU Chong	Shum Yip Group Limited	Vice President	April 2010-
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, Senior Management and Key Personnel".

Directors, Supervisors, Senior Management and Employees

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

1. The election of the new session of the Board of Directors was passed at the 2014 Annual General Meeting of the Company held on June 15, 2015. According to the resolution, the 10th session of the Board of Director was composed of 17 Directors. Ms. Li Zhe did not stand for re-election as a Director of the Company due to personal work arrangement, and Mr. Tang Yunwei and Mr. Lee Carmelo Ka Sze did not stand for re-election as Directors of the Company due to expiration of their terms of office of 6 years as Independent Non-executive Directors. The term of office of Ms. Li Zhe expired on June 15, 2015. According to the resolution passed at the General Meeting, Mr. Ge Ming was elected as an Independent Non-executive Director of the 10th Session of the Board of Directors of the Company. The qualification of Mr. Ge Ming as a Director of the Company was obtained from CIRC on June 30, 2015, on which day the appointment of Mr. Ge Ming and the resignation of Mr. Tang Yunwei and Mr. Lee Carmelo Ka Sze became effective.

2. The election of the new session of the Supervisory Committee of the Company was passed at the 2014 Annual General Meeting of the Company held on June 15, 2015. According to the resolution, the 8th session of the Supervisory Committee was composed of 5 Supervisors. Mr. Lin Li, Mr. Sun Jianping and Mr. Zhao Fujun did not stand for re-election as Supervisors due to personal work arrangement. The term of office of Mr. Lin Li expired on June 15, 2015. According to the resolution passed at the employee representative meeting of the Company held on January 23, 2015, Mr. Gao Peng was elected as an Employee Representative Supervisor of the 8th session of the Supervisory Committee of the Company. The qualification of Mr. Gao Peng as a Supervisor of the Company was obtained from CIRC on June 30, 2015, on which day the appointment of Mr. Gao Peng and the resignation of Mr. Sun Jianping and Mr. Zhao Fujun became effective.

3. The Supervisory Committee of the Company received a letter of resignation from Mr. Peng Zhijian on November 12, 2015. Mr. Peng Zhijian proposed to resign as a supervisor of the Company due to personal work arrangement. The resignation of Mr. Peng Zhijian as a supervisor shall be effective upon the approval of the qualification of the new supervisor (who is appointed to fill Mr. Peng's vacancy) from CIRC. Prior to that, Mr. Peng Zhijian shall continue to perform his duties as a supervisor in accordance with the laws, administrative regulations and the Articles of Association.

4. Due to personal work arrangement, Mr. Fan Mingchun and Mr. Lu Hua have tendered their resignations as Non-executive Directors of the Company. According to the resolution passed at the 2nd Extraordinary General Meeting of 2015 of the Company held on December 17, 2015, Mr. Xiong Peijin and Mr. Liu Chong were elected as Non-executive Directors of the Company in place of Mr. Fan Mingchun and Mr. Lu Hua, respectively. The qualifications of Mr. Xiong Peijin and Mr. Liu Chong as Directors of the Company were obtained from CIRC on January 8, 2016, on which day the appointment of Mr. Xiong Peijin and Mr. Liu Chong in place of Mr. Fan Mingchun and Mr, Lu Hua became effective.

5. As considered and approved at the 17th meeting of the 9th session of the Board of Directors held on March 19, 2015, Ms. Tan Sin Yin was appointed as the Senior Vice President of the Company. Ms. Tan Sin Yin was granted the qualifications to act as the Senior Vice President by CIRC on May 28, 2015 and officially served as the Senior Vice President of the Company since June 1, 2015. She has been re-designated as the Executive Vice President of the Company since January 12, 2016.

6. Mr. Chan Tak Yin no longer served as the Senior Management of the Company since July 10, 2015, his position of the Chief Investment Officer remains unchanged.

CHANGES IN INFORMATION OF DIRECTORS AND SUPERVISORS

1. Mr. Ren Huichuan, the Executive Director of the Company, has no longer served as the Chairman and CEO of Wanlitong from December 2015, and was appointed as the acting Chairman of Ping An Trust from November 2015.

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

3. Mr. Yao Jason Bo and Mr. Lee Yuansiong, the Executive Directors of the Company, have been re-designated as the Executive Vice Presidents of the Company (previously the Senior Vice Presidents) since January 2016.

4. Mr. Soopakij Chearavanont, the Non-executive Director of the Company, is the Chairman and Non-executive Director of Chia Tai Enterprises International Limited, the shares of which have been listed on the main board of HKEx in July 2015.

5. Mr. Yang Xiaoping, the Non-executive Director of the Company, has served as a Non-Executive Director of CITIC Limited since August 2015.

6. Mr. Yip Dicky Peter, the Independent Non-executive Director of the Company, no longer served as the Asia Pacific Chief Representative of the Institute of International Finance since July 2015.

7. Mr. Gu Liji, the Chairman of Supervisory Committee, has served as a professor of Graduate School at Shenzhen, Tsinghua University since January 2016.

PUNISHMENTS IMPOSED ON THE DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT BY SECURITIES REGULATORY AUTHORITIES IN THE LAST THREE YEARS

The current Directors, Supervisors and senior management of the Company and those who resigned during the reporting period were not subject to any punishment by securities regulatory authorities over the past three years.

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

As at December 31, 2015, the interests of the current Directors, Supervisors and Senior Management of the Company and those who resigned during the reporting period in the shares of the Company which shall be disclosed pursuant to the "Standard No. 2 Concerning the Contents and Formats of Information Disclosed by Listed Companies – The Contents and Formats of Annual Report (Revised in 2015)" 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:

Directors, Supervisors, Senior Management and Employees

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	20,000	+10,000	Convertion of the capital reserve into share capital	Long position	0.00027	0.00011
Sun Jianyi	Vice Chairman and Executive Vice President	Beneficial owner	A	1,898,280	3,796,560	+1,898,280	Convertion of the capital reserve into share capital	Long position	0.03505	0.02077
Ren Huichuan	Executive Director and President	Beneficial owner	A	100,000	200,000	+100,000	Conversion of the capital reserve into share capital	Long position	0.00185	0.00109
Yao Jason Bo	Executive Director, Executive Vice President, Chief Financial Officer and Chief Actuary	Beneficial owner	H	12,000	24,000	+12,000	Convertion of the capital reserve into share capital	Long position	0.00032	0.00013
		Interest of his spouse	H	12,000	44,000	+32,000	Convertion of the capital reserve into share capital, purchase	Long position	0.00059	0.00024
Peng Zhijian	Independent Supervisor	Beneficial owner	A	6,600	13,200	+6,600	Convertion of the capital reserve into share capital	Long position	0.00012	0.00007
Lin Li	Retired Shareholder Representative Supervisor	Interest of controlled corporation(1)	A	43,518,830	87,037,660	+43,518,830	Convertion of the capital reserve into share capital	Long position	0.80347	0.47613
Zhao Fujun	Retired Employee Representative Supervisor	Interest of his spouse	A	1,700	3,400	+1,700	Convertion of the capital reserve into share capital	Long position	0.00003	0.00002
Jin Shaoliang	Secretary of the Board	Beneficial owner	H	10,000	20,000	+10,000	Convertion of the capital reserve into share capital	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..

During the reporting period, there were no share options held by or restricted shares granted to the current Directors, Supervisors and Senior Management of the Company and those who resigned during the reporting period.

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

As at December 31, 2015, there were no shares, share options held and restricted shares held in associated corporations of the Company by Directors, Supervisors and chief executive of the Company.

Save as disclosed above, as at December 31, 2015, 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 is to characterize a clear orientation, reflect differences, motivate performances, respond to the market and optimize cost. 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.

In accordance with the CSRC's Guidelines on Employee Stock Ownership Plans for Public Companies and as approved at the First Extraordinary General Meeting of 2015, the Company incepted and implemented the Key Employee Share Purchase Plan. This plan will strengthen the long-term value orientation and closely align key employees with interests of both the shareholders and the Company so as to ensure the focus on the sustainable growth of the Company's performance in the long term, drive improvement in the shareholder value and facilitate the sustainable development.

The purpose and principle of the Company's remuneration policy are 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.

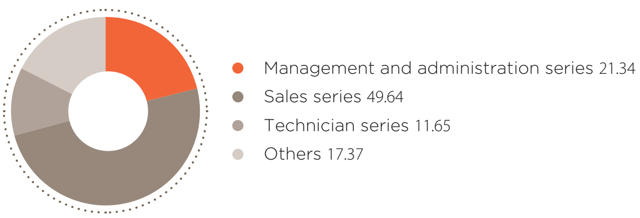
The Company sets forth a clear three-year rotation plan and annual accountability objectives for the senior management in accordance with the business plan, conducts severe accountability appraisals twice a year in light of the objectives achieved and evaluates the senior management on the basis of comprehensive 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, 2015, the Company had a total of 275,011 active staff, of which 58,674 were management and administration personnel, representing 21.34%; 136,517 were sales personnel, representing 49.64%; 32,036 were technician personnel, representing 11.65% and other personnel 47,784, representing 17.37%. Among all the staff, 14,585 hold doctorate or master's degree, representing 5.30%; 131,269 hold bachelor's degree, representing 47.73%; 101,938 attained college education, representing 37.07% and 27,219 with other qualification, representing 9.90%.

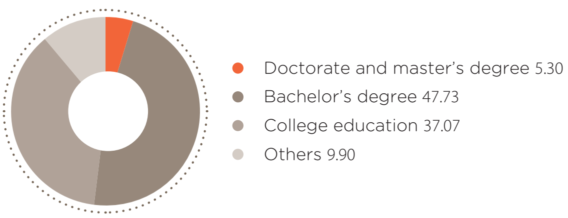
By profession structure

(%)



By degree

(%)



Directors, Supervisors, Senior Management and Employees

STAFF TRAINING PROGRAM

Committed to providing the best training, Ping An Finance Training College has constantly devoted its resources in optimizing its training operating system and promoting talent development to facilitate business development with training by "turning knowledge into value". The learning and management training platform, established by Ping An Finance Training College, joined hands with the training departments of the Group's subsidiaries (including branches and sub-branches) to fully cover implementation of training on managerial skills, occupational skills, professional skills and sales skills. Training is not only an important means for the company to build its culture and attract talent, but also an important way to improve our brand.

In 2015, Ping An Finance Training College kept promoting learning to all staff. Ping An won the Gold Medal for "Best Use of Mobile Learning" and the Bronze Medal for "Best Advance in Learning Technology Implementation" in the election of 2015 Brandon Hall Excellence Awards (the "Oscar" awards in the field of human resources) with its advanced design philosophies for the mobile learning APP ZhiNiao. Ping An is the first company in China to receive such awards. Meanwhile, as at the end of 2015, the ZhiNiao platform launched over 40,000 courses with the courseware earning more than 50 million views.

In 2015, the Group continued to optimize its face-to-face courses and online ones: Ping An Finance Training College offered a total of 400 face-to-face courses group-wide. 1,462 face-to-face training sessions were offered to 41,490 employees across the country and 34.96% of the senior managers were covered; 1,702 online courses were delivered across the Group, including 124 newly developed ones. We kept advocating and facilitating company-wide learning, with each employee finishing 4.59 online courses on average.

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, 2015 ("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 1st Extraordinary General Meeting of 2015, the 2014 Annual General Meeting and the 2nd Extraordinary General Meeting of 2015 in Shenzhen in the form of both onsite voting and online voting on February 5, 2015, June 15, 2015 and December 17, 2015, respectively. 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 announcements regarding the resolutions of the above general meetings were published on Shanghai Securities News, China Securities Journal, Securities Times, Securities Daily and the website of SSE (www.sse.com.cn) on February 6, 2015, June 16, 2015, and December 18, 2015, respectively. The poll result announcements have also been published on the website of HKEx (www.hkexnews.hk) on the same date of the general meetings.

Attendance of Directors at the General Meetings

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

Members	Date of appointment as Directors	General Meetings attended in person/General Meetings required to attend[2]	% of attendance in person (%)
Executive Directors			
MA Mingzhe (Chairman)	March 21, 1988	3/3	100
SUN Jianyi	March 29, 1995	2/3	66.7
REN Huichuan	July 17, 2012	3/3	100
YAO Jason Bo	June 9, 2009	3/3	100
LEE Yuansiong	June 17, 2013	3/3	100
CAI Fangfang	July 2, 2014	3/3	100
Non-executive Directors			
FAN Mingchun	March 8, 2012	0/3	0
LIN Lijun	May 16, 2003	0/3	0
Soopakij CHEARAVANONT	June 17, 2013	1/3	33.3
YANG Xiaoping	June 17, 2013	1/3	33.3
LU Hua	June 17, 2013	0/3	0
LI Zhe[1]	June 9, 2009	0/2	0
Independent Non-executive Directors			
WOO Ka Biu Jackson	July 22, 2011	3/3	100
Stephen Thomas MELDRUM	July 17, 2012	2/3	66.7
YIP Dicky Peter	June 17, 2013	3/3	100
WONG Oscar Sai Hung	June 17, 2013	2/3	66.7
SUN Dongdong	June 17, 2013	3/3	100
GE Ming[1]	June 30, 2015	1/1	100
TANG Yunwei[1]	June 9, 2009	1/2	50
LEE Carmelo Ka Sze[1]	June 9, 2009	1/2	50

(1) The election of the new session of the Board was passed at the 2014 Annual General Meeting of the Company held on June 15, 2015. According to the resolution, the 10th session of the Board was composed of 17 Directors. Ms. Li Zhe did not stand for re-election as Director of the Company due to personal work arrangement, and Mr. Tang Yunwei and Mr. Lee Carmelo Ka Sze did not stand for re-election as Directors of the Company due to expiration of their terms of office of 6 years as Independent Non-executive Directors. The term of office of Ms. Li Zhe expired on June 15, 2015. According to the resolution passed at the general meeting, Mr. Ge Ming was elected as an Independent Non-executive Director of the 10th Session of the Board. The qualification of Mr. Ge Ming as a Director of the Company was obtained from CIRC on June 30, 2015, on which day the appointment of Mr. Ge Ming and the resignation of Mr. Tang Yunwei and Mr. Lee Carmelo Ka Sze became effective.

(2) Some Directors did not attend certain general meetings 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, 2015, the Board consisted of 17 members, among whom there were 6 Executive Directors, 5 Non-executive Directors and 6 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.

As at December 31, 2015, all Directors of the Company attended the professional training with the topics covering "the State Council's Opinions about Accelerating the Development of Modern Insurance Industry", the "Liability Insurance for Directors, Supervisors and Officers of Ping An", corporate governance, regulations and the Company's business; in addition, Mr. Woo Ka Biu Jackson attended the professional training related to laws, regulations and finance, Mr. Stephen Thomas Meldrum, Mr. Wong Oscar Sai Hung and Mr. Sun Dongdong 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 Board recognises its responsibility to prepare the Company's financial statements. 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 7 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)	7/7	100	0/7	0
SUN Jianyi	7/7	100	0/7	0
REN Huichuan	6/7	85.7	1/7	14.3
YAO Jason Bo	7/7	100	0/7	0
Lee Yuansiong	7/7	100	0/7	0
Cai Fangfang	7/7	100	0/7	0
Non-executive Directors				
FAN Mingchun	6/7	85.7	1/7	14.3
LIN Lijun	7/7	100	0/7	0
Soopakij CHEARAVANONT	7/7	100	0/7	0
YANG Xiaoping	7/7	100	0/7	0
LU Hua	5/7	71.4	2/7	28.6
LI Zhe(1)	3/3	100	0/3	0
Independent Non-executive Directors				
WOO Ka Biu Jackson	7/7	100	0/7	0
Stephen Thomas MELDRUM	7/7	100	0/7	0
YIP Dicky Peter	7/7	100	0/7	0
WONG Oscar Sai Hung	7/7	100	0/7	0
SUN Dongdong	7/7	100	0/7	0
GE Ming(1)	4/4	100	0/4	0
TANG Yunwei(1)	3/3	100	0/3	0
LEE Carmelo Ka Sze(1)	3/3	100	0/3	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.

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, 2015, the Strategy and Investment Committee comprised 5 Directors, which included 3 Independent Non-executive Directors, and the ratio of Independent Non-executive Directors was 60%. The committee had one chairman, which was served by the Chairman of the Board and the chairman presided over the committee.

In 2015, the Strategy and Investment Committee held 1 meeting, which was convened in accordance with the requirements of the Articles of Association and the Charter of the Strategy and Investment Committee. The 2015 Working Plan of the Company, the Company's 2014 Annual Plan Implementation Evaluation Report, and the Resolution on the Grant of A General Mandate to the Board to Issue Additional H Shares 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)	1/1	100	0/1	0
Independent Non-executive Directors				
WONG Oscar Sai Hung	1/1	100	0/1	0
YIP Dicky Peter(1)	0/0	–	0/0	–
GE Ming(1)	0/0	–	0/0	–
TANG Yunwei(2)	1/1	100	0/1	0
LEE Carmelo Ka Sze(2)	1/1	100	0/1	0
Non-executive Director				
YANG Xiaoping	1/1	100	0/1	0

(1) As approved at the 1st Meeting of the 10th Session of the Board, Mr. Yip Dicky Peter and Mr. Ge Ming were elected as members of the Strategy and Investment Committee in July 2015.

(2) Mr. Tang Yunwei and Mr. Lee Carmelo Ka Sze no longer served as the members of the Strategy and Investment Committee from June 2015.

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, 2015, the Audit and Risk Management Committee comprised 4 Independent Non-executive Directors and 1 Non-executive Director, and the ratio of Independent Non-executive Directors was 80%. None of the members was involved in the day-to-day management of the Company. The Audit and Risk Management Committee was chaired by an Independent Non-executive Director who also possesses the appropriate professional qualifications or accounting or related financial management expertise.

In 2015, the Audit and Risk Management Committee held 4 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, 2014, the first quarterly financial statements for the three months ended March 31, 2015, the interim financial results for the six months ended June 30, 2015 and the third quarterly financial statements for the nine months ended September 30, 2015. Furthermore, the Audit and Risk Management Committee convened the meeting to review the unaudited financial report for the year 2015 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, 2015 at the first meeting in 2016 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				
GE Ming (Chairman)[1]	2/2	100	0/2	0
Stephen Thomas MELDRUM	4/4	100	0/4	0
YIP Dicky Peter	4/4	100	0/4	0
SUN Dongdong	4/4	100	0/4	0
Tang Yunwei[2]	2/2	100	0/2	0
WOO Ka Biu Jackson[2]	2/2	100	0/2	0
Non-executive Director				
YANG Xiaoping	3/4	75	1/4	25

(1) As approved at the 1st Meeting of the 10th Session of the Board, Mr. Ge Ming was elected as the chairman of the Audit and Risk Management Committee in July 2015.

(2) Mr. Tang Yunwei and Mr.Woo Ka Biu Jackson no longer served as the members of the Audit and Risk Management Committee from June 2015.

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 2014 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 2015. During the Reporting Period, the remuneration to be paid to the Company's auditors PricewaterhouseCoopers is set out as follows:

(in RMB million)	Fees payable
Audit services for financial statements – audits, reviews and agreed upon procedures	51
Audit services for internal control	7
Other assurance services	8
Non-assurance services	12
Total	78

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, 2015, the Remuneration Committee comprised 4 Independent Non-executive Directors and 1 Non-executive Director, and the ratio of Independent Non-executive Directors was 80%. None of the members was involved in the day-to-day management of the Company. The Remuneration Committee was chaired by an Independent Non-executive Director.

In 2015, the Remuneration Committee held 2 meetings, which were all convened in accordance with 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 2014 Remuneration Management Report of the Company, the Resolution on Specifying the Funding Source for the Senior Management's Participation in the Key Employee Share Purchase Scheme, and the Resolution on the Remuneration of Ms. Tan Sin Yin. In addition, the Committee also reviewed the Duty Performance Report of the Remuneration Committee of the Board in 2014, the Report on Settlement of 2014 Bonuses of the Company's Senior Management, the Report on Grant of Long-term Incentive of 2014 to the Company's Senior Management and the Report on Payment of Long-term Incentive of 2012 to the Company's Senior Management. 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)	2/2	100	0/2	0
WOO Ka Biu Jackson	2/2	100	0/2	0
SUN Dongdong(1)	1/1	100	0/1	0
GE Ming(1)	1/1	100	0/1	0
LEE Carmelo Ka Sze(2)	1/1	100	0/1	0
TANG Yunwei(2)	1/1	100	0/1	0
Non-executive Director				
Soopakij CHEARAVANONT	2/2	100	0/2	0

(1) As approved at the 1st Meeting of the 10th Session of the Board, Mr. Sun Dongdong and Mr. Ge Ming were elected as the members of the Remuneration Committee in July 2015.

(2) Mr. Tang Yunwei and Mr.Lee Carmelo Ka Sze no longer served as the members of the Remuneration Committee from June 2015.

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 are to ensure that there remains a dedicated, professional and accountable Board to serve the Company and its shareholders.

As of December 31, 2015, the Nomination Committee comprised 3 Independent Non-executive Directors and 2 Executive Directors, and the ratio of Independent Non-executive Directors was 60% and it was chaired by an Independent Non-executive Director.

In 2015, the Nomination Committee held 3 meetings, which were all convened in accordance with the requirements of the Articles of Association and the Charter of the Nomination Committee. The meeting considered and recommended the director candidates of the 10th Session of the Board including the Chairman, the Vice Chairman and the senior management, recommended Ms. Tan Sin Yin as the Senior Vice President of the Company and recommended Mr. Liu Chong as the Non-executive Director in place of Mr. Lu Hua, and also reviewed the Review Report of the Structure of the Board in 2014. Besides the nomination of director and senior management candidates, the Nomination Committee also formed the Policy Concerning Diversity of Board Members after reviewing the structure, size and composition of the Board in accordance with the business activities, assets and management combinations of the Company, 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 appointments under the Board 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				
SUN Dongdong (Chairman)	3/3	100	0/3	0
WONG Oscar Sai Hung	3/3	100	0/3	0
WOO Ka Biu Jackson(1)	2/2	100	0/2	0
LEE Carmelo Ka Sze(2)	1/1	100	0/1	0
Executive Directors				
MA Mingzhe	3/3	100	0/3	0
REN Huichuan	2/3	66.7	1/3	33.3

(1) As approved at the 1st Meeting of the 10th Session of the Board, Mr. Woo Ka Biu Jackson was elected as the member of the Nomination Committee in July 2015.

(2) Mr. Lee Carmelo Ka Sze no longer served as the member of the Nomination Committee from June 2015.

Supervisors and the Supervisory Committee

As of December 31, 2015, the Supervisory Committee consisted of 5 members, among which there were 2 Independent Supervisors, 1 Shareholder Representative Supervisor and 2 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.

The details of the duty performance of the Supervisory Committee 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 Investor Relations

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 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, conversion of Ping An 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.. 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 itself 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, Approaching Ping An, 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 2015, the Company organized 2 onsite results releases, 2 telephone results releases, 1 Corporate Strategy Day, 1 Corporate Open Day, 1 gathering of stock market analysts, 22 roadshows at home and abroad and 2 online roadshows, attended around 56 conferences of investment banks and securities brokers home and abroad, received around 130 visits of investors/analysts home and abroad, and processed around 420 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 "Director of the Year Awards" by The Hong Kong Institute of Directors, the "Asian Excellence Recognition Award" and "Best IR Company (China)" by Corporate Governance Asia, "3A Greater China Awards – Platinum Awards" by The Asset, "Most Respected Chinese Companies by Investors 100 – Top 10" by China Association for Public Companies, "The Outstanding Boards of Directors of China Listed Companies" by 21st Century Media Co., Ltd. & 21st Century Business Herald and "Best IR in China region" by Institutional Investor (US) etc..

Amendments Made to the Articles of Association

During the Reporting Period, proposals were made to amend the Articles of Association of the Company in the 2014 Annual General Meeting and the 2nd Extraordinary General Meeting of 2015. The details of the proposed amendments are listed in the circulars dated April 17, 2015 and November 2, 2015 which were published on the website of the HKEx (www.hkexnews.hk), and the materials of the general meetings dated April 17, 2015 and October 31, 2015 which were published on the website of SSE (www.sse.com.cn).

The proposed amendments to the Articles of Association of the Company are subject to the approval of relevant regulatory authorities.

PERFORMANCE OF DUTIES BY INDEPENDENT NON-EXECUTIVE DIRECTORS

The 10th Session of the Board consists of 6 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 Independent Non-executive Directors of the Company conscientiously performed their duties and responsibilities conferred by the Articles of Association, promptly learnt the important information of operation of the Company, paid high attention to the development of the Company and actively attended the meetings of the Board during the Reporting Period. After a due review on the external guarantees of the Company in 2014, 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 provided independent opinions to agree with the following resolutions that were considered by the Board during the Reporting Period: the 2014 Profit Distribution Proposal of the Company, Shareholders' Return Plan for the Next Three Years (2015-2017), the Proposal on Authorizing Executive Directors to Consider the Material Connected Transactions between Ping An Group and Its Controlling Subsidiaries, Proposal on Appointment of Ms. Tan Sin Yin as the Senior Vice President of the Company, the Resolution on Recommendation of Candidates of the 10th Session of the Board, the Proposal on Election of the Chairman and Vice Chairmen of the 10th Session of the Board, the Proposal on Appointment of Mr. Ma Mingzhe as the CEO of the Company, the Proposal on Appointment of Senior Management of the Company, the Proposal on Distribution of the 2015 Interim Dividend of the Company, the Proposal on Deliberating the Connected Transaction of Ping An Overseas Holdings to Transfer Shares of Puhui Limited to Lufax Holding, the Proposal on Recommendation of Candidates of Directors, the Proposal on Recommendation of Mr. Xiong Peijin as a Non-executive Director of the Company, as well as the adjustment of the accounting estimates involved in 2014 Annual Report and 2015 Interim Report of the Company and the connected transaction regarding granting credit limit to Guosen Securities Companies Ltd. by Ping An Bank.

Attendance of Independent Non-executive Directors at the Board Meetings and the General Meetings

The details of the attendance of Independent Non-executive Directors at the Board meetings and the general meetings during the Reporting Period are listed in the "Attendance of Directors at the General Meetings" and the "Attendance of Directors at the Board Meetings" of this chapter, respectively.

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 committed to establishing internal controls in line with international standards and regulatory requirements, and improving internal controls in response to risks and environments. In its integrated finance framework and with its local advantages, the Company implements corporate governance in line with international standards, upholds the compliance philosophy of "Laws + 1", and constantly enhances its risk controls to ensure that the Group and its subsidiaries abide by laws and regulations in business activities, to keep single/accumulated residue risks at levels acceptable to the Company, and to promote sustainable growth of Insurance, Banking, Investment, Internet Finance, and the Group. In 2015, the Company continued "taking rules as the foundation, risks as the guidance, processes as the links, and internal control platforms as the tools" to continuously optimize the methodology for internal control assessment, strengthen the daily assessment of internal controls, improve the functionalities of platforms, and enhance the efficiency and effectiveness of internal control assessment. Moreover, the Company proactively integrated domestic and foreign regulatory standards, approaches, and tools for operational risk management to build an internal control and operational risk management system applicable to the whole Group.

Regarding the management framework for internal controls, the Company has a robust and well-staffed internal control management system in place with well-defined roles and responsibilities in line with applicable laws and regulations as well as business and risk control requirements. The Board is responsible for establishment, improvement, and implementation of internal controls. The Audit and Risk Management Committee under the Board monitors and assesses the implementation of internal controls, coordinates audits of internal controls, and oversees other relevant work. The Supervisory Committee supervises the establishment and implementation of internal controls. The Risk Monitoring Committee (RMC) under the Group Executive Committee (the management) sets high-level risk management targets, basic policies and rules, monitors risk exposures and available capital, and supervises risk management of subsidiaries and business units. The Company has established robust internal control policies and procedures, and specified the internal control targets, framework, and procedures to provide guidelines for business activities and operations. The Company reviews and assesses its internal controls on a routine basis under an advanced methodology for internal control assessment, and assesses the effectiveness of internal controls in businesses and processes under a model where "Business and functions conduct self-assessment, Compliance promotes and supports such efforts, and Internal Audit and Supervision conduct audits and assessment independently". In this process, the Company built an internal control management platform to improve the efficiency and effectiveness of internal control assessment. The Company's compliance and internal control philosophies, systems, and operation procedures have been widely praised and recognized by regulators, peers, and the media.

Regarding internal control operations and internal control assessment, the Company continued to improve its governance structure, firewall management, CPT management, anti-money laundering management, and operational risk management. Moreover, the Company combines routine risk management with the work as one of G-SIIs. In line with the G-SII regulatory requirements, the C-ROSS requirements, and its integrated financial business requirements, the Company has conducted risk reviews and surveys, acted in response to the findings, and constantly enhanced its risk controls to prevent risks and risk contagion, lay a solid foundation for the integrated financial business, and safeguard the fast growth of innovative business. In 2015, the Company continued to act in accordance with the Internal Control Guidelines for Enterprises and related guidelines, assessed its internal controls, and improved its internal control assessment methodology, risk assessment standards, assessment procedures, and internal control management platform. Moreover, the Company trained its employees to assess internal controls, held internal control contests, developed relevant online courses to facilitate learning on mobile devices, enhanced study of risk cases, implemented the compliance and internal control appraisal, and strengthened the routine operation model under which "everyone is involved in internal controls, everyone is responsible for compliance, and internal controls have been integrated in business and processes".

Regarding improvement of internal controls and management of operational risks, based on the prevailing compliance management and internal control framework, the Company has integrated domestic and foreign regulatory standards, approaches, and tools for operational risk management, optimized the framework for operational risk management, improved the rules and procedures for operational risk management, enhanced cooperation and collaboration among departments, established a routine monitoring and reporting procedure for regular reporting of high-level operational risks to the management, developed rules and standards for operational risk management, and strengthened system platforms to increase the effectiveness and efficiency of operational risk management. In 2015, the Company built and improved a comprehensive management system for identification, evaluation, monitoring, control/mitigation, and reporting of operational risks. The Company constantly improved its policies, framework, processes, system, tools to enhance its operational risk management. The Company urged its subsidiaries to implement tools for operational risk management (e.g. self-assessment of risks and controls, key risk indicators, and reporting of losses due to operational risks). Based on routine risk monitoring and analysis as well as comprehensive management, the Company strengthened targeted risk controls through risk warnings, special inspections, and compliance reviews.

In terms of the internal audit and supervision system, the Company has implemented an independent, vertical, and centralized approach to internal audits. The Company has developed and adopted innovative methods, improved the audit strategies, controlled the Internet finance risk, strengthened audit platform and tools, and further automated the system platform. The Company has established joint meetings mechanisms for crime prevention and management covering insurance, banking, and investment businesses units. The Company has improved its intra-group crime risk warning and emergency response procedures, which are in full play. The Company has strengthened its anti-money laundering, anti-embezzlement, and anti-fraud procedures to enhance risk prevention and monitoring. In 2015, the Company continued to enhance the risk-oriented internal audit and supervision mechanisms, effectively integrated its internal audit resources, adopted innovative audit approaches, and refocused its internal audits to effectively and efficiently control risk. In response to changes in external environments and internal strategies, the Company further transformed its internal audits, integrated audit advisory service with high-risk event identification, adopted innovative tools, enhanced risk monitoring and warning, built a dynamic risk prevention system, switched from post-transaction audits to total risk management, and strengthened internal controls to improve risk management and support the Company's development strategy. Moreover, the Company enhanced targeted risk controls and established an emergency response procedure to effectively prevent and mitigate risks and to support business growth.

Corporate Governance Report

In 2015, the Company maintained the effectiveness of internal controls relating to its financial reporting in all major aspects in accordance with the Internal Control Guidelines for Enterprises and relevant rules. The Internal Control Assessment Report for 2015 has been approved by the Board. The Company has engaged PricewaterhouseCoopers Zhong Tian LLP to audit the effectiveness of internal controls relating to its financial reporting as well as the effectiveness of internal controls relating to its non-financial reporting. PricewaterhouseCoopers Zhong Tian LLP has issued the Internal Control Audit Report.

For details of the Company's internal control, please refer to the Internal Control Assessment Report of Ping An in 2015 and the Internal Control Audit Report on Ping An in 2015 released on the same date as this Statement on www.sse.com.cn.

THE COMPANY'S RISK MANAGEMENT

The Company has been taking risk management as an integral part of its day-to-day activities and operations. We take steady steps to build an enterprise risk management system that is aligned with the strategies and operations of the Company. We keep optimizing our risk management framework and standardizing our risk management procedures, adopt both qualitative and quantitative risk management methodologies to identify, evaluate and mitigate risks to facilitate an organic and sustainable development of the business.

For details of the Company's risk management, please refer to the section of "Risk Management" in this annual report.

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, 2015 to December 31, 2015 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 General Manager, 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.

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, 2015 to December 31, 2015.

By order of the Board

Ma Mingzhe
Chairman and Chief Executive Officer

Shenzhen, PRC
March 15, 2016

Report of the Board of Directors

PRINCIPAL ACTIVITIES

The principal activities of the Company and its subsidiaries (the "Group") comprise the provision of a wide range of financial products and services with a focus on the businesses of insurance, banking, asset management and internet finance. There were no significant changes in the nature of the Group's principal activities during 2015.

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".

MAJOR CUSTOMERS

In 2015 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.

RELATIONSHIP WITH CUSTOMERS

The Group believe that it is important to maintain good relationship with its customers to fulfil its long-term goals "to be a world-leading personal financial services provider". To achieve this goal and maintain the leading position in terms of brand value, the Group aims at delivering constantly high standards of quality in the financial service to its customers. During 2015, there was no material and significant dispute between the Group and its customers.

IMPLEMENTATION OF CASH DIVIDEND POLICY AND PROFIT DISTRIBUTION PROPOSAL DURING THE REPORTING PERIOD

Cash Dividend Policy

According to Article 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 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 2014 annual profit distribution proposal of the Company was considered and passed at the 2014 Annual General Meeting of the Company held on June 15, 2015, according to which the Company paid 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 9,140,120,705 shares in issue at that time. In addition, the Company also proposed to convert the capital reserve into share capital in the proportion of 10 shares for every 10 shares held. The total share capital increased due to the conversion was RMB9,140,120,705.

The 2015 interim profit distribution proposal of the Company was considered and passed by the 2nd meeting of the 10th Session of the Board of Directors of the Company held on August 20, 2015, according to which the Company paid in cash the 2015 interim dividend of RMB0.18 (tax inclusive) per share, in a total amount of RMB3,290,443,453.80, based on its 18,280,241,410 shares in issue.

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 minority shareholders. The Independent Non-executive Directors of the Company have made independent opinion to agree with the profit distribution proposals. The implementation of the above-mentioned distribution proposals has been completed.

ANNUAL RESULTS AND PROFIT DISTRIBUTION

The Group's results in 2015 are set out in the section titled "FINANCIAL STATEMENTS".

As stated in the 2015 audited financial statements of the Group prepared under CAS, the net profit attributable to shareholders of the parent company was RMB54,203 million and net profit of the parent Company was RMB10,280 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 RMB34,070 million.

The Company had distributed an interim dividend of RMB0.18 (tax inclusive) per share for 2015, which amounted to a total of RMB3,290,443,453.80. The Company proposes to pay in cash the 2015 final dividend of RMB0.35 (tax inclusive) per share, in a total amount of RMB6,398,084,493.50, based on its 18,280,241,410 shares in issue. The remaining profit will be carried forward to 2016. 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 2015 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 minority shareholders. 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) (in RMB million)	Net profit attributable to shareholders of the parent company (in RMB million)	Ratio (%)
2015	0.53	9,688	54,203	17.9
2014	0.75	6,549	39,279	16.7
2013	0.65	5,145	28,154	18.3

(1) Cash dividends include interim dividend and final dividend of the year.

(2) Cash dividend issued for each share based on the share capital during issuing. For 2015, it is the number after the conversion of capital reserve to share capital instead.

(3) Save as the 2015 final dividend which will be implemented upon approval at the 2015 Annual General Meeting, the profit distribution of other years has been completed.

DISTRIBUTABLE RESERVES

As at December 31, 2015, the Company's reserves available for distribution totalled RMB34,070 million, the Company has proposed to distribute the 2015 final dividend of RMB0.35 (tax inclusive) per share in cash. After deducting the 2015 final dividend, the retained profits were carried forward to 2016. In addition, the Company's capital reserve and surplus reserve fund amounted to RMB137,235 million. 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 under general mandate on December 8, 2014 and the gross proceeds raised from the placing were HK$36,831,472,000. 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 was consistent with the use that was passed by the meeting of the Board of Directors. As at December 31, 2015, HK$10,220 million from the placing is kept in the fund-raising account, and the rest had been used as intended.

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 2015 and the share capital structure of the Company as at December 31, 2015 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 2015 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 2015 totalled RMB76 million.

PROPERTY AND EQUIPMENT AND INVESTMENT PROPERTIES

Details of movements in property and equipment and investment properties of the Group during 2015 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

Save for the information disclosed under the paragraph headed "Ping An Convertible Bonds" as set out in "Changes in the Share Capital and Shareholders' Profile", neither the Company, nor any of its subsidiaries, had purchased, sold or redeemed any of the Company's listed shares during 2015.

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 10th Session of the Board of Directors and all Supervisors of the 8th Session of the Supervisory Committee in August 2015. 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, 2015, 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, 2015 are set out in note 52 to the consolidated financial statements.

DIRECTORS' AND SUPERVISORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS OF SIGNIFICANCE

No Directors or Supervisors or entity connected with the Directors or Supervisors had a material interest, directly or indirectly, in any transaction, arrangement or contract of significance to the business of the Group to which the Company or any of its subsidiaries was a party during 2015.

DIRECTORS' AND SUPERVISORS' RIGHTS TO ACQUIRE SHARES

At no time during 2015 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 2015, 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 former Shareholder Representative Supervisor of the Company, is the de facto controller of Shenzhen Liye Group Co., Ltd., whose 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. Mr. Lin Li had retired as a Supervisor of the Company since June 2015. 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.

PERMITTED INDEMNITY PROVISION

The Company has arranged for appropriate insurance cover for Directors' and officers' liabilities in respect of legal actions against its Directors and senior management arising out of corporate activities.

POST BALANCE SHEET EVENTS

Details of the significant post balance sheet events of the Group are set out in note 58 to the financial statements.

COMPLIANCE WITH LAWS AND REGULATIONS

During 2015, the Group has complied with the relevant laws and regulations that have a significant impact on the operations of the Group.

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, 2015 to December 31, 2015, 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".

AUDITORS

According to the resolutions of the 2014 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 2015.

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 15, 2016, at all times during the year ended December 31, 2015, 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 15, 2016

Report of the Supervisory Committee

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

During the Reporting Period, the Supervisory Committee 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 Supervisors entitled to be present. 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 (%)
Independent Supervisors	GU Liji (Chairman)	June 3, 2009	5/5	100
	PENG Zhijian	June 3, 2009	5/5	100
Shareholder Representative Supervisors	ZHANG Wangjin	June 17, 2013	5/5	100
	LIN Li(1)	July 17, 2012	1/2	50
Employee Representative Supervisors	PAN Zhongwu	July 17, 2012	5/5	100
	GAO Peng(1)	June 30, 2015	3/3	100
	SUN Jianping(1)	March 19, 2010	2/2	100
	ZHAO Fujun(1)	July 17, 2012	2/2	100

(1) The election of the new session of the Supervisory Committee was passed at the 2014 Annual General Meeting of the Company held on June 15, 2015. According to the resolution, the 8th session of the Supervisory Committee was composed of 5 Supervisors. Mr. Lin Li, Mr. Sun Jianping and Mr. Zhao Fujun did not stand for re-election as Supervisors due to personal work arrangement. The term of office of Mr. Lin Li expired on June 15, 2015. According to the resolution passed at the employees' representatives meeting of the Company held on January 23, 2015, Mr. Gao Peng was elected as an Employee Representative Supervisor of the 8th session of the Supervisory Committee of the Company. The qualification of Mr. Gao Peng as a Supervisor of the Company was obtained from CIRC on June 30, 2015, on which day the appointment of Mr. Gao Peng and the resignation of Mr. Sun Jianping and Mr. Zhao Fujun became effective.

In September 2015, 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 Securities in Shanxi. 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 Company's general meetings and meetings of the Board of Directors as non-voting participants and had no dissents.

Report of the Supervisory Committee

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 2015. 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 under general mandate on December 8, 2014 and the gross proceeds raised from the placing were HK$36,831,472,000. 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 was consistent with the use that was passed by the meeting of the Board of Directors. As at December 31, 2015, HK$10.22 billion from the placing is kept in the fund-raising account, and the rest had been used as intended.

(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 2015 and 2015 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 by 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 by the general meetings and is of the opinion that the Board of Directors can duly implement the resolutions approved by the general meetings.

(7) Implementation of Cash Dividend Policy

The Supervisory Committee acknowledges that the Board of Directors 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.

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 15, 2016

Significant Events

GENERAL ANALYSIS OF EXTERNAL 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. For details of the asset allocation of the investment portfolio, please refer to relevant sections in the "Management Discussion and Analysis".

Material Equity Investment

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 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 non-public issuance of Ping An Bank. The specific subscription ratio of preference shares is subject to the approval of relevant regulatory authorities.

On May 20, 2015, as mentioned in the announcement of the Company, the Company had already subscribed 210,206,652 A shares issued by Ping An Bank under the non-public issuance at the issue price of RMB16.70 per share. Upon completion of the subscription, the A shares of Ping An Bank held directly and indirectly by the Company represented approximately 58% of the issued shares of Ping An Bank as enlarged by the non-public issuance.

On September 1, 2015, Ping An Bank received "The Approval on the Non-public Issuance of Preference Shares by Ping An Bank and the Amendment on its Articles of Association" issued by CBRC, which approved Ping An Bank to raise funds of not more than RMB20 billion through the non-public issuance of not more than 200 million preference shares by Ping An Bank.

On November 20, 2015, as mentioned in the announcement of the Company, Ping An Bank had decided that the non-public issuance of preference shares would be issued in one single tranche, after considered its funding arrangement, the market circumstances for preference shares as well as other factors. Ping An Asset Management would subscribe for 58% new preference shares to be issued under the non-public issuance by Ping An Bank.

On January 8, 2016, the Public Offering Review Committee of CSRC reviewed the application of Ping An Bank's non-public issuance of preference shares. According to the review results, the application of Ping An Bank's non-public issuance of preference shares has been approved.

On February 26, 2016, Ping An Bank received "The Approval on the Non-public Issuance of Preference Shares by Ping An Bank Co., Ltd." issued by CSRC, which approved the non-public issuance of not more than 200 million preference shares by Ping An Bank with a valid period of 6 months from the date of the approval.

Material Non-equity Investment

During the Reporting Period, there was no material non-equity investment that was required to be disclosed.

Financial Instruments recorded at Fair Value

Details of financial instruments recorded at fair value are set out in note 48 to the financial statements.

Significant Events

Sale of Major Assets and Equities

During the Reporting Period, there was no sale of major assets or equities that was required to be disclosed.

Major Subsidiaries and Associates of the Company

Details of major subsidiaries and associates of the Company are set out in note 5 and note 29 to the financial statements respectively.

Structured Entities controlled by the Company

Details of Structured Entities controlled by the Company are set out in note 5 to the financial statements.

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

As considered at the 16th Meeting of the 9th Session of the Board of Directors held on October 28, 2014 and approved at the First Extraordinary General Meeting of 2015 held on February 5, 2015, the Key Employee Share Purchase Plan of the Company (the "Plan") was officially implemented. The first phase of the Plan was duly implemented with target participants including 839 key personnel of the Company and its subsidiaries comprising the directors, employee representative supervisors and senior management of the Company. The sources of funding were comprised of legitimate salary and performance bonus of the employees. Upon establishment, China Merchants Securities Co., Ltd. was engaged to manage the current stock ownership plan. Share purchase was completed on March 26, 2015 through the secondary market. 4,050,253 A shares of the Company were purchased in aggregate at a total consideration of RMB312,047,645 (inclusive of expenses), accounting for 0.044% of the total issued share capital of the Company at that time. For details of the share purchase, please refer to the Announcement regarding the Completion of Share Purchase Under the 2015 Key Employee Share Purchase Plan dated March 27, 2015 and March 30, 2015 published by the Company on the websites of HKEx and SSE, respectively.

During the Reporting Period, there was no change in equity as a result of disposal by holders of the Plan. As China Merchants Securities Co., Ltd. was approved to set up a wholly owned asset management subsidiary, the manager of this Plan was changed into "China Merchants Securities Asset Management Co. Ltd." from China Merchants Securities Co., Ltd.

Since implementation of this plan, the Company has seen sound operations, the shareholders, the Company and the employees have shared benefits and risks, providing powerful guarantee for further improving the Company's governance structure, establishing and improving the long-term incentive and restraint mechanisms to facilitate the long-term, sustainable and healthy development of the Company.

MATERIAL CONNECTED TRANSACTIONS

Granting credit limit to Guosen Securities Co., Ltd. by Ping An Bank

On July 1, 2015, as mentioned in the announcement of the Company, the Resolution on Granting RMB6.5 Billion Credit Limit to Guosen Securities Co., Ltd. was considered and approved by the 14th Meeting of the 9th session of the board of directors of Ping An Bank, according to which Ping An Bank would grant RMB6.5 billion credit limit to Guosen Securities Co., Ltd. with a term of 1 year.

The transaction between Ping An Bank and Guosen Securities Co., Ltd. constituted a connected transaction of the Company as defined under the SSE Listing Rules, but would not be regarded as a connected transaction of the Company as defined under the HKEx Listing Rules.

Please refer to the related announcements published on the websites of SSE and HKEx, and in China Securities Journal, Shanghai Securities News, Securities Times and Securities Daily on July 1, 2015 for detailed information.

As at December 31, 2015, Guosen Securities Co., Ltd. had used RMB0 of its credit limit; during the Reporting Period, Guosen Securities Co., Ltd. did not break its credit limit.

Equities transaction between Ping An Overseas Holdings and Lufax Holding

On August 21, 2015, as mentioned in the announcement of the Company, Ping An Overseas Holdings intended to transfer the 100% equities held by it in Gem Alliance Limited (hereinafter referred to as "Puhui Limited") to Lufax Holding (formerly known as Wincon Investment Company Limited, the ultimate controlling company of Lufax). Upon the consummation of the equity transfer, Lufax Holding should hold 100% equities in Puhui Limited.

The transaction between Ping An Overseas Holdings and Lufax Holding constituted a connected transaction of the Company as defined under the SSE Listing Rules, but would not be regarded as a connected transaction of the Company as defined under the HKEx Listing Rules.

Please refer to the related announcements published on the websites of SSE and HKEx, and in China Securities Journal, Shanghai Securities News, Securities Times and Securities Daily on August 21, 2015, August 29, 2015 and October 29, 2015 for detailed information.

In addition, certain related party transactions as disclosed in note 54 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 directors' 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 and its subsidiaries (excluding the guarantee in favor of its subsidiaries)
Total guarantee incurred during the Reporting Period	1,335
Total guarantee balance as at the end of the Reporting Period	1,335

Guarantee of the Company and its subsidiaries in favor of its subsidiaries	
Total guarantee in favor of its subsidiaries incurred during the Reporting Period	6,229
Total guarantee balance in favor of its subsidiaries as at the end of the Reporting Period	39,808

Total guarantee of the Company (including the guarantee in favor of its subsidiaries)	
Total guarantee	41,143
Total guarantee as a percentage of the Company's net assets (%)	12.3
Including: Direct or indirect guarantee for the companies with gearing ratio over 70% (as at December 31, 2015)	32,435
The amount that the Company's total guarantee balance exceeded 50% of its net asset	–

Note: (1) 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.

(2) External guarantee balance and incurred of the Company and its subsidiaries are all induced by the external guarantee of its subsidiaries, there is no external guarantee for the Company.

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 2015. 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 were less than 50% share-controlled by the Company, any non-legal entities or individuals;

2. During the Reporting Period, total guarantee provided by the Company and its subsidiaries amounted to RMB7,564 million. As at December 31, 2015, total guarantee balance was RMB41,143 million, representing approximately 12.3% 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, and there existed 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.

Entrustment, Underwriting, Lease, Asset under Management, Entrusted Loan and Other Material Contract

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 AND ARBITRATIONS

During the Reporting Period, the Company had no material litigations and arbitrations required to be disclosed.

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, 2015, the above undertakings had been fulfilled 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 SDB and during the period when the Company remains as the controlling shareholder of SDB, and in respect of the businesses or commercial opportunities similar to those of SDB 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 businesses or commercial opportunities may possibly form potential competition with those of SDB, the Company and the enterprises under its control shall not be engaged in the businesses identical or similar to those carried out by SDB, so as to avoid direct or indirect competition with the operations of SDB.

(2) The Company undertakes that, after the completion of the major asset restructuring with SDB and in respect of the transactions between the Company and the enterprises under its control and SDB which constitute the connected transactions of SDB, the Company and the enterprises under its control shall enter into transaction with SDB following the principle of "openness, fairness and justness" 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 SDB undertake any illicit obligations through the transactions with SDB.

(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 SDB, the Company shall maintain the independence of SDB and ensure that SDB is independent from the Company and the enterprises under its control in respect of personnel, assets, finance, organization and business.

As at December 31, 2015, the above undertakings were still in the process of performance and there was no violation of the above undertakings.

Undertaking in Respect of the Issuance of Ping An Convertible Bonds

During the period of issuing Ping An Convertible Bonds by the Company, in terms of certain subsidiaries which 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 sale in an inappropriate form. It will not develop or sell commercial housing by means of investment in annuity and private real estate.

As at December 31, 2015, 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 36 months since the date of listing of 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 the CSRC and Shenzhen Stock Exchange.

As at December 31, 2015, 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 issuance of the 594,056,000 placing shares and save pursuant to (2) the issuance of shares or other securities (including rights or options) that 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, 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, 2015, the above undertaking had been fulfilled and there was no violation of the above undertaking.

Undertaking in Respect of the Subscription for 210,206,652 New Shares of Ping An Bank through Non-public Issuance

In relation to the subscription for 210,206,652 new shares of Ping An Bank through non-public issuance, the Company undertakes that it shall not transfer the shares within 36 months since the date of listing of the new shares (May 21, 2015). Such shares shall not be disposed of and transferred among its non-related parties during the lock-up period, nor transferred and disposed of among its related parties. In addition, no arrangement of any other disposal of interests shall be entered into with respect to such shares subject to lock-up period.

As at December 31, 2015, 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 AND RECTIFICATIONS

During the Reporting Period, neither the Company nor the Directors, Supervisors, or senior management of the Company, were investigated by competent authorities, subject to coercive measures by judicial authorities or disciplinary authorities, transferred to judicial organs or held accountable for crimes, investigated, punished, barred from the market or disqualified by the CSRC, subject to major administrative punishments by environmental protection, safe production supervision, tax or other administrative authorities, or denounced by any stock exchanges.

Because of the failure to handle investment planning issues prudently during his term as the Chairman of Ping An Asset Management, Mr. Chan Tak Yin, the Company's Chief Investment Officer, received the Decision on Administrative Punishment of the CIRC (Bao Jian Fa [2015] No.2) in February 2015, which gave him a warning and imposed a penalty of RMB10,000.

INTEGRITY CONDITIONS OF THE COMPANY

During the Reporting Period, the Company neither failed to abide by any effective judicial ruling, nor defaulted on any material debt.

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 2015 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 Tuesday, July 12, 2016 (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 with tax authorities, the Company will not withhold any enterprise income tax when it distributes 2015 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 of the People's Republic of China) 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 Wednesday, July 6, 2016 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

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 relative tax regulations, the Company shall generally be obligated to withhold individual income tax at the tax rate of 10% when it distributes 2015 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 Wednesday, July 6, 2016 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.

The Company will withhold the income tax for the southbound trading shareholders as required by the Notice on Tax Policies for Pilot Mechanism of Shanghai-Hong Kong Stock Connect Program (Cai Shui [2014] No. 81) on the basis of the Company's register of members of H shares on the Record Date.

All investors are requested to read this part 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 set out on pages 145 to 280, which comprise the consolidated statement of financial position as at 31 December 2015, 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 issued by The Hong Kong Institute of Certified Public Accountant. 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 financial position of the Company and its subsidiaries as at 31 December 2015, and of their financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 15 March 2016

Consolidated Statement of Income

For the year ended 31 December 2015

(in RMB million)	Notes	2015	2014
Gross written premiums	7	**386,012**	326,423
Less: Premiums ceded to reinsurers		**(25,208)**	(24,660)
Net written premiums	7	**360,804**	301,763
Change in unearned premium reserves		**(10,958)**	(12,984)
Net earned premiums		**349,846**	288,779
Reinsurance commission income		**9,148**	7,963
Interest income from banking operations	8	**132,131**	119,422
Fees and commission income from non-insurance operations	9	**40,499**	25,643
Investment income	10	**134,922**	71,538
Share of profits and losses of associates and jointly controlled entities		**(281)**	(62)
Other income	11	**26,955**	16,737
Total income		**693,220**	530,020
Gross claims and policyholders' benefits	12	**(304,653)**	(242,454)
Less: Reinsurers' share and policyholders' benefits	12	**15,143**	14,128
Claims and policyholders' benefits		**(289,510)**	(228,326)
Commission expenses on insurance operations		**(50,644)**	(34,941)
Interest expenses on banking operations	8	**(64,727)**	(64,527)
Fees and commission expenses on non-insurance operations	9	**(3,567)**	(3,230)
Loan loss provisions, net of reversals	13, 23	**(30,118)**	(14,614)
Foreign exchange (losses)/gains		**256**	(191)
General and administrative expenses		**(135,155)**	(102,565)
Finance costs		**(7,539)**	(6,974)
Other expenses		**(18,803)**	(12,299)
Total expenses		**(599,807)**	(467,667)
Profit before tax	13	**93,413**	62,353
Income tax	14	**(28,235)**	(14,423)
Profit for the year		**65,178**	47,930
Attributable to:			
– Owners of the parent		**54,203**	39,279
– Non-controlling interests		**10,975**	8,651
		65,178	47,930
		RMB	RMB
Earnings per share attributable to ordinary equity holders of the parent:			
– Basic	17	**2.98**	2.47
– Diluted	17	**2.98**	2.34

FINANCIAL STATEMENTS

Consolidated Statement of Comprehensive Income

For the year ended 31 December 2015

(in RMB million)	Note	2015	2014
Profit for the year		**65,178**	47,930
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss:			
Available-for-sale financial assets		**2,486**	50,359
Shadow accounting adjustments		**(1,467)**	(9,434)
Exchange differences on translation of foreign operations		**(70)**	41
Share of other comprehensive income of associates and jointly controlled entities		**9**	(8)
Income tax relating to components of other comprehensive income		**(206)**	(10,184)
Other comprehensive income for the year, net of tax	15	**752**	30,774
Total comprehensive income for the year		**65,930**	78,704
Attributable to:			
– Owners of the parent		**54,565**	69,590
– Non-controlling interests		**11,365**	9,114
		65,930	78,704

Consolidated Statement of Financial Position

As at 31 December 2015

(in RMB million)	Notes	31 December 2015	31 December 2014
Assets			
Cash and amounts due from banks and other financial institutions	18	**439,327**	398,485
Balances with the Central Bank and statutory deposits	19	**299,689**	313,728
Fixed maturity investments	20	**1,911,871**	1,608,736
Equity investments	21	**370,899**	241,690
Derivative financial assets	22	**8,272**	4,311
Loans and advances to customers	23	**1,245,371**	1,053,882
Premium receivables	24	**34,072**	30,740
Accounts receivable	25	**16,778**	14,983
Reinsurers' share of insurance liabilities	26	**17,872**	15,587
Finance lease receivable	27	**57,598**	37,908
Policyholder account assets in respect of insurance contracts	28	**48,903**	42,673
Policyholder account assets in respect of investment contracts	28	**5,084**	4,577
Investments in associates and jointly controlled entities	29	**26,858**	12,898
Investment properties	30	**24,827**	17,170
Property and equipment	31	**35,158**	28,341
Intangible assets	32	**44,916**	43,032
Deferred tax assets	44	**15,663**	12,354
Other assets	33	**162,001**	124,816
Total assets		**4,765,159**	4,005,911
Equity and liabilities			
Equity			
Share capital	34	**18,280**	8,892
Reserves	35	**180,630**	181,597
Retained profits	35	**135,338**	99,075
Equity attributable to owners of the parent		**334,248**	289,564
Non-controlling interests	35	**79,323**	64,252
Total equity		**413,571**	353,816
Liabilities			
Due to banks and other financial institutions	37	**410,258**	456,153
Other financial liabilities held for trading		**8,506**	4,747
Assets sold under agreements to repurchase	38	**119,236**	99,672
Derivative financial liabilities	22	**4,527**	2,770
Customer deposits and payables to brokerage customers	39	**1,713,907**	1,510,448
Accounts payable	40	**4,735**	2,721
Income tax payable		**14,104**	10,643
Insurance payables		**82,485**	65,660
Insurance contract liabilities	41	**1,419,958**	1,206,816
Investment contract liabilities for policyholders	42	**42,690**	38,330
Policyholder dividend payable		**33,028**	28,673
Bonds payable	43	**264,413**	88,119
Deferred tax liabilities	44	**9,911**	6,160
Other liabilities	45	**223,830**	131,183
Total liabilities		**4,351,588**	3,652,095
Total equity and liabilities		**4,765,159**	4,005,911

The financial statements on pages 145 to 280 were approved and authorized for issue by the Board of Directors on 15 March 2016 and were signed on its behalf.

MA Mingzhe	**SUN Jianyi**	**YAO Jason Bo**
Director	*Director*	*Director*

Consolidated Statement of Changes in Equity

For the year ended 31 December 2015

	For the year ended 31 December 2015							
	Equity attributable to owners of the parent							
(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**
As at 1 January 2015	**8,892**	**154,779**	**7,470**	**19,196**	**152**	**99,075**	**64,252**	**353,816**
Profit for the year	**-**	**-**	**-**	**-**	**-**	**54,203**	**10,975**	**65,178**
Other comprehensive income for the year	**-**	**428**	**-**	**-**	**(66)**	**-**	**390**	**752**
Total comprehensive income for the year	**-**	**428**	**-**	**-**	**(66)**	**54,203**	**11,365**	**65,930**
Conversion of convertible bonds	**248**	**8,871**	**-**	**-**	**-**	**-**	**-**	**9,119**
Transfer of capital reserves to share capital	**9,140**	**(9,140)**	**-**	**-**	**-**	**-**	**-**	**-**
Dividend declared (Note 16)	**-**	**-**	**-**	**-**	**-**	**(7,860)**	**-**	**(7,860)**
Appropriations to surplus reserves	**-**	**-**	**1,028**	**-**	**-**	**(1,028)**	**-**	**-**
Appropriations to general reserves	**-**	**-**	**-**	**9,052**	**-**	**(9,052)**	**-**	**-**
Dividend paid to non-controlling interests	**-**	**-**	**-**	**-**	**-**	**-**	**(1,257)**	**(1,257)**
Equity transactions with non-controlling interests	**-**	**(1,193)**	**-**	**-**	**-**	**-**	**(1,233)**	**(2,426)**
Contributions from non-controlling interests	**-**	**953**	**-**	**-**	**-**	**-**	**6,036**	**6,989**
Share purchase scheme	**-**	**(127)**	**-**	**-**	**-**	**-**	**-**	**(127)**
Shares held by consolidated assets management scheme	**-**	**(13,392)**	**-**	**-**	**-**	**-**	**-**	**(13,392)**
Others	**-**	**2,619**	**-**	**-**	**-**	**-**	**160**	**2,779**
As at 31 December 2015	**18,280**	**143,798**	**8,498**	**28,248**	**86**	**135,338**	**79,323**	**413,571**

	For the year ended 31 December 2014							
	Equity attributable to owners of the parent							
(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
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

Consolidated Statement of Cash Flows

For the year ended 31 December 2015

(in RMB million)	Notes	2015	2014
Net cash flows from operating activities	51	**135,618**	170,260
Cash flows from investing activities			
Purchases of investment properties, property and equipment, and intangible assets		**(16,529)**	(13,530)
Proceeds from disposal of investment properties, property and equipment, and intangible assets		**240**	701
Proceeds from disposal of investments		**1,670,438**	772,755
Purchases of investments		**(2,084,647)**	(1,062,364)
Term deposits withdrawal/(placed), net		**42,286**	(8,713)
Acquisition of non-controlling interests in subsidiaries		**(2,427)**	(1,226)
Acquisition and disposal of subsidiaries, net		**(2,495)**	(1,212)
Interest received		**115,053**	82,801
Dividends received		**17,118**	4,371
Rentals received		**1,385**	1,231
Others		**(14,154)**	(11,703)
Net cash flows used in investing activities		**(273,732)**	(236,889)
Cash flows from financing activities			
Proceeds from placing of new H shares		**-**	28,842
Capital injected into subsidiaries by non-controlling interests		**7,124**	339
Proceeds from bonds issued		**387,982**	66,766
Increase/(Decrease) in assets sold under agreements to repurchase of insurance operations, net		**30,267**	(9,691)
Proceeds from borrowed funds		**69,649**	37,792
Repayment of borrowed funds		**(270,937)**	(45,764)
Interest paid		**(9,116)**	(7,999)
Dividends paid		**(9,040)**	(6,195)
Others		**(953)**	21,278
Net cash flows from financing activities		**204,976**	85,368
Net increase in cash and cash equivalents		**66,862**	18,739
Net foreign exchange differences		**2,503**	344
Cash and cash equivalents at beginning of the year		**263,960**	244,877
Cash and cash equivalents at end of the year	50	**333,325**	263,960

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.

IFRS 9, '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.

IFRS 15, '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 2018 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 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.

Amendment to IAS 19 on contributions from employees or third parties to defined benefit plans

- The amendment distinguishes between contributions that are linked to service only in the period in which they arise and those linked to service in more than one period. The amendment allows contributions that are linked to service, and do not vary with the length of employee service, to be deducted from the cost of benefits earned in the period that the service is provided. Contributions that are linked to service, and vary according to the length of employee service, must be spread over the service period using the same attribution method that is applied to the benefits.

Annual improvements 2012 – These amendments include the following changes from the 2010-2012 cycle of the annual improvements project:

- IFRS 8, 'Operating segments' – The standard is amended to require disclosure of the judgements made by management in aggregating operating segments and a reconciliation of segment assets to the entity's assets when segment assets are reported.

- IAS 16, 'Property, plant and equipment' and IAS 38, 'intangible assets' – Both standards are amended to clarify how the gross carrying amount and the accumulated depreciation are treated where an entity uses the revaluation model.

- IAS 24, 'Related Party Disclosures' The reporting entity is not required to disclose the compensation paid by the management entity (as a related party) to the management entity's employee or directors, but it is required to disclose the amounts charged to the reporting entity by the management entity for services provided.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(2) CHANGES IN ACCOUNTING POLICIES AND ESTIMATES (CONTINUED)

Changes in accounting policies (continued)

Annual improvements 2013 – The amendments include the following changes from the 2011-2013 cycle of the annual improvements project:

- IFRS 3, 'Business combinations' – It clarifies that IFRS 3 does not apply to the accounting for the formation of any joint arrangement under IFRS 11 in the financial statements of the joint arrangement.

- IFRS 13, 'Fair value measurement' – It clarifies that the portfolio exception in IFRS 13, which allows an entity to measure the fair value of a group of financial assets and financial liabilities on a net basis, applies to all contracts (including non-financial contracts) within the scope of IAS 39 or IFRS 9.

- IAS 40, 'Investment property' – Preparers also need to refer to the guidance in IFRS 3 to determine whether the acquisition of an investment property is a business combination.

In addition, the requirements of Part 9 'Accounts and Audit' of the new Hong Kong Companies Ordinance (Cap. 622) come into operation during the financial year, as a result, there are changes to presentation and disclosures of certain information in the consolidated financial statements.

The adoption of the above amendments/interpretations had no significant effect on the consolidated financial statements.

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 2015 (mainly increased the assumption of morbidity and decreased tax and liquidity premium and decreased the benchmarking yield curve for the measurement of insurance contract liabilities) 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 RMB23,175 million as at 31 December 2015 and the profit before tax for the year 2015 was decreased by RMB23,175 million.

(3) BUSINESS COMBINATIONS AND GOODWILL

Business combinations that are not under common control 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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(3) BUSINESS COMBINATIONS AND GOODWILL (CONTINUED)

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.

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 2015 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 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 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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(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 (Note 3. (29)).

(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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(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 reverse 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 reverse repurchase agreements of insurance business are included in the financing and investing 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, the initial direct costs and the unguaranteed residual value in the finance lease receivable. The difference between (a) the aggregate of the minimum lease payments and the unguaranteed residual value and (b) the aggregate of their present values is recognized as unearned finance income. Finance lease receivable net of unearned finance income which represents the Group's net investment in the finance lease is presented as finance lease receivables in the consolidated statement of financial position. Unearned finance income is allocated over the lease term based on a pattern reflecting a constant periodic return on the Group's net investment in the finance lease.

(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. ('Ping An Annuity') and Ping An Health Insurance Company of China, Ltd. ('Ping An Health') 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 which is embedded in the unearned premium reserves 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 47.

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 payable 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.

(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 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 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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(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 PAYMENT

Equity-settled share-based payment transactions

The Group operates an equity-settled, share-based compensation plan (share purchase scheme), under which the Group receives services from employees as consideration for equity instruments.

The total amount to be expensed is determined by reference to the fair value of the shares granted, which includes the impact of market performance conditions (for example, an entity's share price) but excludes the impact of any service and non-market performance vesting conditions (for example, profitability, sales growth targets and remaining an employee of the entity over a specified time period) and includes the impact of any non-vesting conditions (for example, the requirement for employees to save or holding shares for a specified period of time). The Group also estimates the number of total shares expected to vest taking into consideration of service and non-market performance conditions. Total expense based on fair value of the shares granted and number of shares expected to vest is recognized over the vesting period.

At the end of each reporting period, the Group revises its estimates of the number of awarded shares that are expected to vest based on the non-marketing performance and service conditions. It recognizes the impact of the revision to original estimates, if any, in the statement of income, with a corresponding adjustment to equity.

The Company settles with the awardees under the share purchase scheme upon vesting.

(43) SHARES HELD BY CONSOLIDATED STRUCTURED ENTITIES

The Group's subsidiaries consolidated certain third party assets management scheme. These assets management schemes invested in the insurance index shares. As such the Group indirectly hold the Company's shares. The employee share purchase scheme consolidated by the Group also hold the Company's shares. The consideration paid by the consolidated structured entities in purchasing the Company's shares from the market, including any directly attributable incremental cost, is debited to 'Share premium' under 'Reserves'. No gain or loss shall be recognized in profit or loss on the sale of those shares, the consideration received is credited to 'Share premium' under 'Reserves'.

(44) 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)

(45) DIVIDENDS

When the final cash dividends proposed by the directors have been approved by the shareholders and declared, they are recognized as a liability.

Interim cash dividends are simultaneously proposed and declared, because the Company's memorandum and articles of association grant the directors the authority to declare interim cash dividends. Consequently, interim dividends are recognized immediately as a liability when they are proposed and declared.

(46) 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)

(47) 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 2015 ranged from 3.55%- 5.29% (31 December 2014: 3.95%-5.50%).

  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 2015 ranged from 4.75%- 5.50% (31 December 2014: 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 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 industrial benchmark morbidity rates or 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 2015 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 2015, the Group reviewed the carrying amount of deferred tax assets. Based on current information available and the tax planning strategies, the Group believed it is no longer probable that there will be eligible future taxable profit to allow the deferred tax assets to be utilized, resulting in the reversal of the deferred tax assets recognized in 2008 related to the impairment provision of the investment in Fortis (name has been subsequently changed to 'Ageas' now). It led to a decrease of deferred tax assets by RMB5,251 million as at 31 December 2015, a decrease of net profit by RMB5,697 million and an increase of other comprehensive income by RMB446 million for the year ended 31 December 2015.

(9) 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 47. (8).

5. SCOPE OF CONSOLIDATION

(1) Particulars of the Group's principal subsidiaries as at 31 December 2015 are set out below:

Name	Place of incorporation and kind of legal entity	Principal activities and place of operation	Proportion of ordinary shares directly held by the Group (%)	Proportion of ordinary shares indirectly held by the Group (%)	Proportion of votes (%) (i)	Registered/ authorized capital (RMB unless otherwise stated)
Ping An Life Insurance Company of China, Ltd.	Shenzhen, Corporation	Life insurance, Shenzhen	99.51%	-	99.51%	33,800,000,000
Ping An Property & Casualty Insurance Company of China, Ltd.	Shenzhen, Corporation	Property and casualty insurance, Shenzhen	99.51%	-	99.51%	21,000,000,000
Ping An Bank Co., Ltd. (ii) (iii) ('Ping An Bank')	Shenzhen, Corporation	Banking, Shenzhen	49.56%	8.40%	58.00%	14,308,676,139
China Ping An Trust Co., Ltd. (iii)	Shenzhen, Corporation	Investment and trust, Shenzhen	99.88%	-	99.88%	12,000,000,000
Ping An Securities Company, Ltd. (iii) ('Ping An Securities')	Shenzhen, Corporation	Security investment and brokerage, Shenzhen	40.96%	55.59%	96.62%	8,573,951,830
Ping An Annuity Insurance Company of China, Ltd. (iii)	Shanghai, Corporation	Annuity insurance, Shanghai	86.11%	13.82%	100.00%	4,860,000,000
Ping An Asset Management Co., Ltd. (iii)	Shanghai, Corporation	Asset management, Shanghai	98.67%	1.33%	100.00%	1,500,000,000
Ping An Health Insurance Company of China, Ltd.	Shanghai, Corporation	Health insurance, Shanghai	71.26%	3.75%	75.01%	666,577,790
China Ping An Insurance Overseas (Holdings) Limited ('Ping An Overseas')	Hong Kong, Corporation	Investment holding, Hong Kong	100.00%	-	100.00%	HKD4,735,000,000
China Ping An Insurance (Hong Kong) Company Limited	Hong Kong, Corporation	Property and casualty insurance, Hong Kong	-	100.00%	100.00%	HKD490,000,000
Ping An International Financial Leasing Co., Ltd. (iii)	Shanghai, Corporation	Financial leasing, Shanghai	75.00%	25.00%	100.00%	9,300,000,000
Ping An of China Asset Management (Hong Kong) Company Limited (iii)	Hong Kong, Corporation	Asset management, Hong Kong	-	100.00%	100.00%	HKD345,000,000
Shenzhen Ping An New Capital Investment Co., Ltd.	Shenzhen, Corporation	Investment holding, Shenzhen	-	99.88%	100.00%	4,000,000,000
Ping An Real Estate Co., Ltd.	Shenzhen, Corporation	Investment management, Shenzhen	-	99.65%	100.00%	10,000,000,000

5. SCOPE OF CONSOLIDATION (CONTINUED)

(1) Particulars of the Group's principal subsidiaries as at 31 December 2015 are set out below: (continued)

Name	Place of incorporation and kind of legal entity	Principal activities and place of operation	Proportion of ordinary shares directly held by the Group (%)	Proportion of ordinary shares indirectly held by the Group (%)	Proportion of votes (%) (i)	Registered/ authorized capital (RMB unless otherwise stated)
Ping An Technology (Shenzhen) Co., Ltd.	Shenzhen, Corporation	IT services, Shenzhen	-	99.99%	100.00%	204,763,800
Pingan Health Cloud Co., Ltd. (Previously Pingan Health Medical Treatment Internet Technology Co., Ltd.)	Shenzhen, Corporation	Network technology, Shenzhen	-	49.00%	70.00%	350,000,000
Shenzhen Ping An Financial Services Co., Ltd. (Previously Ping An Processing & Technology (Shenzhen) Co., Ltd.)	Shenzhen, Corporation	IT and business process outsourcing services, Shenzhen	-	99.99%	100.00%	204,766,200
Shenzhen Wanlitong Internet Information Technology Co., Ltd.	Shenzhen, Corporation	Sale of points, Shenzhen	-	59.99%	60.00%	200,000,000
Shenzhen Ping An Commercial Property Investment Co., Ltd. (iii)	Shenzhen, Corporation	Real estate investment, Shenzhen	-	99.46%	99.95%	396,000,000
Ping An Futures Co., Ltd.	Shenzhen, Corporation	Futures brokerage, Shenzhen	-	96.82%	100.00%	300,000,000
Shenzhen Ping An Real Estate Investment Co., Ltd.	Shenzhen, Corporation	Real estate investment, Shenzhen	-	99.99%	100.00%	1,300,000,000
Ping An Through Consultant Co., Ltd.	Shenzhen, Corporation	Consulting services, Shenzhen	-	99.99%	100.00%	100,000,000
Shanghai Pingpu Investment Co., Ltd. (v)	Shanghai, Corporation	Investment management, Shanghai	-	99.88%	100.00%	4,330,500,000
Ansheng Investment Company Limited	British Virgin Islands, Corporation	Project investment, British Virgin Islands	-	99.51%	100.00%	USD50,000
Shenzhen Ping An Financial Technology Consulting Co., Ltd. (iii)	Shenzhen, Corporation	Financial advisory services, Shenzhen	92.35%	7.64%	100.00%	9,542,000,000
Ping An Tradition International Money Broking Company Ltd.	Shenzhen, Corporation	Currency brokerage, Shenzhen	-	66.92%	67.00%	50,000,000
Shanghai Pingan Property E-commerce Co., Ltd. (iii)	Shanghai, Corporation	Property agency, Shanghai	-	79.99%	80.00%	400,000,000

5. SCOPE OF CONSOLIDATION (CONTINUED)

(1) Particulars of the Group's principal subsidiaries as at 31 December 2015 are set out below: (continued)

Name	Place of incorporation and kind of legal entity	Principal activities and place of operation	Proportion of ordinary shares directly held by the Group (%)	Proportion of ordinary shares indirectly held by the Group (%)	Proportion of votes (%) (i)	Registered/ authorized capital (RMB unless otherwise stated)
Pingan-UOB Wealthtone Asset Management Co., Ltd.	Shenzhen, Corporation	Fund investment, Shenzhen	-	60.63%	100.00%	30,000,000
Ping An UOB Fund Management Company Limited	Shenzhen, Corporation	Fund raising and distribution, Shenzhen	-	60.63%	60.70%	300,000,000
Shenzhen Ping An Financial Center Development Company Ltd. (iii)	Shenzhen, Corporation	Real estate development, Shenzhen	-	99.51%	100.00%	5,248,870,000
Ping An Insurance Sales Services Co., Ltd.	Shenzhen, Corporation	Sale agency of insurance, Shenzhen	-	99.99%	100.00%	50,000,000
Ping An Chuang Zhan Insurance Sales & Service Co., Ltd ('Ping An Chuang Zhan')	Shenzhen, Corporation	Insurance sale, Shenzhen	-	99.51%	100.00%	50,000,000
Reach Success International Company Limited	British Virgin Islands, Corporation	Project investment, British Virgin Islands	-	99.51%	100.00%	USD50,000
Jade Reach Investment Company Limited	British Virgin Islands, Corporation	Project investment, British Virgin Islands	-	99.51%	100.00%	USD50,000
Shenyang Shengping Investment Management Co., Ltd.	Shenyang, Corporation	Real estate investment, Shenyang	-	99.51%	100.00%	419,000,000
Tongxiang Ping An Investment Co., Ltd.	Tongxiang, Corporation	Investment management, Tongxiang	-	99.65%	100.00%	500,000,000
Ping An Commercial Factoring Co., Ltd. (iii)	Shanghai, Corporation	Commercial factoring, Shanghai	-	100.00%	100.00%	700,000,000
Shanxi Changjin Expressway Co., Ltd.	Taiyuan, Corporation	Expressway operation, Taiyuan	-	59.71%	60.00%	750,000,000
Shanxi Jinjiao Expressway Co., Ltd.	Taiyuan, Corporation	Expressway operation, Taiyuan	-	59.71%	60.00%	504,000,000

5. SCOPE OF CONSOLIDATION (CONTINUED)

(1) Particulars of the Group's principal subsidiaries as at 31 December 2015 are set out below: (continued)

Name	Place of incorporation and kind of legal entity	Principal activities and place of operation	Proportion of ordinary shares directly held by the Group (%)	Proportion of ordinary shares indirectly held by the Group (%)	Proportion of votes (%) (i)	Registered/ authorized capital (RMB unless otherwise stated)
Ping An Caizhi Investment Management Company Limited	Shenzhen, Corporation	Equity investment, Shenzhen	-	96.55%	100.00%	600,000,000
Ping An of China Securities (Hong Kong) Company Limited	Hong Kong, Corporation	Securities investment and brokerage, Hong Kong	-	96.55%	100.00%	HKD200,000,000
Ping An Wealth Management Co., Ltd.	Shanghai, Corporation	Consulting services, Shanghai	-	99.88%	100.00%	50,000,000
Ping An Financing (Tianjin) Guarantee Co., Ltd. (iii)	Tianjin, Corporation	Financing guarantee, Tianjin	-	100.00%	100.00%	1,250,000,000
Shenzhen Pingan Real Estate Industrial Logistics Company Limited (iii)	Shenzhen, Corporation	Logistics, Shenzhen	-	99.65%	100.00%	2,000,000,000
Beijing Shuangronghui Investment Co., Ltd.	Beijing, Corporation	Real estate investment, Beijing	-	99.51%	100.00%	256,323,143
Chengdu Ping An Property Investment Company Co., Ltd.	Chengdu, Corporation	Real estate investment, Chengdu	-	99.51%	100.00%	840,000,000
Hangzhou Pingan Pension Industry Equity Investment Partnership Enterprise (Limited Partnership)	Hangzhou, Partnership	Investment management, Hangzhou	-	99.65%	100.00%	500,000,000
Hangzhou Pingjiang Investment Co., Ltd. (iii)	Hangzhou, Corporation	Real estate development, Hangzhou	-	99.51%	100.00%	1,600,000,000
Beijing Jingxinlize Investment Co., Ltd.	Beijing, Corporation	Real estate investment, Beijing	-	99.51%	100.00%	1,160,000,000
Anbon Allied Investment Company Limited	Hong Kong, Corporation	Real estate investment, Hong Kong	-	99.51%	100.00%	GBP160
Anbon Delight Company Limited (iii)	Hong Kong, Corporation	Real estate investment, Hong Kong	-	99.51%	100.00%	GBP63,100,100
One Lime Street Company Limited (iii)	Hong Kong, Corporation	Real estate investment, Hong Kong	-	99.51%	100.00%	GBP55,600,830
Talent Bronze Limited (iii)	Hong Kong, Corporation	Real estate investment, Hong Kong	-	99.51%	100.00%	GBP133,000,000

5. SCOPE OF CONSOLIDATION (CONTINUED)

(1) Particulars of the Group's principal subsidiaries as at 31 December 2015 are set out below: (continued)

Name	Place of incorporation and kind of legal entity	Principal activities and place of operation	Proportion of ordinary shares directly held by the Group (%)	Proportion of ordinary shares indirectly held by the Group (%)	Proportion of votes (%) (i)	Registered/ authorized capital (RMB unless otherwise stated)
Shining Port Limited	Hong Kong, Corporation	Real estate investment, Hong Kong	-	99.51%	100.00%	HKD1
Visual King Limited	Hong Kong, Corporation	Real estate investment, Hong Kong	-	99.51%	100.00%	HKD1
Pingan Panhai Capital Co., Ltd.	Shenzhen, Corporation	Asset management, Shenzhen	-	96.55%	100.00%	1,000,000,000
Shenzhen Pingke Information Consulting Co., Ltd.	Shenzhen, Corporation	Management consulting, Shenzhen	-	100.00%	100.00%	1,600,000,000
Beijing Jingping Shangdi Investment Co., Ltd.	Beijing, Corporation	Commercial real estate leasing, Beijing	-	99.51%	100.00%	45,000,000
Guangzhou Xinping Property Investment Co., Ltd.	Guangzhou, Corporation	Property leasing, Guangzhou	-	99.51%	100.00%	50,000,000
Shanghai Jahwa (Group) Company Ltd. ('Shanghai Jahwa')	Shanghai, Corporation	Production and sale of consumer chemicals, Shanghai	-	99.88%	100.00%	268,261,234
Shanghai Jahwa United Co., Ltd. (iii) (vi)	Shanghai, Corporation	Industry, Shanghai	-	29.86%	29.90%	674,032,111
Shanghai Zean Investment Management Company Limited	Shanghai, Corporation	Asset management, Shanghai	-	99.51%	100.00%	4,810,000,000
Shanghai Pingan Automobile E-commerce Co., Ltd. (iii)	Shanghai, Corporation	E-commerce, Shanghai	-	94.73%	94.74%	63,330,000
Shanghai Gezhouba Yangming Property Co., Ltd. (iv)	Shanghai, Corporation	Real estate investment, Shanghai	-	99.51%	100.00%	20,000,000
Shanghai Jinyao Investment Management Co., Ltd. (iv)	Shanghai, Corporation	Investment management, Shanghai	-	98.36%	98.84%	1,815,000,000
Shanghai PingXin Asset Management Co., Ltd. (iv)	Shanghai, Corporation	Asset management, Shanghai	-	99.99%	100.00%	10,000,000

5. SCOPE OF CONSOLIDATION (CONTINUED)

(1) Particulars of the Group's principal subsidiaries as at 31 December 2015 are set out below: (continued)

Name	Place of incorporation and kind of legal entity	Principal activities and place of operation	Proportion of ordinary shares directly held by the Group (%)	Proportion of ordinary shares indirectly held by the Group (%)	Proportion of votes (%) (i)	Registered/ authorized capital (RMB unless otherwise stated)
Shenzhen Qianhai Credit Service Centre Co., Ltd. (iv)	Shenzhen, Corporation	Information services, Shenzhen	-	99.99%	100.00%	50,000,000
Pingan Real Estate Capital Limited (iv)	Hong Kong, Corporation	Financing platform, Hong Kong	-	99.65%	100.00%	USD100,000,000
Gem Alliance Limited (iv) ('Puhui Limited')	Cayman Islands, Corporation	Project investment, Cayman Islands	-	100.00%	100.00%	USD505,000,002
Harmonious Splendor Limited (iv)	Hong Kong, Corporation	Project investment, Hong Kong	-	100.00%	100.00%	USD505,000,000
Shenzhen Qianhai Inclusive Crowdfunding & Trading Co., Ltd. (iv)	Shenzhen, Corporation	Private equity financing, Shenzhen	-	54.14%	55.00%	100,000,000
Pingan Chuangke (Shenzhen) Investment Management Co., Ltd. (iv)	Shenzhen, Corporation	Investment management, Shenzhen	-	99.83%	100.00%	100,000,000
Lianxin (Shenzhen) Investment Management Co., Ltd. (iv)	Shenzhen, Corporation	Investment platform, Shenzhen	-	99.83%	100.00%	100,000,000

Notes:

(i) The above disclosed equity holdings are the sum product of direct holdings and indirect holdings.

(ii) In 2015, Ping An Bank's profit attributable to its non-controlling interest was RMB8,896 million (2014: RMB7,850 million), the dividend paid to its non-controlling interest was RMB815 million (2014: RMB625 million). As at 31 December 2015, Ping An Bank's equity attributable to its non-controlling interest was RMB67,351 million (2014: RMB53,404 million). Ping An Bank's summarised financial information is disclosed in 'Segment reporting' under the 'Banking' segment.

(iii) The paid-in capital of these subsidiaries was increased in 2015.

(iv) These entities were newly established or acquired in 2015.

(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 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.

Other than the changes above, there are no significant changes to the scope of consolidation in 2015 as compared to 2014.

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 47. (7) for detailed disclosure on the relevant regulatory capital requirements.

5. SCOPE OF CONSOLIDATION (CONTINUED)

(2) As at 31 December 2015, the Company consolidated the following principal structured entities:

Name	Attributable equity interest	Paid-in capital (RMB)	Principal activities
Huabao East Aggregated Fund Trust Scheme	98.85%	12,000,000,000	Investment in debts
Shanghai Trust Changcheng Aggregated Fund Management Scheme	59.71%	10,000,000,000	Investment in debts
Ping An Asset Xinxiang No. 10 Assets Management	99.51%	9,856,152,089	Investment in wealth management product
Shanghai Trust Huarong Aggregated Fund Management Scheme	99.51%	9,500,000,000	Investment in debts
Ping An Asset Xinxiang No. 9 Assets Management	99.51%	6,950,744,160	Investment in wealth management product
Ping An Asset Xinxiang No. 6 Assets Management	99.51%	6,662,446,409	Investment in wealth management product
Liying No. 22 Aggregated Fund Trust Scheme	83.58%	5,000,000,000	Investment in debts
Ping An Kunyibo Expressway Investment Project Single Fund Trust Scheme	99.51%	5,164,472,000	Investment in debts
Ping An Asset Xinxiang No. 14 Assets Management Scheme	99.51%	5,001,000,000	Investment in wealth management product
Jinyao Aggregated Fund Trust Scheme	99.51%	4,090,000,000	Investment in beneficial right of equity
Ping An Asset Xinxiang No. 11 Assets Management Scheme	99.51%	3,050,198,071	Investment in wealth management product
Ping An Asset Xinxiang No. 1 Assets Management Scheme	99.51%	3,000,000,000	Investment in wealth management product

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 services and undertake investing activities;
- 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 2015 and 2014, the Group's top five customers in respect of total income are as follows:

(in RMB million)	2015	2014
Total income from top five customers	**265**	660
Percentage of total income	**0.04%**	0.12%

6. SEGMENT REPORTING (CONTINUED)

The segment analysis as at 31 December 2015 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	222,057	163,955	-	-	-	-	-	-	386,012
Less: Premiums ceded to reinsurers	(5,997)	(19,211)	-	-	-	-	-	-	(25,208)
Change in unearned premium reserves	(433)	(10,525)	-	-	-	-	-	-	(10,958)
Net earned premiums	215,627	134,219	-	-	-	-	-	-	349,846
Reinsurance commission income	1,445	7,703	-	-	-	-	-	-	9,148
Interest income from banking operations	-	-	132,052	-	-	-	-	79	132,131
Fees and commission income from non-insurance operations	-	-	29,961	5,331	6,165	-	2,600	(3,558)	40,499
Including: Inter-segment fees and commission income from non-insurance operations	-	-	596	302	125	-	2,535	(3,558)	-
Investment income	103,408	9,946	3,571	2,113	3,327	1,462	14,218	(3,123)	134,922
Including: Inter-segment investment income	2,372	56	-	35	178	8	474	(3,123)	-
Share of profits and losses of associates and jointly controlled entities	(61)	-	45	100	(28)	28	(365)	-	(281)
Other income	8,476	855	167	1,240	655	462	33,643	(18,543)	26,955
Including: Inter-segment other income	5,955	14	3	91	-	447	12,033	(18,543)	-
Total income	328,895	152,723	165,796	8,784	10,119	1,952	50,096	(25,145)	693,220
Claims and policyholders' benefits	(213,373)	(76,137)	-	-	-	-	-	-	(289,510)
Commission expenses on insurance operations	(34,823)	(19,704)	-	-	-	-	-	3,883	(50,644)
Interest expenses on banking operations	-	-	(66,698)	-	-	-	-	1,971	(64,727)
Fees and commission expenses on non-insurance operations	-	-	(2,740)	(408)	(804)	-	(642)	1,027	(3,567)
Loan loss provisions, net of reversals	-	-	(29,867)	-	-	-	(251)	-	(30,118)
Foreign exchange (losses)/gains	151	58	(573)	-	(1)	340	281	-	256
General and administrative expenses	(35,063)	(40,538)	(37,484)	(3,577)	(4,923)	(714)	(20,869)	8,013	(135,155)
Finance costs	(1,740)	(222)	-	(595)	(565)	(319)	(4,349)	251	(7,539)
Other expenses	(11,300)	(221)	(219)	(184)	(672)	(35)	(16,548)	10,376	(18,803)
Total expenses	(296,148)	(136,764)	(137,581)	(4,764)	(6,965)	(728)	(42,378)	25,521	(599,807)
Profit before tax	32,747	15,959	28,215	4,020	3,154	1,224	7,718	376	93,413
Income tax	(13,755)	(3,437)	(6,833)	(1,108)	(676)	(157)	(2,269)	-	(28,235)
Profit for the year	18,992	12,522	21,382	2,912	2,478	1,067	5,449	376	65,178

6. SEGMENT REPORTING (CONTINUED)

The segment analysis as at 31 December 2015 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	180,771	40,129	189,802	11,382	41,416	10,179	25,224	(59,576)	439,327
Balances with the Central Bank and statutory deposits	7,892	4,201	287,595	-	-	-	4	(3)	299,689
Fixed maturity investments	1,014,552	100,430	711,389	93	33,669	14,608	40,414	(3,284)	1,911,871
Equity investments	270,720	40,307	729	16,339	7,217	8,880	42,141	(15,434)	370,899
Loans and advances to customers	17,307	-	1,189,107	-	-	-	34,869	4,088	1,245,371
Accounts receivable	-	-	6,624	400	-	-	9,754	-	16,778
Finance lease receivable	-	-	-	-	-	-	57,598	-	57,598
Investments in associates and jointly controlled entities	8,947	-	521	2,120	47	874	14,580	(231)	26,858
Others	141,613	64,056	126,044	6,338	11,404	9,232	57,744	(19,663)	396,768
Segment assets	1,641,802	249,123	2,511,811	36,672	93,753	43,773	282,328	(94,103)	4,765,159
Due to banks and other financial institutions	8,611	-	326,300	8,693	1,000	5,000	74,686	(14,032)	410,258
Assets sold under agreements to repurchase	69,089	12,639	11,000	1,080	18,958	4,782	1,688	-	119,236
Customer deposits and payables to brokerage customers	-	-	1,733,921	-	33,217	-	-	(53,231)	1,713,907
Accounts payable	-	-	44	-	-	-	4,691	-	4,735
Insurance payables	62,904	20,564	-	-	-	-	-	(983)	82,485
Insurance contract liabilities	1,281,095	138,863	-	-	-	-	-	-	1,419,958
Investment contract liabilities for policyholders	42,558	132	-	-	-	-	-	-	42,690
Policyholder dividend payable	33,028	-	-	-	-	-	-	-	33,028
Bonds payable	26,536	8,073	212,963	-	3,598	-	13,243	-	264,413
Others	26,487	14,115	67,225	10,422	13,425	1,024	148,263	(20,083)	260,878
Segment liabilities	1,550,308	194,386	2,351,453	20,195	70,198	10,806	242,571	(88,329)	4,351,588
Other segment information:									
Capital expenditures	9,960	628	3,698	33	274	12	6,240	(283)	20,562
Depreciation and amortization	1,607	563	2,404	30	78	12	1,290	(22)	5,962
Total other non-cash expenses charged to consolidated results	3,618	1,035	30,485	(5)	34	18	1,363	-	36,548

FINANCIAL STATEMENTS

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	–	6	–	2,922	(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	–	35	37	3	236	(2,408)	–
Share of profits and losses of associates and jointly controlled entities	–	–	28	(24)	–	4	(70)	–	(62)
Other income	6,601	596	217	626	29	389	19,743	(11,464)	16,737
Including: Inter-segment other income	4,410	21	1	91	–	369	6,572	(11,464)	–
Total income	242,222	124,152	142,167	6,557	4,026	2,065	25,920	(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)	(781)	(212)	–	(659)	750	(3,230)
Loan loss provisions, net of reversals	–	–	(14,614)	46	–	–	(46)	–	(14,614)
Foreign exchange (losses)/gains	(49)	(4)	(388)	–	–	96	154	–	(191)
General and administrative expenses	(24,025)	(33,028)	(32,743)	(2,170)	(2,121)	(685)	(13,287)	5,494	(102,565)
Finance costs	(1,511)	(238)	–	(647)	(483)	(1,489)	(2,655)	49	(6,974)
Other expenses	(9,407)	(280)	(411)	(221)	(46)	(4)	(7,913)	5,983	(12,299)
Total expenses	(222,943)	(112,172)	(116,829)	(3,773)	(2,862)	(2,082)	(24,406)	17,400	(467,667)
Profit before tax	19,279	11,980	25,338	2,784	1,164	(17)	1,514	311	62,353
Income tax	(3,590)	(3,173)	(6,191)	(572)	(240)	–	(657)	–	(14,423)
Profit for the year	15,689	8,807	19,147	2,212	924	(17)	857	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	3,651	19,191	26,214	16,441	(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	21,907	3,207	7,567	12,092	(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	8,546	11,730	11,080	32,112	(11,210)	323,601
Segment assets	1,382,327	192,351	2,202,449	36,717	61,878	62,197	130,180	(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	14,427	14,929	1,029	33,402	(4,456)	155,503
Segment liabilities	1,304,103	150,730	2,072,196	24,685	51,680	17,330	81,068	(49,697)	3,652,095
Other segment information:									
Capital expenditures	7,827	492	4,355	28	98	5	1,663	(74)	14,394
Depreciation and amortization	1,469	507	2,278	27	84	9	1,057	(43)	5,388
Total other non-cash expenses charged to consolidated results	8,841	292	15,011	93	40	–	619	–	24,896

7. GROSS AND NET WRITTEN PREMIUMS

(in RMB million)	2015	2014
Gross written premiums and premium deposits	**463,769**	395,880
Less: Premium deposits of policies without significant insurance risk transfer	**(5,174)**	(4,784)
Premium deposits separated out from universal life and investment-linked products	**(72,583)**	(64,673)
Gross written premiums	**386,012**	326,423

(in RMB million)	2015	2014
Long term life business gross written premiums	**205,326**	170,856
Short term life business gross written premiums	**16,731**	12,417
Property and casualty business gross written premiums	**163,955**	143,150
Gross written premiums	**386,012**	326,423

(in RMB million)	2015	2014
Gross written premiums		
Life insurance		
Individual life insurance	**195,445**	159,584
Bancassurance	**12,919**	13,837
Group life insurance	**13,693**	9,852
	222,057	183,273
Property and casualty insurance		
Automobile insurance	**131,117**	110,667
Non-automobile insurance	**28,739**	29,257
Accident and health insurance	**4,099**	3,226
	163,955	143,150
Gross written premiums	**386,012**	326,423

(in RMB million)	2015	2014
Net of reinsurance premiums ceded		
Life insurance		
Individual life insurance	**190,128**	155,065
Bancassurance	**12,885**	13,813
Group life insurance	**13,047**	9,775
	216,060	178,653
Property and casualty insurance		
Automobile insurance	**117,747**	96,176
Non-automobile insurance	**22,928**	23,736
Accident and health insurance	**4,069**	3,198
	144,744	123,110
Net written premiums	**360,804**	301,763

8. NET INTEREST INCOME OF BANKING OPERATIONS

(in RMB million)	2015	2014
Interest income from banking operations		
Due from the Central Bank	**4,206**	3,885
Due from financial institutions	**12,658**	20,417
Loans and advances to customers		
Corporate loans and advances to customers	**44,653**	37,492
Individual loans and advances to customers	**41,436**	33,599
Discounted bills	**413**	308
Bonds	**28,303**	23,218
Others	**462**	503
Subtotal	**132,131**	119,422
Interest income from listed investments	**28,271**	23,179
Interest income from unlisted investments	**103,860**	96,243
Subtotal	**132,131**	119,422
Interest expenses on banking operations		
Due to the Central Bank	**63**	37
Due to financial institutions	**17,032**	26,778
Customer deposits	**42,146**	36,063
Bonds payable	**5,486**	1,649
Subtotal	**64,727**	64,527
Net interest income from banking operations	**67,404**	54,895

The interest income accrued on impaired financial assets during the year 2015 amounted to RMB406 million (2014: RMB313 million).

9. NET FEES AND COMMISSION INCOME FROM NON-INSURANCE OPERATIONS

(in RMB million)	2015	2014
Fees and commission income from non-insurance operations		
Brokerage fees	**4,035**	1,385
Underwriting commission income	**1,215**	473
Trust service fees income	**4,794**	3,503
Fees and commission income from the banking business	**29,763**	19,770
Others	**692**	512
Subtotal	**40,499**	25,643
Fees and commission expenses on non-insurance operations		
Brokerage fees paid	**742**	164
Fees and commission expenses on the banking business	**2,730**	2,320
Others	**95**	746
Subtotal	**3,567**	3,230
Net fees and commission income from non-insurance operations	**36,932**	22,413

10. INVESTMENT INCOME

(in RMB million)	2015	2014
Net investment income	**90,512**	70,337
Realized gains from disposal	**49,100**	9,871
Unrealized gains	**125**	615
Impairment losses	**(4,815)**	(9,285)
Total investment income	**134,922**	71,538
Investment income from listed investments	**52,225**	35,938
Investment income from unlisted investments	**82,697**	35,600
Total investment income	**134,922**	71,538

(1) NET INVESTMENT INCOME

(in RMB million)	2015	2014
Interest income from non-banking operations on fixed maturity investments		
Bonds and debt schemes		
– Held-to-maturity	**28,469**	27,818
– Available-for-sale	**7,399**	6,060
– Carried at fair value through profit or loss	**317**	202
– Loans and receivables	**15,310**	10,809
Term deposits		
– Loans and receivables	**11,785**	11,846
Current accounts		
– Loans and receivables	**797**	475
Others		
– Available-for-sale	**727**	1,073
– Carried at fair value through profit or loss	**39**	44
– Loans and receivables	**7,900**	4,485
Dividend income on equity investments		
Securities investment funds		
– Available-for-sale	**11,996**	3,026
– Carried at fair value through profit or loss	**1,356**	980
Equity securities and other equity investments		
– Available-for-sale	**5,827**	5,397
– Carried at fair value through profit or loss	**172**	94
Operating lease income from investment properties	**1,487**	1,411
Interest expenses on assets sold under agreements to repurchase and placements from banks and other financial institutions	**(3,069)**	(3,383)
	90,512	70,337

10. INVESTMENT INCOME (CONTINUED)

(2) REALIZED GAINS FROM DISPOSAL

(in RMB million)	2015	2014
Fixed maturity investments		
– Available-for-sale	**1,245**	(285)
– Carried at fair value through profit or loss	**585**	309
– Loans and receivables	**582**	41
Equity investments		
– Available-for-sale	**36,339**	6,517
– Carried at fair value through profit or loss	**1,725**	139
– Subsidiaries, associates and jointly controlled entities (Note)	**5,405**	542
Derivative financial instruments		
– Carried at fair value through profit or loss	**307**	(151)
Gain on disposal of bills	**2,378**	2,546
Income from precious metal transactions	**534**	213
	49,100	9,871

Note: This refers to gains/(losses) from disposals of subsidiaries, associates and jointly controlled entities.

(3) UNREALIZED GAINS

(in RMB million)	2015	2014
Fixed maturity investments		
– Carried at fair value through profit or loss	**6**	283
Equity investments		
– Carried at fair value through profit or loss	**214**	464
Derivative financial instruments		
– Carried at fair value through profit or loss	**(95)**	(132)
	125	615

(4) IMPAIRMENT LOSSES

(in RMB million)	2015	2014
Fixed maturity investments		
– Held-to-maturity	**(1,425)**	(1)
– Loan and receivables	**(2,315)**	(350)
Equity investments		
– Available-for-sale	**(1,075)**	(8,934)
Total	**(4,815)**	(9,285)

11. OTHER INCOME

(in RMB million)	2015	2014
Sales of goods of Shanghai Jahwa	**5,854**	5,306
Management income from investment-linked products and income from investment contracts	**1,407**	1,424
Expressway toll fee income	**1,126**	1,066
Annuity management fee income	**602**	365
Consulting income	**1,368**	621
Finance lease income	**3,750**	2,357
Income from financial guarantees	**3,884**	1,015
Income from customer loyalty program	**1,184**	720
Others	**7,780**	3,863
	26,955	16,737

12. CLAIMS AND POLICYHOLDERS' BENEFITS

(1)

	2015		
(in RMB million)	**Gross**	**Reinsurers' share**	**Net**
Claims and claim adjustment expenses	**107,675**	**(15,022)**	**92,653**
Surrenders	**16,578**	**–**	**16,578**
Annuities	**5,882**	**–**	**5,882**
Maturities and survival benefits	**18,713**	**–**	**18,713**
Policyholder dividends	**8,455**	**–**	**8,455**
Increase in policyholders' reserves	**125,963**	**(121)**	**125,842**
Interest credited to policyholder contract deposits	**21,387**	**–**	**21,387**
	304,653	**(15,143)**	**289,510**

	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

12. CLAIMS AND POLICYHOLDERS' BENEFITS (CONTINUED)

(2)

(in RMB million)	2015 Gross	2015 Reinsurers' share	2015 Net
Long term life insurance contract benefits	**208,149**	**(302)**	**207,847**
Short term life insurance claims	**9,407**	**(3,880)**	**5,527**
Property and casualty insurance claims	**87,097**	**(10,961)**	**76,136**
	304,653	**(15,143)**	**289,510**

(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

13. PROFIT BEFORE TAX

(1) PROFIT BEFORE TAX IS ARRIVED AT AFTER CHARGING/(CREDITING) THE FOLLOWING ITEMS:

(in RMB million)	2015	2014
Employee costs (Note 13. (2))	**54,261**	41,598
Interest expenses on policyholder contract deposits and investment contract reserves	**23,517**	16,977
Depreciation of investment properties	**1,128**	740
Depreciation of property and equipment	**2,922**	2,533
Amortization of intangible assets	**1,912**	1,932
Provision for doubtful debts, net	**658**	310
Provision for loans, net	**30,118**	14,614
Cost of sales of Shanghai Jahwa	**2,998**	1,967
Auditors' remuneration – annual audit, half-year review and quarterly agreed-upon procedures	**58**	53

(2) EMPLOYEE COSTS

(in RMB million)	2015	2014
Wages, salaries and bonuses	**43,321**	32,071
Retirement benefits, social security contributions and welfare benefits	**9,943**	8,382
Others	**997**	1,145
	54,261	41,598

14. INCOME TAX

(in RMB million)	2015	2014
Current income tax		
– Charge for the year	**28,578**	21,962
– Adjustments in respect of current income tax of previous years	**(215)**	(407)
Deferred income tax	**(128)**	(7,132)
	28,235	14,423

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 2015 for the Group was 25%.

Reconciliation between tax expense and the product of accounting profit multiplied by the applicable tax rate of 25% (2014: 25%) is as follows:

(in RMB million)	2015	2014
Profit before tax	**93,413**	62,353
Tax at the applicable tax rate of 25% (2014: 25%)	**23,353**	15,588
Expenses not deductible for tax	**6,447**	3,063
Income not subject to tax	**(7,047)**	(3,821)
Adjustments in respect of current income tax of previous years	**(215)**	(407)
The reversal of the deferred tax assets related to the impairment provision of the investment in Fortis (Note 4. (8))	**5,697**	–
Income tax per consolidated statement of income	**28,235**	14,423

The Group's tax position is subject to assessment and inspection of the tax authorities before finalization.

15. OTHER COMPREHENSIVE INCOME

(in RMB million)	2015 Before tax	2015 Tax impact	2015 After tax
Items that may be reclassified subsequently to profit or loss:			
Share of other comprehensive income of associates and jointly controlled entities	**9**	**-**	**9**
Available-for-sale financial assets:			
Changes in fair value	**37,605**	**(9,476)**	**28,129**
Reclassification adjustments for losses included in the statement of income			
– (Gains)/losses on disposal	**(36,146)**	**8,618**	**(27,528)**
– Impairment losses	**1,027**	**(250)**	**777**
Shadow accounting adjustments	**(1,467)**	**902**	**(565)**
Exchange differences on translation of foreign operations	**(70)**	**-**	**(70)**
	958	**(206)**	**752**

(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

16. DIVIDENDS

(in RMB million)	2015	2014
In respect of previous year:		
2014 final dividend – RMB0.50 (2013: RMB0.45) per ordinary share	**4,570**	3,562
In respect of current year:		
2015 interim dividend – RMB0.18 (2014: RMB0.25) per ordinary share	**3,290**	1,979

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 based on the total shares of 9,140,120,705. The amount of the cash dividend for 2014 was RMB4,570 million accordingly. It also agreed to convert capital reserves to share capital, in a proportion of 10 shares for every 10 shares held. On 15 June 2015, the above profit appropriation plan was approved by the shareholders of the Company at the annual general meeting.

On 4 August 2015, the conversion of capital reserve into share capital was completed and the total number of shares of the Company altered to 18,280,241,410 shares. On 20 August 2015, the Board of Directors of the Company approved the Resolution of the Profit Appropriation Plan for Interim Dividend of 2015, agreeing to declare an interim cash dividend of RMB0.18 per share for 2015. The amount of the interim cash dividend for 2015 was RMB3,290 million.

On 15 March 2016, the Board of Directors of the Company approved the Resolution of the Profit Appropriation Plan for 2015, agreeing to declare a final cash dividend of RMB0.35 per share for 2015. It was not recognized as a liability as at 31 December 2015.

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 Group.

The Company completed the conversion of capital reserves to share capital in a proportion of 10 shares for every 10 shares held during this year. The basic and diluted earnings per share figures for the current year and for prior year have been presented on the basis of the new number of shares according to 'IAS 33-Earnings per Share'.

	2015	2014
Profit attributable to owners of the parent (in RMB million)	**54,203**	39,279
Weighted average number of ordinary shares in issue (million shares)	**18,182**	15,924
Basic earnings per share (in RMB)	**2.98**	2.47

	2015	2014
Weighted average number of ordinary shares in issue (million shares)		
Issued ordinary shares as at 1 January	**17,784**	15,832
Weighted average number of new issued H shares	**–**	74
Weighted average number of shares from conversion of convertible bonds	**492**	18
Weighted average number of shares held by the share purchase scheme	**(3)**	–
Weighted average number of shares held by the consolidated assets management scheme (i)	**(91)**	–
Weighted average number of ordinary shares in issue	**18,182**	15,924

(i) As at 31 December 2015, 417 million (31 December 2014: Nil) shares were held by the consolidated assets management scheme.

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 shares granted by the Company under the share purchase scheme (Note 36) and convertible bonds have potential dilutive effect on the earnings per share.

	2015	2014
Earnings (in RMB million)		
Profit attributable to owners of the parent	**54,203**	39,279
Interest expense on convertible bonds (net of tax)	**11**	859
Profit used to determine diluted earnings per share	**54,214**	40,138
Weighted average number of ordinary shares (million shares)		
Weighted average number of ordinary shares in issue	**18,182**	15,924
Adjustments for:		
– Assumed conversion of convertible bonds	**4**	1,240
– Assumed vesting of share purchase scheme	**3**	–
Weighted average number of ordinary shares for diluted earnings per share	**18,189**	17,164
Diluted earnings per share (in RMB)	**2.98**	2.34

18. CASH AND AMOUNTS DUE FROM BANKS AND OTHER FINANCIAL INSTITUTIONS

(in RMB million)	31 December 2015	31 December 2014
Cash on hand	**4,125**	4,168
Term deposits	**168,226**	211,107
Due from banks and other financial institutions	**190,340**	137,369
Placements with banks and other financial institutions	**76,636**	45,841
	439,327	398,485

Details of placements with banks and other financial institutions are as follows:

(in RMB million)	31 December 2015	31 December 2014
Placements with banks	**76,095**	43,708
Placements with other financial institutions	**565**	2,157
Gross	**76,660**	45,865
Less: Provision for placements with banks and other financial institutions	**(24)**	(24)
Net	**76,636**	45,841

As at 31 December 2015, cash and amounts due from banks and other financial institutions of RMB672 million (31 December 2014: RMB233 million) were restricted from use.

As at 31 December 2015, cash and amounts due from overseas banks and other financial institutions amounted to RMB21,478 million (31 December 2014: RMB15,302 million).

FINANCIAL STATEMENTS

19. BALANCES WITH THE CENTRAL BANK AND STATUTORY DEPOSITS

(in RMB million)	31 December 2015	31 December 2014
Statutory reserve deposits with the Central Bank for banking operations	**237,052**	250,965
– Statutory reserve deposits with the Central Bank for banking operations-RMB	**231,512**	244,744
– Statutory reserve deposits with the Central Bank for banking operations-Foreign Currency	**5,540**	6,221
Unrestricted deposits with the Central Bank	**46,910**	49,238
Other deposits with the Central Bank	**3,634**	1,936
Statutory deposits for insurance operations	**12,093**	11,589
	299,689	313,728

In accordance with relevant regulations, subsidiary of bank operations is 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 2015, the mandatory deposits are calculated at 15% (31 December 2014: 18%) of customer deposits denominated in RMB and 5% (31 December 2014: 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 2015	31 December 2014
Ping An Life	**6,760**	6,760
Ping An Property & Casualty	**4,200**	3,800
Ping An Annuity	**972**	872
Ping An Health	**160**	157
Ping An Chuang Zhan	**1**	–
	12,093	11,589

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 2015	31 December 2014
Bonds	**1,162,024**	952,032
Asset management schemes	**267,945**	167,142
Debt schemes and trust schemes (Note 1)	**251,023**	182,607
Policy loans	**52,092**	37,886
Assets purchased under reverse repurchase agreements	**142,050**	197,177
Wealth management products	**36,737**	71,892
	1,911,871	1,608,736

Note 1: Trusts schemes represent entrusted loans granted by consolidated trust schemes and investments in unconsolidated trust schemes that are classified as loans and receivables.

(1) BONDS

(in RMB million)	31 December 2015	31 December 2014
Held-to-maturity	**916,669**	783,497
Available-for-sale, at fair value	**192,318**	130,126
Carried at fair value through profit or loss	**26,549**	30,834
Loans and receivables	**26,488**	7,575
	1,162,024	952,032

(in RMB million)	31 December 2015	31 December 2014
Government bonds	**331,078**	189,757
Central Bank bills	**993**	–
Finance bonds	**451,675**	442,059
Corporate bonds	**378,278**	320,216
	1,162,024	952,032
Listed	**139,500**	111,362
Unlisted	**1,022,524**	840,670
	1,162,024	952,032

Note: Unlisted debt securities include those traded on the Chinese interbank market and those not publicly traded.

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 2015, the carrying amount of these bonds was RMB77,356 million (31 December 2014: RMB88,294 million) while the corresponding fair value was RMB79,130 million (31 December 2014: RMB87,850 million). If these bonds were not reclassified, unrealized gains of RMB2,218 million (31 December 2014: RMB4,428 million) would have been recognized in the available-for-sale financial assets reserves for the year ended 31 December 2015. During 2015, other comprehensive income in the amount of RMB724 million (31 December 2014: RMB791 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 2015	31 December 2014
Trust beneficial right	**35,334**	124,702
Bonds	**87,107**	15,625
Bills	**14,248**	50,807
Finance lease receivable	**211**	323
Others	**5,157**	5,748
Gross	**142,057**	197,205
Less: Provision for impairment losses	**(7)**	(28)
Net	**142,050**	197,177

21. EQUITY INVESTMENTS

(in RMB million)	31 December 2015	31 December 2014
Security investment funds	**107,304**	52,096
Equity securities	**144,131**	142,742
Other equity investments	**119,464**	46,852
	370,899	241,690

(1) SECURITY INVESTMENT FUNDS

(in RMB million)	31 December 2015	31 December 2014
Available-for-sale, at fair value	**76,766**	35,417
Held for trading	**30,538**	16,679
	107,304	52,096
Listed	**13,512**	9,058
Unlisted	**93,792**	43,038
	107,304	52,096

(2) EQUITY SECURITIES

(in RMB million)	31 December 2015	31 December 2014
Available-for-sale, at fair value	**141,507**	141,812
Held for trading	**2,624**	930
	144,131	142,742
Listed	**143,734**	142,509
Unlisted	**397**	233
	144,131	142,742

21. EQUITY INVESTMENTS (CONTINUED)

(3) OTHER EQUITY INVESTMENTS

(in RMB million)	31 December 2015	31 December 2014
Available-for-sale, at fair value	**101,889**	40,016
Available-for-sale, at cost	**3,884**	4,064
Carried at fair value through profit or loss		
Held-for-trading	**13,137**	2,291
Designated at fair value through profit or loss	**554**	481
	119,464	46,852
Listed	**35,948**	–
Unlisted	**83,516**	46,852

Note: Unlisted equity securities include those not traded on stock exchanges, which are mainly open-ended funds with public market price quotation

22. DERIVATIVE FINANCIAL INSTRUMENTS

	31 December 2015			
	Assets		Liabilities	
(in RMB million)	Nominal amount	Fair value	Nominal amount	Fair value
Interest rate swaps	**563,651**	**1,324**	**327,589**	**1,434**
Currency forwards and swaps	**367,786**	**2,711**	**314,230**	**1,676**
Gold derivative instruments	**83,993**	**4,118**	**55,728**	**1,204**
Stock index option	**21,074**	**5**	**–**	**–**
Others	**1,061**	**114**	**130**	**213**
	1,037,565	**8,272**	**697,677**	**4,527**

	31 December 2014			
	Assets		Liabilities	
(in RMB million)	Nominal amount	Fair value	Nominal amount	Fair value
Interest rate swaps	220,403	515	261,539	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
	510,779	4,311	519,131	2,770

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 2015	31 December 2014
Corporate customers		
Loans	**816,301**	664,509
Discounted bills	**13,665**	12,413
Individual customers		
Operating loans	**107,429**	116,896
Credit cards	**149,633**	114,445
Property mortgages	**45,967**	55,365
Vehicle loans	**78,635**	65,495
Others	**63,359**	46,114
Gross	**1,274,989**	1,075,237
Less: Loan loss provisions	**(29,618)**	(21,355)
Net	**1,245,371**	1,053,882

(2) ANALYZED BY INDUSTRY

(in RMB million)	31 December 2015	31 December 2014
Corporate customers		
Agriculture, husbandry and fishery	**14,248**	5,261
Extraction (heavy industry)	**65,779**	41,520
Manufacturing (light industry)	**161,075**	142,895
Energy	**23,839**	15,294
Transportation, storage and communication	**32,037**	35,076
Commercial	**151,189**	152,319
Real estate	**158,709**	118,668
Service, technology, culture and sanitary industries	**86,715**	65,768
Construction	**63,107**	43,578
Others	**59,603**	44,130
Subtotal of loans	**816,301**	664,509
Discounted bills	**13,665**	12,413
Subtotal of corporate customers	**829,966**	676,922
Individual customers	**445,023**	398,315
Gross	**1,274,989**	1,075,237

23. LOANS AND ADVANCES TO CUSTOMERS (CONTINUED)

(3) ANALYZED BY TYPE OF COLLATERAL HELD OR OTHER CREDIT ENHANCEMENTS

(in RMB million)	31 December 2015	31 December 2014
Unsecured	**389,653**	305,924
Guaranteed	**236,412**	204,988
Secured by collateral		
Secured by mortgages	**452,044**	387,504
Secured by monetary assets	**183,215**	164,408
Subtotal	**1,261,324**	1,062,824
Discounted bills	**13,665**	12,413
Gross	**1,274,989**	1,075,237

(4) AGING ANALYSIS OF PAST DUE LOANS

	31 December 2015				
(in RMB million)	**Within 3 months**	**3 months to 1 year**	**1 to 3 years**	**More than 3 years**	**Total**
Unsecured	**7,151**	**7,540**	**1,635**	**25**	**16,351**
Guaranteed	**6,117**	**6,681**	**3,734**	**104**	**16,636**
Secured by collateral					
Secured by mortgages	**7,499**	**5,332**	**4,510**	**766**	**18,107**
Secured by monetary assets	**2,729**	**2,189**	**2,732**	**130**	**7,780**
	23,496	**21,742**	**12,611**	**1,025**	**58,874**

	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

Past due loans refer to the loans with either principal or interest being past due by one day or more.

23. LOANS AND ADVANCES TO CUSTOMERS (CONTINUED)

(5) ANALYZED BY REGION

	31 December 2015		31 December 2014	
(in RMB million)	Amount	%	Amount	%
Eastern China	**401,220**	**31.47%**	324,456	30.17%
Southern China	**401,249**	**31.47%**	367,411	34.17%
Western China	**178,514**	**14.00%**	115,895	10.78%
Northern China	**235,771**	**18.49%**	222,845	20.73%
Offshore business	**58,235**	**4.57%**	44,630	4.15%
Gross	**1,274,989**	**100.00%**	1,075,237	100.00%

(6) LOAN LOSS PROVISION

	2015			2014		
(in RMB million)	Individually assessed	Collectively assessed	Total	Individually assessed	Collectively assessed	Total
As at 1 January	**2,220**	**19,135**	**21,355**	1,933	13,476	15,409
Acquisition of subsidiaries	**-**	**-**	**-**	29	–	29
Charge for the year	**14,537**	**15,581**	**30,118**	5,640	8,974	14,614
Write-off and transfer during the year	**(14,626)**	**(9,123)**	**(23,749)**	(5,420)	(3,681)	(9,101)
Recovery of loans written off previously	**1,789**	**595**	**2,384**	353	375	728
Interest accrued on impaired loans and advances	**(406)**	**-**	**(406)**	(313)	–	(313)
Others	**(13)**	**(71)**	**(84)**	(2)	(9)	(11)
As at 31 December	**3,501**	**26,117**	**29,618**	2,220	19,135	21,355

As at 31 December 2015, none of the discounted bills (31 December 2014: RMB194 million) was pledged as assets sold under agreements to repurchase.

As at 31 December 2015, discounted bills with a carrying amount of RMB3,001 million (31 December 2014: RMB2,709 million) were pledged for amounts due to the Central Bank.

24. PREMIUM RECEIVABLES

(in RMB million)	31 December 2015	31 December 2014
Premium receivables	**34,918**	31,302
Less: Provision for doubtful receivables	**(846)**	(562)
Premium receivables, net	**34,072**	30,740
Life insurance	**7,072**	6,615
Property and casualty insurance	**27,000**	24,125
Premium receivables, net	**34,072**	30,740

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 2015	31 December 2014
Within 3 months	**33,472**	30,482
Over 3 months but within 1 year	**916**	547
Over 1 year	**530**	273
	34,918	31,302

25. ACCOUNTS RECEIVABLE

(in RMB million)	31 December 2015	31 December 2014
Receivables under factoring	**11,228**	12,261
Others	**6,536**	3,429
Gross	**17,764**	15,690
Less: Provision for accounts receivable	**(986)**	(707)
Net	**16,778**	14,983

26. REINSURERS' SHARE OF INSURANCE LIABILITIES

(in RMB million)	31 December 2015	31 December 2014
Reinsurers' share of unearned premium reserves	**7,139**	6,994
Reinsurers' share of claim reserves	**8,945**	7,036
Reinsurers' share of policyholders' reserves	**1,788**	1,557
	17,872	15,587

27. FINANCE LEASE RECEIVABLE

(in RMB million)	31 December 2015	31 December 2014
Finance lease receivable, net of unearned finance income	**58,623**	38,484
Less: Provision for impairment losses	**(1,025)**	(576)
	57,598	37,908

28. POLICYHOLDER ACCOUNT ASSETS IN RESPECT OF INSURANCE/ INVESTMENT CONTRACTS

(1) POLICYHOLDER ACCOUNT ASSETS IN RESPECT OF INSURANCE CONTRACTS

(in RMB million)	31 December 2015	31 December 2014
Cash and amounts due from banks and other financial institutions	**5,761**	5,205
Equity investments	**32,831**	27,622
Fixed maturity investments, at fair value	**9,194**	8,464
Fixed maturity investments, at amortized cost	**559**	721
Other assets	**558**	661
	48,903	42,673

(2) POLICYHOLDER ACCOUNT ASSETS IN RESPECT OF INVESTMENT CONTRACTS

(in RMB million)	31 December 2015	31 December 2014
Cash and amounts due from banks and other financial institutions	**1,135**	918
Equity investments	**1,656**	1,292
Fixed maturity investments, at fair value	**1,984**	1,988
Fixed maturity investments, at amortized cost	**171**	252
Other assets	**138**	127
	5,084	4,577

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 2015	31 December 2014
Associates		
Veolia Water (Kunming) Investment Co., Ltd. ('Veolia Kunming')	**240**	220
Veolia Water (Yellow River) Investment Co., Ltd. ('Veolia Yellow River')	**234**	271
Veolia Water (Liuzhou) Investment Co., Ltd. ('Veolia Liuzhou')	**112**	104
Shanxi Taichang Expressway Co., Ltd. ('Shanxi Taichang')	**702**	781
Beijing-Shanghai High-speed Railway Equity Investment Scheme ('Beijing-Shanghai Railway')	**6,300**	6,300
Ping An Pay Intelligence Technology Co., Ltd. ('Ping An Pay')	**522**	522
Lufax Holding Ltd (Previously Wincon Investment Company Limited)	**2,028**	487
Nanjing Mingwan Property Development Co, Ltd	**1,715**	–
Foshan Huatai Property Development Co, Ltd	**932**	–
Guangzhou Jinglun Property Development Co, Ltd	**526**	–
Step Fancy Investments Limited	**796**	–
Others	**9,768**	2,223
Subtotal	**23,875**	10,908
Jointly controlled entities		
KunYu Highway Development Co., Ltd. ('Kunyu Highway')	**1,714**	1,682
Wuhan DAJT Property Development Co, Ltd.	**576**	–
Others	**693**	308
Subtotal	**2,983**	1,990
Investment in associates and jointly controlled entities	**26,858**	12,898

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	23.88%	Water plant operation
Veolia Yellow River	Hong Kong	USD189,421,568	48.76%	Water plant operation
Veolia Liuzhou	Hong Kong	USD32,124,448	44.78%	Water plant operation
Shanxi Taichang	The PRC	2,600,190,000	29.85%	Expressway operation
Beijing-Shanghai Railway	The PRC	16,000,000,000	39.18%	Railway investment
Ping An Pay	The PRC	1,361,899,520	49.99%	Smart card development and sales
Jointly controlled entities				
Kunyu Highway	The PRC	1,600,000,000	49.94%	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:

(in RMB million)	31 December 2015				31 December 2014			
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	**1,265**	**122**	**53**	**40**	1,540	187	–	35
Veolia Yellow River	**1,028**	**4**	**(28)**	**(32)**	1,263	2	4	(131)
Veolia Liuzhou	**287**	**7**	**16**	**11**	338	3	14	12
Shanxi Taichang	**6,742**	**3,894**	**676**	**140**	7,341	4,407	890	228
Beijing-Shanghai Railway	**16,000**	**-**	**-**	**-**	16,000	–	–	–
Ping An Pay	**7,403**	**6,651**	**556**	**(52)**	2,172	1,564	617	(346)
Jointly controlled entities								
Kunyu Highway	**2,939**	**148**	**593**	**400**	2,801	215	628	433

FINANCIAL STATEMENTS

30. INVESTMENT PROPERTIES

(in RMB million)	2015	2014
Cost		
As at 1 January	**20,331**	20,927
Acquisition of subsidiaries	**2,877**	411
Additions	**7,169**	581
Transfer from construction in progress	**105**	–
Transfer from property and equipment, net	**(781)**	(602)
Disposals of subsidiaries	**(602)**	–
Disposals	**–**	(986)
As at 31 December	**29,099**	20,331
Accumulated depreciation		
As at 1 January	**3,160**	2,664
Acquisition of subsidiaries	**157**	24
Charge for the year	**1,128**	740
Transfer to property and equipment, net	**(77)**	(160)
Disposals of subsidiaries	**(99)**	–
Disposals	**–**	(108)
As at 31 December	**4,269**	3,160
Impairment losses		
As at 1 January	**1**	1
Acquisition of subsidiaries	**2**	–
Charge for the year	**2**	–
Transfer out, net	**(2)**	–
As at 31 December	**3**	1
Net book value		
As at 31 December	**24,827**	17,170
As at 1 January	**17,170**	18,262
Fair value as at 31 December	**46,094**	32,851

The fair values of the investment properties as at 31 December 2015 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 2015 amounted to RMB1,487 million (2014: RMB1,411 million), which is included in net investment income.

As at 31 December 2015, investment properties with a carrying amount of RMB11,289 million (31 December 2014: RMB5,697 million) were pledged as collateral for long term borrowings with a carrying amount of RMB5,692 million (31 December 2014: RMB3,231 million).

The Group was still in the process of applying for title certificates for certain investment properties with a carrying amount of RMB1,815 million as at 31 December 2015 (31 December 2014: RMB1,802 million).

31. PROPERTY AND EQUIPMENT

(in RMB million)	Leasehold improvements	Buildings	Equipment, furniture and fixtures	Motor vehicles	Construction in progress	Total
	2015					
Cost						
As at 1 January 2015	4,893	15,038	9,022	1,419	11,424	41,796
Acquisitions of subsidiaries	-	-	22	1	5	28
Additions	1,759	175	2,089	869	5,554	10,446
Transfer of construction in progress	23	5,219	48	-	(5,528)	(238)
Transfer from/(to) investment properties, net	-	781	-	-	(105)	676
Disposals of subsidiaries	-	(33)	-	-	-	(33)
Disposals	(362)	(60)	(882)	(139)	(842)	(2,285)
As at 31 December 2015	6,313	21,120	10,299	2,150	10,508	50,390
Accumulated depreciation						
As at 1 January 2015	2,960	4,371	5,233	796	-	13,360
Acquisitions of subsidiaries	-	-	7	1	-	8
Charge for the year	838	658	1,220	206	-	2,922
Transfer from investment properties, net	-	77	-	-	-	77
Disposals of subsidiaries	-	(18)	-	-	-	(18)
Disposals	(352)	(25)	(702)	(121)	-	(1,200)
As at 31 December 2015	3,446	5,063	5,758	882	-	15,149
Impairment losses						
As at 1 January 2015	-	95	-	-	-	95
Transfer from investment properties, net	-	2	-	-	-	2
Disposals of subsidiaries	-	(14)	-	-	-	(14)
As at 31 December 2015	-	83	-	-	-	83
Net book value						
As at 31 December 2015	2,867	15,974	4,541	1,268	10,508	35,158
As at 1 January 2015	1,933	10,572	3,789	623	11,424	28,341

31. PROPERTY AND EQUIPMENT (CONTINUED)

	2014					
(in RMB million)	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

The Group was still in the process of applying for title certificates for its buildings with a carrying amount of RMB398 million as at 31 December 2015 (31 December 2014: RMB550 million).

32. INTANGIBLE ASSETS

(in RMB million)	2015 Goodwill	Expressway operating rights	Prepaid land premiums	Core deposits	Trademarks	Software and others	Total
Cost							
As at 1 January 2015	12,037	11,232	5,604	15,082	2,155	4,716	50,826
Acquisitions of subsidiaries	-	-	411	-	287	-	698
Additions	423	-	2,382	-	-	539	3,344
Disposals of subsidiaries	-	-	-	-	-	(162)	(162)
Disposals	-	-	(66)	-	-	(2)	(68)
As at 31 December 2015	12,460	11,232	8,331	15,082	2,442	5,091	54,638
Accumulated amortization							
As at 1 January 2015	-	1,745	581	2,639	187	2,642	7,794
Acquisitions of subsidiaries	-	-	52	-	-	-	52
Charge for the year	-	486	51	754	58	563	1,912
Disposals of subsidiaries	-	-	-	-	-	(30)	(30)
Disposals	-	-	(5)	-	-	(1)	(6)
As at 31 December 2015	-	2,231	679	3,393	245	3,174	9,722
Net book value							
As at 31 December 2015	12,460	9,001	7,652	11,689	2,197	1,917	44,916
As at 1 January 2015	12,037	9,487	5,023	12,443	1,968	2,074	43,032

FINANCIAL STATEMENTS

32. INTANGIBLE ASSETS (CONTINUED)

	2014						
(in RMB million)	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

As at 31 December 2015, all the expressway operating rights of the Group were pledged as collateral for long term borrowings amounting to RMB3,987 million (31 December 2014: RMB4,239 million).

As at 31 December 2015, prepaid land premiums with a carrying amount of RMB1,178 million were pledged as collateral for long term borrowings amounting to RMB340 million. As at 31 December 2014, no prepaid land premiums were pledged as collateral for long term borrowings.

As at 31 December 2015, prepaid land premium with a carrying amount of RMB55 million (31 December 2014: RMB57 million) were still in progress of applying for title certificates.

32. INTANGIBLE ASSETS (CONTINUED)

GOODWILL IMPAIRMENT

As at 31 December 2015, goodwill amounting to RMB8,761 million (31 December 2014: RMB8,761 million) is derived from acquisition of the former Shenzhen Development Bank. Goodwill amounting to RMB2,502 million (31 December 2014: RMB2,502 million) is derived from acquisition of Shanghai Jahwa and its subsidiaries.

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 in 2015 range from 9% to 14% (2014: 9% to 14%) and growth rates, where applicable, range from 3% to 34% (2014: 3% to 34%).

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 2015	31 December 2014
Interest receivables	**40,718**	35,387
Other receivables	**34,983**	26,546
Due from reinsurers	**7,993**	7,549
Foreclosed assets	**3,334**	1,622
Prepayments	**6,820**	2,713
Precious metals held for trading	**63,780**	45,254
Dividend receivable	**99**	112
Inventories	**4,154**	2,506
Others	**1,742**	4,539
	163,623	126,228
Less: Loss provisions		
Interest receivables	**(30)**	–
Other receivables	**(822)**	(593)
Due from reinsurers	**(16)**	(29)
Foreclosed assets	**(271)**	(238)
Prepayments	**(428)**	(428)
Inventories	**(18)**	(13)
Others	**(37)**	(111)
	162,001	124,816

34. SHARE CAPITAL

(million shares)	Domestic listed A shares, par value RMB1 per share	Overseas listed H shares, par value RMB1 per share	Total
1 January 2015	**5,168**	**3,724**	**8,892**
Conversion of convertible bonds (1)	**248**	**–**	**248**
Transfer from 'Share premium' under 'Reserves' (2)	**5,416**	**3,724**	**9,140**
31 December 2015	**10,832**	**7,448**	**18,280**

(1) During the period from 1 January 2015 to 9 January 2015, certain convertible bonds were converted to 248 million ordinary A shares, and resulting in an increase of share capital by RMB248 million and share premium by RMB8,876 million. The newly issued capital was verified by PricewaterhouseCoopers Zhong Tian LLP in capital verification report PwC ZT YZ (2015) No. 142.

(2) On 4 August 2015, according to the Profit Appropriation Plan for Final Dividend of 2014, the transfer from 'Share premium' under 'Reserves' to share capital in a proportion of 10 shares for every 10 shares held was completed. The newly issued share capital was verified by PricewaterhouseCoopers Zhong Tian LLP in capital verification report PwC ZT YZ(2015) No. 997.

35. RESERVES, RETAINED PROFITS AND NON-CONTROLLING INTERESTS

(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 2015	**127,969**	**31,798**	**(6,107)**	**1,119**	**7,470**	**19,196**	**152**	**99,075**	**64,252**	**344,924**
Profit for the year	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**54,203**	**10,975**	**65,178**
Other comprehensive income for the year	**–**	**970**	**(552)**	**10**	**–**	**–**	**(66)**	**–**	**390**	**752**
Total comprehensive income for the year	**–**	**970**	**(552)**	**10**	**–**	**–**	**(66)**	**54,203**	**11,365**	**65,930**
Conversion of convertible bonds	**10,342**	**–**	**–**	**(1,471)**	**–**	**–**	**–**	**–**	**–**	**8,871**
Transfer to share capital	**(9,140)**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(9,140)**
Dividend declared (Note 16)	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(7,860)**	**–**	**(7,860)**
Appropriations to surplus reserves	**–**	**–**	**–**	**–**	**1,028**	**–**	**–**	**(1,028)**	**–**	**–**
Appropriations to general reserves	**–**	**–**	**–**	**–**	**–**	**9,052**	**–**	**(9,052)**	**–**	**–**
Dividend paid to non-controlling interests	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(1,257)**	**(1,257)**
Equity transactions with non-controlling interests	**(1,193)**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(1,233)**	**(2,426)**
Contributions from non-controlling interests	**953**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**6,036**	**6,989**
Share purchase scheme	**–**	**–**	**–**	**(127)**	**–**	**–**	**–**	**–**	**–**	**(127)**
Shares held by consolidated assets management scheme	**(13,392)**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(13,392)**
Others	**–**	**–**	**–**	**2,619**	**–**	**–**	**–**	**–**	**160**	**2,779**
As at 31 December 2015	**115,539**	**32,768**	**(6,659)**	**2,150**	**8,498**	**28,248**	**86**	**135,338**	**79,323**	**395,291**

35. RESERVES, RETAINED PROFITS AND NON-CONTROLLING INTERESTS (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 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	127,969	31,798	(6,107)	1,119	7,470	19,196	152	99,075	64,252	344,924

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 dividend distribution or transfer to share 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. SHARE PURCHASE SCHEME

Movement of reserves relating to the Scheme is as follows:

For the year ended 31 December 2015 (in RMB million)	Cost of shares held for share purchase scheme	Value of employee services	Total
As at 1 January	-	-	-
Purchased [i]	**(312)**	-	**(312)**
Share-based compensation expenses [ii]	-	**185**	**185**
As at 31 December	**(312)**	**185**	**(127)**

(i) In 2015, the Company has adopted an employee share purchase scheme (the 'Scheme') for the key employees (including executive Directors and senior management) of the Company and its subsidiaries. During the period from 20 March 2015 to 26 March 2015, 4,050,253 ordinary A shares were purchased from the market. The weighted average price of shares purchased was RMB77.02 per share price (before the conversion of capital reserves to share capital). The above mentioned Shares shall be vested and awarded to the key employees approved for participation in the Scheme, subject to the achievement of certain performance targets.

(ii) The share-based compensation expense of the Scheme and the total value of employee services during the year ended 31 December 2015 was RMB185 million and RMB185 million respectively.

37. DUE TO BANKS AND OTHER FINANCIAL INSTITUTIONS

(in RMB million)	31 December 2015	31 December 2014
Deposits from other banks and financial institutions	**312,207**	395,863
Due to the Central Bank	**3,051**	2,754
Short term borrowings	**42,610**	20,901
Long term borrowings	**52,390**	36,635
	410,258	456,153

Refer to Notes 23, 30 and 32 for the assets pledged as collateral to support the above borrowings.

38. ASSETS SOLD UNDER AGREEMENTS TO REPURCHASE

(in RMB million)	31 December 2015	31 December 2014
Bonds	**118,156**	96,742
Discounted bills	**-**	200
Beneficial right in equities	**1,080**	2,730
	119,236	99,672

As at 31 December 2015, beneficial right in equities with a carrying amount of RMB1,080 million(31 December 2014: RMB2,730 million) were pledged as assets sold under agreements to repurchase.

As at 31 December 2015, bonds with a par value of RMB75,880 million (31 December 2014: RMB56,364 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.

As at 31 December 2015, none of bills (31 December 2014: RMB327 million) was 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 2015, the amount of bonds deposited in the collateral pool was RMB98,392 million (31 December 2014: RMB90,485 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.

39. CUSTOMER DEPOSITS AND PAYABLES TO BROKERAGE CUSTOMERS

(in RMB million)	31 December 2015	31 December 2014
Customer deposits		
Current and savings accounts		
– Corporate customers	**388,735**	280,925
– Individual customers	**140,760**	116,806
Term deposits		
– Corporate customers	**623,797**	593,270
– Individual customers	**113,423**	112,707
Guarantee deposits	**334,691**	321,045
Time deposits from the government	**30,422**	31,460
Fiscal deposits	**42,477**	37,189
Remittance payables and outward remittance	**6,788**	2,702
	1,681,093	1,496,104
Payables to brokerage customers		
– Individual customers	**27,471**	12,951
– Corporate customers	**5,343**	1,393
	32,814	14,344
	1,713,907	1,510,448

As at 31 December 2015, bonds classified as held-to-maturity with a carrying amount of RMB31,311 million (31 December 2014: RMB36,268 million), and bonds classified as loans and receivables with a carrying amount of RMB3,179 million (31 December 2014: Nil) were pledged as collateral for time deposits from the government.

40. ACCOUNTS PAYABLE

(in RMB million)	31 December 2015	31 December 2014
Payables under factoring	**–**	1,883
Others	**4,735**	838
	4,735	2,721

41. INSURANCE CONTRACT LIABILITIES

(in RMB million)	31 December 2015	31 December 2014
Policyholders' reserves	**851,486**	724,338
Policyholder contract deposits	**372,759**	319,395
Policyholder account liabilities in respect of insurance contracts	**48,903**	42,673
Unearned premium reserves	**86,482**	74,124
Claim reserves	**60,328**	46,286
Total	**1,419,958**	1,206,816

	31 December 2015		
(in RMB million)	Insurance contract liabilities	Reinsurers' share	Net
Long term life insurance contracts	**1,273,148**	**(1,788)**	**1,271,360**
Short term life insurance contracts	**7,947**	**(429)**	**7,518**
Property and casualty insurance contracts	**138,863**	**(15,655)**	**123,208**
	1,419,958	**(17,872)**	**1,402,086**

	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

(in RMB million)	31 December 2015	31 December 2014
Current portion*		
Long term life	**(32,899)**	(31,096)
Short term life	**7,502**	5,444
Property and casualty	**85,469**	71,664
Non-current portion		
Long term life	**1,306,047**	1,117,502
Short term life	**445**	(817)
Property and casualty	**53,394**	44,119
Total	**1,419,958**	1,206,816

* Estimated net cash flows within 12 months from the end of the reporting period.

41. INSURANCE CONTRACT LIABILITIES (CONTINUED)

(1) LONG TERM LIFE INSURANCE CONTRACTS

(in RMB million)	31 December 2015	31 December 2014
Policyholders' reserves	**851,486**	724,338
Policyholder contract deposits	**372,759**	319,395
Policyholder account liabilities in respect of insurance contracts	**48,903**	42,673
	1,273,148	1,086,406

The policyholders' reserves are analyzed as follows:

(in RMB million)	2015	2014
As at 1 January	**724,338**	620,448
Increase during the year	**208,794**	173,798
Decrease during the year		
– Claims and benefits paid	**(63,807)**	(52,344)
– Surrender	**(18,305)**	(18,569)
– Others	**466**	1,005
As at 31 December	**851,486**	724,338

The policyholder contract deposits are analyzed as follows:

(in RMB million)	2015	2014
As at 1 January	**319,395**	276,044
Policyholder principal increased	**73,120**	64,746
Accretion of investment income	**23,562**	20,598
Liabilities released for benefits paid	**(32,993)**	(33,019)
Policy administration fees and guaranteed fees deducted	**(10,325)**	(8,974)
As at 31 December	**372,759**	319,395

41. INSURANCE CONTRACT LIABILITIES (CONTINUED)

(2) SHORT TERM LIFE INSURANCE CONTRACTS

(in RMB million)	31 December 2015	31 December 2014
Unearned premium reserves	**3,872**	1,970
Claim reserves	**4,075**	2,657
	7,947	4,627

The unearned premium reserves of short term life insurance are analyzed as follows:

	2015			2014		
(in RMB million)	**Gross**	**Reinsurers' share**	**Net**	Gross	Reinsurers' share	Net
As at 1 January	**1,970**	**(119)**	**1,851**	2,596	(230)	2,366
Premiums written during the year	**17,973**	**(5,874)**	**12,099**	14,657	(4,611)	10,046
Premiums earned during the year	**(16,071)**	**5,660**	**(10,411)**	(15,283)	4,722	(10,561)
As at 31 December	**3,872**	**(333)**	**3,539**	1,970	(119)	1,851

The claim reserves of short term life insurance are analyzed as follows:

	2015			2014		
(in RMB million)	**Gross**	**Reinsurers' share**	**Net**	Gross	Reinsurers' share	Net
As at 1 January	**2,657**	**(148)**	**2,509**	2,039	(53)	1,986
Claims incurred during the year	**9,245**	**(3,816)**	**5,429**	6,632	(3,544)	3,088
Claims paid during the year	**(7,827)**	**3,868**	**(3,959)**	(6,014)	3,449	(2,565)
As at 31 December	**4,075**	**(96)**	**3,979**	2,657	(148)	2,509

(3) PROPERTY AND CASUALTY INSURANCE CONTRACTS

(in RMB million)	31 December 2015	31 December 2014
Unearned premium reserves	**82,610**	72,154
Claim reserves	**56,253**	43,629
	138,863	115,783

The unearned premium reserves of property and casualty insurance are analyzed as follows:

	2015			2014		
(in RMB million)	**Gross**	**Reinsurers' share**	**Net**	Gross	Reinsurers' share	Net
As at 1 January	**72,154**	**(6,875)**	**65,279**	58,392	(6,610)	51,782
Premiums written during the year	**163,955**	**(12,248)**	**151,707**	143,150	(20,041)	123,109
Premiums earned during the year	**(153,499)**	**12,317**	**(141,182)**	(129,388)	19,776	(109,612)
As at 31 December	**82,610**	**(6,806)**	**75,804**	72,154	(6,875)	65,279

41. INSURANCE CONTRACT LIABILITIES (CONTINUED)

(3) PROPERTY AND CASUALTY INSURANCE CONTRACTS (CONTINUED)

The claim reserves of property and casualty insurance are analyzed as follows:

	2015			2014		
(in RMB million)	Gross	Reinsurers' share	Net	Gross	Reinsurers' share	Net
As at 1 January	**43,629**	**(6,888)**	**36,741**	35,191	(5,565)	29,626
Claims incurred during the year	**87,097**	**(10,916)**	**76,181**	73,462	(10,332)	63,130
Claims paid during the year	**(74,473)**	**8,955**	**(65,518)**	(65,024)	9,009	(56,015)
As at 31 December	**56,253**	**(8,849)**	**47,404**	43,629	(6,888)	36,741

42. INVESTMENT CONTRACT LIABILITIES FOR POLICYHOLDERS

(in RMB million)	31 December 2015	31 December 2014
Policyholder account liabilities in respect of investment contracts	**5,084**	4,577
Investment contract reserves	**37,606**	33,753
	42,690	38,330

The investment contract liabilities are analyzed as follows:

(in RMB million)	2015	2014
As at 1 January	**38,330**	38,353
Policyholder principal increased	**9,337**	9,582
Accretion of investment income	**2,800**	2,658
Liabilities released for benefits paid	**(7,521)**	(12,646)
Policy administration fees and guaranteed fees deducted	**(82)**	(88)
Others	**(174)**	471
As at 31 December	**42,690**	38,330

As at 31 December 2014 and 2015, all reinsurance contracts of the Group transferred significant insurance risk.

43. 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 2015	31 December 2014
Value Success International Limited	Offshore RMB bonds	Guaranteed (Note 1)	3 years	None	1,500	2013	Fixed	4.00%	**1,499**	1,497
Value Success International Limited	Offshore RMB bonds	Guaranteed (Note 1)	5 years	None	2,100	2013	Fixed	4.75%	**2,093**	2,090
Value Success International Limited	Offshore RMB bonds	Guaranteed (Note 1)	5 years	None	750	2014	Fixed	4.95%	**748**	748
Value Success International Limited	Offshore RMB bonds	Guaranteed (Note 1)	3 years	None	850	2014	Fixed	4.15%	**849**	848
Value Success International Limited	Offshore SGD bonds	Guaranteed (Note 1)	5.5 years	None	1,779	2014	Fixed	4.13%	**1,619**	1,704
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
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)	**3,080**	3,050
Ping An Property & Casualty	Capital supplement bonds	None	10 years	End of the fifth year	5,000	2015	Fixed	First 5 years: 4.79% Next 5 years: 5.79% (If not redeemed)	**4,993**	-
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)	**9,285**	9,191
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)	**4,156**	4,112
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)	**8,106**	8,032

43. 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 2015	31 December 2014
Ping An Life	Capital supplement bonds	None	10 years	End of the fifth year	5,000	2015	Fixed	First 5 years: 3.90% Next 5 years: 4.90% (If not redeemed)	**4,989**	-
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)	**1,465**	1,464
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**	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**	9,000
Ping An Bank	Interbank deposits	None	3 to 6 months	None	21,900	2015	Discounted	None	**192,848**	21,636
Ping An International Financial Co., Ltd	Private Equity notes	None	3 years	None	445	2014	Fixed	4.40%	**445**	357
The Company	Convertible bonds	None	6 years	Note 3	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
Ping An Securities	Subordinated bonds	None	2 years	None	3,000	2014	Fixed	6.50%	**2,998**	2,996
Ping An Securities	Income certificate	None	365 days	None	300	2015	Fixed	7.20%	**300**	-

43. 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 2015	31 December 2014
Ping An Securities	Income certificate	None	388 days	None	200	2015	Fixed	7.20%	**200**	-
Ping An Securities	Income certificate	None	407 days	None	100	2015	Fixed	7.00%	**100**	-
Ping An International Financial Leasing Co., Ltd	Private equity notes	None	1 year	None	200	2015	Fixed	5.10%	**200**	-
Ping An International Financial Leasing Co., Ltd	Private equity notes	None	1 year	None	1,000	2015	Fixed	4.55%	**1,000**	-
Ping An International Financial Leasing Co., Ltd	Private equity notes	None	1 year	None	1,200	2015	Fixed	4.40%	**1,200**	-
Ping An International Financial Leasing Co., Ltd	Private equity notes	None	1 year	None	2,600	2015	Fixed	4.30%	**2,600**	-
Fuqing Investment Management Limited	Offshore RMB bonds	Guaranteed (Note 2)	3 years	None	1,000	2015	Fixed	4.85%	**990**	-
Total									**264,413**	88,119

Note 1:

The bonds are guaranteed by China Ping An Overseas, which is the holding company of Value Success International Limited.

Note 2:

The bonds are guaranteed by Ping An Real Estate Capital Limited (Previously: Ping An Real Estate (Hong Kong) Company Limited).

Note 3:

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 to 22 November 2019 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 amount of interest related to the convertible bonds paid by the Company was RMB4 million for the year ended 31 December 2015 (2014: RMB208 million).

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 from December 2, 2014 to December 22, 2014, 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, the Company exercised its right of early redemption of the convertible bonds, and redeemed all the outstanding convertible bonds held by holders who were registered on the redemption record date (January 9, 2015).

Convertible bonds with a principal amount of RMB10,221 million (2014: RMB15,745 million) were converted into 247,950,813 ordinary A shares (2014: 381,971,800 shares) during the year ended 31 December 2015 (Note 34).

44. DEFERRED TAX ASSETS AND LIABILITIES

(in RMB million)	31 December 2015	31 December 2014
Deferred tax assets	**15,663**	12,354
Deferred tax liabilities	**(9,911)**	(6,160)
Net	**5,752**	6,194

The deferred tax assets are analyzed as follows:

	2015						
(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	**13**	**-**	**24**	**-**	**(1)**	**36**	**(144)**
Fair value adjustments on available-for-sale investments	**484**	**-**	**-**	**(606)**	**(9)**	**(131)**	**524**
Insurance contract liabilities	**4,259**	**-**	**1,832**	**902**	**-**	**6,993**	**(27,972)**
Impairment loss provisions	**12,118**	**5**	**(2,174)**	**-**	**(12)**	**9,937**	**(39,748)**
Others	**5,978**	**-**	**641**	**-**	**36**	**6,655**	**(26,620)**
	22,852	**5**	**323**	**296**	**14**	**23,490**	**(93,960)**

	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 on available-for-sale investments	2,223	–	–	(1,734)	(5)	484	(1,936)
Insurance contract liabilities	203	–	1,826	2,060	170	4,259	(17,036)
Impairment loss provisions	8,515	7	3,597	–	(1)	12,118	(48,472)
Others	3,894	251	1,876	–	(43)	5,978	(23,912)
	14,992	258	7,155	326	121	22,852	(91,408)

44. DEFERRED TAX ASSETS AND LIABILITIES (CONTINUED)

The deferred tax assets are analyzed as follows: (continued)

(in RMB million)	31 December 2015	31 December 2014
Deferred tax assets:		
Deferred tax asset to be recovered within 12 months	**6,500**	10,143
Deferred tax asset to be recovered after more than 12 months	**16,990**	12,709
	23,490	22,852

The deferred tax liabilities are analyzed as follows:

	2015						
(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	**(13)**	**-**	**(55)**	**-**	**-**	**(68)**	**272**
Fair value adjustments on available-for-sale investments	**(10,859)**	**-**	**-**	**(502)**	**(2)**	**(11,363)**	**45,452**
Intangible assets-core deposits	**(3,109)**	**-**	**189**	**-**	**-**	**(2,920)**	**11,689**
Others	**(2,677)**	**(423)**	**(329)**	**-**	**42**	**(3,387)**	**13,548**
	(16,658)	**(423)**	**(195)**	**(502)**	**40**	**(17,738)**	**70,961**

	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	(3)	–	(10)	–	–	(13)	52
Fair value adjustments on available-for-sale investments	(63)	–	–	(10,809)	13	(10,859)	43,436
Insurance contract liabilities	(266)	–	(33)	299	–	–	–
Intangible assets-core deposits	(3,298)	–	189	–	–	(3,109)	12,443
Others	(2,347)	–	(169)	(55)	(106)	(2,677)	10,708
	(5,977)	–	(23)	(10,565)	(93)	(16,658)	66,639

44. DEFERRED TAX ASSETS AND LIABILITIES (CONTINUED)

The deferred tax liabilities are analyzed as follows: (continued)

(in RMB million)	31 December 2015	31 December 2014
Deferred tax liabilities:		
Deferred tax liability to be recovered after within 12 months	**(399)**	(215)
Deferred tax liability to be recovered more than 12 months	**(17,339)**	(16,443)
	(17,738)	(16,658)

As at 31 December 2015, unrecognized tax losses of the Group were RMB915 million (31 December 2014: RMB1,106 million).

The following table shows unrecognized tax losses based on its expected expiry date:

(in RMB million)	31 December 2015	31 December 2014
2015	**–**	74
2016	**127**	206
2017	**149**	198
2018	**148**	272
2019	**133**	356
2020	**358**	–
	915	1,106

45. OTHER LIABILITIES

(in RMB million)	31 December 2015	31 December 2014
Other payables	**124,038**	54,124
Payable to holders of trust schemes and banking wealth management products	**13,913**	8,594
Salaries and welfare payable	**26,990**	17,013
Interest payable	**25,352**	26,068
Other tax payable	**6,464**	4,980
Receipts in advance	**2,704**	5,029
Contingency provision	**664**	383
Insurance guarantee fund	**654**	620
Accruals	**3,847**	3,150
Deferred income	**4,173**	2,058
Others	**15,031**	9,164
	223,830	131,183

46. FIDUCIARY ACTIVITIES

(in RMB million)	31 December 2015	31 December 2014
Assets under trust schemes	**542,591**	382,603
Assets under corporate annuity schemes	**127,251**	89,280
Assets under asset management schemes	**246,913**	171,190
Entrusted loans of banking operation	**407,545**	258,842
Entrusted investments of banking operation	**501,890**	165,189
	1,826,190	1,067,104

The above table showed main fiduciary activities 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.

47. 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 insurance 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 47. (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 41.

47. RISK AND CAPITAL MANAGEMENT (CONTINUED)

(1) INSURANCE RISK (CONTINUED)

Assumptions and sensitivities

(a) Long term life insurance contracts

Assumptions

Significant 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 2015			
(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**	**(6,502)**	**(6,492)**	**6,492**	**6,492**
Discount rate/investment return	**-10bps**	**6,757**	**6,747**	**(6,747)**	**(6,747)**
Morbidity/mortality rates	**Before annuity payment period +10%, During annuity payment period -10%**	**11,217**	**10,614**	**(10,614)**	**(10,614)**
Policy lapse rates	**+10%**	**5,742**	**5,758**	**(5,758)**	**(5,758)**
Maintenance expense rates	**+5%**	**1,761**	**1,761**	**(1,761)**	**(1,761)**

		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)

47. 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)	2011	2012	2013	2014	**2015**	Total
Estimated cumulative claims paid:						
As at end of current year	38,655	51,312	60,361	69,852	**83,767**	
One year later	38,360	51,966	60,876	69,292	**-**	
Two years later	37,780	51,727	60,425	–	**-**	
Three years later	37,475	51,467	–	–	**-**	
Four years later	37,318	–	–	–	**-**	
Estimated cumulative claims	37,318	51,467	60,425	69,292	**83,767**	302,269
Cumulative claims paid	(35,969)	(49,181)	(56,108)	(58,299)	**(51,091)**	(250,648)
Subtotal						51,621
Prior year adjustments, unallocated loss adjustment expenses, discount and risk margin						4,632
Outstanding claim reserves						56,253

47. 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)	2011	2012	2013	2014	**2015**	Total
Estimated cumulative claims paid:						
As at end of current year	34,486	45,307	52,810	59,864	**72,724**	
One year later	33,912	45,702	53,124	59,479	**–**	
Two years later	33,363	45,469	52,747	–	**–**	
Three years later	32,984	45,193	–	–	**–**	
Four years later	32,802	–	–	–	**–**	
Estimated cumulative claims	32,802	45,193	52,747	59,479	**72,724**	262,945
Cumulative claims paid	(31,910)	(43,317)	(49,179)	(50,239)	**(45,147)**	(219,792)
Subtotal						43,153
Prior year adjustments, unallocated loss adjustment expenses, discount and risk margin						4,251
Outstanding claim reserves						47,404

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)	2011	2012	2013	2014	**2015**	Total
Estimated cumulative claims paid:						
As at end of current year	3,739	4,301	4,877	6,732	**8,415**	
One year later	3,547	4,173	5,066	6,786	**–**	
Two years later	3,534	4,182	4,917	–	**–**	
Three years later	3,534	4,182	–	–	**–**	
Four years later	3,542	–	–	–	**–**	
Estimated cumulative claims	3,542	4,182	4,917	6,786	**8,415**	27,842
Cumulative claims paid	(3,542)	(4,182)	(4,917)	(6,575)	**(5,352)**	(24,568)
Subtotal						3,274
Prior year adjustments, unallocated loss adjustment expenses and risk margin						801
Outstanding claim reserves						4,075

47. 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)	2011	2012	2013	2014	**2015**	Total
Estimated cumulative claims paid:						
As at end of current year	3,495	4,181	4,717	6,367	**8,175**	
One year later	3,286	4,042	4,862	6,574	**-**	
Two years later	3,300	4,050	4,804	–	**-**	
Three years later	3,299	4,050	–	–	**-**	
Four years later	3,308	–	–	–	**-**	
Estimated cumulative claims	3,308	4,050	4,804	6,574	**8,175**	26,911
Cumulative claims paid	(3,308)	(4,050)	(4,804)	(6,363)	**(5,205)**	(23,730)
Subtotal						3,181
Prior year adjustments, unallocated loss adjustment expenses and risk margin						798
Outstanding claim reserves						3,979

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 2015				
(in RMB million)	**Change in assumptions**	**Impact on gross claim reserves Increase/ (decrease)**	**Impact on net claim reserves Increase/ (decrease)**	**Impact on profit before tax Increase/ (decrease)**	**Impact on equity before tax Increase/ (decrease)**
Average claim costs					
Property and casualty insurance	**+5%**	**2,813**	**2,363**	**(2,363)**	**(2,363)**
Short term life insurance	**+5%**	**204**	**199**	**(199)**	**(199)**

	31 December 2014				
(in RMB million)	Change in assumptions	Impact on gross claim reserves Increase/ (decrease)	Impact on net claim reserves 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)

47. 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 mainly 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 2015		31 December 2014	
(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%	**618**	**995**	447	532
HKD	+5%	**149**	**1,078**	579	1,289
Other currencies	+5%	**21**	**212**	(6)	129
		788	**2,285**	1,020	1,950
USD	-5%	**(618)**	**(995)**	(447)	(532)
HKD	-5%	**(149)**	**(1,078)**	(579)	(1,289)
Other currencies	-5%	**(21)**	**(212)**	6	(129)
		(788)	**(2,285)**	(1,020)	(1,950)

47. 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 2015				
(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	368,794	55,579	10,282	4,672	439,327
Balances with the Central Bank and statutory deposits	290,853	8,600	236	-	299,689
Fixed maturity investments	1,907,051	3,490	981	349	1,911,871
Equity investments	339,074	10,065	17,944	3,816	370,899
Loans and advances to customers	1,127,289	100,021	12,270	5,791	1,245,371
Premium receivables	33,156	877	39	-	34,072
Accounts receivable	15,838	940	-	-	16,778
Reinsurers' share of insurance liabilities	16,620	968	284	-	17,872
Finance lease receivable	57,598	-	-	-	57,598
Other assets	78,111	1,551	3,234	44	82,940
	4,234,384	182,091	45,270	14,672	4,476,417
Liabilities					
Due to banks and other financial institutions	392,258	13,850	3,971	179	410,258
Other financial liabilities held for trading	8,506	-	-	-	8,506
Assets sold under agreements to repurchase	118,586	-	650	-	119,236
Customer deposits and payables to brokerage customers	1,516,884	183,191	10,139	3,693	1,713,907
Accounts payable	4,734	1	-	-	4,735
Insurance payables	81,863	585	35	2	82,485
Insurance contract liabilities	1,417,381	2,002	559	16	1,419,958
Investment contract liabilities for policyholders	42,682	7	-	1	42,690
Policyholder dividend payable	33,014	13	-	1	33,028
Bonds payable	257,605	-	6,808	-	264,413
Other liabilities	95,624	1,855	1,568	23	99,070
	3,969,137	201,504	23,730	3,915	4,198,286
Net position of foreign currency		(19,413)	21,540	10,757	12,884
Notional amount of foreign exchange derivative financial instruments		39,313	14	(6,526)	32,801
		19,900	21,554	4,231	45,685
Off-balance sheet credit commitments	522,879	54,821	864	719	579,283

47. RISK AND CAPITAL MANAGEMENT (CONTINUED)

(2) MARKET RISK (CONTINUED)

(a) Foreign currency risk (Continued)

(in RMB millions)	31 December 2014				
	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	306,547	6,690	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
	3,591,598	147,365	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		(36,650)	20,363	1,896	(14,391)
Notional amount of foreign exchange derivative financial instruments		47,307	5,407	676	53,390
		10,657	25,770	2,572	38,999
Off-balance sheet credit commitments	493,145	41,989	2,266	392	537,792

FINANCIAL STATEMENTS

47. 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 security 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 security investment funds with 10-day reasonable market fluctuation in using the VaR module in the normal market.

(in RMB million)	**31 December 2015**	31 December 2014
Listed stocks and security investment funds	**18,421**	10,705

The Group expects that current listed stocks and equity investments funds will not lose more than RMB18,421 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.

47. 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).

		31 December 2015		31 December 2014	
(in RMB million)	Change in interest rate	Increase/ (decrease) in profit before tax	Increase/ (decrease) in equity before tax	Increase/ (decrease) in profit before tax	Increase/ (decrease) in equity before tax
Bonds carried at fair value through profit or loss and available-for-sale	-50 basis points	**149**	**5,528**	81	2,722
Bonds carried at fair value through profit or loss and available-for-sale	+50 basis points	**(149)**	**(5,528)**	(81)	(2,722)

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.

		31 December 2015		31 December 2014	
(in RMB million)	Change in interest rate	Increase/ (decrease) in profit before tax	Increase/ (decrease) in equity before tax	Increase/ (decrease) in profit before tax	Increase/ (decrease) in equity before tax
Floating interest rate bonds	+50 basis points	**56**	**56**	205	205
Floating rate term deposits	+50 basis points	**83**	**83**	109	109
Loans and advances to customers	+50 basis points	**3,439**	**3,439**	4,016	4,016
Floating interest rate bonds	-50 basis points	**(56)**	**(56)**	(205)	(205)
Floating rate term deposits	-50 basis points	**(83)**	**(83)**	(109)	(109)
Loans and advances to customers	-50 basis points	**(3,439)**	**(3,439)**	(4,016)	(4,016)

47. 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 2015	31 December 2014
Fixed interest rate		
Less than 3 months (including 3 months)	**5,685**	4,446
3 months to 1 year (including 1 year)	**28,205**	57,442
1-2 years (including 2 years)	**63,760**	28,531
2-3 years (including 3 years)	**17,084**	62,494
3-4 years (including 4 years)	**18,770**	17,084
4-5 years (including 5 years)	**18,542**	18,770
More than 5 years	**-**	2,000
Floating interest rate	**16,180**	20,340
	168,226	211,107

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 2015				
(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)	**148,613**	**14,442**	**9,403**	**10,209**	**182,667**
3 months to 1 year (including 1 year)	**99,366**	**22,436**	**22,078**	**11,352**	**155,232**
1-2 years (including 2 years)	**56,125**	**40,025**	**24,057**	**2,094**	**122,301**
2-3 years (including 3 years)	**50,794**	**66,739**	**20,740**	**2,067**	**140,340**
3-4 years (including 4 years)	**9,675**	**75,196**	**11,620**	**744**	**97,235**
4-5 years (including 5 years)	**41,430**	**70,511**	**16,617**	**1,388**	**129,946**
More than 5 years	**75,846**	**568,978**	**85,802**	**1,800**	**732,426**
Floating interest rate	**100,344**	**58,342**	**33,558**	**10,027**	**202,271**
	582,193	**916,669**	**223,875**	**39,681**	**1,762,418**

47. RISK AND CAPITAL MANAGEMENT (CONTINUED)

(2) MARKET RISK (CONTINUED)

(c) Interest rate risk (Continued)

	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

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.

47. 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 2015, 99.73% (31 December 2014: 99.92%) 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 2015, 98.18% (31 December 2014: 97.65%) 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 2015, 90.36% (31 December 2014: 96.17%) 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 2015 and 31 December 2014.

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 2015
PBOC	**287,595**
Top five commercial banks	
Bank of China Limited	**55,896**
China Merchants Bank Co., Ltd.	**39,656**
Bank of Communications Co., Ltd.	**31,345**
Agricultural Bank of China Limited	**26,222**
Industrial and Commercial Bank of China Limited	**20,982**
Other major banks and financial institutions	
China Bohai Bank Co., Ltd.	**20,614**
Industrial Bank Co., Ltd.	**17,517**
China Construction Bank Corporation	**16,421**
China CITIC Bank Corporation Limited	**16,059**
China Minsheng Banking Corp. Ltd.	**14,156**
Others	**192,553**
	739,016

47. 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 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 Corporation Limited	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

Credit exposure

For on-balance sheet assets, the exposures are based on net carrying amounts as reported in the financial statements, The Group also assumes credit risk due to credit commitments. The details are disclosed in Note 55. (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.

47. 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 2015						
		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	185,431	–	–	–	–	60	185,491
Assets purchased under reverse repurchase agreements	142,047	–	–	–	–	10	142,057
Loans and advances to customers	1,209,240	11,339	12,005	23,538	46,882	18,867	1,274,989
Including:							
Corporate loans	784,989	6,597	6,849	23,179	36,625	8,352	829,966
Personal loans	424,251	4,742	5,156	359	10,257	10,515	445,023
Premium receivables	31,355	858	370	388	1,616	1,947	34,918
Due from reinsurers	6,858	725	191	81	997	138	7,993
Finance lease receivable	57,598	–	–	–	–	1,025	58,623
Gross total	1,632,529	12,922	12,566	24,007	49,495	22,047	1,704,071

47. RISK AND CAPITAL MANAGEMENT (CONTINUED)

(3) CREDIT RISK (CONTINUED)

Aging analysis of financial assets (Continued)

	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

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 2015 was RMB33,427 million (31 December 2014: RMB36,517 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 2015 was RMB4,212 million (31 December 2014: RMB3,606 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 2015**	31 December 2014
Loans and advances to customers	**12,509**	8,305

47. 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 2015						
(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	109,689	129,783	84,026	142,797	–	–	466,295
Balances with the Central Bank and statutory deposits	47,034	936	2,812	9,658	–	240,687	301,127
Fixed maturity investments	20,220	325,463	265,504	826,180	1,166,340	–	2,603,707
Equity investments	5,613	13,480	4,025	22,546	348	334,940	380,952
Loans and advances to customers	30,310	353,370	453,655	414,918	140,400	–	1,392,653
Premium receivables	2,698	11,752	10,458	9,119	45	–	34,072
Accounts receivable	949	5,614	5,329	5,575	–	–	17,467
Finance lease receivable	–	6,333	17,792	45,002	–	–	69,127
Other assets	6,001	22,006	14,778	1,633	–	–	44,418
	222,514	868,737	858,379	1,477,428	1,307,133	575,627	5,309,818

47. RISK AND CAPITAL MANAGEMENT (CONTINUED)

(4) LIQUIDITY RISK (CONTINUED)

	31 December 2015						
(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	137,824	152,168	76,594	56,259	16,437	-	439,282
Assets sold under agreements to repurchase	-	119,371	49	-	-	-	119,420
Other financial liabilities held for trading	-	7,488	1,108	-	-	-	8,596
Customer deposits and payables to brokerage customers	614,864	428,955	474,080	250,151	2,599	-	1,770,649
Accounts payable	1,195	3,502	40	-	-	-	4,737
Insurance payables	44,896	2,850	412	3	-	-	48,161
Investment contract liabilities for policyholders	-	1,525	33,787	142,737	367,790	-	545,839
Policyholder dividend payable	33,028	-	-	-	-	-	33,028
Bonds payable	-	106,434	99,253	27,467	59,214	-	292,368
Other liabilities	11,721	26,403	96,022	14,905	-	-	149,051
	843,528	848,696	781,345	491,522	446,040	-	3,411,131
Derivative cash flows							
Derivative financial instruments settled on a net basis	-	(53)	1	127	-	-	75
Derivative financial instruments settled on a gross basis							
– Cash inflow	38,999	287,317	141,921	10,136	469	-	478,842
– Cash outflow	(37,281)	(286,116)	(140,638)	(9,870)	(364)	-	(474,269)
	1,718	1,201	1,283	266	105	-	4,573
Credit commitments	4,473	243,925	300,488	58,664	29,976	-	637,526

47. 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
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	–	3,413	23,142	17,496	–	–	44,051
Other assets	4,771	15,444	9,597	3,799	–	–	33,611
	173,871	670,440	829,281	1,235,221	1,123,788	485,601	4,518,202
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	7,662	238,520	265,608	62,910	16,482	–	591,182

47. 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 2015 and no changes were made to its capital base, objectives, policies and processes from 2014.

47. 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 2015			31 December 2014		
(in RMB million)	Regulatory capital held	Minimum regulatory capital	Solvency margin ratio	Regulatory capital held	Minimum regulatory capital	Solvency margin ratio
The Group	**428,040**	**219,061**	**195.4%**	369,995	180,381	205.1%
Ping An Life	**123,912**	**60,981**	**203.2%**	107,231	48,771	219.9%
Ping An Property & Casualty	**39,464**	**21,656**	**182.2%**	30,243	18,385	164.5%

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 2015	31 December 2014
Core Tier 1 capital adequacy ratio	**9.03%**	8.64%
Tier 1 capital adequacy ratio	**9.03%**	8.64%
Capital adequacy ratio	**10.94%**	10.86%

(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. (9) 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 direct investments made by the Group in 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 direct investments made by the Group.

47. RISK AND CAPITAL MANAGEMENT (CONTINUED)

(8) GROUP'S MAXIMUM EXPOSURE TO STRUCTURED ENTITIES (CONTINUED)

As at 31 December 2015 the size of unconsolidated structured entities and the Group's funding and maximum exposure are shown below:

31 December 2015	Unconsolidated structured entities			
(in RMB million)	Size	Carrying amount	Group's maximum exposure	Interest held by Group
Securitization	**7,218**	**196**	**196**	Investment income and service fee
Assets management products managed by affiliated entities	**913,189**	**140,637**	**140,637**	Investment income and service fee
Assets management products managed by third parties	**Note 1**	**260,359**	**260,359**	Investment income
Wealth management products managed by affiliated entities	**587,221**	**599**	**599**	Investment income and service fee
Wealth management products managed by third parties	**Note 1**	**18,048**	**18,048**	Investment income
Others	**12,096**	**–**	**–**	Service fee
Total	**1,519,724**	**419,839**	**419,839**	

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	

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 trust schemes, asset management schemes, debt schemes, wealth management products under fixed maturity investments and trust beneficial right of loans and receivables purchased under trust schemes under assets purchased under reverse repurchase agreements.

48. 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.

48. 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 2015	Carrying values 31 December 2014	Fair values 31 December 2015	Fair values 31 December 2014
Financial assets				
Available-for-sale				
Bonds	**192,318**	130,126	**192,318**	130,126
Funds	**76,766**	35,417	**76,766**	35,417
Stocks	**141,507**	141,812	**141,507**	141,812
Others	**101,889**	40,016	**101,889**	40,016
Carried at fair value through profit or loss				
Bonds	**26,549**	30,834	**26,549**	30,834
Funds	**30,538**	16,679	**30,538**	16,679
Stocks	**2,624**	930	**2,624**	930
Others	**13,691**	2,772	**13,691**	2,772
Derivative financial assets	**8,272**	4,311	**8,272**	4,311
Held-to-maturity				
Bonds	**916,669**	783,497	**980,742**	789,332
Loans and receivables				
Cash and amounts due from banks and other financial institutions	**439,327**	398,485	**439,327**	398,485
Balances with the Central Bank and statutory deposits	**299,689**	313,728	**299,689**	313,728
Loans and advances to customers	**1,245,371**	1,053,882	**1,245,732**	1,054,228
Bonds	**26,488**	7,575	**26,488**	7,575
Debt schemes	**518,968**	349,749	**519,806**	349,489
Policy loans	**52,092**	37,886	**52,092**	37,886
Assets purchased under reverse repurchase agreements	**142,050**	197,177	**142,050**	197,177
Wealth management products	**36,737**	71,892	**36,737**	71,892
Premium receivables	**34,072**	30,740	**34,072**	30,740
Accounts receivable	**16,778**	14,983	**16,778**	14,983
Finance lease receivable	**57,598**	37,908	**57,598**	37,908
Other assets	**82,940**	68,998	**82,940**	68,998
Total financial assets	**4,462,933**	3,769,397	**4,528,205**	3,775,318
Financial liabilities				
Derivative financial liabilities	**4,527**	2,770	**4,527**	2,770
Other financial liabilities				
Due to banks and other financial institutions	**410,258**	456,153	**410,258**	456,153
Assets sold under agreements to repurchase	**119,236**	99,672	**119,236**	99,672
Other financial liabilities held for trading	**8,506**	4,747	**8,506**	4,747
Customer deposits and payables to brokerage customers	**1,713,907**	1,510,448	**1,713,907**	1,510,448
Accounts payable	**4,735**	2,721	**4,735**	2,721
Insurance payables	**48,161**	41,208	**48,161**	41,208
Investment contract liabilities for policyholders	**37,606**	33,753	**37,606**	33,753
Policyholder dividend payable	**33,028**	28,673	**33,028**	28,673
Bonds payable	**264,413**	88,119	**267,288**	90,594
Other liabilities	**166,855**	92,588	**166,855**	92,588
Total financial liabilities	**2,811,232**	2,360,852	**2,814,107**	2,363,327

The assets and liabilities of the investment-linked business are not included in the above financial assets and liabilities.

48. 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.

48. 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.

48. 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 2015			
(in RMB million)	Level 1	Level 2	Level 3	Total fair value
Financial assets				
Carried at fair value through profit or loss				
Bonds	**819**	**25,730**	**-**	**26,549**
Security investment funds	**30,479**	**-**	**59**	**30,538**
Equity securities	**2,475**	**149**	**-**	**2,624**
Other equity investments	**706**	**12,099**	**886**	**13,691**
	34,479	**37,978**	**945**	**73,402**
Derivative financial assets				
Interest rate swaps	**-**	**1,324**	**-**	**1,324**
Currency forwards and swaps	**-**	**2,711**	**-**	**2,711**
Others	**33**	**4,204**	**-**	**4,237**
	33	**8,239**	**-**	**8,272**
Available-for-sale financial assets				
Bonds	**36,083**	**156,235**	**-**	**192,318**
Security investment funds	**68,507**	**8,252**	**7**	**76,766**
Equity securities	**132,243**	**9,264**	**-**	**141,507**
Other equity investments	**-**	**27,677**	**74,212**	**101,889**
	236,833	**201,428**	**74,219**	**512,480**
Total financial assets	**271,345**	**247,645**	**75,164**	**594,154**
Financial liabilities				
Derivative financial liabilities				
Interest rate swaps	**-**	**1,434**	**-**	**1,434**
Currency forwards and swaps	**-**	**1,676**	**-**	**1,676**
Others	**-**	**1,417**	**-**	**1,417**
	-	**4,527**	**-**	**4,527**
Other financial liabilities held for trading	**8,506**	**-**	**-**	**8,506**
Total financial liabilities	**8,506**	**4,527**	**-**	**13,033**

48. 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 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
Security 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
Security 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

48. 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 2015			
(in RMB million)	**Level 1**	**Level 2**	**Level 3**	**Total fair value**
Financial assets				
Held-to-maturity				
Bonds	**49,308**	**929,734**	**1,700**	**980,742**
Total financial assets	**49,308**	**929,734**	**1,700**	**980,742**
Financial liabilities				
Bonds payable	**990**	**266,298**	**-**	**267,288**
Total financial liabilities	**990**	**266,298**	**-**	**267,288**

	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

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)	**2015**	2014	**2015**	2014
At 1 January	**-**	–	**447**	151
Additions	**-**	–	**1,439**	300
Disposals	**-**	–	**(1,111)**	(135)
Transfers into Level 3	**-**	–	**47**	–
Transfers out of Level 3	**-**	–	**-**	–
Total gains in income	**-**	–	**123**	131
At 31 December	**-**	–	**945**	447

48. CLASSIFICATION AND FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

(2) DETERMINATION OF FAIR VALUE AND THE FAIR VALUE HIERARCHY (CONTINUED)

Reconciliation of movements in Level 3 financial instruments measured at fair value is as follows: (Continued)

	Available-for-sale financial assets		Available-for-sale financial assets	
	Fixed maturity investments		Equity investments	
(in RMB million)	2015	2014	2015	2014
At 1 January	-	11	15,270	3,272
Additions	-	–	59,243	11,066
Disposals	-	(11)	(7,201)	–
Transfers into Level 3	-	–	10,717	842
Transfers out of Level 3	-	–	(4,899)	–
Total gains in income	-	–	477	–
Total gains in other comprehensive income	-	–	612	90
At 31 December	-	–	74,219	15,270

The gains of level 3 financial instruments included in the statement of income for the year are presented as follows:

	2015		
(in RMB million)	Realized gains	Unrealized gains	Total
Carried at fair value through profit or loss	5	118	123
Available-for-sale	477	-	477
	482	118	600

	2014		
(in RMB million)	Realized gains	Unrealized gains	Total
Carried at fair value through profit or loss	–	131	131
	–	131	131

Transfers

During the year 2015, there were no significant transfers between Level 1 and Level 2 fair value measurements. Transfer into or out of level 3 is due to change of input value for part of financial instruments and valuation performed on part of equity investments previously stated at cost.

49. 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.

The Group's subsidiaries Ping An Bank and Ping An Securities 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 2015		31 December 2014	
(in RMB million)	Carrying amount assets	Carrying amount associated liabilities	Carrying amount assets	Carrying amount associated liabilities
Repurchase transactions	**4,653**	**5,287**	6,105	6,877
Assets securitization	**2,209**	**2,209**	12,865	12,865

50. CASH AND CASH EQUIVALENTS

(in RMB million)	31 December 2015	31 December 2014
Cash and amounts due from banks and other financial institutions		
Cash on hand	**4,125**	4,168
Term deposits	**1,415**	2,010
Due from banks and other financial institutions	**102,217**	92,610
Placements with banks and other financial institutions	**73,966**	44,898
Balances with the Central Bank	**46,910**	49,238
Bonds	**3,223**	4,668
Assets purchased under reverse repurchase agreements	**101,469**	66,368
Total	**333,325**	263,960

The carrying amounts disclosed above approximate their fair values at year end.

51. NOTE TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

Reconciliation of profit before tax to net cash flows from operating activities:

(in RMB million)	2015	2014
Profit before tax	**93,413**	62,353
Adjustments for:		
Depreciation	**4,050**	3,273
Amortization of intangible assets	**1,912**	1,932
Losses on disposal of investment properties, property and equipment, intangible assets and settled assets	**14**	134
Investment income	**(167,634)**	(103,364)
Fair value gains on investments at fair value through profit or loss	**(125)**	(615)
Fair value losses on available-for-sale equity investments (transfer from equity)	**1,027**	8,859
Finance costs	**7,539**	6,974
Foreign exchange losses	**(256)**	191
Provision for doubtful debts and others, net	**658**	310
Loan loss provisions, net of reversals	**30,118**	14,614
Operating loss before working capital changes	**(29,284)**	(5,339)
Changes in operating assets and liabilities:		
Increase in balances with the Central Bank and statutory deposits	**12,215**	(53,361)
Increase in amounts due from banks and other financial institutions	**(40,624)**	(7,497)
Increase in premium receivables	**(3,616)**	(6,765)
Increase in accounts receivable	**(2,074)**	(7,682)
Increase in inventories	**(1,643)**	(729)
Increase in reinsurers' share of insurance liabilities	**(2,221)**	(1,699)
Increase in loans and advances to customers	**(199,752)**	(206,726)
Decrease in assets purchased under reverse repurchase agreements of the banking and securities business	**44,330**	54,972
Increase in other assets	**(41,055)**	(61,234)
Decrease in amounts due to banks and other financial institutions	**(83,359)**	(76,802)
Increase in customer deposits and payables to brokerage customers	**184,989**	314,632
Increase in insurance payables	**16,825**	11,301
Increase in insurance contract liabilities	**151,160**	121,495
Increase in investment contract liabilities for policyholders	**57,217**	42,852
Increase in policyholder dividend payable	**4,355**	3,441
Decrease in assets sold under agreements to repurchase of the banking and securities business	**(8,739)**	(10,368)
Increase in other liabilities	**100,242**	75,179
Cash generated from operations	**158,966**	185,670
Income tax paid	**(23,348)**	(15,410)
Net cash flows from operating activities	**135,618**	170,260

52. 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)	**2015**	2014
Salaries and other short term employee benefits after tax	**55**	54
Individual income tax	**38**	36

The estimated amount of total compensation has been provided in the Group's 2015 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.

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.

(2) COMPENSATION OF KEY MANAGEMENT PERSONNEL OTHER THAN DIRECTORS AND SUPERVISORS IS AS FOLLOWS:

(in RMB million)	**2015**	2014
Salaries and other short term employee benefits after tax	**24**	19
Individual income tax	**17**	13

The long-term benefits attributed to year 2012 for key management personnel other than directors and supervisors were paid in 2015 as the required payment conditions had been fulfilled. The amount paid after tax was RMB2,675.0 thousand and was disclosed in the Announcement regarding the Resolutions of the Board of Directors of the Company dated 20 August 2015.

The long-term benefits attributed to year 2011 for key management personnel other than directors and supervisors were paid in 2014 as the required payment conditions had been fulfilled. The amount paid after tax was RMB2,153.3 thousand and was disclosed in the Announcement regarding the Resolutions of the Board of Directors of the Company dated 19 August 2014.

52. COMPENSATION OF KEY MANAGEMENT PERSONNEL (CONTINUED)

(3) DIRECTORS' AND SUPERVISORS' EMOLUMENTS

The remuneration of every director and supervisor is set out below:

For the year ended 31 December 2015:

	2015									
(in RMB thousand)	Fees	Salaries	Discretionary bonuses (ii)	Housing allowance	Other employee benefits	Employer's contribution to a retirement benefit scheme	Remunerations paid or receivable in respect of accepting office as director	Emoluments paid or receivable in respect of director's other services in connection with the management of the affairs of the company or its subsidiary undertaking	Total	Individual income tax
Directors										
MA Mingzhe (iii)	-	2,831	2,807	26	22	62	-	-	5,748	4,242
SUN Jianyi (iv)	-	1,782	1,664	2	6	-	-	-	3,454	2,554
REN Huichuan (iv)	-	1,795	1,664	26	22	62	-	-	3,569	2,541
YAO Jason Bo (iv)	-	2,395	2,532	-	4	27	-	-	4,958	3,653
LEE Yuansiong (iv)	-	2,510	2,604	-	4	27	-	-	5,145	3,806
CAI Fangfang	-	1,434	1,251	22	27	43	-	-	2,777	1,815
FAN Mingchun	-	-	-	-	-	-	-	-	-	-
LIN Lijun (iv)	-	464	189	26	22	46	-	-	747	182
LI Zhe (v)	-	-	-	-	-	-	-	-	-	-
Soopakij CHEARAVANONT	-	-	-	-	-	-	-	-	-	-
YANG Xiaoping	-	-	-	-	-	-	-	-	-	-
LU Hua	-	-	-	-	-	-	-	-	-	-
TANG Yunwei (v)	149	-	-	-	-	-	-	-	149	31
LEE Carmelo Ka Sze (v)	149	-	-	-	-	-	-	-	149	31
WOO Ka Biu Jackson	305	-	-	-	-	-	-	-	305	65
Stephen Thomas Meldrum	305	-	-	-	-	-	-	-	305	65
YIP Dicky Peter	305	-	-	-	-	-	-	-	305	65
WONG Oscar Sai Hung	298	-	-	-	-	-	-	-	298	62
SUN Dongdong	305	-	-	-	-	-	-	-	305	65
GE Ming (v)	149	-	-	-	-	-	-	-	149	31
Subtotal	1,965	13,211	12,711	102	107	267	-	-	28,363	19,208
Supervisors										
GU Liji	258	-	-	-	-	-	-	-	258	52
PENG Zhijian (viii)	-	-	-	-	-	-	-	-	-	-
LIN Li (vi)	-	-	-	-	-	-	-	-	-	-
ZHANG Wangjin	-	-	-	-	-	-	-	-	-	-
SUN Jianping (iv) (vi)	-	645	-	12	10	27	-	-	694	355
ZHAO Fujun (iv) (vi)	-	537	-	11	4	29	-	-	581	267
PAN Zhongwu (iv)	-	453	346	26	22	53	-	-	900	403
GAO Peng (vi)	-	367	282	14	12	28	-	-	703	346
Subtotal	258	2,002	628	63	48	137	-	-	3,136	1,423
Total	2,223	15,213	13,339	165	155	404	-	-	31,499	20,631

52. COMPENSATION OF KEY MANAGEMENT PERSONNEL (CONTINUED)

(3) DIRECTORS' AND SUPERVISORS' EMOLUMENTS (CONTINUED)

For the year ended 31 December 2014 (Restated)

Certain of the comparative information of directors' emoluments for the year ended 31 December 2014 previously disclosed in accordance with the predecessor Companies Ordinance have been restated in order to comply with the new scope and requirements by the Hong Kong Companies Ordinance (Cap.622).

	2014									
(in RMB thousand)	Fees	Salaries	Discretionary bonuses (ii)	Housing allowance	Other employee benefits	Employer's contribution to a retirement benefit scheme	Remunerations paid or receivable in respect of accepting office as director	Emoluments paid or receivable in respect of director's other services in connection with the management of the affairs of the company or its subsidiary undertaking	Total	Individual income tax
Directors										
MA Mingzhe (iii)	–	2,831	3,314	23	18	59	–	–	6,245	4,655
SUN Jianyi (vii)	–	1,828	1,664	2	4	–	–	–	3,498	2,509
REN Huichuan (vii)	–	1,841	1,664	23	18	59	–	–	3,605	2,496
KU Man (ix)	–	536	–	–	–	6	–	–	542	350
YAO Jason Bo (vii)	–	2,394	2,533	–	3	23	–	–	4,953	3,653
LEE Yuansiong (vii)	–	2,510	2,604	–	3	23	–	–	5,140	3,806
CAI Fangfang (vii) (ix)	–	580	495	10	13	23	–	–	1,121	675
FAN Mingchun	–	–	–	–	–	–	–	–	–	
LIN Lijun (vii)	–	462	136	23	19	52	–	–	692	166
LI Zhe (vi)	–	–	–	–	–	–	–	–	–	–
Soopakij CHEARAVANONT	–	–	–	–	–	–	–	–	–	–
YANG Xiaoping	–	–	–	–	–	–	–	–	–	–
LU Hua	–	–	–	–	–	–	–	–	–	–
TANG Yunwei (vi)	298	–	–	–	–	–	–	–	298	62
LEE Carmelo Ka Sze (vi)	290	–	–	–	–	–	–	–	290	60
WOO Ka Biu Jackson	290	–	–	–	–	–	–	–	290	60
Stephen Thomas Meldrum	298	–	–	–	–	–	–	–	298	62
YIP Dicky Peter	298	–	–	–	–	–	–	–	298	62
WONG Oscar Sai Hung	298	–	–	–	–	–	–	–	298	62
SUN Dongdong	290	–	–	–	–	–	–	–	290	60
Subtotal	2,062	12,982	12,410	81	78	245	–	–	27,858	18,738
Supervisors										
GU Liji	258	–	–	–	–	–	–	–	258	52
PENG Zhijian	29	–	–	–	–	–	–	–	29	6
LIN Li (vi)	–	–	–	–	–	–	–	–	–	–
ZHANG Wangjin	–	–	–	–	–	–	–	–	–	–
SUN Jianping (vi) (vii)	–	1,291	1,829	23	18	52	–	–	3,213	2,181
ZHAO Fujun (vi) (vii)	–	1,062	1,395	21	9	56	–	–	2,543	1,643
PAN Zhongwu (vii)	–	501	204	23	19	51	–	–	798	205
Subtotal	287	2,854	3,428	67	46	159	–	–	6,841	4,087
Total	2,349	15,836	15,838	148	124	404	–	–	34,699	22,825

52. COMPENSATION OF KEY MANAGEMENT PERSONNEL (CONTINUED)

(3) DIRECTORS' AND SUPERVISORS' EMOLUMENTS (CONTINUED)

(i) Other non-monetary benefits include share purchase scheme, in 2015, the Company has adopted an employee share purchase scheme for the key employees of the Company and its subsidiaries. The shares purchased in 2015 will start to vest in 2016, and thus there was no other non-monetay benefits in 2015.

(ii) Discretionary bonuses are determined on the achievement of targeted profit of the Company, the personal performance and approved by the compensation committee of the board of directors.

(iii) MA Mingzhe is the Chief Executive Officer of the Company.

(iv) The long-term benefits attributed to year 2012 for SUN Jianyi, REN Huichuan, YAO Jason Bo, LEE Yuansiong, LIN Lijun, SUN Jianping, ZHAO Fujun and PAN Zhongwu were paid in 2015 as the required payment conditions had been fulfilled. The amount after tax paid to SUN Jianyi, REN Huichuan, YAO Jason Bo, LEE Yuansiong, LIN Lijun, SUN Jianping, ZHAO Fujun and PAN Zhongwu were RMB3,753.8 thousand, RMB3,753.8 thousand, RMB750.8 thousand, RMB550.6 thousand, RMB130.1 thousand, RMB553.3 thousand, RMB212.8 thousand, RMB59 thousand respectively and was disclosed in the Announcement regarding the Resolutions of the Board of Directors of the Company dated 20 August 2015.

(v) LI Zhe retired as Director on 15 June 2015; TANG Yunwei and LEE Carmelo Ka Sze retired as Directors on 30 June 2015; GE Ming were appointed as Director on 30 June 2015.

(vi) LIN Li retired as Supervisor on 15 June 2015; SUN Jianping and ZHAO Fujun retired as Supervisors on 30 June 2015; GAO Peng were appointed as Supervisor on 30 June 2015.

(vii) The long-term benefits attributed to year 2011 for SUN Jianyi, REN Huichuan, YAO Jason Bo, LEE Yuansiong, CAI Fangfang, LIN Lijun, SUN Jianping, ZHAO Fujun and PAN Zhongwu 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, CAI Fangfang, LIN Lijun, SUN Jianping, ZHAO Fujun and PAN Zhongwu were RMB4,059 thousand, RMB4,059 thousand, RMB811.8 thousand, RMB595.3 thousand, RMB459.5 thousand, RMB147.4 thousand, RMB600.1 thousand, RMB479.2 thousand and RMB221.2 thousand respectively and was disclosed in the Announcement regarding the Resolutions of the Board of Directors of the Company dated 19 August 2014.

(viii) During the year, PENG Zhijian waived emoluments of RMB250 thousand.

(ix) KU Man resigned as Director on 2 July 2014, took over by CAI Fangfang.

53. FIVE HIGHEST PAID INDIVIDUALS

The five individuals whose emoluments were the highest in the Group include 3 (2014: 3) key management members whose emoluments were reflected in the analysis presented in Note 52.

Details of emoluments of the remaining highest paid individuals are as follows:

(in RMB million)	2015	2014
Salaries and other short term employee benefits after tax	**11**	10
Individual income tax	**8**	8

The number of non-key management personnel whose emoluments after tax fell within the following bands is as follows:

	2015	2014
RMB4,500,001 – RMB5,000,000	**–**	1
RMB5,000,001 – RMB5,500,000	**1**	1
RMB5,500,001 – RMB6,000,000	**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 41.75% – 43.15% (2014: 42.55% – 44.55%) for 2014 and the average effective tax rate was approximately 42.44% (2014: 43.45%).

54. 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. (the 'CP Group')	Parent of shareholders
Shenzhen Investment Holdings Co. Ltd.	Shareholder

As at 31 December 2015, CP Group held 9.59% equity interests in the Company and was the largest shareholder of the Company.

(2) THE SUMMARY OF SIGNIFICANT RELATED PARTY TRANSACTIONS IS AS FOLLOWS:

(in RMB million)	**2015**	2014
Newheight Shanghai		
Goods purchased from	**306**	808
Services expenses to	**-**	4
Rental income from	**-**	1
CP Group		
Premiums income from	**5**	2
Claims expenses to	**3**	2
Rental income from	**30**	30

(3) THE SUMMARY OF BALANCES OF THE GROUP WITH RELATED PARTIES IS AS FOLLOWS:

(in RMB million)	**31 December 2015**	31 December 2014
CP Group		
Customer deposits and payables to brokerage customers	**-**	208
Other liabilities	**-**	195

FINANCIAL STATEMENTS

55. COMMITMENTS

(1) CAPITAL COMMITMENTS

The Group had the following capital commitments relating to property development projects and investments:

(in RMB million)	31 December 2015	31 December 2014
Contracted, but not provided for	**9,794**	9,863
Authorized, but not contracted for	**3,364**	7,455
	13,158	17,318

(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 2015	31 December 2014
Within 1 year	**5,004**	4,218
1 to 5 years	**11,889**	9,736
More than 5 years	**2,731**	3,013
	19,624	16,967

55. COMMITMENTS (CONTINUED)

(3) CREDIT COMMITMENTS

(in RMB million)	31 December 2015	31 December 2014
Bank acceptances	**400,736**	381,650
Guarantees issued	**104,655**	86,131
Letters of credit issued	**73,892**	70,011
Subtotal	**579,283**	537,792
Unused limit of credit cards and irrevocable loan commitments	**58,243**	53,390
Total	**637,526**	591,182
Credit risk weighted amounts of credit commitments	**226,879**	232,909

As at 31 December 2015, apart from the above irrevocable credit commitments, revocable loan commitments granted by the Group amounted to RMB2,204.2 billion (31 December 2014: RMB2,087.1 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.

(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 2015	31 December 2014
Within 1 year	**1,038**	1,061
1-5 years	**2,694**	2,448
More than 5 years	**2,147**	3,314
	5,879	6,823

56. 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.

(4) SHARE PURCHASE SCHEME

The Group has adopted an employee share purchase scheme for the key employees of the Company and its subsidiaries. Refer to Note 36 for more details.

57. 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.

58. EVENTS AFTER THE REPORTING PERIOD

On 15 March 2016, the Board of Directors of the Company approved the Resolution of the Profit Appropriation Plan for 2015, and declared a final cash dividend in the amount of RMB0.35 per share as disclosed in Note 16.

Except for the items listed above, the Group does not have significant events after the reporting period need to disclose.

59. COMPARATIVE FIGURES

Certain comparative figures have been reclassified or restated to conform to the current year's presentation.

60. BALANCE SHEET AND RESERVE MOVEMENT OF THE HOLDING COMPANY

(1) BALANCE SHEET OF THE HOLDING COMPANY:

(in RMB million)	31 December 2015	31 December 2014
Assets		
Cash and amounts due from banks and other financial institutions	**10,179**	26,214
Fixed maturity investments	**14,608**	17,182
Equity investments	**8,926**	7,613
Investments in subsidiaries and associates	**167,836**	142,367
Property and equipment	**23**	23
Other assets	**623**	2,471
Total assets	**202,195**	195,870
Equity and liabilities		
Equity		
Share capital	**18,280**	8,892
Reserves	**139,040**	136,969
Retained profits	**34,070**	32,678
Total equity	**191,390**	178,539
Liabilities		
Due to banks and other financial institutions	**5,000**	7,170
Assets sold under agreements to repurchase	**4,782**	–
Income tax payable	**42**	–
Bonds payable	**–**	9,131
Other liabilities	**981**	1,030
Total liabilities	**10,805**	17,331
Total equity and liabilities	**202,195**	195,870

The balance sheet of the Company was approved by the Board of Directors on 15 March 2016 and was signed on its behalf.

MA Mingzhe	SUN Jianyi	YAO Jason Bo
Director	Director	Director

FINANCIAL STATEMENTS

60. BALANCE SHEET AND RESERVE MOVEMENT OF THE HOLDING COMPANY (CONTINUED)

(2) RESERVE MOVEMENT OF THE HOLDING COMPANY:

(in RMB million)	Share premium	Available-for-sale investment reserve	Others	Surplus reserve fund	General reserve	Retained profits	Total
As at 1 January 2015	**127,535**	**97**	**1,472**	**7,470**	**395**	**32,678**	**169,647**
Profit for the year	**–**	**–**	**–**	**–**	**–**	**10,280**	**10,280**
Other comprehensive income	**–**	**436**	**–**	**–**	**–**	**–**	**436**
Conversion of convertible bonds	**10,342**	**–**	**(1,471)**	**–**	**–**	**–**	**8,871**
Transfer of capital reserves to share capital	**(9,140)**	**–**	**–**	**–**	**–**	**–**	**(9,140)**
Dividend declared	**–**	**–**	**–**	**–**	**–**	**(7,860)**	**(7,860)**
Appropriations to surplus reserves	**–**	**–**	**–**	**1,028**	**–**	**(1,028)**	**–**
Share purchase scheme	**–**	**–**	**185**	**–**	**–**	**–**	**185**
Others	**–**	**–**	**691**	**–**	**–**	**–**	**691**
As at 31 December 2015	**128,737**	**533**	**877**	**8,498**	**395**	**34,070**	**173,110**
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

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.

Definition

In this report, unless the context otherwise indicated, the following expressions shall have the following meanings:

Ping An, Company, the Company, Group, 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 Financial Leasing Limited, 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 Financial Technology
Ping An Financial Technology	Shenzhen Ping An Financial Technology Consulting Co., Ltd., a subsidiary of the Company
Ping An Financial Services	Shenzhen Ping An Financial Services Co., Ltd., original Ping An Processing & Technology (Shenzhen) Co., Ltd., a subsidiary of Ping An Financial Technology
Ping An Direct	Ping An Direct Consulting Co., 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 Holding	Lufax Holding Company Limited, an associate of the Company
Lufax	Shanghai Lujiazui International Financial Assets Commodity Exchange Co., Ltd., a subsidiary of Lufax Holding
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
Ping An Health Cloud	Ping An Health Cloud Co., Ltd., a subsidiary of Ping An Financial Technology
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 unbundling 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
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.
Ping An Convertible Bonds	the RMB26 billion A Share convertible corporate bonds (including subordinated terms) issued by the Company on November 22, 2013, and had been delisted from SSE since January 15, 2015

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

SECURITY NAME AND STOCK CODE

A share	Ping An of China	601318
H share	Ping An of China	2318

AUTHORIZED REPRESENTATIVES

SUN Jianyi
YAO Jun

SECRETARY OF THE BOARD OF DIRECTORS

JIN Shaoliang

COMPANY SECRETARY

YAO Jun

REPRESENTATIVE OF SECURITIES AFFAIRS

LIU Cheng

TELEPHONE

+86 400 8866 338

FAX

+86 755 8243 1029

E-MAIL

IR@pingan.com.cn
PR@pingan.com.cn

REGISTERED ADDRESS/PLACE OF BUSINESS

Offices at 15, 16, 17, 18 Floors,
Galaxy Development Center,
Fu Hua No. 3 Road,
Futian District,
Shenzhen, Guang Dong Province, PRC

POSTAL CODE

518048

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

PricewaterhouseCoopers Zhong Tian LLP
11/F, PricewaterhouseCoopers Center,
2 Corporate Avenue, 202 Hu Bin Road,
Huangpu District, Shanghai, PRC

Name of Certified Public Accountants

Charles Chow
CHEN Anqiang

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

The peony flower in full bloom symbolizes Ping An's core finance business while the peony bud symbolizes Ping An's internet finance business. Driven by these two growing businesses, Ping An is thriving and prospering. The peony flowers share the same root and mutually reinforce each other, representing Ping An's dual-focus on "Integrated Finance + Internet" and "Internet + Integrated Finance" in its strategic goals and plans, heralding a new Era 3.0 for Ping An.

The cover of the 2015 Annual Report features two peony flowers in the traditional Chinese ink-and-wash style, to symbolize Ping An's development strategy of integrating its core finance business with its internet finance business. Traditionally, the peony represents luck and prosperity as well as people's hope and vision for a brighter future, perfectly matching Ping An's commitment to creating maximum value for its customers.

This report is printed on environmental friendly paper manufactured from elemental chlorine-free pulp and acid free.