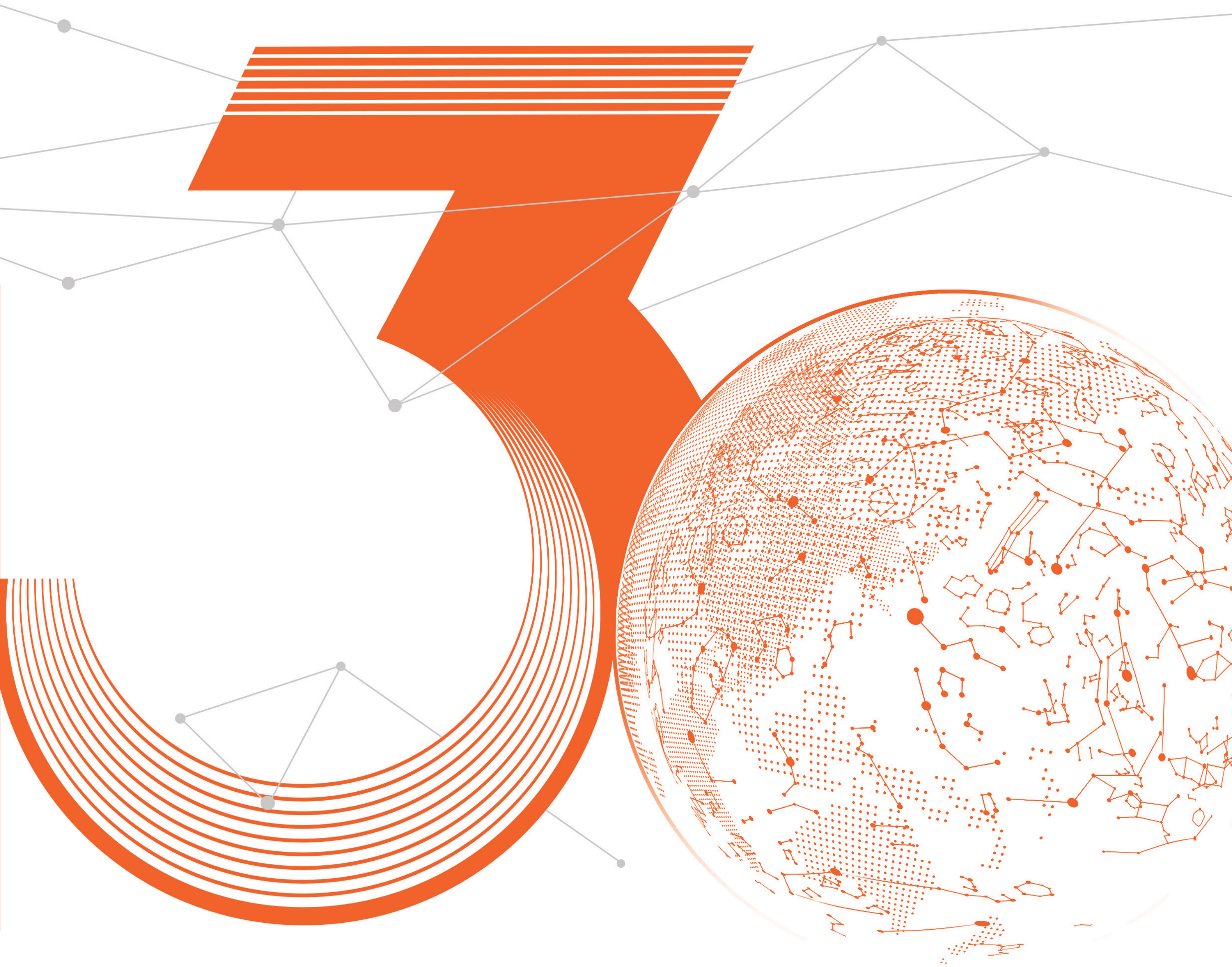
PING AN
Insurance · Banking · Investment



1988 – 2018

Embracing the Future with a Thankful Heart

2018 Interim Report

Contents

Cautionary Statements Regarding Forward-Looking Statements
To the extent any statements made in this report contain information that is not historical, these statements 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 including 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, industry 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.

Introduction

Ping An strives to become a world-leading technology-powered retail financial services group. In the coming decade, we will further "finance + technology" and pursue "finance + ecosystem". Focusing on two major industries of pan financial assets and pan health care, we will create new growth drivers by applying innovative technologies to traditional financial businesses and the five ecosystems, namely financial services, health care, auto services, real estate services, and smart city services. We provide 486 million internet users and 179 million retail customers with financial products and services by leveraging local advantages in line with global corporate governance standards under an integrated financial business model of "one customer, multiple products, and one-stop services."

- In the first half of 2018, Ping An Group achieved an operating profit attributable to shareholders of the parent company of RMB59,339 million, up 23.3% year on year. Net profit increased 31.9% year on year to RMB64,770 million. Net profit attributable to shareholders of the parent company rose 33.8% year on year to RMB58,095 million. On the basis of the insurance subsidiaries' statutory financial statements prepared under the old accounting standards for financial instruments, the Company's net profit attributable to shareholders of the parent company would be RMB62,405 million, up 43.7% year on year.
- Given the fast growth in the operating profit, Ping An is increasing cash dividends. An interim dividend of RMB0.62 per share will be paid in cash, up 24.0% year on year. Besides, the Company paid a 30th Anniversary Special Dividend of RMB0.20 per share in cash for the first quarter of 2018.
- The number of retail customers saw a strong growth of 25.2% year on year to 179 million. Each customer held 2.39 contracts on average, up 4.8% year on year. The operating profit per customer rose by 2.5% year on year to RMB281. Retail customers holding multiple contracts with different subsidiaries increased to 55.33 million by 17.2% from the beginning of 2018, accounting for 30.8% of total retail customers of the Group.
- In the first half of 2018, the life and health insurance business recorded an operating profit of RMB35,595 million, up 24.7% year on year. Net profit rose 44.2% year on year to RMB34,328 million. The NBEV grew by 0.2% year on year to RMB38,757 million amid industry restructuring. The unannualized ROEV reached 17.6%. Sales agents increased by 5.5% year on year to 1.399 million.
- In the first half of 2018, Ping An Property & Casualty boosted its premium income by 14.9% year on year to RMB118,878 million while maintaining a better-than-industry combined ratio of 95.8%, down 0.3 pps year on year. Ping An Property & Casualty improved the "510 City Superfast Onsite Investigation" service, through which 95.5% of the auto insurance cases requiring an on-site investigation were handled within 5-10 minutes.

Introduction

- Ping An Bank maintained steady, healthy operations, while making significant progress in the strategic transformation towards retail banking. In the first half of 2018, retail banking accounted for 51.2% of the Bank's revenue (up 10.9 pps YoY) and 67.9% of net profit (up 3.4 pps YoY). Asset quality improved steadily as both the balance and proportion of loans more than 90 days overdue declined from the beginning of 2018. Risk coverage was strengthened.
- In the first half of 2018, the fintech and healthtech business recorded an operating profit of RMB4,607 million, which accounted for 7.0% of the Group's operating profit, up 6.4 pps year on year.
- Ping An Good Doctor (01833.HK) was successfully listed on the HKEX's Main Board on May 4, 2018. Ping An Healthcare Technology raised USD1,150 million in early 2018, which implied a post-money valuation of USD8,800 million. In the first half of 2018, OneConnect raised USD750 million at a post-money valuation of USD7,500 million. Autohome's market capitalization exceeded USD10 billion, up 40.0% from the beginning of 2018.
- As at June 30, 2018, Ping An's technology patent applications increased to 6,121, up by 3,091 from the beginning of 2018, covering AI-based cognition, AI, blockchain, and cloud computing. Ping An's technologies have won many international awards.
- The Company launched the Three-Village Project, replicating smart city models in poor areas for "smart poverty alleviation" by means of technologies. In the first half of 2018, the programs were implemented in Inner Mongolia, Jiangxi, Chongqing, and Guangxi. Ping An established a smart health care platform for remote consultations and referral services, and provided village people with 3,210 times of free medical services. Ping An channeled urban education resources to rural areas by providing over 100 rural primary schools with remote classrooms.

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

EPS *(in RMB)*

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

Embedded Value *(in RMB million)*

Total Revenue *(in RMB million)*

Total Assets *(in RMB million)*

Value of New Business *(in RMB million)*

Interim Dividend per Share *(in RMB)*

Financial Highlights

(in RMB million)	For the six months ended June 30 2018/ As at June 30 2018	For the six months ended June 30 2017/ As at December 31 2017/ As at June 30 2017	Change
CUSTOMER DEVELOPMENT			
Number of internet users (in thousand)	**485,870**	403,040	20.6% YoY
Number of retail customers (in thousand)	**179,380**	143,280	25.2% YoY
Number of contracts per customer (contract)	**2.39**	2.28	4.8% YoY
Operating profit per customer (in RMB)	**280.86**	274.05	2.5% YoY
Proportion of users on mobile (%)	**86.7**	71.5	15.2 pps YoY
Proportion of customers holding multiple contracts with different subsidiaries (%)	**30.8**	28.5	2.3 pps YTD
GROUP			
Operating return on embedded value (not annualized, %)	**13.5**	15.4	-1.9 pps YoY
Embedded value	**927,376**	825,173	12.4% YTD
Weighted average ROE (not annualized, %)	**11.6**	10.6	1.0 pps YoY
Equity attributable to shareholders of the parent company	**516,052**	473,351	9.0% YTD
Operating profit attributable to shareholders of the parent company	**59,339**	48,127	23.3% YoY
Net profit attributable to shareholders of the parent company	**58,095**	43,427	33.8% YoY
Basic earnings per share (in RMB)	**3.26**	2.43	34.2% YoY
Interim dividend per share (in RMB)	**0.62**	0.50	24.0% YoY
Group comprehensive solvency margin ratio (%)	**217.3**	214.9	2.4 pps YTD
LIFE AND HEALTH INSURANCE BUSINESS			
Operating return on embedded value (not annualized, %)	**17.6**	21.8	-4.2 pps YoY
Value of first half year' s new business	**38,757**	38,670	0.2% YoY
Embedded value	**572,336**	496,381	15.3%YTD
Operating profit	**35,595**	28,554	24.7% YoY
Net profit	**34,328**	23,806	44.2% YoY
Net assets	**179,226**	166,392	7.7% YTD
Residual margin	**710,032**	616,319	15.2% YTD
Comprehensive solvency margin ratio – Ping An Life (%)	**228.0**	234.1	-6.1 pps YTD
PROPERTY AND CASUALTY INSURANCE BUSINESS			
ROE (not annualized, %)	**8.3**	10.5	-2.2 pps YoY
Net profit	**5,924**	6,895	-14.1% YoY
Net assets	**72,818**	70,144	3.8% YTD
Combined ratio (%)	**95.8**	96.1	-0.3 pps YoY
Comprehensive solvency margin ratio (%)	**216.1**	217.5	-1.4 pps YTD
BANKING BUSINESS			
ROE (not annualized, %)	**6.1**	6.2	-0.1 pps YoY
Net profit	**13,372**	12,554	6.5% YoY
Net assets	**228,141**	222,054	2.7% YTD
Net interest margin (annualized, %)	**2.26**	2.45	-0.19 pps YoY
Non-performing loan ratio (%)	**1.68**	1.70	-0.02 pps YTD
Provision coverage ratio (%)	**175.81**	151.08	24.73 pps YTD
Capital adequacy ratio (%)	**11.59**	11.20	0.39 pps YTD
TRUST BUSINESS			
ROE (not annualized, %)	**8.7**	11.5	-2.8 pps YoY
Net profit	**1,694**	2,262	-25.1% YoY
Net assets	**19,514**	19,532	-0.1% YTD
Assets held in trust	**577,230**	652,756	-11.6% YTD
SECURITIES BUSINESS			
ROE (not annualized, %)	**3.4**	4.6	-1.2 pps YoY
Net profit	**956**	1,187	-19.5% YoY
Net assets	**28,354**	27,192	4.3% YTD

Chairman's Statement

It's an honor to meet you every August to share the Company's hard-earned results and happiness.

This year, Ping An celebrated its 30th anniversary. For 30 years, we have remained true to our original aspiration to engage in the insurance business, giving hope and protection to customers and fulfilling our promises to shareholders, employees and society. Ping An has gone through three stages: exploring modern insurance and building mechanisms and platforms, focusing on insurance and exploring integrated finance, and developing integrated finance and furthering "finance + technology". Each of the stages lasted 10 years. In the coming decade, we will pursue "finance + ecosystem" to boost our financial businesses with technological capabilities and five ecosystems.

In the first half of 2018, we took the first step on our new-decade journey. Amid challenges in a dynamic and complex environment, we achieved remarkable results by furthering "finance + technology" and pursuing "finance + ecosystem" strategies. Ping An now ranks 29th in Fortune Global 500 and 10th in Forbes Global 2000.

On April 27, 2018, Ping An signed a strategic partnership agreement with Shenzhen Public Security Bureau to develop "smart policing".

In the first half of 2018, risk appetites of the market dampened and volatility of the stock market rose. We delivered strong results by adapting to new situations, embracing changes and seeking progress while maintaining stability. The operating profit attributable to shareholders of the parent company grew by 23.3% year on year to RMB59,339 million. The net profit increased by 31.9% year on year to RMB64,770 million. The net profit attributable to shareholders of the parent company rose by 33.8% year on year to RMB58,095 million. Under the integrated financial business model of "one customer, multiple products and one-stop services," we have provided 179 million retail customers with financial products and services. The operating profit per customer reached RMB281. Retail customers holding multiple contracts with different subsidiaries increased to 55.33 million, up 17.2% from the beginning of 2018. Ping An is increasing cash dividends. An interim dividend of RMB0.62 per share will be paid in cash, up 24.0% year on year. Besides, the Company paid a 30th Anniversary Special Dividend of RMB0.20 per share in cash for the first quarter of 2018.

In the first half of 2018, the government deepened financial reforms and urged insurers to focus on the protection function. Remaining true to our original aspiration, we boosted business value and results by promoting protection products. The life and health insurance business's operating profit and net profit reached RMB35,595 million and RMB34,328 million, up 24.7% and 44.2% year on year, respectively. The NBEV grew to RMB38,757 million. The unannualized operating ROEV was 17.6%. Sales agents increased by 5.5% year on year to 1.399 million.

We embrace new technologies by strengthening researches on core technologies and enhancing control of proprietary intellectual property rights. As at 30 June 2018, our technology patent applications increased to 6,121, up by about 100%. We have four core technologies, namely AI-based cognition, AI, blockchain, and cloud computing. We have applied them to scenarios such as customer development, channel management, customer services, and risk management to cut costs, boost efficiency, enhance risk control, optimize customer experience, and sharpen competitiveness of our core financial businesses.

We continued to further the “finance + technology” and pursue “finance + ecosystem” strategies. In the first half of 2018, the fintech and healthtech business grew rapidly and realized an operating profit of RMB4,607 million, which accounted for 7.0% of the Group’s operating profit, up 6.4 pps year on year. Ping An Good Doctor was successfully listed on the HKEX’s Main Board. Ping An Healthcare Technology raised USD1,150 million at a post-money valuation of USD8,800 million in early 2018. OneConnect raised USD750 million at a post-money valuation of USD7,500 million in the first half of 2018. Autohome’s market capitalization exceeded USD10 billion, up 40.0% from the beginning of 2018 to date. Moreover, we proactively create value and empower the whole industry by exporting our leading technologies to build five ecosystems, namely financial services, health care, auto services, real estate services, and smart city services.

On May 4, 2018, Ping An Healthcare and Technology Co., Ltd. (Ping An Good Doctor, 01833.HK) was successfully listed on the HKEX.

This year marks the 40th anniversary of China’s reform and opening-up. Ping An’s success in the past 30 years is attributable to the opportunities from China’s reform and opening-up as well as the support from shareholders and customers. We launched the Three-Village Project in answer to the state’s call to fight poverty. By means of technologies, we replicate smart city models in poor areas for “smart poverty alleviation”. In the first half of 2018, the Three-Village Project was implemented in four provinces and municipalities such as Guangxi.

On May 22, 2018, Ping An began to implement the Three-Village Project in Guangxi to develop poor remote areas.

In a fast-changing world, one must aim high and dream big. Looking 30 years ahead, we will remain true to our original aspiration and strengthen our core financial businesses. By fulfilling our duties as an insurer, we will help more people to seek better lives, take care of family members, and enjoy protection in the future. We will give back to society by developing rural areas under the Three-Village Project. We will proactively develop in the industries of fintech and healthtech, and seek tech-based innovations including smart city services. We will research carefully to gain insights into customer demands. We will optimize customer experience via excellent one-stop integrated financial services. We will continue to create value for customers and shareholders by sustaining strong business growth. In short, we are embarking on a new journey for another 30 glorious years.

Chairman and Chief Executive Officer

Shenzhen, China
August 21, 2018

Customer Development

- The Group's retail business recorded an operating profit of RMB50,380 million, up 28.3% year on year and accounting for 84.9% of the Group's operating profit attributable to shareholders of the parent company.
- Retail customers(1) grew 25.2% year on year to 179 million. Contracts per customer rose 4.8% year on year to 2.39, and operating profit per customer gained 2.5% year on year to RMB281. New customers increased 39.2% year on year to 25.81 million, 32.7% of whom were sourced from internet users within the Group's five ecosystems.
- Internet users(2) increased 20.6% year on year to 486 million, and yearly active users(3) reached 239 million. On average, each internet user used 2.30 online services, up 12.7% year on year.
- About 55.33 million retail customers held multiple contracts with different subsidiaries, up 17.2% from the beginning of 2018 to date and accounting for 30.8% of all customers (up 2.3 pps from the beginning of 2018 to date).

CUSTOMER DEVELOPMENT STRATEGY

For 30 years, Ping An has cherished its original aspiration to make further achievements. Focusing on retail customers, Ping An is committed to becoming a world-leading technology-powered retail financial services group. Ping An adheres to the philosophy of "one customer, multiple products and one-stop services". Centering on the ecosystems of "financial services, health care, auto services, real estate services and smart city services", Ping An provides diverse products and excellent services to promote steady, healthy business growth.

To provide customers with ready access, Ping An developed technology-powered ecosystems, and continued to implement the strategy of furthering "finance + technology" and pursuing "finance + ecosystem". In addition, Ping An has made ongoing efforts to develop diverse core financial product lines and internet service lines and improve efficiency of all product lines. Profitability in major product lines increased steadily. The Company has created synergies through sharing of customers, users, products and services.

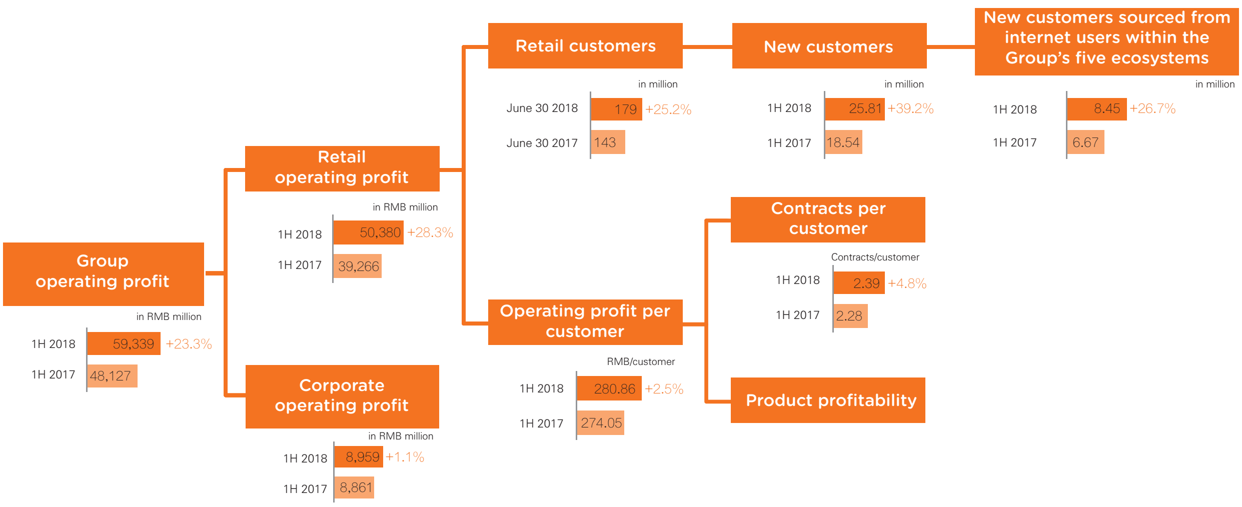
Progress of Ping An's integrated financial services strategy has been accompanied by increased cross-selling. Thanks to increasing retail customers and development of customer value, retail business value rose steadily and has become an intrinsic driving force of Ping An's robust value growth.

(1) Retail customers refer to retail customers holding valid financial products with core financial companies of the Group.

(2) Internet users refer to registered internet users with accounts on internet service platforms (including web platforms and apps) of fintech & healthtech companies and core financial companies of the Group.

(3) The number of yearly active users refers to the number of active users in the 12 months to the end of the Reporting Period.

Core drivers of the Group's profit growth



Note: Operating profit of Ping An Group refers to the operating profit attributable to shareholders of the parent company.

SIZE: THE GROUP'S RETAIL CUSTOMERS AND INTERNET USERS INCREASED RAPIDLY

Retail customers

Ping An continued to strengthen channel management to enhance service quality. As at June 30, 2018, the Group had 179 million retail customers, up 25.2% year on year. In the first half of 2018, new customers increased 39.2% year on year to 25.81 million. Of the new customers acquired, 8.45 million or 32.7% were sourced from internet users captured within the Group's five ecosystems.

Retail Customer Structure

	Total customers			New customers		
(in million)	June 30 2018	June 30 2017	Change (%)	1H 2018	1H 2017	Change (%)
Life insurance	**56.34**	49.56	13.7	**5.18**	4.71	10.0
Auto insurance	**43.40**	36.88	17.7	**8.38**	7.85	6.8
Retail banking	**55.14**	45.03	22.5	**5.24**	4.97	5.4
Credit card	**41.74**	26.34	58.5	**7.26**	4.20	72.9
Securities, fund and trust	**36.38**	21.09	72.5	**6.58**	5.01	31.3
Others	**44.45**	28.31	57.0	**17.38**	8.98	93.5
The Group	**179.38**	143.28	25.2	**25.81**	18.54	39.2

(1) Customers who purchased multiple financial products were counted more than once. The numbers of accumulated customers and new customers do not add up to the totals due to exclusion of duplicates.

(2) The number of customers as at June 30, 2018 is not equal to the total of customers at the end of 2017 and new customers in the Reporting Period, due to customer attrition.

(3) The number of customers of insurance companies is counted on the basis of holders of in-force policies.

(4) "Others" include fintech & healthtech, other loans and other insurance product lines.

Ping An has focused on converting its offline customers into internet users, providing diverse products and convenient services.

Online Customers

	June 30 2018		June 30 2017	
(in million)	Persons	% of customers	Persons	% of customers
Number of customers who were also internet users	**149.85**	**83.5**	106.08	74.0
Number of customers who were also app users	**142.81**	**79.6**	90.51	63.2

Customer Development

Internet users

Under the philosophy of "technology-powered financial services", Ping An provides users with one-stop services and excellent experience in diverse finance and life scenarios. As at June 30, 2018, the Group had 486 million internet users, up 20.6% year on year; the Group had 421 million app users, up 46.2% year on year. On average, every internet user used 2.30 online services of Ping An, up 12.7% year on year. Meanwhile, both user activity and stickiness increased steadily due to efficient development of internet users. Yearly active users (YAU) reached 239 million.

Number of Internet Users

(in million)	June 30 2018	June 30 2017	Change (%)
Internet user base (1)	**485.87**	403.04	20.6
Fintech & healthtech companies	**431.00**	305.32	41.2
Core financial companies	**272.64**	270.41	0.8
App user base	**421.37**	288.12	46.2
Fintech & healthtech companies	**276.43**	175.27	57.7
Core financial companies	**252.23**	179.46	40.5

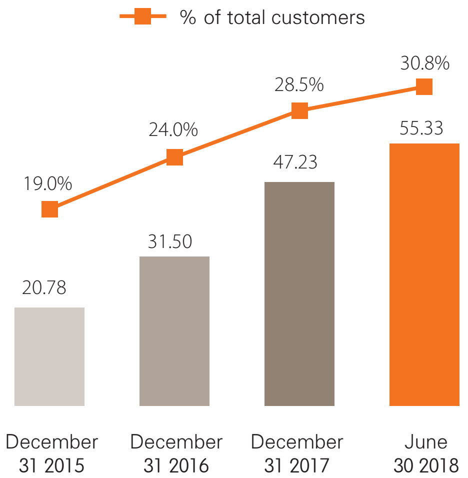
(1) Internet users and app users of the Group include users of fintech & healthtech companies and core financial companies, excluding duplicates.

VALUE: THE GROUP SAW A STEADY INCREASE IN CUSTOMER VALUE AND REMARKABLE RESULTS OF CUSTOMER MIGRATION

Progress of Ping An's integrated finance strategy has been accompanied by increases in cross-selling and customer value. As at June 30, 2018, 55.33 million retail customers held multiple contracts with different subsidiaries, up 17.2% from the beginning of 2018 to date and accounting for 30.8% of all customers (up 2.3 pps from the beginning of 2018 to date). Each customer held 2.39 contracts on average, up 4.8% year on year. About 19.68 million customer migrations happened among core financial subsidiaries of Ping An. Thanks to technology-powered sharp increases in service efficiency of product lines, Ping An maintained sustainable and healthy profitability of major product lines. In the first half of 2018, the Group recorded an operating profit per customer of RMB281, up 2.5% year on year.

Number of customers holding multiple contracts with different subsidiaries

Unit: in million



Cross-selling of the insurance business continued to grow significantly. In the first half of 2018, new premiums of Ping An Property & Casualty, Ping An Annuity, and Ping An Health from sales agents rose by 22.3% year on year to RMB24,725 million.

Premium generated through cross-selling

For the six months ended June 30 (in RMB million)	2018 Amount	2018 Channel contribution percentage (%)	2017 Amount	2017 Channel contribution percentage (%)
Ping An Property & Casualty	**19,364**	**16.3**	16,260	15.7
Short-term group insurance business of Ping An Annuity	**4,368**	**43.8**	3,618	42.0
Ping An Health	**993**	**56.7**	335	34.1

With trust and support from customers, Ping An has increased retail customer value and achieved growth since it was established 30 years ago. Focusing on retail customers, Ping An will strive to become a world-leading technology-powered retail financial services group. Centering on the ecosystems of "financial services, health care, auto services, real estate services and smart city services", Ping An will leverage technology innovations to create greater value for customers.

Technology-Powered Business Transformation

- As of June 30, 2018, Ping An's technology patent applications increased to 6,121, up by 3,091 from the beginning of the year.
- In AI-based cognition, Ping An's micro-expression recognition technology has been enhanced and can identify 54 micro-expressions, with an accuracy rate of 95.8%, ranking first in the One-Minute Gradual-Emotion Behavior Challenge in 2018. In AI, the efficiency of AI-based auto insurance claim investigation increased as 95.5% of urban auto insurance claims were handled within 5-10 minutes. In blockchain, Ping An has exclusively mastered the zero-knowledge proof technology in non-currency scenarios. Ping An has launched a blockchain-based trade finance platform in cooperation with Hong Kong Monetary Authority (HKMA) and several major Hong Kong-based banks.

PING AN GROUP'S STRATEGY OF "FINANCE + TECHNOLOGY"

Under the two-pronged strategy of "finance + technology" and focusing on fintech and healthtech, Ping An has developed core technologies including AI-based cognition, AI, blockchain, and cloud computing to support the five ecosystems of financial services, health care, auto services, real estate services, and smart city services. Ping An strengthens competitiveness by diversifying application scenarios, increasing efficiency, cutting costs, enhancing risk management, and creating excellent customer experience. Moreover, Ping An exports innovative technologies and services to create value and empower the whole industry.

Ping An attaches great importance to technology talent development. Ping An now has over 24,000 R&D staff members. Moreover, Ping An has partnered with top universities and research institutes including Peking University, Tsinghua University, Fudan University, Massachusetts Institute of Technology, and National Institute of Health to pursue fintech and healthtech researches.

Ping An constantly increases investments in technological R&D, strengthens researches on core technologies, and enhances control of proprietary intellectual property rights. As of June 30, 2018, Ping An's technology patent applications increased to 6,121, up by 3,091 from the beginning of the year.

SUPPORTING BUSINESS DEVELOPMENT WITH FOUR CORE TECHNOLOGIES

Ping An drives fast business growth and builds competitive advantages with four core technologies. The four core technologies have been applied to scenarios including customer development, channel management, customer services, and risk management, sharply increasing business value. Ping An has successfully incubated fintech and healthtech platforms including Lufax Holding, OneConnect, Ping An Good Doctor, and Ping An Healthcare Technology. Some core technologies have been exported to serve external entities both domestically and in overseas markets.

AI-based Cognition

Ping An is committed to R&D and application of AI-based cognition to facilitate precise identity verification and empower various application scenarios. Ping An has world-leading face, voiceprint and micro-expression recognition technologies. The face recognition technology has an accuracy rate of 99.8%. The voiceprint recognition technology has an accuracy rate of 99.7% (recognition within one second). The micro-expression recognition technology has an accuracy rate of 95.8%, ranking first in the One-Minute Gradual-Emotion Behavior Challenge in 2018. And those above mentioned technologies have been successfully applied to scenarios including smart lending, smart risk management, smart customer services, and smart homes. So far, Ping An's AI-based cognition technologies have been applied by nearly 70 financial and non-financial institutions.

Technology-Powered Business Transformation

AI

In financial services, Ping An's AI has been applied to extensive scenarios including agent management, insurance telemarketing, customer services, auto insurance claims, and risk management. In the first half of 2018, the AI-based "510 City Superfast Onsite Investigation" service handled 95.5% of urban auto insurance claims requiring an on-site investigation within 5-10 minutes in daytime. Since it was launched in the fourth quarter of 2017, OneConnect's AI-based smart insurance solutions have provided comprehensive insurtech services covering underwriting, claims, risk management and customer services to over 30 small and medium sized insurers. Over 80% of decisions made by the loan approval system on the basis of smart micro-expression recognition are consistent with those made by humans.

In health care, Ping An assists the government in providing smart health care and helps medical institutions to increase efficiency via an end-to-end product matrix covering disease prediction, pre-service triage/guidance, imaged-based screening, diagnosis/treatment assistance, medication, ICU management, and follow-ups. The Company constantly improves five medical databases regarding drugs, diseases, prescriptions, personal risk factors, and doctor profiles respectively. These databases contain 10 million pieces of medical evidence and 200,000 pieces of drug information. Ping An covers 800 million people with smart diagnosis/treatment assistance models for over 700 common diseases.

In smart city services, Ping An's AI has been applied to various fields including transportation, education, border control, security, environmental protection, and daily life. In transportation, Ping An has built a customized smart transportation solution for a megalopolis, boosting the average traffic speed by over 50% and reducing traffic jam alerts by over 90%. Accordingly, travel experience has been enhanced. In education, students in five provinces and cities have used Ping An's face recognition technology products for campus attendance and examinee identity verification, recognized within 1 second on average.

In AI-based musical composition, Ping An won the first place in the first international contest of "AI-generated music challenge" held by École Polytechnique Federale de Lausanne. In the International "AI + Environmental Protection Competition" organized by Schneider, Ping An won a world No. 1 with an accuracy rate above 80% in detection of abnormal energy consumption.

Blockchain

Ping An Blockchain offers industry-leading services with a throughput of tens of thousands of transactions per second. The technology supports China's state encryption algorithms. Ping An has exclusively mastered the zero-knowledge proof technology in non-currency scenarios to protect business data and privacy. Ping An has applied blockchain to seven scenarios, namely cross-border trade and supply-chain finance, infrastructure and PPP, pharmaceuticals and medical equipment, insurance, environmental protection, auto services, and real estate. Over 37,000 blockchain nodes have been established to cover nearly 40,000 institutions. Ping An has launched a blockchain-based trade finance platform in cooperation with Hong Kong Monetary Authority and several major Hong Kong-based banks.

Cloud Computing

Ping An Cloud hosts the trillion-yuan core business of Ping An, offering efficient, secure cloud services to users in areas including financial services, health care, auto services, real estate services, and smart city services. With Ping An Cloud's nine authoritative certifications, Ping An has become one of the most secure cloud computing service providers. In the first half of 2018, Ping An Cloud launched 18 new products covering North China, East China, South China, and Southwest China. To support the Group's overseas business development, Ping An has begun to establish overseas data centers in Hong Kong and other places.

BUILDING "FINANCE + ECOSYSTEM" BY EXPORTING TECHNOLOGIES

Positioned as a "world-leading technology-powered retail financial services group," Ping An proactively exports its leading technologies to build five ecosystems, namely financial services, health care, auto services, real estate services, and smart city services.

Financial Services Ecosystem

Ping An has incubated financial innovation platforms including Lufax Holding and OneConnect, powered by "finance + technology" and linking assets to funds via "open platforms + open marketplaces."

Lufax Holding offers technology-powered, customized services including wealth management, retail lending, and government finance. Lufax Holding has built a financial services ecosystem covering retail customers, sole proprietors, financial institutions and local governments to facilitate convenient, secure and efficient wealth and asset management. Lufax Holding has established extensive asset partnerships with over 300 institutions, and provided nearly 10 million active investor users with over 5,000 products and customized financial services. OneConnect has partnered with 441 banks, 38 insurers, and nearly 2,200 non-bank financial institutions, and served nearly 89% of urban commercial banks across China. OneConnect's innovative platforms including Yi Qi Yin and Ping An Blockchain have served nearly 1 million SME customers.

Health Care Ecosystem

Ping An has built a comprehensive "patient-provider-payer" service model, penetrating through online portals and payers.

As to portals, Ping An Good Doctor is China's No. 1 online health care portal, attracting a massive number of users with excellent medical services and health management services. On the platform, high-frequency health management services are provided to promote low-frequency medical services, boost activity, and facilitate retention with industry-leading customer experience. As at June 30, 2018, Ping An Good Doctor had nearly 230 million registered users.

As to payers, using technologies including health risk profiling on the social health insurance cloud platform, Ping An Healthcare Technology provides the government with social health insurance management and group health management, supplies comprehensive smart solutions to upstream and downstream service providers and consumers in the private insurance and health care industries. In this way, Ping An Healthcare Technology contributes to improving healthcare and urban life service experiences.

Technology-Powered Business Transformation

Auto Services Ecosystem

Ping An provides auto services via Autohome, Ping An Bank, Ping An Property & Casualty, and Ping An Financial Leasing. Moreover, Ping An empowers auto assembly plants and service providers by building a comprehensive auto services ecosystem covering auto showcasing, purchase and use.

As to consumers, Ping An provides auto owners with excellent services. In the second quarter of 2018, the primary "Autohome" app had an average of 10.30 million daily unique visitors. Ping An Property & Casualty's "Ping An Auto Owner" app has over 45 million registered users. Ping An Bank has issued nearly 20 million Auto Owner Credit Cards. As to businesses, Ping An now covers over 90% of major service providers across China. Ping An is working closely with over 90 auto assembly plants, over 20,000 new car dealers, over 30,000 second-hand car dealers and over 70,000 garages on the car dealer cloud platform, new car and second-hand car trading cloud platforms, and spare part cloud platform. In the first half of 2018, Ping An Bank's new loans in the auto finance business grew by 52.7% year on year; Ping An Financial Leasing's auto lease business volume grew by over 200% year on year.

Real Estate Services Ecosystem

Ping An proactively develops a real estate services ecosystem consisting of "one website and three clouds" (pinganfang.com, Brokerage Cloud, Government Cloud, and Real Estate Cloud). Ping An serves consumers and businesses with a comprehensive solution for the real estate services ecosystem by building service, data and management capabilities via Government Cloud. As of June 30, 2018, Ping An had signed agreements with 29 cities regarding Government Cloud and carried out implementation in eight of them. Government Cloud contributes to innovation of e-government progress and helps the government to maintain efficient market management, convenient service experience, and robust asset operations on a leasing platform, a trading platform, and an operation management platform.

Smart City Ecosystem

As a smart city pioneer in the financial industry, Ping An proactively answers the government's call to build a moderately prosperous society and serve the nation, real economy, and people. The smart city ecosystem includes businesses such as smart government, daily life, fiscal management, security, transportation, border control, education, health care, real estate, old age care, and environmental protection. Ping An's smart city services have been implemented in over 200 cities across China, with significant achievements and social benefits.

In smart government and citizen services, Ping An has established an integrated online citizen service platform to provide over 2,000 one-stop services covering health care, education, housing, travel and old age care. In transportation, Ping An has built smart transportation platforms focused on four core scenarios, namely roads, persons, vehicles, and administration. The smart traffic flow monitoring platform has reduced traffic jam alerts by over 90%. In smart fiscal management, Ping An works with provinces and cities including Nanning, Guangdong, and Changsha to build Smart Fiscal Cloud; the project with Nanning has saved the city RMB127 million of financing costs.

Business Analysis
Performance Overview

- In the first half of 2018, the Group's operating profit attributable to shareholders of the parent company reached RMB59,339 million, up 23.3% year on year. The net profit was RMB64,770 million, up 31.9% year on year. The net profit attributable to shareholders of the parent company was RMB58,095 million, up 33.8% year on year.
- For the first half of 2018, the ROE (not annualized) was 11.6%, up 1.0 pps year on year.

We offer a wide range of financial products and services via various distribution channels under a uniform brand. We engage in three core finance businesses of insurance, banking and asset management through companies including 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 Financial Leasing. We engage in the fintech & healthtech business through companies including Lufax Holding, Ping An Good Doctor, OneConnect, Ping An Healthcare Technology, and Autohome.

The operating profit attributable to shareholders of the parent company was RMB59,339 million, up 23.3% year on year. The Company's net profit for the first half of 2018 was RMB64,770 million, up 31.9% year on year. The net profit attributable to shareholders of the parent company was RMB58,095 million, up 33.8% year on year. On the basis of the insurance subsidiaries' statutory financial statements prepared under the old accounting standards for financial instruments, the Company's net profit attributable to shareholders of the parent company would be RMB62,405 million, up 43.7% year on year. As at June 30, 2018, the Company's equity attributable to shareholders of the parent company was RMB516,052 million, up 9.0% compared with the beginning of 2018; the total assets stood at about RMB6,851 billion, up 5.5% compared with the beginning of 2018.

CONSOLIDATED RESULTS

(in RMB million)	June 30 2018	December 31 2017	Change (%)
Total assets	**6,851,431**	6,493,075	5.5
Total liabilities	**6,216,339**	5,905,158	5.3
Shareholders' equity	**635,092**	587,917	8.0
Equity attributable to shareholders of the parent company	**516,052**	473,351	9.0

For the six months ended June 30 (in RMB million)	2018	2017	Change (%)
Total revenue	**587,415**	503,143	16.7
Including: Insurance business revenue	**408,194**	341,390	19.6
Total expense	**(500,652)**	(437,595)	14.4
Profit before tax	**86,763**	65,548	32.4
Net profit	**64,770**	49,093	31.9
Net profit attributable to shareholders of the parent company	**58,095**	43,427	33.8

SEGMENT REPORTING

The life and health insurance business represents results of Ping An Life, Ping An Annuity, and Ping An Health. The property and casualty insurance business represents results of Ping An Property & Casualty. The banking business represents results of Ping An Bank. The trust business represents results of Ping An Trust and Ping An New Capital. The securities business represents results of Ping An Securities. The other asset management business represents results of subsidiaries that engage in asset management business such as Ping An Real Estate, Ping An Asset

Business Analysis
Performance Overview

Management, Ping An Financial Leasing and Ping An Overseas Holdings. The fintech & healthtech business represents results of companies that engage in fintech & healthtech business such as Lufax Holding, Ping An Good Doctor, OneConnect, Ping An Healthcare Technology, and Autohome. Eliminations include offsets against cross-shareholding among business lines.

Operating Profit of The Group

Due to the long-term feature of the majority business of the life and health insurance business, the measure of operating profit has been applied to more appropriately evaluate business performance. Operating profit after tax is based on net profit from financial statements, excluding items that are of short-term, volatile or one-off nature, including:

- Short-term investment variance, which is the variance between the actual investment return of the life and health insurance business and the EV ultimate investment return assumption, net of the associated relevant impact on insurance and investment contract liability. The investment return of the life and health insurance business is locked at 5% after excluding the short-term investment variance;
- The impact of discount rate[1] change is the effect on insurance contract liability of the life and health insurance business due to changes in the discount rate;
- Impacts of one-off non-operating items are material items that management considered to be non-operating incomes and expenses[2].

Note: (1) Refer to Note 4.(4) in the 2017 Annual Report for the relative information about discount rate.

(2) Historically we have excluded financial gains made from transfer of Puhui to Lufax and Good Doctor stake sale in 2016 and 2017.

It is believed that the operating profit after tax which excludes fluctuations of above non-operating related items could provide a clearer and more objective representation of the Company's business performance and trend.

In the first half of 2018, the Group's operating profit attributable to shareholders of the parent company grew by 23.3% year on year to RMB59,339 million. The life and health insurance business's operating profit attributable to shareholders of the parent company rose by 23.9% year on year to RMB35,035 million.

Operating profit

For the six months ended June 30 (in RMB million)	2018	2017	Change (%)
Life and health insurance business	**35,595**	28,554	24.7
Property and casualty insurance business	**5,924**	6,895	(14.1)
Banking business	**13,372**	12,554	6.5
Asset management business	**9,376**	7,198	30.3
Including: Trust business	**1,694**	2,262	(25.1)
Securities business	**956**	1,187	(19.5)
Other asset management business	**6,726**	3,749	79.4
Fintech & healthtech business	**4,607**	314	1,367.2
Other businesses and elimination	**(2,837)**	(1,674)	69.5
The Group	**66,038**	53,841	22.7

Note: Figures may not match totals due to rounding.

Operating profit attributable to shareholders of the parent company

For the six months ended June 30 (in RMB million)	2018	2017	Change (%)
Life and health insurance business	**35,035**	28,275	23.9
Property and casualty insurance business	**5,896**	6,861	(14.1)
Banking business	**7,756**	7,281	6.5
Asset management business	**9,159**	6,959	31.6
Including: Trust business	**1,693**	2,260	(25.1)
Securities business	**918**	1,142	(19.6)
Other asset management business	**6,548**	3,557	84.1
Fintech & healthtech business	**4,204**	420	901.0
Other businesses and elimination	**(2,711)**	(1,670)	62.3
The Group	**59,339**	48,127	23.3

Note: Figures may not match totals due to rounding.

In the first half of 2018, reconciliations between net profit and operating profit are presented below.

For the six months ended June 30 (in RMB million)	2018 Life and health insurance business	Property and casualty insurance business	Banking business	Trust business	Securities business	Other asset management business	Fintech & healthtech business	Other businesses and elimination	The Group
Net profit attributable to shareholders of the parent company	**33,791**	**5,896**	**7,756**	**1,693**	**918**	**6,548**	**4,204**	**(2,711)**	**58,095**
Minority interest income	**537**	**28**	**5,616**	**1**	**38**	**178**	**403**	**(126)**	**6,675**
Net profit (A)	**34,328**	**5,924**	**13,372**	**1,694**	**956**	**6,726**	**4,607**	**(2,837)**	**64,770**
Excluding:									
Short-term investment variance[1](B)	**(1,233)**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(1,233)**
Impact of discount rate change (C)	**(35)**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(35)**
Impact of one-off material non-operating items (D)	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Operating profit (E=A-B-C-D)	**35,595**	**5,924**	**13,372**	**1,694**	**956**	**6,726**	**4,607**	**(2,837)**	**66,038**
Operating profit attributable to shareholders of the parent company	**35,035**	**5,896**	**7,756**	**1,693**	**918**	**6,548**	**4,204**	**(2,711)**	**59,339**
Operating profit attributable to minority shareholders	**560**	**28**	**5,616**	**1**	**38**	**178**	**403**	**(126)**	**6,699**

Note: (1) Short-term investment variance is the variance between the actual investment return and the EV ultimate investment return assumption (5%), net of the associated relevant impact on insurance and investment contract liability.

(2) Numbers may not add up to totals due to rounding.

MANAGEMENT DISCUSSION AND ANALYSIS

Business Analysis
Performance Overview

Net Profit

For the six months ended June 30 (in RMB million)	2018	2017	Change (%)
Life and health insurance business	**34,328**	23,806	44.2
Property and casualty insurance business	**5,924**	6,895	(14.1)
Banking business	**13,372**	12,554	6.5
Asset management business	**9,376**	7,198	30.3
Including: Trust business	**1,694**	2,262	(25.1)
Securities business	**956**	1,187	(19.5)
Other asset management business	**6,726**	3,749	79.4
Fintech & healthtech business	**4,607**	314	1,367.2
Other businesses and elimination	**(2,837)**	(1,674)	69.5
The Group	**64,770**	49,093	31.9

The other asset management business's profit grew sharply year on year, driven by strong performance of Ping An Real Estate, Ping An Financial Leasing, and Ping An Overseas Holdings. The fintech & healthtech business's profit soared year on year due to Lufax Holding's rapid profit growth. For detailed analysis of business performance by business segments, please refer to the following sections.

The Group follows the "International Financial Reporting Standards 9 – Financial Instruments" (the "new accounting standards") from January 1, 2018. The insurance subsidiaries continue to follow the old standards for financial instruments when preparing their respective statutory financial statements because they qualify for a temporary exemption. In accordance with the Group's accounting policies, the insurance subsidiaries separately prepare financial statements and notes under the new standards for Group consolidation purposes. Reconciliations between net profits in the insurance business's statutory financial statements and statements under the new standards are presented below to allow comparison with peers.

For the six months ended June 30 (in RMB million)	Life and health insurance business			Property and casualty insurance business			Total of insurance business		
	2018	2017	Change (%)	2018	2017	Change (%)	2018	2017	Change (%)
Profit in statutory financial statements under the old accounting standards for financial instruments	**37,872**	23,806	59.1	**6,541**	6,895	(5.1)	**44,413**	30,701	44.7
Investment income adjustments(1)	**(3,544)**	–	N/A	**(617)**	–	N/A	**(4,161)**	–	N/A
Profit in financial statements under the new accounting standards for financial instruments(2)	**34,328**	23,806	44.2	**5,924**	6,895	(14.1)	**40,252**	30,701	31.1

Note: (1) Adjustments mainly arise from changes in classification, measurement, and impairment of financial assets under the new accounting standards for financial instruments.

(2) In accordance with rules for transition to the new accounting standards for financial instruments, the Company does not need to restate comparable figures for 2017.

Net profit attributable to shareholders of the parent company

For the six months ended June 30 (in RMB million)	2018	2017	Change (%)
Life and health insurance business	**33,791**	23,576	43.3
Property and casualty insurance business	**5,896**	6,861	(14.1)
Banking business	**7,756**	7,281	6.5
Asset management business	**9,159**	6,959	31.6
Including: Trust business	**1,693**	2,260	(25.1)
Securities business	**918**	1,142	(19.6)
Other asset management business	**6,548**	3,557	84.1
Fintech & healthtech business	**4,204**	420	901.0
Other businesses and elimination	**(2,711)**	(1,670)	62.3
The Group	**58,095**	43,427	33.8

Reconciliations between net profits attributable to shareholders of the parent company in the insurance business's statutory financial statements and statements under the new standards are presented below to allow comparison with peers.

For the six months ended June 30 (in RMB million)	Life and health insurance business			Property and casualty insurance business			Total of insurance business		
	2018	2017	Change (%)	2018	2017	Change (%)	2018	2017	Change (%)
Profit in statutory financial statements under the old accounting standards for financial instruments	**37,488**	23,576	59.0	**6,509**	6,861	(5.1)	**43,997**	30,437	44.6
Investment income adjustments(1)	**(3,697)**	-	N/A	**(613)**	-	N/A	**(4,310)**	-	N/A
Profit in financial statements under the new accounting standards for financial instruments(2)	**33,791**	23,576	43.3	**5,896**	6,861	(14.1)	**39,687**	30,437	30.4

Note: (1) Adjustments mainly arise from changes in classification, measurement, and impairment of financial assets under the new accounting standards for financial instruments.

(2) In accordance with rules for transition to the new accounting standards for financial instruments, the Company does not need to restate comparable figures for 2017.

Business Analysis
Performance Overview

Shareholder's equity

(in RMB million)	June 30 2018	December 31 2017	Change (%)
Life and health insurance business	**179,226**	166,392	7.7
Property and casualty insurance business	**72,818**	70,144	3.8
Banking business	**228,141**	222,054	2.7
Asset management business	**120,669**	112,536	7.2
Including: Trust business	**19,514**	19,532	(0.1)
Securities business	**28,354**	27,192	4.3
Other asset management business	**72,801**	65,812	10.6
Fintech & healthtech business	**60,041**	44,359	35.4
Other businesses and elimination	**(25,803)**	(27,568)	(6.4)
The Group	**635,092**	587,917	8.0

Equity attributable to shareholders of the parent company

(in RMB million)	June 30 2018	December 31 2017	Change (%)
Life and health insurance business	**172,801**	160,450	7.7
Property and casualty insurance business	**72,464**	69,804	3.8
Banking business	**132,321**	128,791	2.7
Asset management business	**110,897**	103,848	6.8
Including: Trust business	**19,490**	19,509	(0.1)
Securities business	**26,971**	25,842	4.4
Other asset management business	**64,436**	58,497	10.2
Fintech & healthtech business	**53,006**	37,772	40.3
Other businesses and elimination	**(25,437)**	(27,314)	(6.9)
The Group	**516,052**	473,351	9.0

ROE (not annualized)

For the six months ended June 30 (%)	2018	2017	Change (pps)
Life and health insurance business	**19.9**	18.1	1.8
Property and casualty insurance business	**8.3**	10.5	(2.2)
Banking business	**6.1**	6.2	(0.1)
Asset management business	**8.0**	7.4	0.6
Including: Trust business	**8.7**	11.5	(2.8)
Securities business	**3.4**	4.6	(1.2)
Other asset management business	**9.7**	7.2	2.5
Fintech & healthtech business	**8.8**	1.2	7.6
Other businesses and elimination	**N/A**	N/A	N/A
The Group	**11.6**	10.6	1.0

ROEV

For the six months ended June 30	2018	2017	Change (pps)
Operating ROEV of the Group (not annualized)	**13.5%**	15.4%	(1.9)
Operating ROEV of the life and health insurance business (not annualized)	**17.6%**	21.8%	(4.2)

Business Analysis
Life and Health Insurance Business

- In the first half of 2018, the value of new business (NBEV) rose 0.2% year on year to RMB38,757 million amid industry restructuring; the NBEV margin reached 38.5%, up 4.1 pps year on year; the NBEV margin of the agent channel stood at 48.1%, up 6.5 pps year on year. The number of sales agents increased by 5.5% year on year to 1.399 million.
- In the first half of 2018, operating profit after tax rose 24.7% year on year to RMB35,595 million. Net profit reached RMB34,328 million, up 44.2% year on year. The residual margin stood at RMB710,032 million, up 15.2% from the beginning of 2018.
- As at June 30, 2018, the "Jin Guan Jia" app had more than 160 million registered users with increasingly diversified scenarios. Since "Smart Customer Services" went live, Ping An Life has handled over 830,000 cases of customer servicing online.

BUSINESS OVERVIEW

The Company conducts life and health insurance business through Ping An Life, Ping An Annuity and Ping An Health.

In the first half of 2018, China's macro economy picked up steadily, with deepening financial reform and increasingly healthy market conditions. The insurance industry has realized high-quality development and speedy return to protection. On the basis of compliance and risk control and with customer development at its heart, the Company adopts "product+" and "technology+" strategies to improve its business mix amid industry restructuring. The share of long-term protection products continues to increase, boosting the NBEV margin by 4.1 pps year on year. In the first half of 2018, the NBEV of the life and health insurance business grew by 0.2% year on year to RMB38,757 million. In the second quarter of 2018, NBEV recorded a year-on-year growth of 9.9%, a significant improvement compared with a negative growth in the first quarter. The NBEV margin of the agent channel reached 48.1%, up 6.5 pps year on year.

The written premium and premium income of the Company's life and health insurance business are as follows:

For the six months ended June 30 (in RMB million)	2018	2017	Change (%)
Written premium[1]			
Ping An Life	**337,222**	275,639	22.3
Ping An Annuity	**12,928**	10,333	25.1
Ping An Health	**1,849**	1,144	61.6
Total	**351,999**	287,116	22.6
Premium income[2]			
Ping An Life	**274,525**	226,516	21.2
Ping An Annuity	**12,844**	10,207	25.8
Ping An Health	**1,751**	982	78.3
Total	**289,120**	237,705	21.6
Value of new business (NBEV)	**38,757**	38,670	0.2
The agent channel	**34,649**	35,191	(1.5)
Including: Long-term protection business	**25,994**	25,422	2.2
Market share of premium income (%)			
Ping An Life	**16.8**	12.7	4.1 pps

(1) Written premium means all premiums received from the policies underwritten by the Company, which are prior to the significant insurance risk testing and separating of hybrid contracts.

(2) Premium income 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.

Business Analysis
Life and Health Insurance Business

Ping An Life provides individuals and groups with life insurance products through its nationwide service network of 42 branches (including 7 telemarketing centers) and over 3,300 business outlets.

On the basis of the value creation strategy, Ping An Life's agents, bancassurance, telemarketing and internet channels flourished hand-in-hand, achieving synergies. Ping An Life attaches great importance to development of the agent channel with a higher NBEV margin. In the first half of 2018, the increase in contribution from the renewed business of the agent channel fueled continuous growth of written premium. The bancassurance channel focuses on the high-value business, with the proportion of regular premium business increasing 37.4 pps year on year to 97.2%. The market share of the telemarketing channel keeps increasing, and the internet product system has been gradually improved. Through speedy development of partner channels, Ping An Life has cooperated with mainstream platforms outside and inside the Group, realizing precision marketing for a massive user base and rapid growth of written premium.

On the basis of the philosophy that "insurance should be protection-oriented", Ping An Life employed the "Product+" strategy to provide premium experience based on diverse scenarios. In the first half of 2018, Ping An Life penetrated the protection segment. On the one hand, embracing the concept of family insurance in the market, Ping An Life launched family protection products "Benefit Combination" and expanded the insured from individuals to families to enhance risk management capabilities in family insurance. On the other hand, Ping An Life offered the "Shou Hu Fu + Offshore Healthcare" product to satisfy the demand of mid-range to high-end customer segments for better health care and medical services. "Shou Hu Fu + Offshore Healthcare" is a product that combines adult critical illness insurance with offshore medical insurance. Tapping the protection + savings market, Ping An Life launched the "Ai Man Fen", a critical illness insurance product with maturity survival benefits for children to meet multi-level protection demand of different customers and fuel business growth. Going forward, Ping An Life will make more efforts to explore market segments and the new protection + savings market. Moreover, following the "product+" strategy, Ping An Life will embed services in products, extend the boundaries of life insurance products, provide comprehensive solutions under different risk scenarios, and improve customer experience.

Under the "technology+" strategy, Ping An Life provides new impetus for business development. Through technology and customer development, Ping An Life is rigorously promoting efficiency. Moreover, Ping An Life will continue to improve its customer development ability on the "Jin Guan Jia" app. As at June 30, 2018, the "Jin Guan Jia" app had over 160 million registered users; the number of monthly active users exceeded 24 million. On the basis of intelligent algorithm, Ping An Life can recommend the most suitable products and services to users and customers, accurately satisfy their needs, and conduct real-time matching and adjustments according to recommendation effect. Going forward, Ping An Life will gradually improve the customer profiling system to frame a comprehensive picture of customers, and realize smart customer development. **Ping An Life adopts the technology + sales support strategy to upgrade team training and management models.** On the one hand, by introducing the live broadcasting and video conference technologies, Ping An Life adopted the online training model, realized cross-region sharing of excellent lecturer resources, and reduced transportation costs of trainees. At present, 91% of standard training courses are offered online. On the other hand, through the work platform for the front office and in-house staff and the "Pocket E" marketing app, Ping An Life optimized its management models and greatly enhanced efficiency through data tracking, interviews, messaging and experience sharing. Going forward, Ping An Life will build team training platforms, such as smart coaches and robot-based examinations, to improve team ability. **Under the technology + customer services strategy, Ping An Life employs the AI technology to improve service experience.** "Smart Customer Services" adopt the AI technology to improve capabilities on four fronts, including business type identification, risk identification, online self-service function and online stores. Ping An Life provides 7x24 convenient services on the basis of AI+ robots, and adopts innovative business models, such as replacing the traditional menu-based clicks with smart Q&A-based interaction. Since "Smart Customer Services" went live, Ping An Life has handled over 830,000 cases of customer servicing online. NPS increased by 7 pps from the beginning of 2018. In addition, Ping An Life will continue to diversify online smart business scenarios based on robots to improve customer experience.

Business data of Ping An Life are as follows:

	June 30 2018	June 30 2017	Change (%)
Number of customers (in thousand)			
Retail[(1)]	**54,783**	49,072	11.6
Corporate	**2,234**	1,951	14.5
Total	**57,017**	51,023	11.7
Distribution network			
Number of individual life insurance sales agents	**1,398,827**	1,325,477	5.5
Number of group insurance sales representatives	**4,784**	4,783	–
Number of bancassurance relation managers	**3,034**	2,888	5.1
Number of telemarketing agents	**31,761**	27,857	14.0

(1) The number of retail customers is counted on the basis of the number of holders of in-force policies. As at June 30, 2018, individual applicants and insureds totaled 92.16 million.

For the six months ended June 30	2018	2017	Change (%)
Agent productivity and income			
First-year written premium per agent (RMB per agent per month)	**9,453**	12,438	(24.0)
New individual life insurance policies per agent (policies per agent per month)	**1.29**	1.39	(7.2)
Agent income (RMB per agent per month)	**6,870**	7,218	(4.8)
Persistency ratio (%)			
13 months	**94.3**	93.7	0.6 pps
25 months	**90.9**	90.1	0.8 pps

FINANCIAL ANALYSIS

The life and health insurance business represents business results of Ping An Life, Ping An Annuity, and Ping An Health.

Analysis of Operating Profit and Profit Sources

Due to the long-term feature of the majority business of the life and health insurance business, the measure of operating profit has been introduced to more appropriately evaluate business performance. Operating profit after tax is based on net profit from financial statements, excluding items that are of short-term, volatile or one-off nature, including:

- Short-term investment variance, which is the variance between actual investment return of life and health insurance business and the EV ultimate investment return assumption, net of associated relevant impact on insurance and investment contract liability. The investment return of life and health insurance business is locked at 5% after excluding the short-term investment variance;
- Impact of discount rate change(1) is the effect on insurance contract liability of life and health insurance business due to changes in discount rate;
- Impact of one-off non-operating items are material items that the management considered to be non-operating incomes and expenses(2).

Note: (1) Refer to Note 4.(4) in the 2017 Annual Report for the relative information about discount rate.

(2) Historically we have excluded financial gains made from transfer of Puhui to Lufax and Good Doctor stake sale in 2016 and 2017.

We believe that the operating profit after tax which excludes impacts of the above non-operating items can provide a clearer and more objective representation of the Company's business performance and trend. The operating profit of the life and health insurance business is analyzed below.

Analysis of operating profit sources

For the six months ended June 30 (in RMB million)	2018	2017	Change (%)
Release of residual margin (A)	**29,559**	23,989	23.2
Return on net worth (B)(1)	**4,310**	3,245	32.8
Spread income (C)(2)	**2,800**	2,472	13.3
Operating variance and others (D)	**11,168**	8,973	24.5
Operating profit before tax (E=A+B+C+D)	**47,838**	38,679	23.7
Income tax (F)	**(12,243)**	(10,125)	20.9
Operating profit after tax (G=E+F)	**35,595**	28,554	24.7

Note: (1) Return on net worth is the investment return on shareholder equity based on EV ultimate investment return assumption (5%).

(2) Spread income is the expected investment return from assets backing contract liability based on EV ultimate investment return assumption (5%) exceeding the interest required on contract liability.

(3) Figures may not match totals due to rounding.

Reconciliation of operating profit and net profit

For the six months ended June 30 (in RMB million)	2018
Operating profit after tax (A)	**35,595**
Short-term investment variance (B)(1)	(1,233)
Impact of discount rate change (C)	(35)
Net profit (D=A+B+C)	**34,328**

Note: (1) Short-term investment variance is the variance between the actual investment return and the EV ultimate investment return assumption (5%), net of the associated relevant impact on insurance and investment contract liability.

(2) Numbers may not add up to totals due to rounding.

As at June 30, 2018, the residual margin of the life and health insurance business reached RMB710,032 million, up 15.2% from the beginning of 2018 and 30.2% year on year, due to contribution from new business.

(in RMB million)	June 30 2018	June 30 2017	Change (%)
Beginning residual margin	**616,319**	454,705	35.5
Contribution from new business	**92,455**	93,459	(1.1)
Expected interest growth	**13,590**	10,678	27.3
Release of residual margin	**(29,559)**	(23,989)	23.2
Operating variance and others	**17,227**	10,524	63.7
Ending residual margin	**710,032**	545,376	30.2

Note: Figures may not match totals due to rounding.

Results of Operation

In the first half of 2018, the life and health insurance business recorded a net profit of RMB34,328 million, up 44.2% year on year. On the basis of the old accounting standards for financial instruments, net profit was RMB37,872 million, up 59.1% year on year.

For the six months ended June 30 (in RMB million)	2018	2017	Change (%)
Written premium	**351,999**	287,116	22.6
Less: Premium deposits of policies without significant insurance risk transfer	**(1,876)**	(2,118)	(11.4)
Less: Premium deposits separated out from universal life and investment-linked products	**(61,003)**	(47,293)	29.0
Premium income	**289,120**	237,705	21.6
Reinsurance premium income	**139**	–	N/A
Gross written premium	**289,259**	237,705	21.7
Earned premium	**283,170**	233,680	21.2
Claims and policyholders' benefits	**(214,898)**	(190,042)	13.1
Commission expenses on insurance operations	**(45,970)**	(42,996)	6.9
Administrative expenses[(1)]	**(22,710)**	(20,420)	11.2
Total investment income[(2)]	**46,895**	53,103	(11.7)
Other net revenue and expenses	**(339)**	(976)	(65.3)
Profit before tax	**46,148**	32,349	42.7
Income tax	**(11,820)**	(8,543)	38.4
Net profit	**34,328**	23,806	44.2

(1) Administrative expenses include administrative expenses and impairment losses on receivables and others under the segmented income statement.

(2) Total investment income includes investment income, the impairment loss of investment assets and the share of profits and losses of associates and jointly controlled entities under the segmented income statement.

(3) In accordance with rules for transition to the new accounting standards for financial instruments, the Company does not need to restate comparable figures for 2017.

Business Analysis
Life and Health Insurance Business

The Group follows the "International Financial Reporting Standards 9 – Financial Instruments" (the "new accounting standards") from January 1, 2018. The life and health insurance subsidiaries continue to follow the old standards for financial instruments when preparing their respective statutory financial statements because they qualify for a temporary exemption. In accordance with the Group's accounting policies, the insurance subsidiaries separately prepared financial statements and notes under the new standards for Group consolidation purposes. Reconciliations between the life and health insurance businesses' statutory financial statements and statements under the new standards are presented below to allow comparison with peers.

For the six months ended June 30 (in RMB million)	2018	2017	Change (%)
Net profit in statutory financial statements under the old accounting standards for financial instruments	**37,872**	23,806	59.1
Investment income adjustments(1)	**(3,544)**	–	N/A
Net profit in financial statements under the new accounting standards for financial instruments(2)	**34,328**	23,806	44.2

(1) Adjustments mainly arise from changes in classification, measurement, and impairment of financial assets under the new accounting standards for financial instruments.

(2) In accordance with rules for transition to the new accounting standards for financial instruments, the Company does not need to restate comparable figures for 2017.

Written premium

The written premium of the life and health insurance business is analyzed below by policyholder type and channel:

For the six months ended June 30 (in RMB million)	2018	2017	Change (%)
Retail business	**339,662**	275,717	23.2
New business	**94,458**	105,603	(10.6)
The agent channel	**81,190**	92,150	(11.9)
Including: regular premium	**77,909**	87,002	(10.5)
Bancassurance channel	**3,288**	5,991	(45.1)
Including: regular premium	**2,625**	3,465	(24.2)
Telemarketing, internet and others	**9,980**	7,462	33.7
Including: regular premium	**6,228**	6,263	(0.6)
Renewed business	**245,204**	170,114	44.1
The agent channel	**225,493**	157,881	42.8
Bancassurance channel	**6,435**	3,814	68.7
Telemarketing, internet and others	**13,276**	8,419	57.7
Group business	**12,337**	11,399	8.2
New business	**12,304**	11,387	8.1
Renewed business	**33**	12	175.0
Total	**351,999**	287,116	22.6

The written premium of the life and health insurance business is analyzed below by product type:

For the six months ended June 30 (in RMB million)	2018	2017	Change (%)
Participating insurance	**155,896**	135,567	15.0
Universal insurance	**70,036**	56,017	25.0
Traditional life insurance	**50,591**	40,203	25.8
Long-term health insurance	**44,691**	31,913	40.0
Casualty & short-term health insurance	**24,431**	18,631	31.1
Annuity	**5,436**	3,822	42.2
Investment-linked insurance	**918**	963	(4.7)
Total	**351,999**	287,116	22.6

The written premium of the life and health insurance business is analyzed below by region:

For the six months ended June 30 (in RMB million)	2018	2017	Change (%)
Guangdong	**62,268**	50,626	23.0
Shandong	**21,416**	17,739	20.7
Zhejiang	**19,730**	16,126	22.3
Jiangsu	**19,484**	16,255	19.9
Beijing	**18,263**	15,911	14.8
Sub-total	**141,161**	116,657	21.0
Total	**351,999**	287,116	22.6

Claims and policyholders' benefits

For the six months ended June 30 (in RMB million)	2018	2017	Change (%)
Surrenders	**11,604**	13,242	(12.4)
Claim expenses of insurance contracts			
Claims paid	**6,918**	5,760	20.1
Annuities	**19,072**	3,085	518.2
Maturity and survival benefits	**12,884**	17,460	(26.2)
Death, injury and medical care benefits	**11,239**	8,796	27.8
Reinsurer's share of claim expenses of insurance contracts	**(1,168)**	(807)	44.7
Policyholder dividends	**10,506**	8,403	25.0
Net increase in insurance reserves	**132,827**	123,337	7.7
Interest credited to policyholder contract deposits	**11,016**	10,766	2.3
Total	**214,898**	190,042	13.1

Claims paid grew by 20.1% year on year, primarily due to continued growth in casualty & short-term health insurance business.

Annuity payments increased sharply year on year as some products matured in 2018.

Maturity and survival benefits dropped by 26.2% year on year because survival benefits of some insurance products peaked in the first half of 2017.

Death, injury and medical care benefits were 27.8% higher year on year, driven by growth in long-term health insurance business.

Policyholder dividends climbed 25.0% year on year as a result of growth in the participating insurance business.

Net increase in insurance reserves increased by 7.7% year on year, mostly due to business growth, business structural changes, together with movement of the benchmarking yield curve for measuring reserves for insurance contracts.

Commission expenses on insurance operations

For the six months ended June 30 (in RMB million)	2018	2017	Change (%)
Health insurance	**16,611**	12,829	29.5
Accident insurance	**3,861**	3,752	2.9
Life insurance and others	**25,498**	26,415	(3.5)
Total	**45,970**	42,996	6.9

In the first half of 2018, commission expense (mainly paid to the Company's sales agents) increased by 6.9% year on year.

Administrative expenses

For the six months ended June 30 (in RMB million)	2018	2017	Change (%)
Operating expenses	**22,263**	20,057	11.0
Tax and surcharges	**434**	343	26.5
Impairment losses on receivables and others	**13**	20	(35.0)
Total	**22,710**	20,420	11.2

In the first half of 2018, operating expenses increased by 11.0% year on year mainly due to the expanding insurance business, growing strategic investments for technological transformation, and higher operating costs such as office expenses.

Total investment income

For the six months ended June 30 (in RMB million)	2018	2017	Change (%)
Net investment income[1]	**52,355**	55,458	(5.6)
Realized gains[2]	**5,468**	(2,109)	N/A
Profit or loss through fair value changes	**(10,873)**	(8)	N/A
Impairment losses on investment assets	**(55)**	(238)	(76.9)
Total investment income	**46,895**	53,103	(11.7)
Annualized net investment yield (%)[3]	**4.2**	4.9	-0.7 pps
Annualized total investment yield (%)[3]	**4.0**	4.9	-0.9 pps

(1) Net investment income includes interest revenue from deposits and bonds, dividends from equity investments, rents from investment properties and the share of profits and losses of associates and jointly controlled entities. Comparable data have been retrospectively restated.

(2) Realized gains include realized capital gains from securities investments.

(3) Net exchange gains or losses on investment assets denominated in foreign currencies are excluded from computing of the above yields. Average investment assets used as the denominator are computed in line with principles of the Modified Dietz method. In computing annualized investment yields, only interest revenue from deposits and bonds, and rents from investment properties were annualized, while interest revenue from securities purchased under agreements to resell, interest payment for securities sold for repo, dividend income and capital gains from investments were not annualized.

(4) The Group follows the new accounting standards for financial instruments from January 1, 2018. The data on investment income during the Reporting Period (see the table above) are the results of the life and health insurance business following implementation of the new accounting standards. In accordance with rules for transition to the new accounting standards for financial instruments, the Company does not need to restate previous comparable figures.

In the first half of 2018, the net investment yield of the life and health insurance business was 4.2%, down 0.7 pps year on year, largely because of lower dividend income from equity investments. In the first half of 2018, the domestic and international capital markets were quite volatile. After the life and health insurance subsidiaries implemented the new accounting standards for financial instruments, assets carried at fair value through profit or loss increased sharply, resulting in wider fluctuation in gains or losses from fair value changes. The annualized total investment yield of the life and health insurance business was 4.0%, down 0.9 pps year on year.

In the second half of 2018, the Company will adhere to value investing, keeping risks under control. In addition, the Company will continue to reduce the sensitivity to volatility in secondary stock markets by increasing allocation to long-term equity stakes, and enhance the research on equity markets. Meanwhile, the Company will increase allocation to high-quality fixed-income assets such as long-duration central government bonds and financial bonds issued by policy banks.

Income tax

The income tax increased sharply year on year, mainly due to the higher taxable income.

Solvency margin

As at June 30, 2018, Ping An Life, Ping An Annuity and Ping An Health met regulatory requirements in terms of solvency margin ratios. The solvency margin ratios of Ping An Life, Ping An Annuity and Ping An Health dropped compared with the beginning of 2018, largely due to dividend payouts and business development.

	Ping An Life			Ping An Annuity			Ping An Health		
(in RMB million)	June 30 2018	December 31 2017	Change (%)	June 30 2018	December 31 2017	Change (%)	June 30 2018	December 31 2017	Change (%)
Core capital	**733,189**	680,450	7.8	**8,525**	7,895	8.0	**1,306**	1,254	4.1
Actual capital	**756,189**	703,450	7.5	**8,525**	7,895	8.0	**1,306**	1,254	4.1
Minimum capital	**331,615**	300,453	10.4	**3,315**	2,978	11.3	**471**	383	23.0
Core solvency margin ratio (%) (regulatory requirement ≥50%)	**221.1**	226.5	-5.4 pps	**257.2**	265.1	-7.9 pps	**277.1**	327.2	-50.1 pps
Comprehensive solvency margin ratio (%) (regulatory requirement ≥100%)	**228.0**	234.1	-6.1 pps	**257.2**	265.1	-7.9 pps	**277.1**	327.2	-50.1 pps

(1) Core solvency margin ratio = core capital/minimum capital; comprehensive solvency margin ratio = actual capital/minimum capital.

(2) For details of subsidiaries' solvency margin, please visit the Company's website (www.pingan.cn).

(3) Figures may not match the calculation due to rounding.

Business Analysis
Property and Casualty Insurance Business

- In the first half of 2018, Ping An Property & Casualty's premium income grew by 14.9% year on year, 0.7 pps higher than the industry average. Ping An Property & Casualty delivered an unannualized ROE of 8.3% and a sound combined ratio which decreased 0.3 pps year on year to 95.8%.
- Ping An Property & Casualty enhanced its claim services to gain differentiated advantages. Through the optimized "510 City Superfast Onsite Investigation" service, 95.5% of auto accidents requiring on-site investigation were investigated within 5-10 minutes. The NPS of auto insurance claims rose by 3.8 pps from the beginning of 2018 to 81.8%.
- Ping An Property & Casualty facilitated application of internet technology to provide services online. The "Ping An Auto Owner" app had over 45 million registered users, over 30 million of whom linked their auto use with the app. By the number of monthly active users, the app stably topped the list of auto service apps in China.

BUSINESS OVERVIEW

The Company conducts property and casualty insurance business mainly through Ping An Property & Casualty. The business scope of Ping An Property & Casualty covers all lawful property and casualty insurance businesses such as auto insurance, corporate property and casualty insurance, engineering insurance, cargo insurance, liability insurance, credit insurance, home contents insurance, accident and health insurance, as well as international reinsurance business.

In the first half of 2018, the macro economy remained generally stable. As the economic transformation deepened, the pickup in upstream industries such as infrastructure, high-tech and equipment manufacturing brought many growth opportunities to the property and casualty insurance industry. The third reform of commercial auto insurance premium rates was piloted in seven regions, which unlocked the reform dividend, benefited consumers, and promoted healthy competition. The phase II project of the China Risk Oriented Solvency System (C-ROSS) was launched, imposing higher requirements on the risk management of insurers. Ping An Property & Casualty recorded rapid business growth through proactive market strategies, improved its cost competitiveness and maintained sound profitability based on its long-term application of risk screening. Adhering to a customer-centric model, Ping An Property & Casualty has been honored as China's "No. 1 Brand" of auto insurance and property and casualty insurance for eight consecutive years and outpaced peers by customer satisfaction. By further implementing its technology application strategy, Ping An Property & Casualty improved customer service efficiency and experience, thus gaining differentiated advantages.

For auto owner service, Ping An Property & Casualty provides a variety of auto aftermarket services and one-stop auto use services via the "Ping An Auto Owner" app. As at June 30, 2018, the app had over 45 million registered users, over 30 million of whom linked their auto use with the app. By the number of monthly active users, the app stably topped the list of auto service apps in China.

For auto insurance claims, Ping An Property & Casualty released the "customer-centric" new claims standards and provided "quick, convenient, considerate" services. As a result, customer satisfaction was enhanced vastly with an NPS of 81.8% for auto claims in June 2018, up 3.8 pps from the beginning of 2018. Powered by the optimized "smart management engine" and "smart grid model", the 510 City Superfast Onsite Investigation service was upgraded under the online-merge-offline (OMO) service model. In the first half of 2018, 95.5% of daytime auto accidents in cities requiring on-site investigation were investigated offline within 5-10 minutes. Besides, Ping An Property & Casualty and OneConnect jointly developed the Smart Quick Claim product, leveraging AI to achieve image-based loss assessment. This technology has covered all appearance damage cases and saved about 7.3 hours per case compared with traditional loss assessment models.

For property and casualty insurance, Ping An Property & Casualty updated its Digital Risk System (DRS) in 2018. Through such core functions as risk rating, disaster early warning and customer map, DRS provides customized risk management services for government departments and major clients. In the first half of 2018, Ping An Property & Casualty provided over 8,000 businesses with disaster prevention services, including 150,000 early warnings and four flood-prevention and typhoon-resistance campaigns. These services help lower the underwriting risk, especially in disaster-prone areas and among high-risk customers.

Premium and Market Share

The premium income and market share of Ping An Property & Casualty are as follows. Ping An Property & Casualty is the second largest property and casualty insurance company in China by premium income.

For the six months ended June 30 (in RMB million)	2018	2017	Change (%)
Premium income	118,878	103,443	14.9
Including: auto insurance	84,717	80,260	5.6
Market share (%)(1)	19.7	19.6	0.1 pps
Including: market share of auto insurance (%)	22.3	22.3	-

(1) The market share was calculated in accordance with the PRC insurance industry data published by the CBIRC.

Number of Customers and Distribution Network

	June 30 2018	June 30 2017	Change (%)
Number of customers (in thousand)			
Retail	60,287	44,870	34.4
Corporate(1)	1,869	1,649	13.3
Total	62,156	46,519	33.6
Distribution network			
Number of direct sales representatives	8,190	7,817	4.8

(1) In the second half of 2017, Ping An Property & Casualty optimized the standards for defining corporate customers and restated the data for the first half of 2017. The new standards reflect the number of corporate customers more objectively.

Ping An Property & Casualty distributed products mainly through its network of 42 branches and over 2,580 tier-3 and tier-4 branches across China. Main distribution channels included in-house sales representatives, sales agents, insurance brokers, telemarketing, online marketing and cross-selling.

Reinsurance Arrangement

Facing a developing global reinsurance market, Ping An Property & Casualty maintained a prudent approach to reinsurance and its close cooperation with reinsurers. Ping An Property & Casualty fully leveraged reinsurance to scale up its underwriting and diversify operating risks, and proactively withstood challenges, thus ensuring stable and healthy development. The reinsurance business of Ping An Property & Casualty received strong support in key reinsurance markets in Europe, the U.S., Bermuda and Asia. Ping An Property & Casualty has been in close cooperation with nearly 100 reinsurance companies and reinsurance brokers worldwide, including China Property & Casualty Re, Swiss Re, Munich Re and Hannover Re.

For the six months ended June 30 (in RMB million)	2018	2017	Change (%)
Ceded premium	8,416	8,076	4.2
Auto insurance	3,105	3,754	(17.3)
Non-auto insurance	5,272	4,294	22.8
Accident and health insurance	39	28	39.3
Inward reinsurance premium	36	84	(57.1)
Non-auto insurance	36	84	(57.1)

FINANCIAL ANALYSIS

The property and casualty insurance business represents only business results of Ping An Property & Casualty. In the first half of 2018, Ping An Property & Casualty recorded a net profit of RMB5,924 million, down 14.1% year on year. Under the old accounting standards for financial instruments, the net profit of Ping An Property & Casualty was RMB6,541 million, down 5.1% year on year.

Results of Operation

For the six months ended June 30 (in RMB million)	2018	2017	Change (%)
Premium income	**118,878**	103,443	14.9
Reinsurance premium income	**36**	84	(57.1)
Premium income	**118,914**	103,527	14.9
Net earned premiums	**103,016**	87,386	17.9
Claim expenses	**(59,112)**	(51,410)	15.0
Commission expenses of insurance operations	**(25,740)**	(15,926)	61.6
Administrative expenses(1)	**(17,373)**	(20,294)	(14.4)
Reinsurance commission revenue	**3,504**	3,653	(4.1)
Underwriting profit	**4,295**	3,409	26.0
Combined ratio (%)	**95.8**	96.1	-0.3 pps
Total investment income(2)	**5,778**	5,411	6.8
Average investment assets	**240,088**	202,296	18.7
Total investment yield (%)	**2.4**	2.7	-0.3 pps
Total investment yield (annualized, %)	**4.2**	4.7	-0.5 pps
Other net revenue and expenses	**(35)**	(136)	(74.3)
Profit before tax	**10,038**	8,684	15.6
Income tax	**(4,114)**	(1,789)	130.0
Net profit	**5,924**	6,895	(14.1)

(1) Administrative expenses include administrative expenses and impairment losses on receivables and others under the segmented income statement.

(2) Total investment income includes investment income, impairment losses on investment assets and share of profits or losses of associates and jointly controlled entities under the segmented income statement.

(3) In accordance with rules for transition to the new accounting standards for financial instruments, the Company does not need to restate comparable figures for 2017.

The Group adopted the new accounting standards for financial instruments from January 1, 2018. As it qualifies for a temporary exemption, Ping An Property & Casualty continued to prepare its statutory financial statements under the old accounting standards for financial instruments. In accordance with the Group's accounting policies, Ping An Property & Casualty separately prepares financial statements and notes under the new standards for Group consolidation purposes. Net profit reconciliations between Ping An Property & Casualty's statutory financial statements and statements under the new standards are presented below to allow comparison with peers.

For the six months ended June 30 (in RMB million)	2018	2017	Change (%)
Net profit in statutory financial statements under the old accounting standards for financial instruments	**6,541**	6,895	(5.1)
Investment income adjustments(1)	**(617)**	-	N/A
Net profit in financial statements under the new accounting standards for financial instruments(2)	**5,924**	6,895	(14.1)

(1) Adjustments mainly arise from changes in classification, measurement, and impairment of financial assets under the new accounting standards for financial instruments.

(2) In accordance with rules for transition to the new accounting standards for financial instruments, the Company does not need to restate comparable figures for 2017.

Premium Income

Below is a breakdown of premium income for our property and casualty insurance business by product type:

For the six months ended June 30 (in RMB million)	2018 Amount	2018 %	2017 Amount	2017 %	Change (%)
Auto insurance	**84,717**	**71.3**	80,260	77.6	5.6
Non-auto insurance	**29,716**	**25.0**	20,158	19.5	47.4
Accident and health insurance	**4,445**	**3.7**	3,025	2.9	46.9
Premium income in total	**118,878**	**100.0**	103,443	100.0	14.9

Auto insurance: The premium income grew by 5.6% year on year, mainly due to our efforts to provide good customer services in a favorable market environment with innovative technologies, and the continuous and steady growth in premium income from cross-selling and car dealers.

Non-auto insurance: The premium income delivered a year-on-year increase of 47.4%. In the first half of 2018, the premium income of guarantee insurance jumped from RMB9,515 million in the first half of 2017 to RMB16,161 million, mainly boosted by quick development of the online business model. The premium income of liability insurance, special risk insurance, and home contents insurance grew by 43.9%, 42.0% and 52.6% year on year respectively.

Accident and health insurance: The accident and health insurance business developed steadily, with a year-on-year increase of 46.9% in premium income.

Below is a breakdown of premium income for our property and casualty insurance business by channel:

For the six months ended June 30 (in RMB million)	2018 Amount	2018 %	2017 Amount	2017 %	Change (%)
Telemarketing and online channels	**13,157**	**11.1**	36,140	34.9	(63.6)
Cross-selling	**22,761**	**19.2**	17,476	16.9	30.2
Car dealers	**26,768**	**22.5**	21,531	20.8	24.3
Agencies	**25,852**	**21.7**	10,331	10.0	150.2
Direct selling	**19,162**	**16.1**	11,200	10.8	71.1
Others	**11,178**	**9.4**	6,765	6.6	65.2
Premium income in total	**118,878**	**100.0**	103,443	100.0	14.9

In the first half of 2018, Ping An Property & Casualty transformed its channel-based business model from being sales-focused to an OMO model of services and operations to facilitate business transformation and strategic development.

Below is a breakdown of premium income for our property and casualty insurance business by region:

For the six months ended June 30 (in RMB million)	2018	2017	Change (%)
Guangdong	**20,827**	15,814	31.7
Jiangsu	**8,278**	7,253	14.1
Zhejiang	**6,738**	5,799	16.2
Shandong	**6,734**	5,490	22.7
Shanghai	**6,269**	7,211	(13.1)
Subtotal	**48,846**	41,567	17.5
Premium income in total	**118,878**	103,443	14.9

Combined Ratio

For the six months ended June 30	2018	2017	Change
Expense ratio (%)[1]	**38.4**	37.3	1.1 pps
Loss ratio (%)[2]	**57.4**	58.8	-1.4 pps
Combined ratio (%)	**95.8**	96.1	-0.3 pps

(1) Expense ratio = (commission expenses of insurance business + administrative expenses – reinsurance commission revenue)/net earned premiums.

(2) Loss ratio = claim expenses/net earned premiums.

Ping An Property & Casualty pursued innovation and development, and continued to improve its professional and technical expertise while maintaining sound profitability.

Operating Data by Product Type

Among all insurance products offered by Ping An Property & Casualty in the first half of 2018, the top five sources of premium income were auto insurance, guarantee insurance, liability insurance, corporate property and casualty insurance and accidental injury insurance. Premium income of these five insurance segments accounted for 94.8% of Ping An Property & Casualty's total premium income in the first half of 2018.

(in RMB million)	Insured amount	Premium income	Earned premium	Claim expenses	Underwriting profit	Combined ratio	Insurance contract liabilities
Auto insurance	**24,261,838**	**84,717**	**83,823**	**47,869**	**2,348**	**97.2%**	**130,618**
Guarantee insurance	**145,077**	**16,161**	**8,691**	**6,015**	**1,090**	**87.5%**	**40,741**
Liability insurance	**135,106,592**	**4,497**	**3,152**	**1,692**	**329**	**89.6%**	**8,025**
Accidental injury insurance	**346,994,839**	**3,928**	**3,356**	**907**	**798**	**76.2%**	**4,905**
Corporate property and casualty insurance	**8,876,362**	**3,366**	**1,343**	**762**	**25**	**98.2%**	**6,453**

Claim expenses

For the six months ended June 30 (in RMB million)	2018	2017	Change (%)
Auto insurance	**47,869**	43,627	9.7
Non-auto insurance	**9,815**	6,765	45.1
Accident and health insurance	**1,428**	1,018	40.3
Total claim expenses	**59,112**	51,410	15.0

In the first half of 2018, claim expenses rose by 15.0% year on year due to continued growth in insurance business.

Commission Expenses of Insurance Operations

For the six months ended June 30 (in RMB million)	2018	2017	Change (%)
Auto insurance	**22,593**	13,661	65.4
Non-auto insurance	**2,029**	1,626	24.8
Accident and health insurance	**1,118**	639	75.0
Total commission expenses	**25,740**	15,926	61.6
Commission expenses as a percentage of premium income (%)	**21.7**	15.4	6.3 pps

In the first half of 2018, commission expenses of insurance operations grew by 61.6% year on year, while their proportion in premium income climbed by 6.3 pps year on year, mainly due to premium income growth and intensified competition.

Administrative expenses

For the six months ended June 30 (in RMB million)	2018	2017	Change (%)
Administrative expenses	**15,865**	19,317	(17.9)
Tax and surcharges	**612**	711	(13.9)
Impairment losses on receivables and others	**896**	266	236.8
Total	**17,373**	20,294	(14.4)

In the first half of 2018, administrative expenses dropped by 14.4% year on year, mainly driven by the transformation of the channel-based business model.

Total Investment Income

For the six months ended June 30 (in RMB million)	2018	2017	Change (%)
Net investment income(1)	**6,009**	7,100	(15.4)
Realized income(2)	**506**	(1,727)	N/A
Profit or losses from fair value changes	**(757)**	39	N/A
Impairment losses on investment assets	**20**	(1)	N/A
Total investment income	**5,778**	5,411	6.8
Net investment yield (annualized, %)(3)	**4.3**	5.5	-1.2 pps
Total investment yield (annualized, %)(3)	**4.2**	4.7	-0.5 pps

(1) Net investment income includes interest revenue from deposits and bonds, dividend income from equity investments, rents from investment properties, and the share of profits and losses of associates and jointly controlled entities. Previous comparable figures have been retrospectively restated.

(2) Realized gains include capital gains from securities investments.

(3) Net exchange gains or losses on investment assets denominated in foreign currencies are excluded from computing of the above yields. Average investment assets used as the denominator are computed in line with principles of the Modified Dietz method. In computing annualized investment yields, only interest revenue from deposits and bonds, and rents from investment properties were annualized, while interest revenue from securities purchased under agreements to resell, interest payment for securities sold for repo, dividend income and capital gains from investments were not annualized.

(4) The Company follows the new accounting standards for financial instruments from January 1, 2018. In accordance with rules for transition to the new accounting standards for financial instruments, the Company does not need to restate previous comparable figures.

In the first half of 2018, the net investment income fell by 15.4% year on year, mainly due to a decline in dividend income from equity investments. The annualized net investment yield and the annualized total investment yield were 4.3% and 4.2% respectively, while the total investment income grew by 6.8% year on year. In the first half of 2018, capital markets at home and abroad fluctuated widely. After the Company implemented the new accounting standards for financial instruments, assets carried at fair value through profit or loss surged, while gains or losses from fair value changes became more volatile.

Income Tax

In the first half of 2018, Ping An Property & Casualty's income tax grew by 130.0% year on year, largely due to a year-on-year drop in tax-free revenue and an increase in the commission driven by business growth.

Solvency Margin of Ping An Property & Casualty

As at June 30, 2018, Ping An Property & Casualty's solvency margin ratio met the regulatory requirement. The solvency margin ratio of Ping An Property & Casualty dropped from the beginning of 2018, mainly due to dividend distribution and business development.

(in RMB million)	June 30 2018	December 31 2017	Change (%)
Core capital	**73,000**	70,095	4.1
Actual capital	**81,500**	78,595	3.7
Minimum capital	**37,706**	36,141	4.3
Core solvency margin ratio (%) (regulatory requirement ≥50%)	**193.6**	194.0	-0.4 pps
Comprehensive solvency margin ratio (%) (regulatory requirement ≥100%)	**216.1**	217.5	-1.4 pps

(1) Core solvency margin ratio = core capital/minimum capital; comprehensive solvency margin ratio = actual capital/minimum capital.

(2) For details of Ping An Property & Casualty's solvency margin, please visit the Company's website (www.pingan.cn).

(3) Figures may not match the calculation due to rounding.

Business Analysis
Investment Portfolio of Insurance Funds

- As of June 30, 2018, the Company's investment portfolio of insurance funds grew to RMB2,583 billion by 5.4% from the beginning of 2018.
- In the first half of 2018, the portfolio's annualized net investment yield and annualized total investment yield were 4.2% and 4.0% respectively.
- The Company maintained robust asset-liability management, lengthened asset durations and continued to narrow the duration gap between assets and liabilities. The Company also enhanced investment risk management mechanisms and improved risk management to ensure overall investment risks are controllable.

The insurance funds are comprised of the funds available for investment from the Company, the life and health insurance business, and the property and casualty insurance business.

In the first half of 2018, the world's major economies showed mixed performance. China's economy became stronger and healthier as financial regulation tightened for risk prevention. In capital markets, A-shares became increasingly volatile and bond interest rates declined due to overseas market volatility, weak market sentiments, Sino-American trade frictions, and credit risks.

We continued to improve asset allocation of insurance funds. We conducted in-depth macro-economic research, seized opportunities in the bond market to buy low-risk bonds such as central government bonds and financial bonds issued by policy banks, and lengthened asset durations to improve asset-liability matching. Currently, the credit status is sound. Moreover, we dynamically adjusted proportions of equity assets in the portfolio, increased long-term equity stake investments, and diversified the portfolio to reduce impacts of equity market volatility.

We constantly improved investment risk management and internal controls. Firstly, we proactively strengthened risk management under the C-ROSS, constantly improved C-ROSS-related management procedures, and reviewed and enhanced risk appetite management. We assessed investment risk management capabilities, optimized control mechanisms of market risks and credit risks, and increased efficiency and effectiveness of investment risk warning and monitoring. Secondly, we constantly monitored and managed asset/liability risks, and enhanced the asset/liability risk management mechanisms. Thirdly, we improved the investment approval authorization, and made or updated rules for credit rating, counterparty management, and issuance manager management. We optimized the investment risk management processes by strengthening risk management before, during and after investment deals. Fourthly, we developed and implemented the framework for managing and monitoring insurance fund operations, and strictly implemented special risk management efforts such as five-category asset classification. We closely monitored the risk profile of the investment portfolio of the Company's insurance funds, and took measures as appropriate. Fifthly, we further enhanced the Group's whole-process investment management system covering all assets to generate transparent investment and risk information.

INVESTMENT PORTFOLIO (BY CATEGORY)

(in RMB million)	June 30 2018 Carrying value	%	December 31 2017 Carrying value	%
Fixed income investments				
Term deposits	**186,779**	**7.2**	163,074	6.6
Bond investments	**1,142,851**	**44.3**	1,071,688	43.7
Debt plan investments	**141,129**	**5.5**	140,292	5.7
Wealth management products(1)	**221,355**	**8.6**	195,633	8.0
Other fixed-income investments(2)	**123,448**	**4.8**	109,384	4.5
Equity investments				
Stocks	**244,761**	**9.5**	272,474	11.1
Equity funds	**41,853**	**1.6**	33,226	1.4
Equity stakes(3)	**121,210**	**4.7**	97,198	4.0
Bond funds	**21,087**	**0.8**	11,973	0.5
Preferred stocks	**78,125**	**3.0**	78,546	3.2
Wealth management products(1)	**85,805**	**3.3**	86,888	3.5
Investment properties	**47,532**	**1.8**	47,769	2.0
Cash, cash equivalents and others	**126,587**	**4.9**	141,329	5.8
Total investments	**2,582,522**	**100.0**	2,449,474	100.0

(1) Wealth management products include trust plans from trust companies and wealth management products from commercial banks.

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

(3) Equity stakes include investments in associates and jointly controlled entities as well as unlisted equities.

INVESTMENT PORTFOLIO (BY ACCOUNTING MEASUREMENT)

(in RMB million)	June 30 2018 Carrying value	%	December 31 2017 Carrying value	%
Financial assets carried at fair value through profit or loss(1)	**503,492**	**19.5**	45,771	1.9
Fixed-income	**201,027**	**7.8**	31,102	1.3
Stocks	**108,731**	**4.2**	10,729	0.4
Equity funds	**41,853**	**1.6**	54	–
Other equity instruments	**151,881**	**5.9**	3,886	0.2
Financial assets carried at fair value through other comprehensive income(1)	**349,923**	**13.5**	–	–
Financial assets measured at amortized cost(1)	**1,606,270**	**62.2**	–	–
Others(2)	**122,837**	**4.8**	106,203	4.3
Available-for-sale financial assets	**-**	**-**	675,148	27.6
Held-to-maturity investment	**-**	**-**	881,657	36.0
Loans and receivables	**-**	**-**	740,695	30.2
Total investments	**2,582,522**	**100.0**	2,449,474	100.0

(1) The Company follows the new accounting standards for financial instruments from January 1, 2018. In accordance with rules for transition to the new accounting standards for financial instruments, the Company does not need to restate previous comparable figures.

(2) Others include investments in associates and jointly controlled entities as well as investment properties.

As of June 30, 2018, the Company's investment portfolio of insurance funds grew to RMB2,583 billion by 5.4% from the beginning of 2018.

Business Analysis
Investment Portfolio of Insurance Funds

INVESTMENT INCOME

For the six months ended June 30 (in RMB million)	2018	2017	Change (%)
Net investment income(1)	**58,424**	63,049	(7.3)
Realized gains(2)	**5,969**	(3,756)	N/A
Profits/losses from fair value changes	**(11,624)**	21	N/A
Impairment losses	**(31)**	(239)	(87.0)
Total investment income	**52,738**	59,075	(10.7)
Annualized net investment yield (%)(3)	**4.2**	5.0	-0.8 pps
Annualized total investment yield (%)(3)	**4.0**	4.9	-0.9 pps

(1) Net investment income includes interest revenue from deposits and bonds, dividend income from equity investments, rents from investment properties and the share of profits and losses of associates and jointly controlled entities. Comparable data for the same period in 2017 have been restated.

(2) Realized gains include capital gains from security investments.

(3) Net exchange gains or losses on investment assets denominated in foreign currencies are excluded from computing of the above yields. Average investment assets used as the denominator are computed in line with principles of the Modified Dietz method. In computing annualized investment yields, only interest revenue from deposits and bonds, and rents from investment properties were annualized, while interest revenue from securities purchased under agreements to resell, interest payment for securities sold for repo, dividend and capital gains from investments were not annualized.

(4) The Company follows the new accounting standards for financial instruments from January 1, 2018. In accordance with rules for transition to the new accounting standards for financial instruments, the Company does not need to restate comparable figures for the same period in 2017.

In the first half of 2018, the portfolio's annualized net investment yield was 4.2%, down 0.8 pps year on year, mainly due to the lower dividend income from equity assets. In the first half of 2018, capital markets at home and abroad fluctuated widely. After the Company implemented the new accounting standards for financial instruments, assets carried at fair value through profit or loss surged, while gains and losses from fair value changes became more volatile. The annualized total investment yield was 4.0%, down 0.9 pps year on year.

The Group follows the "International Financial Reporting Standards 9 – Financial Instruments" (the "new accounting standards") from January 1, 2018. The insurance subsidiaries continue to follow the old standards for financial instruments when preparing their respective statutory financial statements because they qualify for a temporary exemption. In accordance with the Group's accounting policies, the insurance subsidiaries separately prepare financial statements and notes under the new standards for Group consolidation purposes. To allow comparison with peers, under the old accounting standards for financial instruments, the portfolio's annualized net investment yield and annualized total investment yield were 4.2% and 4.5% respectively.

Investment income under the old accounting standards for financial instruments

For the six months ended June 30 (in RMB million)	2018	2017	Change (%)
Net investment income	**58,424**	63,049	(7.3)
Total investment income	**65,141**	59,075	10.3
Annualized net investment yield(%)	**4.2**	5.0	-0.8 pps
Annualized total investment yield(%)	**4.5**	4.9	-0.4 pps

Corporate bonds in capital markets

As at June 30, 2018, the Company held RMB172,576 million worth of corporate bonds, which accounted for 6.7% of the investment portfolio of insurance funds. These bonds have strong creditworthiness. About 93% of the corporate bonds have AA and higher ratings while about 80% have AAA ratings, and the overall credit rating has improved compared with the end of 2017. In terms of credit default losses, these corporate bonds are secure and risks are under control. The Company maintains robust whole-process assessment and control of investment risks through asset allocation, admission management, and dynamic review.

Non-standard Debt Assets

As at June 30, 2018, our non-standard debt assets totaled RMB362,484 million, accounting for 14.1% of the investable assets. We manage risks in non-standard debt assets at three levels of the investment management process. The first level is asset allocation. We have developed a set of effective, robust asset allocation models. While keeping the overall risk within the risk appetite, we formulated a strategic asset allocation plan for each account, and set upper and lower limits on percentages of non-standard debt holdings. In tactical asset allocation, we gave opinions on capital allocation to non-standard debt instruments according to funds in each account, the return and liquidity demands, and similar assets' attractiveness. The second level is asset selection. The selection of assets is subject to strict internal and external requirements as well as approval by clients and the Group Investment Management Committee. When selecting assets, we prefer projects located in economically developed areas and leaders of industries encouraged by China's industry policies. The third level is post-investment management. Our post-investment management team constantly tracks the assets. We have established a multi-dimensional risk warning framework covering all investment areas, assets, and instruments to ensure that overall investment risks are controllable.

Structure and yield distribution of the non-standard debt asset portfolio

Industry	Investment proportion (%)	Nominal yield (%)	Maturity (year)	Remaining maturity (year)
Infrastructure	**35.8**	**5.82**	**8.54**	**4.82**
Expressway	17.7	5.93	9.85	5.85
Electric power	6.1	5.53	7.42	2.90
Infrastructure and development zones	5.5	5.77	7.10	4.58
Others (water supply, environmental protection, railway...)	6.5	5.84	7.22	4.01
Non-banking financial services	**29.9**	**5.70**	**7.35**	**4.25**
Real estate	**19.8**	**6.12**	**5.48**	**2.62**
Coal mining	**3.0**	**6.16**	**7.48**	**2.41**
Others	**11.5**	**5.78**	**8.03**	**5.26**
Total	**100.0**	**5.85**	**7.49**	**4.22**

(1) The non-standard debt assets were classified by industry in line with Shenyin Wanguo's industry classification.

(2) Some industries have been grouped into "others" as they account for small proportions.

There has been no default on non-standard debt assets held by Ping An, and overall risks are controllable. In terms of credit status, such assets are of high credit quality. Over 97% of the debt plans and trust plans held by Ping An have AAA external ratings, and about 3% of them have AA+ or AA external ratings. While some high-credit entities do not need credit enhancement for their financing, most of the assets have guarantees or collateral. In terms of industry and geographic distribution, we avoid high-risk industries and regions, and our target assets are mainly in the non-banking financial services, real estate, and expressway industries in developed and coastal areas such as Beijing, Shanghai and Guangdong. In terms of investment timing and return, Ping An seized time windows of large supplies of high-quality assets to boost overall portfolio yields.

Business Analysis
Banking Business

- Ping An Bank maintained stable, healthy business growth and realized a net profit of RMB13,372 million, up 6.5% year on year.
- Ping An Bank made significant progress in strategic transformation towards retail banking. In the first half of 2018, retail banking accounted for 51.2% and 67.9% of the Bank's revenue and net profit, up 10.9 pps and 3.4 pps respectively year on year. The proportion of retail loans rose by 4.2 pps to 54.0% from the beginning of 2018.
- Ping An Bank continues to de-risk itself. The non-performing loan ratio and the proportion of special mention loans decreased by 0.02 pps and 0.29 pps to 1.68% and 3.41% respectively from the beginning of 2018. The provision coverage ratio was 175.81%, up 24.73 pps from the end of 2017. Both the balance and proportion of loans more than 90 days overdue declined from the beginning of 2018.

BUSINESS OVERVIEW

The Company engages in banking business through Ping An Bank (the "Bank"), which is a national joint-stock commercial bank headquartered in Shenzhen and listed on the Shenzhen Stock Exchange (stock code: 000001). Ping An Bank provides corporate, retail, and government customers with diverse financial services through 1,073 outlets across the country.

In the first half of 2018, Ping An Bank adhered to the policies of "technology-driven breakthroughs in retail banking and enhancement of corporate banking." Ping An Bank made progress in transformation towards smart retail banking by promoting technological applications and innovations. Ping An Bank continued to transform towards smart retail banking. The Bank further switched its corporate banking business from scale-powered inorganic growth towards value- and quality-powered organic growth. While developing business, the Bank strictly prevented and mitigated all types of risks, laying a solid foundation for future growth.

The Bank maintained stable, healthy business growth. In the first half of 2018, Ping An Bank's net profit rose steadily by 6.5% year on year to RMB13,372 million; the revenue increased by 5.9% year on year to RMB57,241 million.

(in RMB million)	June 30 2018	December 31 2017	Change (%)
Deposits and Loans			
Loans and advances	**1,848,693**	1,704,230	8.5
Including:			
Retail loans (including credit card loans)	**998,926**	849,035	17.7
Corporate loans	**849,767**	855,195	(0.6)
Deposits	**2,079,278**	2,000,420	3.9
Including:			
Retail deposits	**405,770**	340,999	19.0

For the six months ended June 30 (in RMB million)	2018	2017	Change (%)
Operating results			
Net profit	**13,372**	12,554	6.5
Net interest revenue	**37,436**	37,361	0.2
Net non-interest revenue	**19,805**	16,708	18.5
Operating efficiency			
Cost-to-income ratio (%)	**29.66**	24.76	4.9 pps
Net interest margin (annualized, %)	**2.26**	2.45	-0.19 pps

Ping An Bank further improved its business mix by increasing the balance and proportion of retail loans. In the second quarter of 2018, the Bank's net interest margin was 2.27%, up by about 0.02 pps quarter on quarter.

Transformation towards smart retail banking generated significant effects. Embracing cutting-edge technologies including AI-based cognition, AI, blockchain and cloud computing, Ping An Bank increased investment in technologies and established an IT team of over 2,500 members dedicated to retail banking. On the one hand, Ping An Bank launched and upgraded the "Ping An Pocket Bank" app embedded with multiple fintechs and services. Besides, Ping An Bank launched the "Pocket Banker" app to support its employees in mobile operations and interactions. On the other hand, Ping An Bank has opened offline retail outlets that are "capital-light, asset-light, community-based, smart, and diversified" to develop a smart OMO service system combining online and offline services. As at June 30, 2018, the "Ping An Pocket Bank" app had 51.45 million users, up 23.3% from the beginning of 2018. Monthly active users increased by 37.3% from the beginning of 2018 to date to 20.35 million. Moreover, Ping An Bank continued to adopt agile operations, and brought technologies into full play. The Bank's retail customers and retail assets under management (AUM) increased rapidly. The proportion of retail loans rose by 4.2 pps from the beginning of 2018 to date to 54.0%. The balance and proportion of retail deposits increased by 19.0% and 2.5 pps from the beginning of 2018 to date respectively. In the first half of 2018, retail banking accounted for RMB29,316 million or 51.2% of the Bank's revenue, up 10.9 pps from the beginning of 2018 on year, and RMB9,079 million or 67.9% of the Bank's net profit, up 3.4 pps year on year.

	June 30 2018	December 31 2017	Change (%)
Customer structure			
Number of retail customers[1] (million)	**77.05**	69.91	10.2
Contribution to the number of the Group's retail customers (%)	**43.0**	42.2	0.8 pps
Number of customers holding products from other subsidiaries of the Group (million)	**34.70**	30.49	13.8
Number of customers holding Ping An Life's products (million)	**17.91**	16.29	9.9
Retail assets under management (AUM, in RMB million)	**1,217,380**	1,086,688	12.0
Retail loans (including credit card loans, in RMB million)	**998,926**	849,035	17.7
Number of credit cards in circulation (million)	**45.77**	38.34	19.4

(1) Retail customers include debit card holders and credit card holders, with duplicates removed.

Operating Results of Retail Banking

For the six months ended June 30 (in RMB million)	2018	2017	Change (%)
Revenue from retail banking	**29,316**	21,769	34.7
% of revenue from retail banking	**51.2**	40.3	10.9 pps
Net profit from retail banking	**9,079**	8,096	12.1
% of net profit from retail banking	**67.9**	64.5	3.4 pps

Ping An Bank enhanced its corporate banking to forge a boutique corporate bank. The Bank further improved its corporate banking business mix. Corporate deposits grew steadily. In corporate lending, Ping An Bank further improved the structures of target industries and customers. Ping An Bank embraced the Group's five ecosystems, explored ecosystem-based development, focused on industry-specific operations, and targeted "10+1" major industries for corporate banking. Moreover, Ping An Bank launched the "Ping An Pocket Finance" app for smart, mobile, integrated operations via "platform + product + service". The "Ping An Pocket Finance" app had 210,000 registered users as at the end of June 2018, and processed over RMB100 billion worth of transactions in the first half of 2018. While developing business, Ping An Bank built a comprehensive "AI + risk management" system for smart risk management across the Bank.

Technology-driven business yielded strong results. Taking "technology-driven business" as its primary strategy, Ping An Bank continued to increase investment in technology. In the first half of 2018, IT capital expenditure grew by 165% year on year. To strengthen its IT teams, Ping An Bank procured many high-end interdisciplinary experts from Silicon Valley and leading domestic and foreign internet companies. As of June 30, 2018, the Bank's IT staff (including outsourcing personnel) grew to 4,800 people, up by over 25% year on year. **Ping An Bank proactively implemented agile transformation** to fully integrate technology with business. Agile development has been implemented in business areas such as credit card, auto finance and the "Ping An Pocket Finance" app. This has significantly improved the product iteration speed, delivery quality, and customer experience. **Ping An Bank developed a flexible, secure and open technology platform.** The bank has gradually transformed its technical architecture from a centralized framework to a distributed one, and its infrastructure from a traditional framework to a cloud-based one, to support rapid business growth and transformation into internet business. In the first half of 2018, Ping An Bank's new core system Teng Long won the IDC Asia/Pacific Financial Insights Innovation Award. The Bank's "Pocket Bank Security Project" won the Best Mobile Security Initiative, Application or Program award for 2018 from the Asian Banker. **Ping An Bank continued to promote technological innovations.** By empowering business with the Group's core technologies and resources including AI, blockchain, and cloud computing, Ping An Bank improved customer experience, diversified financial products, innovated business models, optimized risk management and operational efficiency, and promoted smart management.

Asset quality steadily improved. To tackle external risks, Ping An Bank proactively adjusted its business mix and expanded retail loans, which have better asset quality. The Bank enhanced its corporate banking, with new business centering on industries having good growth potential and complying with the national strategy. Besides, Ping An Bank allocated resources to high-quality customers with great potential, motivated customers of upstream and downstream supply chains, industry chains and ecosystems, and maintained a satisfying risk profile of new customers. Major asset quality indicators further improved. As of June 30, 2018, the percentage of special mention loans and non-performing loan ratio were 3.41% and 1.68%, down 0.29 pps and 0.02 pps from the beginning of 2018 to date respectively. The provision coverage ratio stood at 175.81%, up 24.73 pps from the end of 2017. Loans more than 90 days overdue dropped by RMB2,942 million from the beginning of 2018 to RMB38,518 million, accounting for 2.08%, down 0.35 pps from beginning of 2018. The provision coverage ratio for loans more than 90 days overdue was 141.46%, up 35.79 pps from the end of 2017. Meanwhile, Ping An Bank stepped up efforts to recover non-performing assets (NPAs). In the first half of 2018, the Bank recovered NPAs of RMB12,325 million, up 180.1% year on year; 96.8% of the recovered amount was collected in cash, while the rest was in kind.

Loan Quality

(in RMB million)	June 30 2018	December 31 2017	Change (%)
Pass	**1,754,682**	1,612,249	8.8
Special mention	**63,019**	62,984	0.1
Substandard	**9,370**	12,510	(25.1)
Doubtful	**6,225**	3,343	86.2
Loss	**15,397**	13,144	17.1
Total loans and advances	**1,848,693**	1,704,230	8.5
Total non-performing loans	**30,992**	28,997	6.9
Non-performing loan ratio (%)	**1.68**	1.70	-0.02 pps
Balance of loans more than 90 days overdue	**38,518**	41,460	(7.1)
Percentage of loans more than 90 days overdue (%)	**2.08**	2.43	-0.35 pps
Percentage of special mention (%)	**3.41**	3.70	-0.29 pps
Impairment provision balance	**(54,486)**	(43,810)	24.4
Loan loss provision ratio (%)	**2.95**	2.57	0.38 pps
Provision coverage ratio (%)	**175.81**	151.08	24.73 pps
Provision coverage ratio for loans more than 90 days overdue (%)	**141.46**	105.67	35.79 pps

Ping An Bank continued to make its outlets smarter and improved their geographic distribution. As at June 30, 2018, Ping An Bank had 73 branches and 1,073 business outlets. The Bank has opened or renovated 46 retail stores, and plans to increase the number to 100 by the end of 2018.

Capital Adequacy Ratio

(in RMB million)	June 30 2018	December 31 2017	Change (%)
Net core tier 1 capital	**188,491**	184,340	2.3
Net tier 1 capital	**208,444**	204,293	2.0
Net capital	**262,054**	249,227	5.1
Total risk weighted assets	**2,261,112**	2,226,112	1.6
Core tier 1 capital adequacy ratio (%) (regulatory requirement ≥7.5%)	**8.34**	8.28	0.06 pps
Tier 1 capital adequacy ratio (%) (regulatory requirement ≥8.5%)	**9.22**	9.18	0.04 pps
Capital adequacy ratio (%) (regulatory requirement ≥10.5%)	**11.59**	11.20	0.39 pps

Note: Capital requirements regarding credit risk, market risk and operational risk are measured by the weighted method, standard method, and basic indicator method respectively.

Ping An Bank furthered the reform in capital management, conducted robust capital management, and carried out active, dynamic capital allocation. In addition, the Bank strengthened control of risk-weighted assets through economic capital management, and included economic capital management into the performance management mechanism. In addition to stable internal sources of capital such as retained earnings, Ping An Bank proactively sought capital replenishments from external sources. Ping An Bank plans to issue RMB26 billion worth of A-share convertible corporate bonds and RMB30 billion worth of qualified tier-2 capital bonds. The plan for issuing the RMB26 billion worth of A-share convertible corporate bonds has been approved by the CBIRC, and we has been submitted to the CSRC for approval. Through the said capital replenishment plans, Ping An Bank will be able to further optimize its capital structure, and improve capital adequacy.

Business Analysis
Banking Business

FINANCIAL ANALYSIS

Operating Results

For the six months ended June 30 (in RMB million)	2018	2017	Change (%)
Net interest revenue	**37,436**	37,361	0.2
Average balance of interest-earning assets	**3,342,036**	3,070,356	8.8
Net interest margin (%)[1]	**1.12**	1.22	-0.10 pps
Net interest margin (annualized, %)	**2.26**	2.45	-0.19 pps
Net non-interest revenue	**19,805**	16,708	18.5
Including: Net fee and commission revenue	**17,939**	15,748	13.9
Other net non-interest revenue	**1,866**	960	94.4
Total revenue	**57,241**	54,069	5.9
General and administrative expenses	**(16,980)**	(13,386)	26.8
Cost-to-income ratio (%)[2]	**29.66**	24.76	4.90 pps
Loan impairment loss	**(21,044)**	(22,856)	(7.9)
Average balance of loans (including bill discount)	**1,778,740**	1,555,091	14.4
Credit cost (%)[3]	**1.18**	1.47	-0.29 pps
Credit cost (annualized, %)	**2.37**	2.94	-0.57 pps
Other expenses	**(1,850)**	(1,395)	32.6
Profit before tax	**17,367**	16,432	5.7
Income tax	**(3,995)**	(3,878)	3.0
Net profit	**13,372**	12,554	6.5

(1) Net interest margin = net interest revenue/average balance of interest-earning assets.

(2) Cost-to-income ratio = general and administrative expenses/total revenue.

(3) Credit cost = loan impairment loss/average balance of loans (including bill discount).

(4) In accordance with rules for transition to the new accounting standards for financial instruments, the Company does not need to restate comparable figures for 2017.

Net Interest Revenue

For the six months ended June 30 (in RMB million)	2018	2017	Change (%)
Interest revenue			
Due from the PBOC	**2,051**	2,085	(1.6)
Due from financial institutions	**5,908**	4,663	26.7
Loans and advances	**53,757**	45,912	17.1
Interest revenue from investment	**17,634**	17,144	2.9
Others	**2,658**	1,844	44.1
Total interest revenue	**82,008**	71,648	14.5
Interest expenses			
Due to the PBOC	**(2,185)**	(774)	182.3
Due to financial institutions	**(10,704)**	(9,515)	12.5
Deposits	**(23,509)**	(17,542)	34.0
Bonds payable	**(8,174)**	(6,456)	26.6
Total interest expenses	**(44,572)**	(34,287)	30.0
Net interest revenue	**37,436**	37,361	0.2

Net fee and commission revenue

For the six months ended June 30 (in RMB million)	2018	2017	Change (%)
Fee and commission revenue			
Settlement fee revenue	**1,306**	1,274	2.5
Wealth management fee revenue	**559**	2,242	(75.1)
Agency commission revenue	**2,066**	1,660	24.5
Bank card fee revenue	**13,766**	7,642	80.1
Advisory fee revenue	**984**	1,752	(43.8)
Asset custody fee revenue	**1,531**	1,857	(17.6)
Account management fee revenue	**71**	82	(13.4)
Others	**778**	1,360	(42.8)
Total fee and commission revenue	**21,061**	17,869	17.9
Fee and commission expense			
Agency commission expense	**(451)**	(165)	173.3
Bank card fee expense	**(2,465)**	(1,791)	37.6
Others	**(206)**	(165)	24.8
Total fee and commission expense	**(3,122)**	(2,121)	47.2
Net fee and commission revenue	**17,939**	15,748	13.9

Other net non-interest revenue

Other net non-interest revenue is comprised of investment income, gains and losses from fair value changes, foreign exchange gains and losses, other business revenue, asset disposal gains and losses and other incomes. In the first half of 2018, other net non-interest revenue was RMB1,866 million, up 94.4% year on year, mainly due to increases in returns on financial assets including bonds and gains from fair value changes.

Cost-to-income Ratio

For the six months ended June 30 (in RMB million)	2018	2017	Change (%)
General and administrative expenses	**16,980**	13,386	26.8
Cost-to-income ratio (%)	**29.66**	24.76	4.90 pps

In the first half of 2018, as Ping An Bank increased investment in strategic transformation, the cost-to-income ratio rose by 4.9 pps year on year.

Loan impairment losses

In the first half of 2018, loan impairment losses decreased by 7.9% year on year.

Income tax

For the six months ended June 30	2018	2017	Change
Effective tax rate (%)(1)	**23.00**	23.60	-0.60 pps

(1) Effective tax rate = income tax/profit before tax.

Business Analysis
Asset Management Business

- In the first half of 2018, the overall asset management business recorded a net profit of RMB9,376 million, up 30.3% year on year.
- Ping An Trust strengthened risk management, furthered the "wealth + fund" transformation, and maintained steady business growth. Ping An Securities continued to outperform the industry by leveraging the Group's integrated financial services models and technologies, deepening the transformation and continuing the differentiation development. Ping An Asset Management maintained steady business growth. As at June 30, 2018, Ping An Asset Management's assets under management (AUM) totaled RMB2,812 billion, up 5.4% from the beginning of the year.

The Company conducts asset management business through companies include Ping An Trust, Ping An Securities, Ping An Asset Management and Ping An Financial Leasing. In the first half of 2018, the overall asset management business recorded a net profit of RMB9,376 million, up 30.3% year on year.

TRUST BUSINESS

Business Overview

The Company provides trust services through Ping An Trust and Ping An New Capital for high-net-worth individuals (HNWIs), institutional clients, and other subsidiaries of the Company. In the first half of 2018, the trust industry was at a critical stage of transformation as China's economy grew steadily and financial regulation tightened. Planning ahead, Ping An Trust enhanced risk management, strengthened compliance, and ensured secure, healthy business growth.

In addition, Ping An Trust continued to improve its capabilities for integrated financial products. In personal wealth management, Ping An Trust enhanced the brand of "Ping An Family Trust", and launched charitable trusts to satisfy the core demands of HNWIs for wealth appreciation, wealth inheritance and charity. As at June 30, 2018, Ping An Trust had 95.3 thousand active wealth management customers, 27.6% higher from the beginning of 2018. In institutional asset management, Ping An Trust caters for asset allocation needs of institutional investors through product innovation. As at June 30, 2018, Ping An Trust provided one-stop asset management services for over 200 institutional clients, including insurers and banks.

Ping An Trust continued to develop alternative investment business, including equities, debts, mezzanine financing and funds. With capabilities for "investment + investment banking", Ping An Trust can better serve the real economy. Moreover, Ping An Trust plays an active role in government-backed areas such as urbanization, supply-side reforms, and industry upgrade.

Ping An Trust constantly upgrades the risk management framework. On the one hand, Ping An Trust builds a smart risk management platform for alternative assets in order to apply smart and efficient technologies to the risk management. On the other hand, Ping An Trust constantly improves risk strategies, controls asset admission, tightens compliance review, and takes measures to keep business risks under control. Moreover, Ping An Trust proactively applies artificial intelligence (AI) technology to business operations. Ping An Trust has adopted smart identification technologies such as voice recognition, face recognition and OCR, to improve customer experience, enhance risk management, cut operating costs and boost operational efficiency.

Results of Operation

For the six months ended June 30 (in RMB million)	2018	2017	Change (%)
Fees and commission revenue	**2,104**	2,153	(2.3)
Monthly average assets held in trust	**623,272**	663,636	(6.1)
Fee rate of assets held in trust (%)(1)	**0.34**	0.32	0.02 pps
Fees and commission expenses	**(33)**	(88)	(62.5)
Net fees and commission revenue	**2,071**	2,065	0.3
Administrative expenses	**(513)**	(603)	(14.9)
Total investment income(2)	**541**	1,470	(63.2)
Other net revenue and expense	**75**	(37)	N/A
Profit before tax	**2,174**	2,895	(24.9)
Income tax	**(480)**	(633)	(24.2)
Net profit	**1,694**	2,262	(25.1)

(1) Fee rate of assets held in trust = fees and commission revenue/monthly average assets held in trust.

(2) Total investment income includes investment income, share of profits and losses of associates and jointly controlled entities, and impairment losses on investment assets under the segmented income statement.

(3) In accordance with rules for transition to the new accounting standards for financial instruments, the Company does not need to restate comparable figures for 2017.

In the first half of 2018, the net profit of trust business dropped by 25.1% year on year due to year-on-year decreases in total investment income.

Assets held in trust

(in RMB million)	June 30 2018	December 31 2017	Change (%)
Investment category	**124,116**	133,353	(6.9)
Capital market investment	**26,458**	23,341	13.4
Financial institutions' investment	**42,990**	49,966	(14.0)
Other investments (1)	**54,668**	60,046	(9.0)
Financing category	**167,190**	167,081	0.1
Infrastructure industry financing	**15,135**	18,016	(16.0)
Real estate financing	**59,063**	47,028	25.6
Corporate loans	**85,200**	96,661	(11.9)
Pledge and other financing(2)	**7,792**	5,376	44.9
Administrative category(3)	**285,924**	352,322	(18.8)
Total	**577,230**	652,756	(11.6)

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

(2) Pledge and other financing refers to financing other than the above, including financing by pledging or acquiring securities, financial assets and other debts.

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

As at June 30, 2018, Ping An Trust had RMB577,230 million in assets under management, 11.6% lower than at the beginning of 2018.

Fees and commission revenue

For the six months ended June 30 (in RMB million)	2018	2017	Change (%)
Fees and commission revenue	**2,104**	2,153	(2.3)
Investment category	**978**	1,138	(14.1)
Financing category	**844**	745	13.3
Administrative category	**282**	270	4.4
Fee rate of assets held in trust (%)	**0.34**	0.32	0.02 pps
Investment category (%)	**0.74**	0.86	-0.12 pps
Financing category (%)	**0.49**	0.50	-0.01 pps
Administrative category (%)	**0.09**	0.07	0.02 pps

In the first half of 2018, the fees and commission revenue from trust business declined by 2.3% year on year, mainly due to a decrease in fees and commission revenue of investment business.

Total investment income

In the first half of 2018, the total investment income of trust business dropped by 63.2% year on year, mainly due to year-on-year decreases in dividend received and disposal proceeds of investments.

SECURITIES BUSINESS

Business Overview

The Company provides securities brokerage, futures brokerage, investment banking, asset management, and financial advisory services through Ping An Securities and its subsidiaries such as Ping An Futures, Ping An Caizhi, Ping An Securities (Hong Kong), and Ping An Pioneer Capital.

In the first half of 2018, Ping An Securities realized RMB956 million in net profit, which was lower year on year but still better than peers.

Asset Management Business

In the first half of 2018, financial conditions tightened due to financial regulation and deleveraging. The economic outlook was impacted by factors such as international trade frictions. Capital markets became more volatile. In the primary markets, the number of IPOs decreased by 73.8% year on year, and the number of refinancing issuances declined by 18.5% year on year. In the secondary markets, the ChinaBond Aggregate Index was quite volatile, and the CSI 300 Index dropped by 12.9% from the beginning of the year. As a result, the securities industry faced significant challenges, and the industry's net profit shrank significantly year on year. Ping An Securities proactively responded to market changes. On the one hand, Ping An Securities pursued technology-powered transformation and strengthened informatization capabilities. Taking advantage of an industry-leading online platform, Ping An Securities improved brokerage customer experience and boosted trading service efficiency. On the other hand, Ping An Securities built differentiated advantages. By exploiting the Group's integrated financial service models, Ping An Securities used its expertise to meet investment and financing demands of retail and institutional customers. As such, Ping An securities was able to perform better than peers in a challenging industry environment.

In the brokerage business, Ping An Securities continued to invest in technology-powered retail business transformation to serve the Group's huge customer base of integrated financial services, and improve customer experience. Ping An Securities adopted internet technologies to conduct precision marketing and enhanced cooperation with internal and external platforms. Ping An Securities now ranks first by brokerage customer base in the industry. Ping An Securities conducted customer development on the basis of segmentation, and constantly iterated and upgraded the "Ping An Securities" app. Ping An Securities ranked among the top two by monthly active users, and daily active users rose 32.1% year on year. The market share by brokerage trading volume grew to 2.96%, up 0.64 pps year on year. Moreover, Ping An Securities continued to strengthen the robo-advisor and wealth management framework. The market share by margin trading volume increased to 1.9%, up 0.6 pps year on year.

	June 30 2018	June 30 2017	Change (%)
Brokerage business			
Customers ('000)	**14,110**	11,210	25.9
Daily active users ('000)	**1,730**	1,310	32.1
Market share by trading volume (%)	**2.96**	2.32	0.64 pps

In institutional business, Ping An Securities combines its expertise with the Group's integrated financial service models to meet investment and financing demands of internal and external institutional customers. In investment banking, Ping An Securities strengthened its advantages in bond and ABS businesses, and proactively developed equity business. In the Report Period, Ping An Securities ranked third in the industry by the number of lead-underwritten bonds, and second by the number of ABSs underwritten under the supervision of the CSRC, up one place from the beginning of 2018. Equity projects in the pipeline increased steadily. In trading business, Ping An Securities vigorously developed low-risk exposure trading strategies, invested heavily to develop an industry-leading trading system, diversified trading market making products, developed bond indices and ETFs, and enhanced its leadership in the fixed-income trading market. In the Reporting Period, Ping An Securities continued to improve the structure of its trading business and lead the industry in terms of the quotation quality and trading volume of market making. In asset management, Ping An Securities proactively responded to opportunities and challenges posed by new asset management regulations, and restructured its active management capabilities. As a result, Ping An Securities recorded a significant year-on-year growth in the assets under active management. Meanwhile, Ping An Securities strictly controlled business risks and strengthened credit risk management.

For the six months ended June 30 (in RMB million)	2018	2017	Change (%)
Fixed-income business			
Market making of interest rate swaps	**637,530**	416,455	53.1
Market making of bond spot trades	**377,442**	73,608	412.8

Results of Operation

For the six months ended June 30 (in RMB million)	2018	2017	Change (%)
Fees and commission revenue	**2,112**	1,903	11.0
Fees and commission expenses	**(434)**	(334)	29.9
Net fees and commission revenue	**1,678**	1,569	6.9
Total investment income(1)	**1,749**	2,024	(13.6)
Other revenue(2)	**1,365**	667	104.6
Revenue	**4,792**	4,260	12.5
Administrative expenses(3)	**(1,781)**	(1,793)	(0.7)
Cost-to-income ratio (%)(4)	**51.8**	50.4	1.4 pps
Finance costs	**(499)**	(350)	42.6
Other expenses	**(1,356)**	(702)	93.2
Profit before tax	**1,156**	1,415	(18.3)
Income tax	**(200)**	(228)	(12.3)
Net profit	**956**	1,187	(19.5)

(1) Total investment income includes investment income and share of profits and losses of associates and jointly controlled entities under the segmented income statement. Investment income excludes rents from investment properties.

(2) Other revenue includes other revenues and other gains and foreign exchange gains or losses under the segmented income statement. Other revenue and other gains exclude non-operating income.

(3) Administrative expenses include administrative expenses and impairment losses on receivables and others under the segmented income statement.

(4) Cost-to-income ratio = administrative expenses/ (revenues – other expenses).

Fees and Commission Revenue

For the six months ended June 30 (in RMB million)	2018	2017	Change (%)
Brokerage business revenue	**1,239**	1,071	15.7
Brokerage volume	**2,993,500**	2,403,928	24.5
Brokerage commission rate (%)	**0.04**	0.04	–
Underwriting business revenue	**333**	305	9.2
Underwriting business size	**73,375**	30,164	143.3
Underwriting commission rate (%)	**0.45**	1.01	-0.56 pps
Asset management revenue	**274**	208	31.7
Monthly average AUM	**248,902**	217,509	14.4
Asset management fee rate (%)	**0.11**	0.10	0.01 pps
Other fees and commission revenue	**266**	319	(16.6)
Total	**2,112**	1,903	11.0

In the first half of 2018, the brokerage fees and commission revenue rose by 15.7% year on year due to the higher trading volume. The underwriting fees and commission revenue grew by 9.2% year on year due to the soaring bond and ABS underwriting volumes. The asset management revenue increased by 31.7% year on year due to the steadily growing monthly average AUM.

Total Investment Income

In the first half of 2018, the securities business's total investment income declined year on year due to significantly lower returns from Ping An Caizhi's PE projects at exit.

Cost-to-income Ratio

For the six months ended June 30 (in RMB million)	2018	2017	Change (%)
Administrative expenses	**1,781**	1,793	(0.7)
Cost-to-income ratio (%) (1)	**51.8**	50.4	1.4 pps

(1) Cost-to-income ratio = administrative expenses/ (revenues – other expenses).

OTHER ASSET MANAGEMENT BUSINESSES

Ping An Asset Management

Ping An Asset Management is responsible for domestic investment management business of the Company. Entrusted with the investment portfolio of insurance funds of the Company, Ping An Asset Management also provides investment products and third-party asset management services to other investors through various channels.

In the first half of 2018, China's economy grew steadily. Risk appetites declined due to the Sino-American trade war and China's deleveraging. Bond interest rates fell and credit risks emerged. Stock markets generally dropped. In a dynamically changing political and economic environment, Ping An Asset Management upheld the philosophies of value investing and prudence. By closely monitoring market developments and keeping risks under control, Ping An Asset Management ensured asset protection and appreciation for investors.

As new regulations for asset management come out and the asset management industry returns to its origin, Ping An Asset Management, as a leading asset manager in China, will continue to strengthen core capabilities and risk management. Ping An Asset Management will serve Ping An's

Asset Management Business

insurance businesses, the real economy, and people's livelihood. Ping An Asset Management will continue to create value by providing better asset management solutions and investment services to customers.

In the first half of 2018, Ping An Asset Management increased investment in technologies, improved the operational process platform and data analysis platform, and built an AI-based investment research platform. Powered by technologies, Ping An Asset Management boosted operational efficiency and reduced error rates. In risk management, Ping An Asset Management increased the frequency, efficiency, and accuracy of risk management via a quantitative risk management platform. In AI-based investment research, Ping An Asset Management enhanced the overall investment capability and performance via collection, integration and pre-processing of data and an investment support platform for fund managers.

Operating Data

For the six months ended June 30 (in RMB million)	2018	2017	Change (%)
Net profit	1,318	1,330	(0.9)
Revenue from third-party business	898	958	(6.3)

(in RMB million)	June 30 2018	December 31 2017	Change (%)
Assets under management	2,812,362	2,668,805	5.4
Including: AUM of third-party asset management	307,586	305,881	0.6

Ping An Financial Leasing

Ping An Financial Leasing is a wholly-owned subsidiary of Ping An, specializing in financial leasing. Ping An Financial Leasing's goal is to become an expert leader in the SME segment and specialized markets with unique commercial vitality and scalability. To achieve this goal, Ping An Financial Leasing takes advantage of the Group's capital strength, strong brand, license synergies, and integrated financial service platform.

Since it was founded, Ping An Financial Leasing has upheld the philosophy of "lending everything with the heart" and given full play to the industry's characteristics of "financing and leasing." Ping An Financial Leasing has proactively served the real economy and led many segments of the leasing market such as health care, energy, metallurgy, engineering, education, culture, manufacturing, and processing. Moreover, Ping An Financial Leasing pioneered the "Innovative Leasing 2.0" concept, focusing on consumer leasing, operating leasing, leasing+internet and industry operations. Ping An Financial Leasing has developed many innovative business models such as auto finance, micro-finance and Ping An Health (Check) Center. In auto finance, Ping An Financial Leasing penetrated the domestic market under an innovative "lease in place of purchase" model, and built a closed-loop auto services ecosystem across China. In micro-finance, Ping An Financial Leasing provided micro-businesses with financing via "standard products, risk models, robust processes and efficient customer acquisition." In line with the Group's health care ecosystem strategy, Ping An Financial Leasing has pioneered Ping An Health (Check) Center under a "3-in-1" model combining image-based diagnosis, medical examinations and precise health checks. By doing so, Ping An Financial Leasing supports a hierarchical medical system, promotes resource sharing across regions, and gives people easy access to precise, secure checkups.

As of June 30, 2018, Ping An Financial Leasing's total assets reached RMB211,078 million, up 19.2% from the beginning of 2018. In the first half of 2018, the revenue reached RMB6,905 million, up 66.3% year on year; the net profit reached RMB1,422 million, up 66.9% year on year. Meanwhile, Ping An Financial Leasing maintained stable asset quality with a non-performing asset ratio of 0.85%.

Business Analysis
Fintech & Healthtech Business

- Lufax Holding maintained steady growth in wealth management, retail lending and government finance, boosting profit rapidly.
- Ping An Good Doctor successfully listed on the HKEX's Main Board on May 4, 2018. Ping An Good Doctor runs China's largest online health care platform, and has provided health care management services for nearly 230 million users. In the first half of 2018, Ping An Good Doctor's revenue grew by 150.3% year on year to RMB1,123 million.
- In early 2018, Ping An Healthcare Technology raised USD1,150 million at a post-money valuation of USD8,800 million. In the first half of 2018, OneConnect raised USD750 million at a post-money valuation of USD7,500 million. Autohome's market capitalization exceeded USD10 billion, up 40.0% from the beginning of 2018 to date.

The Company conducts fintech & healthtech business via companies including Lufax Holding, Ping An Good Doctor, OneConnect, Ping An Healthcare Technology, and Autohome.

LUFAX HOLDING

Lufax Holding is China's leading online wealth management and retail lending technology platform, which serves the growing middle class and is a leader in providing financial institutions and local governments with comprehensive financial solutions. In the first half of 2018, Lufax Holding upheld regulatory requirements and proactively adjusted the structure of its business lines including wealth management, retail lending and government finance. Lufax Holding recorded rapid profit growth.

In wealth management, affected by deleveraging and new regulations, the growth of online wealth management business slowed down. Lufax Holding proactively upheld regulatory requirements and adjusted the product mix to lay a solid foundation for long-term sustainable development. Lufax Holding launched smart portfolio products and a smart investor service system on the basis of leading technologies including AI. Lufax Holding improved investor suitability management through its customer management system KYC and product management system KYP. As at the end of June 2018, Lufax Holding had 36.84 million registered users on its platform, up 18.0% year on year. Because of the structure adjustment and product clean-up, AUM dropped by 16.6% from the beginning of 2018 to RMB385,212 million. As of June 30, 2018, the structure adjustment and product clean-up had been completed.

In retail lending, Lufax Holding provides small and micro business owners and salary earners with financing solutions at affordable costs through a convenient and efficient process by means of resource integration, technological innovation, and professional services. As Lufax Holding continued to strengthen risk management, overall loan quality improved as compared with the same period last year. As of June 30, 2018, loans granted via Lufax Holding's platform totaled RMB792,502 million, while loans under management grew by 8.8% from the beginning of 2018 to RMB313,747 million.

In government financial services, Lufax Holding provides customized solutions and services according to the characteristics of each city and the requirements of each local government. In cooperation with cities including Nanning and Changsha, Lufax Holding is developing a role model for smart fiscal management. In Nanning, we have launched a system for integrated fiscal management, integrated state-owned asset management and poverty-alleviation fund escrow, allowing government to tracks all flows of information, funds and assets. In Changsha, we started with asset and liability management by helping the local government "sort out assets and liabilities" for liability control, asset preservation, revenue increase and cost saving.

Number of users

(in million)	June 30 2018	June 30 2017	Change (%)
Lufax's registered users	**36.84**	31.23	18.0
Active investor users(1)	**9.90**	8.86	11.7
Accumulated borrowers	**8.79**	5.54	58.7

(1) Active investor users refer to users who made an investment or had a positive account balance in the past 12 months.

Assets under management

(in RMB million)	June 30 2018	December 31 2017	Change (%)
Assets under management	**385,212**	461,699	(16.6)
Balance of loans under management	**313,747**	288,434	8.8

Trading volume

For the six months ended June 30 (in RMB million)	2018	2017	Change (%)
Wealth management	**924,923**	1,098,539	(15.8)
New loans	**176,669**	159,623	10.7

PING AN GOOD DOCTOR

Ping An Good Doctor is committed to "building the world's largest health care ecosystem and using technology to make people healthier." Ping An Good Doctor has seized opportunities in the industry, facilitated business model innovation based on medical and health demands of users, and built a "one-stop, asset-light" health care platform. Ping An Good Doctor successfully listed on the HKEX's Main Board on May 4, 2018.

Ping An Good Doctor provides users with comprehensive family doctor services via AI-assisted in-house medical staff members and external doctors. These services include online consultation, referral and registration, hospitalization arrangement, second medical opinions, and health management. Ping An Good Doctor also explores business models in cooperation with private insurers. By constantly improving the AI-based consultation/treatment system, Ping An Good Doctor has significantly boosted the efficiency and accuracy. Ping An Good Doctor has launched the Medical 360 Program in cooperation with Ping An Life to provide users with comprehensive health care management services.

Besides users' medical demands, Ping An Good Doctor proactively satisfies users' health demands. Via medical consumption, Health Mall, health management and health interaction businesses, Ping An Good Doctor provides users with extensive health management offerings and personalized health management plans to help them embrace healthy lifestyles.

As at June 30, 2018, Ping An Good Doctor had over 1,000 in-house medical staff members and over 4,000 contracted external doctors (associated chief physicians or above of 3A hospitals). The 1-hour drug delivery network covered over 4,000 pharmacies in 62 cities. The health care service provider network covered over 1,200 checkup centers, about 700 dental clinics and about 110 medical cosmetic institutions. Providers increased by about 500 from the beginning of 2018 to date.

As of June 30, 2018, Ping An Good Doctor had accumulated nearly 230 million registered users and processed over 300 million consultations, up 122.2% year on year. In the first half of 2018, Ping An Good Doctor's revenue grew by 150.3% year on year to RMB1,123 million, including RMB186 million from the family doctor business, up 91.4% year on year.

	June 30 2018	June 30 2017	Change (%)
Registered users (in million)	**228.00**	161.43	41.2
Consultations (in million)	**307.95**	138.61	122.2

ONECONNECT

OneConnect is committed to building a world-leading, strategically-empowering fintech service cloud platform. Based on Ping An's technology development and profound experience in the financial industry for 30 years, OneConnect has developed diverse business segments including Smart Banking Cloud, Smart Insurance Cloud, Smart Investment Cloud and an open tech-powered platform. To export leading fintech-based business solutions to the market, OneConnect has launched 12 products of seven types in the first half of 2018. The top fintech expert team of OneConnect has developed a number of world-leading technologies in areas including AI and blockchain. In the first half of 2018, OneConnect raised USD750 million at a post-money valuation of USD7,500 million.

Smart Banking Cloud provides an end-to-end SaaS cloud service platform for banks, including retail banking digital solutions, retail loan risk management service solutions and SME financial service solutions, to help banks improve customer development, strengthen risk management, optimize customer experience and achieve business transformation. Smart Insurance Cloud provides AI-based "Smart Certification" and "Smart Quick Claim" solutions to help small and medium-sized insurers improve operational efficiency and service quality, and innovate traditional models of underwriting, claims, customer service and policy administration smartly. Covering sectors including trust, private equity, funds and securities, Smart Investment Cloud creates a smart blockchain-based investment service platform for financial institutions, and provides a variety of value-added services including asset and liability management, portfolio analysis, and product design and development, to help financial institutions improve investment efficiency and income and reduce risk and operating costs. The open tech-powered platform provides financial institutions with modular, one-stop fintech product cloud services, and exports leading fintech products including smart marketing tools, smart risk management tools and smart customer service tools to financial institutions, to help them improve operational and technological capabilities.

As of June 30, 2018, OneConnect provided fintech services for 441 banks, 38 insurers and nearly 2,200 non-bank financial institutions, and achieved a win-win with financial institutions.

For the six months ended June 30	2018	2017	Change (%)
Risk management product use (million times)	**474**	356	33.1

	June 30 2018	June 30 2017	Change (%)
Number of partner banks(1)	**441**	343	28.6
Number of partner insurers	**38**	12	216.7
Number of partner non-bank financial institutions	**2,196**	1,493	47.1

(1) In the first half of 2018, OneConnect optimized the definition of partner banks and restated the comparable data for 2017. The new standard provides a more objective representation.

Business Analysis
Fintech & Healthtech Business

PING AN HEALTHCARE TECHNOLOGY

Ping An Healthcare Technology is committed to becoming China's leading tech-powered managed care service platform. In social health insurance (SHI), Ping An Healthcare Technology leverages its profound SHI expense control experience, forward-looking decision-making model, accurate group health risk profiling model, and technologies including cloud computing and AI to empower SHI expense control for scientific decision-making and refined management. The services of Ping An Healthcare Technology have covered over 200 cities across China. In private insurance, Ping An Healthcare Technology provides private insurers with automated operation services including online underwriting, loss assessment, payment/settlement and data channels. Over 2,300 hospitals have connected with the service platform. In serving individual users, "City OneConnect" app has covered 53 cities. In early 2018, Ping An Healthcare Technology raised USD1,150 million at a post-money valuation of USD8,800 million.

AUTOHOME

Autohome, a leading internet auto service platform in China, has forged an auto ecosystem under the strategy of "auto media, auto e-commerce, auto finance and auto lifestyle". Autohome provides auto consumers with diverse products and services.

In the first half of 2018, Autohome recorded rapid business growth and revenue of RMB3,157 million. By optimizing its user experience, Autohome recorded steady traffic growth. According to Quest Mobile, the primary "Autohome" app had an average of 10.30 million daily unique visitors in the second quarter, up 54% year on year. These achievements have further solidified Autohome's leading role among auto service apps in China. Besides, Autohome enhanced user engagement and loyalty by providing customized contents and recommendations. Applications of new technologies including virtual reality (VR) and augmented reality (AR) increased users' interactions with auto manufacturers and dealers.

Autohome has also developed other competitive businesses. By integrating its advanced data business with the VR ecosystem, Autohome provides a full set of solutions for auto manufacturers and dealers, including customized smart car showrooms, interactive experience centers, and helping auto manufacturers and dealers enhance brand awareness. To achieve closed-loop trading of second-hand cars, Autohome has invested USD100 million in ttpai.cn, an online platform for second-hand car trading. The core online users of Autohome will supplement C2B resources for ttpai.cn, while the offline resources and expertise of ttpai.cn will enhance Autohome users' second-hand car trading experience and boost Autohome's business development. In addition, Autohome has made steady progress in its financial business, which consists of lending, financial leasing and insurance services to consumers and dealers.

Analysis of Embedded Value and Operating Profit

- As at June 30, 2018, the embedded value of the Company was RMB927,376 million (up by 12.4% from the beginning of 2018 to date). The operating ROEVs of the Group and of L&H (not annualized) in the first half were 13.5% and 17.6% respectively.
- NBEV of life and health insurance business in the first half was RMB38,757 million (up by 0.2% year on year). The year-on-year NBEV growth of 9.9% in the second quarter turned the tide of negative growth in the first quarter.
- As at June 30, 2018, the residual margin of L&H was RMB710,032 million (up by 15.2% from the beginning of 2018 to date). The release of residual margin of L&H in the first half was up by 23.2% year on year.
- The operating profit after tax attributable to shareholders of the parent company in the first half was RMB59,339 million (up by 23.3% year on year). The L&H operating profit after tax attributable to shareholders of the parent company in the first half was up by 23.9% year on year.

KEY DATA SUMMARY

(in RMB million)	**For the six months ended June 30 2018/ June 30 2018**	For the six months ended June 30 2017/ December 31 2017	Change (%)
EV of Group	**927,376**	825,173	12.4
Operating Return on EV (Operating ROEV) of Group (not annualized)	**13.5%**	15.4%	-1.9 pps
Group operating profit after tax attributable to shareholders of the parent company	**59,339**	48,127	23.3
EV of L&H	**572,336**	496,381	15.3
Operating ROEV of L&H (not annualized)	**17.6%**	21.8%	-4.2 pps
Value of first half year' s new business after cost of capital (NBEV)	**38,757**	38,670	0.2
L&H operating profit after tax attributable to shareholders of the parent company	**35,035**	28,275	23.9
Residual margin of L&H	**710,032**	616,319	15.2
Ultimate investment return rate	**5.0%**	5.0%	–
Risk discount rate	**11.0%**	11.0%	–

ANALYSIS OF EMBEDDED VALUE

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 ("EV") in this section. The embedded value represents the shareholders' adjusted net asset value ("ANA") plus the value of the Company's in-force life and health insurance business ("L&H") adjusted for the cost of holding the required capital. The embedded value excludes the value of new business in the future.

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 analysis of embedded value as at June 30, 2018.

Analysis of Embedded Value and Operating Profit

The calculation of the analysis of embedded value relies on a number of assumptions with respect to future experience. Future experience may vary from that assumed in the calculation, and these variations may be relatively 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.

The "*Standards for Actuarial Practice: Valuation Standard for Embedded Value of Life Insurance*" (the "Standards") issued by the China Association of Actuaries became effective in November 2016. The Company has disclosed the interim embedded value for 2018 in accordance with the Standards and China Risk Oriented Solvency System (C-ROSS). The quoted interim results of 2017 have been restated according to current assumptions and method.

Components of Economic Value

(in RMB million)	June 30 2018	December 31 2017
Adjusted net asset value	**561,163**	512,713
Including: Adjusted net asset value of L&H	**206,123**	183,920
Value of in-force insurance business written prior to June 1999	**17,115**	16,758
Value of in-force insurance business written since June 1999	**383,025**	335,610
Cost of capital	**(33,927)**	(39,909)
EV of Group	**927,376**	825,173
Including: EV of L&H	**572,336**	496,381

(in RMB million)	June 30 2018	December 31 2017
Value of one year' s new business	**84,345**	85,512
Cost of capital	**(16,901)**	(18,156)
Value of one year' s new business after cost of capital	**67,444**	67,357
Value of first half year' s new business after cost of capital	**38,757**	38,670

Note: Figures may not match totals due to rounding.

The adjusted net asset value of life and health insurance business is based on the unaudited shareholders' net asset value of the relevant life and health insurance business of the Company as measured in compliance with the Standards. This unaudited shareholders' net asset value is calculated based on the shareholders' net asset value in accordance with CAS by adjusting the relevant differences, such as reserves. The adjusted net asset value of other business is based on the shareholders' net asset value of the relevant business of the Company in accordance with CAS. The relevant life and health 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.

Key Assumptions

The assumptions used in the embedded value calculation as at June 30, 2018 are the same as those used in 2017 year-end valuation.

Value of New Business

The new business volumes measured by first year premium(FYP) and its new business value by segment for the first half are:

For the six months ended June 30 (in RMB million)	FYP used to calculate value of new business 2018	2017	Change (%)	Value of new business 2018	2017	Change (%)
Retail business	**82,897**	97,169	(14.7)	**38,644**	38,537	0.3
Agency	**72,089**	84,596	(14.8)	**34,649**	35,191	(1.5)
Long-term protection	**27,779**	29,518	(5.9)	**25,994**	25,422	2.2
Saving (short-PPP)	**37,145**	48,465	(23.4)	**5,850**	7,606	(23.1)
Saving (long-PPP)	**3,632**	2,951	23.1	**1,548**	1,047	47.8
Short-term	**3,532**	3,663	(3.6)	**1,257**	1,116	12.7
Tele, internet and others	**8,006**	6,781	18.1	**3,551**	2,873	23.6
Bancassurance	**2,802**	5,792	(51.6)	**445**	472	(5.9)
Group business	**17,647**	14,978	17.8	**113**	133	(14.8)
Total	**100,544**	112,147	(10.3)	**38,757**	38,670	0.2

Note: (1) Figures may not match totals due to rounding.

(2) "PPP" stands for Premium Payment Period.

(3) Long-term protection products cover whole-life, term life, critical illness and long term accident insurance. Saving products (short-PPP) cover endowment and annuity products with PPP below 10 years. Saving products (long-PPP) cover endowment and annuity products with PPP of 10 years and above.

(4) In the table above, the assumptions and method used to calculate the value of the first half year's new business in 2017 are the same as assumptions and method used for 2017 year-end valuation. If the 2017 interim valuation's assumptions and method were used, the value of first half year's new business in 2017 would be RMB38,551 million.

(5) Tele, internet and others includes telemarketing, internet marketing and Ping An Health's retail business.

(6) The differences between FYP used to calculate value of new business and FYP disclosed in MD&A are explained in the appendix.

The profit margin of new business by segment:

For the six months ended June 30	By FYP 2018	2017	By ANP 2018	2017
Retail business	**46.6%**	39.7%	**47.2%**	41.8%
Agency	**48.1%**	41.6%	**49.0%**	43.1%
Long-term protection	**93.6%**	86.1%	**93.5%**	86.1%
Saving (short-PPP)	**15.7%**	15.7%	**16.4%**	16.7%
Saving (long-PPP)	**42.6%**	35.5%	**42.6%**	38.1%
Short-term	**35.6%**	30.5%	**35.8%**	30.6%
Tele, internet and others	**44.4%**	42.4%	**43.3%**	42.4%
Bancassurance	**15.9%**	8.2%	**16.3%**	12.8%
Group business	**0.6%**	0.9%	**0.8%**	1.2%
Total	**38.5%**	34.5%	**40.4%**	37.4%

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.

Analysis of Embedded Value and Operating Profit

Embedded Value Movement

The table below shows how the Company's embedded value changed from the opening balance of RMB825,173 million as at December 31, 2017 to the closing balance of RMB927,376 million as at June 30, 2018.

(in RMB million)		2018	Note
Opening EV of L&H	[1]	**496,381**	
Expected return on opening EV	[2]	22,596	Expected embedded value growth
NBEV post-risk diversified, including:	[3]	49,442	
NBEV pre-risk diversified		38,757	Business written in 1H 2018 Cost of capital calculated at policy level
Diversification effects within new business		5,828	Diversification effects within NB lower cost of capital
Diversification effects with in-force		4,857	Diversification effects between NB and in-force lower cost of capital
Operating assumptions and model changes	[4]	15	
Operating variances and others	[5]	15,391	Favored operating experience
EV operating profit of L&H	[6]=[2+...+5]	**87,443**	
Economic assumptions changes	[7]	–	
Market value adjustment	[8]	3,330	Change in market value during Reporting Period
Investment return variance	[9]	(893)	
EV profit of L&H	[10]=[6+...+9]	**89,880**	
Shareholder dividends		(13,925)	Dividends paid by Ping An Life to the Company
Closing EV of L&H		**572,336**	
Opening ANA of other business	[11]	**328,792**	
Operating profit of other business	[12]	24,303	
Non-Operating profit of other business		–	
Market value adjustment and other variances		9,956	
Closing ANA of other business before capital changes		**363,052**	
Dividends received		13,925	Dividends received from Ping An Life
Dividends payout		(21,936)	Dividends paid by the Company to shareholders
Closing ANA of other business		**355,041**	
Closing EV		**927,376**	
EV per share (in RMB)		**50.73**	

Note: Figures may not match totals due to rounding.

EV operating profit of Group in the first half of 2018 was RMB111,747 million, which was comprised of RMB87,443 million of EV operating profit of L&H and RMB24,303 million of net profit of other business. The main source of EV operating profit of L&H is NBEV and expected return on opening EV.

For the six months ended June 30 (in RMB million)		2018	2017
EV operating profit of Group	[13]=[6]+[12]	**111,747**	98,506
EV operating profit of L&H	[6]	**87,443**	78,654
Operating ROEV of Group (not annualized)	[14]=[13]/([1]+[11])	**13.5%**	15.4%
Operating ROEV of L&H (not annualized)	[15]=[6]/[1]	**17.6%**	21.8%

Note: Figures may not match totals due to rounding.

Sensitivity Analysis

The Company has investigated the effect, on the embedded value of Group, embedded value of life and health insurance 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:

- Investment return and risk discount rate
- A 10% increase in mortality, morbidity and accident rates
- A 10% increase in policy discontinuance rates
- A 10% increase in maintenance expenses
- A 5% increase in the policyholders' dividend payout ratio
- A 10% decrease in fair value of equity asset

Sensitivity of EV of Group to investment return and risk discount rate

	Risk discount rate		
(in RMB million)	10.5%	11.0%	11.5%
Investment return increased by 50bps per annum	987,590	970,881	955,452
Central case	941,771	927,376	914,070
Investment return decreased by 50bps per annum	895,767	883,694	872,514

Sensitivity of EV of L&H to investment return and risk discount rate

	Risk discount rate		
(in RMB million)	10.5%	11.0%	11.5%
Investment return increased by 50bps per annum	632,550	615,840	600,411
Central case	586,730	572,336	559,029
Investment return decreased by 50bps per annum	540,726	528,653	517,473

Analysis of Embedded Value and Operating Profit

Sensitivity of NBEV to investment return and risk discount rate

(in RMB million)	Risk discount rate 10.5%	11.0%	11.5%
Investment return increased by 50bps per annum	77,736	73,652	69,856
Central case	71,136	67,444	64,006
Investment return decreased by 50bps per annum	64,507	61,209	58,129

Sensitivity to other assumptions

(in RMB million)	EV of Group	EV of L&H	NBEV
Central case	927,376	572,336	67,444
10% increase in mortality, morbidity and accident rates	909,032	553,991	61,681
10% increase in policy discontinuance rates	918,556	563,516	64,378
10% increase in maintenance expenses	924,415	569,374	66,824
5% increase in the policyholders' dividend payout ratio	918,541	563,500	66,586
10% decrease in fair value of equity assets	909,930	559,177	N/A

ANALYSIS OF OPERATING PROFIT

The section below contains Group Operating Profit and Source of Earning and Residual Margin Analysis of L&H. The Company has engaged PricewaterhouseCoopers Consultants (Shenzhen) Limited to review the reasonableness of the methodology and the calculation results of the Analysis of Operating Profit for the first half of 2018.

Group Operating Profit

Due to the long-term feature of the majority insurance business of life and health, the measure of operating profit has been applied to more appropriately evaluate business performance. Operating profit after tax is based on net profit from financial statements, excluding items that are of short-term, volatile or one-off nature, which include:

- Short-term investment variance, which is the variance between actual investment return of L&H and the ultimate investment return assumption, net of associated relevant impact on insurance and investment contract liability. The life and health insurance business operating profit is predicated on a 5% investment return assumption after excluding the short-term investment variance;

- Impact of discount rate(1) change is the effect on insurance contract liability of L&H due to changes in discount rate;

- Impact of one-off non-operating items are significant items that management considered to be non-operating income and expense(2).

It is believed that the operating profit after tax which excludes fluctuations of above non-operating related items could provide a clearer and more objective representation of business performance and trend.

Note: (1) Refer to Note 4.(4) in the 2017 Annual Report for the relative information about discount rate.

(2) Historically we have excluded financial gains made from transfer of Puhui to Lufax and Good Doctor stake sale in 2016 and 2017.

The Group operating profit after tax attributable to shareholders of the parent company in the first half of 2018 was RMB59,339 million, up by 23.3% year on year; The L&H operating profit after tax attributable to shareholders of the parent company was RMB35,035 million, up by 23.9% year on year.

Operating profit after tax attributable to shareholders of the parent company

For the six months ended June 30

(In million RMB)	2018	2017	Change (%)
Life and health insurance business	**35,035**	28,275	23.9
Property and casualty insurance business	**5,896**	6,861	(14.1)
Banking business	**7,756**	7,281	6.5
Asset management business	**9,159**	6,959	31.6
Trust business	**1,693**	2,260	(25.1)
Securities business	**918**	1,142	(19.6)
Others	**6,548**	3,557	84.1
Fintech & healthtech business	**4,204**	420	901.0
Other businesses and elimination	**(2,711)**	(1,670)	62.3
The Group	**59,339**	48,127	23.3

Note: Figures may not match totals due to rounding.

For the six months ended June 30 2018

(In million RMB)		Group	L&H business
Net profit	[1]	**64,770**	**34,328**
Excluding:			
Short-term investment variance of L&H	[2]	(1,233)	(1,233)
Impact of discount rate change of L&H	[3]	(35)	(35)
Impact of one-off material non-operating items	[4]	–	–
Operating profit after tax	[5]=[1-2-3-4]	66,038	35,595
Attributable to:			
– Owners of the parent		**59,339**	**35,035**
– Non-controlling interests		6,699	560

Note: (1) Figures may not match totals due to rounding.

(2) The short-term investment variance and impact of discount rate change of L&H listed above is net of tax.

Analysis of Embedded Value and Operating Profit

Source of Earning and Residual Margin Analysis of L&H

The breakdown by source of earning of L&H operating profit has been shown as below.

For the six months ended June 30 (in RMB million)		2018	2017	Note
Release of residual margin	[1]	**29,559**	23,989	
Return on net worth	[2]	**4,310**	3,245	Investment return on shareholder equity based on EV ultimate investment assumption (5%)
Spread income	[3]	**2,800**	2,472	Investment return from assets backing liability based on EV ultimate investment assumption (5%) higher than interest required on liability
Operating variances and other	[4]	**11,168**	8,973	Favored operating experiences
L&H operating profit before tax	[5]=[1+2+3+4]	**47,838**	38,679	
Income tax	[6]	**(12,243)**	(10,125)	
L&H operating profit after tax	[7]=[5]+[6]	**35,595**	28,554	

Note: Figures may not match totals due to rounding.

Residual margin is the present value of the Company's future profits with release pattern locked in at the time of policy issuance, resulting in stable release and immunity to capital market volatility. As at June 30, 2018, residual margin of life and health insurance business was 710,032 million, which rose by 15.2% from the beginning of 2018 mainly due to contribution from new business. The movement of L&H residual margin has been illustrated below:

(in RMB million)		June 30 2018	June 30 2017	Note
Opening residual margin	[1]	**616,319**	454,705	
Contribution from new business	[2]	**92,455**	93,459	
Expected interest growth	[3]	**13,590**	10,678	
Release of residual margin	[4]	**(29,559)**	(23,989)	
Operating variance and others	[5]	**17,227**	10,524	Mainly from business growth and favored lapse experience
Closing residual margin	[6]=[1+...+5]	**710,032**	545,376	

Note: Figures may not match totals due to rounding.

APPENDIX:

The differences between FYP used to calculate value of new business and FYP disclosed in MD&A are explained below.

For the six months ended June 30 (in RMB million)	FYP used to calculate value of new business	FYP disclosed in MD&A	Difference	Reasons
Retail business	82,897	94,458	(11,561)	Guaranteed renewal and other short term products' renewal premiums are included in FYP disclosed in MD&A but not included in FYP used to calculate value of new business;
Group business	17,647	12,304	5,343	In compliance with current accounting standards, group investment contracts are not included in FYP disclosed in MD&A, but included in FYP used to calculate value of new business due to their contribution to value of new business.
Total	**100,544**	**106,762**	**(6,218)**	

Liquidity and Capital Resources

- The Company manages its liquidity and capital resources from the perspective of the Group as a whole.
- As at June 30, 2018, the solvency of the Group was adequate. The comprehensive solvency margin ratio rose by 2.4 pps from the beginning of 2018 to date to 217.3%, higher than the regulatory requirement (100%).

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 operating, investing and financing activities of the Group while maximizing shareholders' return by optimizing its financial resources allocation and capital structure.

The Company manages its liquidity and capital resources from the perspective of the Group as a whole. The Budget Management Committee, Risk Management Executive 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 Group's management of cash, liquidity, funding and capital and so forth.

The liquidity management of the Group comprises capital management 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 plan for the Group, based on the overall situation of its subsidiaries' business development. The Group Executive Committee then determines a final capital plan based on the strategic plan of the entire group before allocating capital accordingly.

All operating, investing and financing activities should follow the requirements of liquidity management. Ping An Group and its insurance subsidiaries implement separate management of their operating cash inflows and outflows. Through the pooling of cash inflows and outflows, allocation and deployment of funds are centralized. The Company and its subsidiaries are therefore able to monitor cash flow status in a timely manner.

CAPITAL STRUCTURE

The Group's long-term capital stability stems from the profit continuously generated by its various businesses. The parent company's capital mainly comprises contributions from shareholders as well as proceeds from issuance of H shares and A shares. Further, based on the capital plan, the Group ensures capital adequacy by using capital market and debt market instruments, issuing equity securities, subordinated bonds, hybrid capital bonds and tier-2 capital bonds to raise capital. Adjustments were made to surplus capital through dividend distribution. As at June 30, 2018, the Group's equity attributable to shareholders of the parent company was RMB516,052 million, up 9.0% from the beginning of 2018 to date.

The following table indicates the balances of subordinated bonds, capital supplement bonds, hybrid capital bonds and tier-2 capital bonds issued by the Group's main subsidiaries as at June 30, 2018:

Issuer	Type	Par value (in RMB million)	Annual coupon rate	Issued year	Maturity
Ping An Life	Subordinated bonds	8,000	First 5 years: 5.90% Next 5 years: 7.90% (if not redeemed)	2014	10 years
Ping An Life	Capital supplement bonds	5,000	First 5 years: 3.90% Next 5 years: 4.90% (if not redeemed)	2015	10 years
Ping An Life	Capital supplement bonds	10,000	First 5 years: 3.82% Next 5 years: 4.82% (if not redeemed)	2016	10 years
Ping An Property & Casualty	Capital supplement bonds	5,000	First 5 years: 4.79% Next 5 years: 5.79% (if not redeemed)	2015	10 years
Ping An Property & Casualty	Capital supplement bonds	3,500	First 5 years: 5.10% Next 5 years: 6.10% (if not redeemed)	2017	10 years
Ping An Bank	Hybrid capital debt instrument	1,500	First 10 years: 5.70% Next 5 years: 8.70% (if not redeemed)	2009	15 years
Ping An Bank	Hybrid capital debt instrument	3,650	7.50%	2011	15 years
Ping An Bank	Tier-2 capital bonds	6,000	6.50%	2014	10 years
Ping An Bank	Tier-2 capital bonds	9,000	6.80%	2014	10 years
Ping An Bank	Tier-2 capital bonds	10,000	3.85%	2016	10 years

Liquidity and Capital Resources

FREE CASH OF THE HOLDING COMPANY

The free cash of the Company includes bonds, equity securities, bank deposits and cash equivalents that the Company holds. They can be invested in subsidiaries or used in daily operations or for dividend distribution. As at June 30, 2018, the Company's free cash amounted to RMB44,586 million, up RMB6,254 million compared with the beginning of this year.

(in RMB million)	June 30 2018	June 30 2017	Change (%)
Beginning balance of free cash	**38,332**	35,570	7.8
Dividend from subsidiaries	**24,891**	4,510	451.9
Dividend out to shareholders	**(12,999)**	-	N/A
Capital injection into subsidiaries	**(6,360)**	(1,350)	371.1
Others	**722**	(4,339)	N/A
Ending balance of free cash	**44,586**	34,391	29.6

The major cash outflows were the dividend to A and H shareholders of RMB12,999 million and capital injection into subsidiaries of RMB6,360 million. The major cash inflow was the dividend from subsidiaries of RMB24,891 million which is illustrated below:

For the six months ended June 30 (in RMB million)	2018
Ping An Life	**13,925**
Ping An Property & Casualty	**7,001**
Ping An Trust	**1,498**
Ping An Asset Management	**2,467**
Total	**24,891**

DIVIDEND DISTRIBUTION

According to Article 217 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 profit of the Company (namely profit after tax of the Company after covering the losses and making contributions to the revenue reserve) is 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, 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. The Board of Directors will ensure the stability and continuity of the profit distribution policy, so that the Group can seize opportunities for growth in the future while maintaining financial flexibility.

In view of the fast-growing operating profit and confidence in the Company's prospects, the Board of Directors suggested raising the interim cash dividend per share for 2018 up 24.0% year on year to RMB0.62.

CAPITAL ALLOCATION

Under integrated finance, the Company's ultimate goals are to support the Group's strategies and maximize capital efficiency. The Company follows three core principles in capital allocation: 1) to ensure capital levels of the Group's subsidiaries meet their respective business development needs and regulatory requirements; 2) to support mature, high-return businesses, boost performance, and create value; and 3) to explore new businesses, seize new growth drivers and opportunities, and realize sustainable growth in the future.

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 that have become due or fulfill other payment obligations.

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, and relevant policies. 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 on the liquidity risk for a certain period in the future to identify the potential liquidity risk and take measures to control liquidity gaps.

The Group and its subsidiaries have established liquidity reserve policies and maintained stable, convenient, and diverse sources of financing to ensure that they have adequate liquidity to tackle possible impacts from adverse situations. Meanwhile, the Group and its major subsidiaries have developed robust liquidity contingency plans for handling any significant liquidity events. The Group has also set up internal firewalls to prevent intra-group contagion of the liquidity risk.

Cash Flow Analysis

For the six months ended June 30 (in RMB million)	2018	2017	Change (%)
Net cash flows from operating activities	**161,607**	(13,975)	N/A
Net cash flows from investing activities	**(63,761)**	(239,994)	(73.4)
Net cash flows from financing activities	**(36,349)**	113,946	N/A

Net cash inflows from operating activities increased year on year mainly due to the increases in cash inflows in Ping An Bank's deposit and interbank businesses.

Net cash outflows from investing activities dropped year on year mainly due to a decline in net cash outflows from investing activities of Ping An Bank and Ping An Life.

Net cash inflows from financing activities fell year on year mainly due to a decrease in net cash inflows from financing activities of subsidiaries such as Ping An Bank.

Cash and Cash Equivalents

(in RMB million)	June 30 2018	December 31 2017	Change (%)
Cash	**243,816**	202,471	20.4
Bonds to mature within 3 months	**10,498**	13,185	(20.4)
Financial assets purchased under reverse repo agreements to mature within 3 months	**116,786**	93,008	25.6
Total cash and cash equivalents	**371,100**	308,664	20.2

The Company believes that the liquid assets currently held, together with net cash generated from future operations and the availability of short-term borrowings, will be sufficient to meet the foreseeable 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, jointly controlled entities 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 related solvency data under C-ROSS of the Group are as follows:

(in RMB million)	June 30 2018	December 31 2017	Change (%)
Core capital	**1,210,060**	1,115,365	8.5
Actual capital	**1,241,560**	1,146,865	8.3
Minimum capital	**571,479**	533,775	7.1
Core solvency margin ratio (regulatory requirement ≥50%)	**211.7%**	209.0%	2.7 pps
Comprehensive solvency margin ratio (regulatory requirement ≥100%)	**217.3%**	214.9%	2.4 pps

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

A stable solvency position ensures that the Company meets capital requirements specified by external institutions such as regulators and rating agencies, and supports the Company in developing business and creating value for shareholders.

Stress test results about impacts of declines in interest rates and equity assets on Ping An Group, Ping An Life and Ping An Property & Casualty's solvency margin ratios as at June 30, 2018 are disclosed below:

	Comprehensive solvency margin ratio		
	Ping An Group	Ping An Life	Ping An Property & Casualty
Central case	217.3%	228.0%	216.1%
50 bps decline in interest rate	210.0%	215.2%	216.5%
30% decrease in fair value of equity assets	208.1%	215.9%	210.9%

Changes in the Share Capital and Shareholders' Profile

INFORMATION DISCLOSED UNDER A SHARES REGULATORY REQUIREMENTS

Changes in Share Capital

Statement of changes in share capital

Unit: Shares	January 1 2018 Number of shares	January 1 2018 Percentage (%)	Changes during the Reporting Period: Issue of new shares	Bonus issue	Transfer from reserve	Others	Sub-total	June 30 2018 Number of shares	June 30 2018 Percentage (%)
I. Selling-restricted shares	-	-	-	-	-	-	-	-	-
II. Selling-unrestricted circulating shares									
1 RMB ordinary shares	10,832,664,498	59.26	-	-	-	-	-	10,832,664,498	59.26
2 Domestically listed foreign shares	-	-	-	-	-	-	-	-	-
3 Overseas listed foreign shares	7,447,576,912	40.74	-	-	-	-	-	7,447,576,912	40.74
4 Others	-	-	-	-	-	-	-	-	-
Subtotal	18,280,241,410	100.00	-	-	-	-	-	18,280,241,410	100.00
III. Total number of shares	18,280,241,410	100.00	-	-	-	-	-	18,280,241,410	100.00

Notes: (1) During the six months ended June 30, 2018 (the "Reporting Period"), neither the Company's total number of shares nor its share capital structure changed.

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

Shareholders' Information

Number of shareholders and their shareholdings

Total number of shareholders as at the end of the Reporting Period

535,127 (including 530,472 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[1]	Shareholding percentage (%)	Total number of shares held (Shares)[2]	Type of shares	Changes in the Reporting Period (+, -)	Number of selling-restricted shares held (Shares)	Number of pledged or frozen shares (Shares)
Hong Kong Securities Clearing Company Nominees Limited[3]	Overseas legal person	32.70	5,978,537,034[4]	H Share	-2,310,458	-	Unknown
Shenzhen Investment Holdings Co., Ltd.	State	5.27	962,719,102	A Share	-	-	341,740,000 pledged shares
China Securities Finance Corporation Limited	Others	4.90	895,622,022	A Share	+200,787,460	-	-
Business Fortune Holdings Limited	Overseas legal person	4.00	730,874,280	H Share	+2,305,150	-	544,085,280 pledged shares
New Orient Ventures Limited	Overseas legal person	3.91	714,663,997	H Share	-	-	714,663,997 pledged shares
Hong Kong Securities Clearing Company Limited[5]	Others	2.83	517,266,398	A Share	+122,355,940	-	-
Central Huijin Asset Management Ltd.	Others	2.65	483,801,600	A Share	-	-	-
Shum Yip Group Limited	State-owned legal person	1.41	257,728,008	A Share	-	-	-
Huaxia Life Insurance Co., Ltd. - Proprietary Funds	Others	1.10	200,657,696	A Share	+185,300,000	-	-
Huaxia Life Insurance Co., Ltd. - Universal Insurance Products	Others	1.07	196,319,315	A Share	-200,000,000	-	-

Notes: (1) Nature of the holders of A shares represents the nature of accounts held by the holders of A shares registered on the Shanghai Branch of China Securities Depository and Clearing Corporation Limited.

(2) As the shares of the Company could be used as underlying securities for margin financing and securities lending, the shareholdings of the shareholders are the aggregate of all the shares and interests held in ordinary securities accounts and credit securities accounts.

(3) Hong Kong Securities Clearing Company Nominees Limited ("HKSCC Nominees Limited") is the nominee holder of the shares held by non-registered H shareholders of the Company.

(4) Business Fortune Holdings Limited and New Orient Ventures Limited are indirect wholly-owned subsidiaries of CP Group Ltd., and the shares owned by these two companies have been registered under the name of HKSCC Nominees Limited. In order to avoid double counting, the shares owned by the above two companies have been deducted from the shares held by HKSCC Nominees Limited.

(5) The shares held by Hong Kong Securities Clearing Company Limited refer to the shares held by non-registered shareholders of the Northbound Trading of the Shanghai-Hong Kong Stock Connect Program.

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

Business Fortune Holdings Limited and New Orient Ventures Limited are indirect wholly-owned subsidiaries of CP Group Ltd., and they are of acting-in-concert relationship since they are under common control.

Save as disclosed 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 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 June 30, 2018, the following persons (other than the Directors, Supervisors and chief executive of the Company) had interests or short positions in the shares or underlying shares of the Company which shall be disclosed to the Company pursuant to the provisions of Divisions 2 and 3 of Part XV of the SFO or 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 meetings of shareholders of the Company

Name of substantial shareholder	H/A Shares	Capacity	Notes	Number of H/A Shares	Nature of interest	Percentage of total number of H/A shares in issue (%)	Percentage of total shares in issue (%)
Charoen Pokphand Group Company Limited ("CP Group Ltd")	H	Interest of controlled corporations		2,130,794,742	Long position	28.61	11.66
		Party to s317 agreement		100,000,000	Long position	1.34	0.55
		Total:	(1), (2)	2,230,794,742		29.95	12.20
		Interest of controlled corporations	(1)	403,549,738	Short position	5.42	2.21
Dhanin Chearavanont	H	Party to s317 agreement		2,130,794,742	Long position	28.61	11.66
		Interest of controlled corporations		100,000,000	Long position	1.34	0.55
		Total:	(1), (2)	2,230,794,742		29.95	12.20
		Party to s317 agreement	(2)	403,549,738	Short position	5.42	2.21
King Ace International Limited	H	Party to s317 agreement		2,130,794,742	Long position	28.61	11.66
		Interest of controlled corporations		100,000,000	Long position	1.34	0.55
		Total:	(1), (2)	2,230,794,742		29.95	12.20
		Party to s317 agreement	(2)	403,549,738	Short position	5.42	2.21

Changes in the Share Capital and Shareholders' Profile

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 (%)
Business Fortune Holdings Limited	H	Beneficial owner	(1)	730,874,280	Long position	9.81	4.00
Easy Boom Developments Limited	H	Beneficial owner	(1)	403,549,738	Long position	5.42	2.21
				403,549,738	Short position	5.42	2.21
New Orient Ventures Limited	H	Beneficial owner	(1)	714,663,997	Long position	9.60	3.91
JPMorgan Chase & Co.	H	Beneficial owner		1,063,404,677	Long position	14.28	5.82
		Investment Manager		273,120,592	Long position	3.67	1.49
		Trustee		24,826	Long position	0.00	0.00
		Approved lending agent		182,122,221	Lending Pool	2.45	1.00
		Total:	(3)	1,518,672,316		20.39	8.31
		Beneficial owner	(3)	415,653,896	Short position	5.58	2.27
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		56,781,231	Long position	0.76	0.31
		Interest of controlled corporations	(5)	1,878,705,912	Long position	25.23	10.28
		Total:	(5)	1,935,487,143		25.99	10.59
		Interest of controlled corporations	(5)	2,271,721,397	Short position	30.50	12.43
Benjamin Aaron Fuchs	H	Interest of controlled corporations	(6)	445,126,335	Long position	5.98	2.44
BFAM Partners (Cayman) Limited	H	Interest of controlled corporations	(6)	445,126,335	Long position	5.98	2.44
Citigroup Inc.	H	Person having a security interest in shares		130,000	Long position	0.00	0.00
		Interest of controlled corporations	(7)	51,497,515	Long position	0.69	0.28
		Approved lending agent		336,034,319	Lending pool	4.51	1.84
		Total:	(7)	387,661,834		5.21	2.12
		Interest of controlled corporations	(7)	23,248,271	Short position	0.31	0.13
Shenzhen Investment Holdings Co., Ltd.	A	Beneficial owner		962,719,102	Long position	8.89	5.27

Notes:

(1) CP Group Ltd. was deemed to be interested in a total of 2,130,794,742 H shares (Long position) and 403,549,738 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 June 6, 2018, 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	CP Group Ltd.	100.00	N	Long position	2,130,794,742
CT Bright Group Company Limited (Formerly known as Chia Tai Resources Holdings Limited)	CPG Overseas Company Limited	100.00	N	Long position	2,130,794,742
Chia Tai Giant Far Limited	CT Bright Group Company Limited (Formerly known as Chia Tai Resources Holdings Limited)	100.00	N	Long position	2,130,794,742
Chia Tai Primrose Holdings Limited	Chia Tai Giant Far Limited	100.00	Y	Long position	4,940,400
Chia Tai Primrose Holdings Limited	Chia Tai Giant Far Limited	100.00	N	Long position	2,125,854,342
Chia Tai Primrose Investment Limited	Chia Tai Primrose Holdings Limited	100.00	N	Long position	2,125,854,342
Easy Boom Developments Limited	Chia Tai Primrose Investment Limited	100.00	Y	Long position Short position	403,549,738 403,549,738
Business Fortune Holdings Limited	Chia Tai Primrose Investment Limited	100.00	Y	Long position	730,874,280
Jubilee Success Holdings Limited	Chia Tai Primrose Investment Limited	100.00	Y	Long position	15,784,024
Majestic Jubilee Limited	Chia Tai Primrose Investment Limited	100.00	Y	Long position	6,910,244
Ewealth Global Limited	Chia Tai Primrose Investment Limited	100.00	Y	Long position	68,318,786
King Beyond Global Limited	Chia Tai Primrose Investment Limited	100.00	Y	Long position	42,673,646
Oriental Power Developments Limited	Chia Tai Primrose Investment Limited	100.00	Y	Long position	4,893,000
Excel Trade Developments Limited	Chia Tai Primrose Investment Limited	100.00	Y	Long position	71,211,068
Golden Magic Holdings Limited	Chia Tai Primrose Investment Limited	100.00	Y	Long position	57,006,059
New Orient Ventures Limited	Chia Tai Primrose Investment Limited	100.00	Y	Long position	714,663,997
Charoen Pokphand Group (BVI) Holdings Limited	CPG Overseas Company Limited	100.00	N	Long position	9,969,500
Capital Crown Limited	Charoen Pokphand Group (BVI) Holdings Limited	100.00	N	Long position	9,969,500
CT Bright Holdings Limited	Capital Crown Limited	100.00	N	Long position	9,969,500
Lord Alpha Holdings Limited	CT Bright Holdings Limited	100.00	N	Long position	9,969,500
Jumbo Kingdom Ventures Limited	Lord Alpha Holdings Limited	100.00	N	Long position	9,969,500
Epic Success Developments Limited	Jumbo Kingdom Ventures Limited	100.00	Y	Long position	9,969,500

The interests of CP Group Ltd. in the Company included 403,549,738 H shares (Short position) which were held through derivatives, the category of which was through physically settled unlisted derivatives. 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; both companies 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 2,130,794,742 H shares (Long position) and 403,549,738 H shares (Short position) by virtue of section 317 of the SFO.

Changes in the Share Capital and Shareholders' Profile

(3) JPMorgan Chase & Co. was deemed to be interested in a total of 1,518,672,316 H shares (Long position) and 415,653,896 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 July 3, 2018, the following interests in H shares of the Company 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 Short position	18,916,836 0
JPMorgan Chase Bank, N.A. – London Branch	JPMorgan Chase Bank, N.A.	100.00	Y	Long position Short position	0 4,279,361
JF International Management Inc.	JPMorgan Asset Management (Asia) Inc.	100.00	Y	Long position Short position	186,000 0
JF Asset Management Limited	JPMorgan Asset Management Holdings Inc	0.01	Y	Long position Short position	57,434,000 0
JF Asset Management Limited	JPMorgan Asset Management (Asia) Inc.	99.99	Y	Long position Short position	57,434,000 0
JPMorgan Asset Management (Japan) Limited	JPMorgan Asset Management (Asia) Inc.	100.00	Y	Long position Short position	1,786,500 0
JPMorgan Asset Management (Taiwan) Limited	JPMorgan Asset Management (Asia) Inc.	100.00	Y	Long position Short position	2,335,500 0
J.P. Morgan Investment Management Inc.	JPMorgan Asset Management Holdings Inc	100.00	Y	Long position Short position	141,793,174 0
J.P. Morgan Equity Holdings, Inc.	JPMorgan Chase Holdings LLC	100.00	N	Long position Short position	21,230 0
J.P. Morgan International Finance Limited	JPMorgan Chase Bank, N.A.	100.00	N	Long position Short position	1,044,487,841 411,374,535
JPMorgan Asset Management (UK) Limited	JPMorgan Asset Management Holdings (UK) Limited	100.00	N	Long position Short position	3,109,500 0
J.P. Morgan Trust Company of Delaware	J.P. Morgan Equity Holdings, Inc.	100.00	Y	Long position Short position	21,230 0
J.P. Morgan Whitefriars LLC	J.P. Morgan Overseas Capital LLC	100.00	Y	Long position Short position	0 3,286,141
J.P. Morgan Securities plc	J.P. Morgan Capital Holdings Limited	100.00	Y	Long position Short position	1,039,597,440 388,688,394
JPMorgan Chase Bank, N.A.	JPMorgan Chase & Co.	100.00	Y	Long position Short position	205,522,211 0
J.P. Morgan Chase Bank Berhad	J.P. Morgan International Finance Limited	100.00	Y	Long position Short position	4,890,401 19,400,000

Name of controlled corporation	Name of controlling shareholder	% control	Direct interest (Y/N)	Nature of interest	Number of shares
JPMorgan Asset Management (UK) Limited	JPMorgan Asset Management Holdings (UK) Limited	100.00	Y	Long position Short position	43,079,524 0
China International Fund Management Co Ltd	JPMorgan Asset Management (UK) Limited	49.00	Y	Long position Short position	3,109,500 0
J.P. Morgan Broker-Dealer Holdings Inc	JPMorgan Chase Holdings LLC	100.00	N	Long position Short position	18,916,836 0
J.P. Morgan Capital Holdings Limited	J.P. Morgan International Finance Limited	100.00	N	Long position Short position	1,039,597,440 388,688,394
JPMorgan Asset Management Holdings Inc	JPMorgan Chase Holdings LLC	100.00	N	Long position Short position	307,158,198 0
JPMorgan Asset Management (Asia)Inc.	JPMorgan Asset Management Holdings Inc	100.00	N	Long position Short position	61,742,000 0
JPMorgan Asset Management Holdings (UK) Limited	JPMorgan Asset Management International Limited	100.00	N	Long position Short position	46,189,024 0
JPMorgan Chase Holdings LLC	JPMorgan Chase & Co.	100.00	N	Long position Short position	326,096,264 0
J.P. Morgan Overseas Capital LLC	J.P. Morgan International Finance Limited	100.00	N	Long position Short position	0 3,286,141
JPMorgan Asset Management International Limited	JPMorgan Asset Management Holdings Inc	100.00	N	Long position Short position	46,189,024 0
JPMorgan Chase Bank, N.A.	JPMorgan Chase & Co.	100.00	N	Long position Short position	1,044,487,841 415,653,896

The entire interests and short positions of JPMorgan Chase & Co. in the Company included a lending pool of 182,122,221 H shares (Long position). Besides, 675,717,332 H shares (Long position) and 284,213,756 H shares (Short position) were held through derivatives as follows:

81,010,135 H shares (Long position) and 49,956,523 H shares (Short position)	–	through physically settled listed derivatives
998,000 H shares (Long position) and 45,661,700 H shares (Short position)	–	through cash settled listed derivatives
543,269,285 H shares (Long position) and 118,844,044 H shares (Short position)	–	through physically settled unlisted derivatives
50,439,912 H shares (Long position) and 69,751,489 H shares (Short position)	–	through cash settled unlisted derivatives

(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 Short position	13,347,500 0
UBS Fund Services (Luxembourg) S.A.	UBS AG	100.00	Y	Long position Short position	22,604,966 0
UBS Global Asset Management (Americas) Inc.	UBS AG	100.00	Y	Long position Short position	2,503,000 0
UBS Global Asset Management (Australia) Ltd	UBS AG	100.00	Y	Long position Short position	370,000 0
UBS Global Asset Management (Canada) Inc.	UBS AG	100.00	Y	Long position Short position	4,440,000 0
UBS Global Asset Management (Hong Kong) Limited	UBS AG	100.00	Y	Long position Short position	12,470,936 0
UBS Global Asset Management (Japan) Ltd	UBS AG	100.00	Y	Long position Short position	1,964,104 0
UBS Global Asset Management (Singapore) Ltd	UBS AG	100.00	Y	Long position Short position	26,022,000 0
UBS Global Asset Management Trust Company	UBS AG	100.00	Y	Long position Short position	64,000 0
UBS Global Asset Management (UK) Ltd	UBS AG	100.00	Y	Long position Short position	16,052,000 0
UBS Global Asset Management (Deutschland) GmbH	UBS AG	100.00	Y	Long position Short position	29,000 0
UBS Financial Services Inc.	UBS AG	100.00	Y	Long position Short position	34,814 0
UBS Bank (Canada)	UBS AG	100.00	Y	Long position Short position	13,700 0
UBS Swiss Financial Advisers AG	UBS AG	100.00	Y	Long position Short position	510,000 0
UBS Global Asset Management Life Ltd	UBS AG	100.00	Y	Long position Short position	12,000 0
UBS Switzerland AG	UBS AG	100.00	Y	Long position Short position	622,000 0
UBS O' Connor Limited	UBS AG	100.00	Y	Long position Short position	36,500 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 derivatives
1,252,878 H shares (Long position) and 29,279,768 H shares (Short position)	–	through cash settled listed derivatives
182,785,280 H shares (Long position) and 51,911,643 H shares (Short position)	–	through physically settled unlisted derivatives
450,524,751 H shares (Long position) and 998,751,061 H shares (Short position)	–	through cash settled unlisted derivatives

(5) UBS Group AG was deemed to be interested in a total of 1,878,705,912 H shares (Long position) and 2,271,721,397 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 July 4, 2018, 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 Short position	1,701,846,948 2,219,883,022
UBS Asset Management (Americas) Inc.	UBS Group AG	100.00	Y	Long position Short position	2,973,192 0
UBS Asset Management (Australia) Ltd	UBS Group AG	100.00	Y	Long position Short position	391,500 0
UBS Asset Management (Canada) Inc.	UBS Group AG	100.00	Y	Long position Short position	3,110,000 0
UBS Asset Management (Deutschland) GmbH	UBS Group AG	100.00	Y	Long position Short position	656,724 0
UBS Asset Management France SA	UBS Group AG	100.00	Y	Long position Short position	154,000 0
UBS Asset Management (Hong Kong) Ltd	UBS Group AG	100.00	Y	Long position Short position	12,444,166 0
UBS Asset Management (Japan) Ltd	UBS Group AG	100.00	Y	Long position Short position	1,060,000 0
UBS Asset Management Life Limited	UBS Group AG	100.00	Y	Long position Short position	604,000 0
UBS Asset Management (Singapore) Ltd	UBS Group AG	100.00	Y	Long position Short position	19,154,500 0
UBS Asset Management Trust Company	UBS Group AG	100.00	Y	Long position Short position	2,617,000 0
UBS Asset Management (UK) Limited	UBS Group AG	100.00	Y	Long position Short position	21,205,066 0
UBS Fund Management (Luxembourg) S.A.	UBS Group AG	100.00	Y	Long position Short position	47,207,300 0
UBS Fund Management (Switzerland) AG	UBS Group AG	100.00	Y	Long position Short position	12,001,500 0
UBS Third Party Management Company S.A.	UBS Group AG	100.00	Y	Long position Short position	41,508 0

Name of controlled corporation	Name of controlling shareholder	% control	Direct interest (Y/N)	Nature of interest	Number of shares
UBS Securities LLC	UBS Group AG	100.00	Y	Long position Short position	51,818,375 51,818,375
UBS Financial Services Inc.	UBS Group AG	100.00	Y	Long position Short position	123,262 0
UBS Bank (Canada)	UBS Group AG	100.00	Y	Long position Short position	140,785 0
UBS Europe SE	UBS Group AG	100.00	Y	Long position Short position	26,000 0
UBS Gestión S.G.I.I.C., SA	UBS Group AG	100.00	Y	Long position Short position	2,500 0
UBS Swiss Financial Advisers AG	UBS Group AG	100.00	Y	Long position Short position	102,000 0
UBS Switzerland AG	UBS Group AG	100.00	Y	Long position Short position	797,000 20,000
UBS Trustees (Bahamas) Limited	UBS Group AG	100.00	Y	Long position Short position	139,000 0
UBS Trustees (Cayman) Limited	UBS Group AG	100.00	Y	Long position Short position	11,000 0
UBS Trustees (Jersey) Limited	UBS Group AG	100.00	Y	Long position Short position	40,000 0
UBS Trustees (Singapore) Limited	UBS Group AG	100.00	Y	Long position Short position	21,500 0
UBS Limited	UBS Group AG	100.00	Y	Long position	17,086

Besides, 1,813,901,169 H shares (Long position) and 1,815,720,291 H shares (Short position) were held through derivatives as follows:

35,612,922 H shares (Long position) and 47,826,730 H shares (Short position)	–	through physically settled listed derivatives
126,900 H shares (Long position) and 21,580,000 H shares (Short position)	–	through cash settled listed derivatives
1,242,944,489 H shares (Long position) and 938,104,515 H shares (Short position)	–	through physically settled unlisted derivatives
535,216,858 H shares (Long position) and 808,209,046 H shares (Short position)	–	through cash settled unlisted derivatives

(6) Benjamin Aaron Fuchs was deemed to be interested in 445,126,335 H shares (Long position) in the Company by virtue of his control over several corporations.

According to the disclosure form filed by Benjamin Aaron Fuchs on July 3, 2018, the following interests in H shares of the Company were held by Benjamin Aaron Fuchs through his 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
BFAM Partners (Cayman) Limited	Benjamin Fuchs	85.10	N	Long position Short position	445,126,335 0
BFAM Asian Opportunities Master GP Limited	BFAM Partners (Cayman) Limited	100.00	N	Long position Short position	445,126,335 0
BFAM Asian Opportunities Master Fund, L.P	BFAM Asian Opportunities Master GP Limited	0.00	Y	Long position Short position	445,126,335 0
BFAM Asian Opportunities Fund Limited	BFAM Partners (Cayman) Limited	100.00	N	Long position Short position	445,126,335 0
BFAM Asian Opportunities Master Fund, L.P	BFAM Asian Opportunities Fund Limited	89.10	Y	Long position Short position	445,126,335 0

Besides, 444,571,635 H shares (Long position) were held through derivatives as follows:

28,315,500 H shares (Long position) – through physically settled listed derivatives

217,119,087 H shares (Long position) – through physically settled unlisted derivatives

199,137,048 H shares (Long position) – through cash settled unlisted derivatives

(7) Citigroup Inc. was deemed to be interested in a total of 51,497,515 H shares (Long position) and 23,248,271 H shares (Short position) in the Company by virtue of its control over several corporations.

According to the disclosure form filed by Citigroup Inc. on April 26, 2018, the following interests in H shares of the Company were held by Citigroup Inc. 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
Citicorp LLC	Citigroup Inc.	100.00	N	Long position Short position	349,930,511 993,207
Citibank, N.A.	Citicorp LLC	100.00	Y	Long position Short position	349,827,044 993,207
Citigroup Global Markets Holdings Inc.	Citigroup Inc.	100.00	N	Long position Short position	37,210,421 22,255,064
Citigroup Financial Products Inc.	Citigroup Global Markets Holdings Inc.	100.00	N	Long position Short position	37,210,421 22,255,064
Citigroup Global Markets (International) Finance AG	Citigroup Financial Products Inc.	100.00	N	Long position Short position	15,554,845 5,930,944
Citigroup Global Markets Overseas Finance Limited	Citigroup Global Markets (International) Finance AG	51.86	N	Long position Short position	518,500 0
Citigroup Global Markets Overseas Finance Limited	Citigroup Global Markets Switzerland Holding GmbH	48.14	N	Long position Short position	518,500 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
Citigroup Global Markets Hong Kong Holdings Limited	Citigroup Global Markets Overseas Finance Limited	100.00	N	Long position Short position	518,500 0
Citigroup First Investment Management Limited	Citigroup Global Markets Overseas Finance Limited	100.00	Y	Long position Short position	518,500 0
Citigroup Global Markets Hong Kong Limited	Citigroup Financial Products Inc.	100.00	Y	Long position Short position	21,633,862 16,634,120
Citigroup Global Markets Inc.	Citigroup Financial Products Inc.	100.00	Y	Long position Short position	21,714 0
Citigroup Global Markets Holdings Bahamas Limited	Citigroup Global Markets (International) Finance AG	50.20	N	Long position Short position	15,036,345 5,930,944
Citigroup Global Markets Holdings Bahamas Limited	Citigroup Financial Products Inc.	49.50	N	Long position Short position	15,036,345 5,930,944
Citigroup Global Markets Limited	Citigroup Global Markets Holdings Bahamas Limited	92.00	Y	Long position Short position	15,036,345 5,930,944
Citicorp Banking Corporation	Citigroup Inc.	100.00	N	Long position Short position	301,500 0
Citibank (Switzerland) AG	Citicorp Banking Corporation	100.00	Y	Long position Short position	301,500 0
Citibank, N.A.	Citicorp LLC	100.00	N	Long position Short position	103,467 0
Citibank Overseas Investment Corporation	Citibank, N.A.	100.00	N	Long position Short position	81,215 0
Citi Overseas Investments Bahamas Inc.	Citibank Overseas Investment Corporation	100.00	N	Long position Short position	81,215 0
Citigroup International Luxembourg Limited	Citi Overseas Investments Bahamas Inc.	100.00	N	Long position Short position	81,215 0
Citigroup Participation Luxembourg Limited	Citigroup International Luxembourg Limited	100.00	N	Long position Short position	81,215 0
Cititrust (Bahamas) Limited	Citigroup Participation Luxembourg Limited	100.00	Y	Long position Short position	81,215 0
Citicorp Trust Delaware, National Association	Citibank, N.A.	100.00	Y	Long position Short position	7,238 0
Citicorp Trust South Dakota	Citibank, N.A.	100.00	Y	Long position Short position	15,014 0
Citi GSCP Inc.	Citigroup Inc.	100.00	N	Long position Short position	219,402 0
Citigroup Niagara Holdings LLC	Citi GSCP Inc.	85.00	N	Long position Short position	219,402 0
TRV Holdings LLC	Citigroup Niagara Holdings LLC	100.00	N	Long position Short position	219,402 0

Name of controlled corporation	Name of controlling shareholder	% control	Direct interest (Y/N)	Nature of interest	Number of shares
TRV Investments LLC	TRV Holdings LLC	100.00	N	Long position Short position	219,402 0
COHM Overseas Mexico Holding, S. de R.L. de C.V.	TRV Investments LLC	99.99	N	Long position Short position	219,402 0
Citigroup Capital Partners Mexico, S. de R.L. de C.V.	COHM Overseas Mexico Holding, S. de R.L. de C.V.	99.99	N	Long position Short position	219,402 0
NAMGK Mexico Holding, S. de R.L. de C.V.	Citigroup Capital Partners Mexico, S. de R.L. de C.V.	99.99	N	Long position Short position	219,402 0
Citicorp (Mexico) Holdings LLC	NAMGK Mexico Holding, S. de R.L. de C.V.	100.00	N	Long position Short position	219,402 0
Grupo Financiero Banamex, S.A. de C.V.	Citicorp (Mexico) Holdings LLC	100.00	N	Long position Short position	219,402 0
Acciones y Valores Banamex, S.A. de C.V. Casa de Bolsa, Integrante del Grupo Financiero Banamex	Grupo Financiero Banamex, S.A. de C.V.	100.00	N	Long position Short position	219,402 0
Impulsora de Fondos Banamex, S.A. de C.V., Sociedad Operadora de Sociedades de Inversion	Acciones y Valores Banamex, S.A. de C.V. Casa de Bolsa, Integrante del Grupo Financiero Banamex	100.00	Y	Long position Short position	219,402 0

The entire interests and short positions of Citigroup Inc. in the Company included a lending pool of 336,034,319 H shares (Long position). Besides, 33,472,308 H shares (Long position) and 17,112,585 H shares (Short position) were held through derivatives as follows:

14,455,210 H shares (Long position) and 5,794,000 H shares (Short position)	–	through physically settled listed derivatives
6,138,216 H shares (Long position) and 9,463,115 H shares (Short position)	–	through physically settled unlisted derivatives
12,878,882 H shares (Long position) and 1,855,470 H shares (Short position)	–	through cash settled unlisted derivatives

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

Save as disclosed above, the Directors and Supervisors of the Company are not aware of any other person (other than the Directors, Supervisors and chief executive of the Company) having any interest or short position in the shares and underlying shares of the Company as at June 30, 2018 which shall be disclosed to the Company pursuant to the provisions of Divisions 2 and 3 of Part XV of the SFO or recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO.

Directors, Supervisors and Senior Management

SHAREHOLDINGS OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

As at June 30, 2018, 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. 3 Concerning the Contents and Formats of Information Disclosure by Listed Companies – The Contents and Formats of Interim Report (Revised in 2017)" 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) which 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:

Changes in the number of 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	Beneficial owner	A	893,966	1,120,555	+226,589	Share purchase plan	Long position	0.01034	0.00613
		Interest of his spouse	H	20,000	20,000	-	-	Long position	0.00027	0.00011
Sun Jianyi	Senior Vice Chairman and Executive Vice President	Beneficial owner	A	4,007,565	4,273,639	+266,074	Share purchase plan	Long position	0.03945	0.02338
Ren Huichuan	Executive Director and President	Beneficial owner	A	371,372	597,961	+226,589	Share purchase plan	Long position	0.00552	0.00327
Yao Jason Bo	Executive Director, Executive Vice President, Chief Financial Officer and Chief Actuary	Beneficial owner	A	60,144	175,655	+115,511	Share purchase plan	Long position	0.00162	0.00096
		Beneficial owner	H	24,000	24,000	-	-	Long position	0.00032	0.00013
		Interest of his spouse	H	44,000	64,000	+20,000	Purchase	Long position	0.00086	0.00035
Lee Yuansiong	Executive Director, Executive Vice President, Deputy Chief Executive Officer and Chief Insurance Business Officer	Beneficial owner	A	40,601	141,915	+101,314	Share purchase plan	Long position	0.00131	0.00078
Cai Fangfang	Executive Director, Chief Human Resources Officer	Beneficial owner	A	24,687	75,866	+51,179	Share purchase plan	Long position	0.00070	0.00042
Lin Lijun[1]	Retired Non-executive Director	Beneficial owner	A	1,140	2,897	+1,757	Share purchase plan	Long position	0.00003	0.00002
Xiong Peijin[1]	Retired Non-executive Director	Interest of his spouse	A	102,000	102,000	-	-	Long position	0.00094	0.00056

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 (%)
Pan Zhongwu	Employee Representative Supervisor	Beneficial owner	A	8,378	15,220	+6,842	Share purchase plan	Long position	0.00014	0.00008
Wang Zhiliang	Employee Representative Supervisor	Beneficial owner	A	15,536	27,505	+11,969	Share purchase plan	Long position	0.00025	0.00015
Tan Sin Yin	Executive Vice President, Deputy Chief Executive Officer, Chief Information Officer and Chief Operating Officer	Beneficial owner	A	-	62,680	+62,680	Share purchase plan	Long position	0.00058	0.00034
Ip So Lan	Senior Vice President, Chief Internal Auditor, Compliance Officer, Person-in-charge of Auditing	Beneficial owner	A	36,714	134,959	+98,245	Share purchase plan	Long position	0.00125	0.00074
Chen Kexiang	Senior Vice President	Beneficial owner	A	43,196	120,499	+77,303	Share purchase plan	Long position	0.00111	0.00066
Cao Shifan	Senior Vice President	Beneficial owner	A	52,132	136,836	+84,704	Share purchase plan	Long position	0.00126	0.00075
Xie Yonglin	Senior Vice President	Beneficial owner	A	-	62,680	+62,680	Share purchase plan	Long position	0.00058	0.00034
Yao Jun	Chief Legal Officer, Company Secretary	Beneficial owner	A	36,714	70,127	+33,413	Share purchase plan	Long position	0.00065	0.00038
Sheng Ruisheng	Secretary of the Board	Beneficial owner	A	26,888	85,823	+58,935	Share purchase plan	Long position	0.00079	0.00047

(1) Ms. Lin Lijun and Mr. Xiong Peijin have ceased to serve as Non-executive Directors of the Company since May 23, 2018.

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 held in associated corporations of the Company

As at June 30, 2018, 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.

Directors, Supervisors and Senior Management

APPOINTMENT OR REMOVAL OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

The election of the new Board of Directors was conducted at the 2017 Annual General Meeting of the Company held on May 23, 2018. According to the resolution, the 11th Board of Directors is composed of 15 Directors. Ms. Lin Lijun and Mr. Xiong Peijin did not stand for re-election as Directors of the Company due to personal work arrangements, and Mr. Stephen Thomas Meldrum did not stand for re-election as a Director of the Company due to expiration of his term of office of 6 years as an Independent Non-executive Director. According to the resolution passed at the general meeting, Mr. Wang Yongjian was elected as a Non-executive Director of the 11th Board of Directors of the Company. The qualification of Mr. Wang Yongjian as a Director of the Company was obtained from CBIRC on July 13, 2018, and the appointment of Mr. Wang Yongjian became effective on the same day.

CHANGES IN INFORMATION OF DIRECTORS AND SUPERVISORS

Pursuant to the disclosure requirement under Rule 13.51B(1) of the HKEX Listing Rules, the changes in information of Directors and Supervisors are as follows:

1. Mr. Yang Xiaoping, a Non-executive Director of the Company, has served as a Non-executive Director of Honma Golf Limited (Stock Code: 6858.HK) since May 2018.

2. Mr. Wang Yongjian, a Non-executive Director of the Company, has ceased to serve as the Director of Guosen Securities Co., Ltd. (Stock Code: 002736.SZ) since July 2018.

3. Mr. Wong Oscar Sai Hung, an Independent Non-executive Director of the Company, has ceased to serve as the Non-executive Director of Chong Sing Holdings FinTech Group Limited (Stock Code: 8207.HK) since February 2018, has ceased to serve as a Non-executive Director of PAN Securities Group Limited (Stock Code: 0231.HK) since July 2018, and has served as an Independent Non-executive Director of Green Energy Group Limited (Stock Code: 0979.HK) since June 2018.

4. Mr. Gu Liji, an Independent Supervisor of the Company, has ceased to serve as an Independent Non-executive Director of Maxphotonics Co., Ltd. since August 2018.

Save as disclosed above, there is no other information required to be disclosed pursuant to Rule 13.51B(1) of the HKEX Listing Rules.

Significant Events

CORPORATE GOVERNANCE

The Company has been engaged in ongoing efforts to improve the corporate governance structure and enhance the level of corporate governance in strict compliance with the Company Law of the PRC and other relevant laws and regulations, with de facto conditions of the Company taken into account.

During the Reporting Period, the Company held two general meetings; the Board Of Directors convoked four meetings; and the Supervisory Committee convened three meetings. The general meeting, the Board of Directors, the Supervisory Committee and the senior management have been exercising their rights and performing their respective responsibilities conferred by the Articles of Association separately, with no report of breach of laws and regulations.

The Company disclosed material information in a truthful, accurate, complete, timely and impartial manner in accordance with the laws and regulations and the Articles of Association, making sure that every shareholder had equal chances to obtain the information. The Company is committed to maintaining a high level of corporate governance, and believes that sound corporate governance not only can further enhance the efficiency and reliability of the Company's management, but also is crucial to the maximization of the shareholders' value.

IMPLEMENTATION OF PROFIT DISTRIBUTION PLAN DURING THE REPORTING PERIOD

The 2017 profit distribution plan of the Company was deliberated and approved at the 2017 Annual General Meeting held on May 23, 2018, according to which the Company paid in cash the 2017 final dividend of RMB1.00 (tax inclusive) per share, in a total amount of RMB18,280,241,410.00, based on its total share capital of 18,280,241,410 shares. The remaining undistributed profit was carried forward to 2018. As at the date of the report, the implementation of the distribution plan has been completed.

The 30th Anniversary Special Dividend plan of the Company was deliberated and approved at the 2017 Annual General Meeting held on May 23, 2018, according to which the Company paid in cash the 30th Anniversary Special Dividend of RMB0.20 (tax inclusive) per share, in a total amount of RMB3,656,048,282.00, based on its total share capital of 18,280,241,410 shares. As at the date of the report, the implementation of the distribution plan has been completed.

INTERIM RESULTS AND PROFIT DISTRIBUTION

The Group's results for the first half of 2018 are set out in the section headed "FINANCIAL STATEMENTS". The Board of Directors declared that an interim dividend of RMB0.62 (tax inclusive, equivalent to HKD0.707157) per share for the six months ended June 30, 2018, in a total amount of RMB11,333,749,674.20, based on the total share capital of 18,280,241,410 shares, would be distributed to the shareholders of the Company. The dividend payment will have no material impact on the Group's solvency margin ratio; after the dividend payment, the Group's solvency margin ratio will still meet regulatory requirements.

According to the Articles of Association, dividends will be denominated and declared in Renminbi. Dividends on A shares will be paid in Renminbi and dividends on H shares will be paid in Hong Kong dollar. The relevant exchange rate is the average central parity rate of Renminbi to Hong Kong dollar as announced by PBOC for the week prior to the date of declaration of interim dividend (RMB0.876750 equivalent to HKD1.00).

The decision-making procedure and mechanism of the above profit distribution plans were complete, and the dividend payout standards and proportions were clear. The above profit distribution plans were in line with the Articles of Association and relevant deliberation procedures, and had fully protected the legitimate interests of minority shareholders. All the Independent Non-executive Directors of the Company have given independent opinions that agree with the profit distribution plans.

The expected timetable for, inter alia, the distribution of cash dividend as set out below is indicative only. The expected timetable is subject to change, and any such change will be announced in a separate announcement by the Company as and when appropriate:

Record date for the A shareholders	Wednesday, September 5, 2018
Payment of cash dividend for A shares	Thursday, September 6, 2018
Latest time for lodging transfers of the H shares to qualify for the entitlement of the cash dividend	4:30 p.m. on Friday, September 7, 2018
Closure of register for the H shareholders	Monday, September 10, 2018 to Friday, September 14, 2018 (both days inclusive)
Record date for the H shareholders	Friday, September 14, 2018
Payment of cash dividend for H shares	Thursday, October 11, 2018

No transfer of H shares will be registered between Monday, September 10, 2018 and Friday, September 14, 2018 (both days inclusive). To qualify for the cash dividend, all properly completed transfer documents together with the relevant share certificates must be lodged for registration with the H share registrar of the Company, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Center, 183 Queen's Road East, Wan Chai, Hong Kong, at or before 4:30 p.m., on Friday, September 7, 2018.

GENERAL ANALYSIS OF EXTERNAL INVESTMENT

Ping An is an integrated financial services group, and investment is one of its core businesses. The investment of insurance funds represents a majority of the equity investment of the Company. The investment of insurance funds is subject to relevant laws and regulations. For details of the asset allocation of the investment portfolio of insurance funds, please refer to relevant sections headed "Business Analysis".

Material Equity Investment

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

Material Non-equity Investment

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

Financial Instruments Measured at Fair Value

Details of the Company's financial instruments measured at fair value are set out in Note 43 to the financial statements.

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 3.(2) to the financial statements.

Structured Entities Controlled by The Company

There is no significant change in the details of structured entities controlled by the Company compared with the year of 2017.

IMPLEMENTATION OF THE KEY EMPLOYEE SHARE PURCHASE PLAN OF THE COMPANY

As deliberated at the 16th Meeting of the 9th Board of Directors held on October 28, 2014 and approved at the 1st Extraordinary General Meeting for 2015 held on February 5, 2015, the Key Employee Share Purchase Plan (the "Plan") of the Company has been officially implemented. Since the implementation of this Plan, the Company has had stable operations; the shareholders, the Company, and the employees have shared benefits and risks, providing a strong foundation for further improvement of the Company's governance structure as well as establishing and improving the long-term incentive and restraint mechanisms to facilitate long-term sustainable, healthy development of the Company.

As at the end of the Reporting Period, four phases of the Plan had been implemented:

Implementation in 2015

The participants were 839 key employees of the Company and its subsidiaries including, among others, the directors, employee representative supervisors, and senior management. The sources of funding were legitimate salaries and performance bonuses of the employees.

The share purchase was conducted by the manager of the Plan, China Merchants Securities Co., Ltd. (changed to China Merchants Securities Asset Management Co., Ltd. on September 9, 2015 due to establishment of the subsidiary) from March 20, 2015 to March 26, 2015 in the secondary market; 4,050,253 A shares of the Company in total were purchased for a total price of RMB312,047,645 (expenses inclusive), accounting for 0.044% of the total 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 published by the Company on the websites of the HKEX and the SSE on March 27, 2015 and March 30, 2015 respectively.

As the Company's profit distribution for 2014 included the conversion of capital reserve into share capital in a proportion of 10 shares for every 10 shares held, the total number of shares held under the Plan for this phase had changed to 8,100,506 shares.

During the Reporting Period, one third of the shares under the Plan for this phase were unlocked and vested in batches to 639 employees. As to the remaining 62 employees who did not qualify for the vesting, 135,515 shares were forfeited. All shares under the Plan for this phase had been unlocked and vested as of June 30, 2018.

Implementation in 2016
The participants were 773 key employees of the Company and its subsidiaries including, among others, the directors, employee representative supervisors, and senior management. The sources of funding were legitimate salaries and performance bonuses of the employees.

The share purchase was conducted by the manager of the Plan, China Merchants Securities Asset Management Co., Ltd. from March 17, 2016 to March 21, 2016 in the secondary market; 14,803,850 A shares of the Company in total were purchased for a total price of RMB481,733,046.11 (expenses inclusive) and an average price of RMB32.53 per share, accounting for 0.081% of the total share capital of the Company at that time. These shares are subject to a lock-up period from March 23, 2016 to March 22, 2017. For details of the share purchase, please refer to the Announcement regarding the Completion of Share Purchase under the 2016 Key Employee Share Purchase Plan published by the Company on the websites of the HKEX and the SSE on March 22, 2016 and March 23, 2016 respectively.

During the Reporting Period, one third of the shares under the Plan for this phase were unlocked and vested in batches to 680 employees. As to the remaining 41 employees who did not qualify for the vesting, 210,765 shares were forfeited.

Implementation in 2017
The participants were 1,157 key employees of the Company and its subsidiaries including, among others, the directors, employee representative supervisors, and senior management. The sources of funding were legitimate income and performance bonuses of the employees.

The share purchase was conducted by the manager of the Plan, China Merchants Securities Asset Management Co., Ltd. from March 23, 2017 to March 27, 2017 in the secondary market; 16,419,990 A shares of the Company in total were purchased for a total price of RMB603,498,822.25 (expenses inclusive) and an average price of RMB36.74 per share, accounting for 0.090% of the total share capital of the Company at that time. These shares are subject to a lock-up period from March 29, 2017 to March 28, 2018. For details of the share purchase, please refer to the Announcement regarding the Completion of Share Purchase under the 2017 Key Employee Share Purchase Plan published by the Company on the websites of the HKEX and the SSE on March 28, 2017 and March 29, 2017 respectively.

During the Reporting Period, one third of the shares under the Plan for this phase were unlocked and vested in batches to 1,104 employees. As to the remaining 53 employees who did not qualify for the vesting, 428,798 shares were forfeited.

Implementation in 2018
The participants were 1,296 key employees of the Company and its subsidiaries including, among others, the directors, employee representative supervisors, and senior management. The sources of funding were legitimate income and performance bonuses of the employees.

The share purchase was conducted by the manager of the Plan, China Merchants Securities Asset Management Co., Ltd. on April 27, 2018 in the secondary market; 9,666,900 A shares of the Company in total were purchased for a total price of RMB592,698,901.19 (expenses inclusive) and an average price of RMB61.29 per share, accounting for 0.053% of the total share capital of the Company at that time. These shares are subject to a lock-up period from May 2, 2018 to May 1, 2019. For details of the share purchase, please refer to the Announcement regarding the Completion of Share Purchase under the 2018 Key Employee Share Purchase Plan published by the Company on the websites of the HKEX and the SSE on May 1, 2018 and May 2, 2018 respectively. During the Reporting Period, there was no change in equity as a result of disposal by holders of the Plan.

The manager of the Plan is China Merchants Securities Asset Management Co., Ltd., and was not changed during the Reporting Period.

IMPLEMENTATION OF SHARE INCENTIVE SCHEME OF THE COMPANY AND ITS EFFECTS

During the Reporting Period, the Company did not implement any share incentive scheme based on the Company's shares.

AMENDED AND RESTATED SHARE INCENTIVE SCHEME OF AUTOHOME OF 2016 ("AUTOHOME SHARE INCENTIVE SCHEME OF 2016")

The Annual General Meeting held by the Company on June 16, 2017 deliberated and approved the Autohome Share Incentive Scheme of 2016, involving the grant of options ("Autohome Options") to, or for the benefit of, specified participants to subscribe for Class A Ordinary Shares of Autohome ("Autohome Shares").

As of June 30, 2018, the details and movements of the Autohome Share Incentive Scheme of 2016 in relation to the Autohome Options are as follows:

			The Number of Options				
Type of grantees	Exercise period	Exercise price (per Autohome share, USD)	Balance as at January 1, 2018	Granted during the Reporting Period	Lapsed during the Reporting Period	Exercised during the Reporting Period	Balance as at June 30, 2018
Employee	Not exceeding 10 years from the date of grant	22.19~83.27	611,526	202,541	–	35,165	778,902

Autohome, as a company listed on the New York Stock Exchange, files its quarterly financial results with the U.S. Securities and Exchange Commission under the relevant regulatory rules of the U.S. Considering the consistency of the information disclosure, the Company would not herein disclose the value of the Autohome Options granted to the participants during the Reporting Period.

SHANGHAI JAHWA 2018 EQUITY INCENTIVE SCHEME

The 2017 Annual General Meeting held by the Company on May 23, 2018 deliberated and approved the Shanghai Jahwa 2018 Equity Incentive Scheme, involving the grant of options ("Shanghai Jahwa Options") to, or for the benefit of, specified participants to subscribe for Ordinary Shares of Shanghai Jahwa. Please refer to the general meeting information of the Company disclosed on the website of SSE on April 28, 2018 as well as the circular of the Company dispatched to H shareholders on April 30, 2018 for the particulars of the Shanghai Jahwa 2018 Equity Incentive Scheme.

As of June 30, 2018, no Shanghai Jahwa Options has been granted under the Shanghai Jahwa 2018 Equity Incentive Scheme.

MATERIAL CONNECTED-PARTY TRANSACTIONS

During the Reporting Period, there was no material connected-party transaction that was required to be disclosed.

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 external guarantee incurred during the Reporting Period	–
Total external guarantee balance as at the end of the Reporting Period	–
	Guarantee of the Company and its subsidiaries in favor of its subsidiaries
Total guarantee in favor of its subsidiaries incurred during the Reporting Period	8,334
Total guarantee balance in favor of its subsidiaries as at the end of the Reporting Period	40,561
	Total guarantee of the Company (including the guarantee in favor of its subsidiaries)
Total guarantee	40,561
Total guarantee as a percentage of the Company' s net assets (%)	7.9
Including: Direct or indirect guarantee for the companies with a debt to total assets ratio over 70% (as at June 30, 2018)	36,930
The amount by which the total guarantee balance of the Company and its subsidiaries exceeded 50% of the Company' s net assets	–

Note: (1) The data set out in the table above do not include those arising from financial guarantee business conducted by Ping An Bank (the controlled subsidiary) and other subsidiaries of the Company in strict compliance with the scope of business approved by regulatory authorities.

(2) During the Reporting Period, total guarantee was the net amount of RMB14,283 million guarantee incurred less RMB5,949 million guarantee reduced.

Entrustment, Underwriting, Lease, Entrusted Asset Management, Entrusted Loan and other Material Contracts

No matter relating to entrustment, underwriting, lease or other material contracts of the Company was required to be disclosed during the Reporting Period.

During the Reporting Period, the Company engaged in no entrusted asset management or entrusted lending outside the normal business scope. For details of the Company's entrusted asset management and entrusted lending, please refer to the "Notes to the Interim Condensed Consolidated Financial Information".

MATERIAL LITIGATIONS AND ARBITRATIONS

During the Reporting Period, the Company had no material litigation or arbitration case that was required to be disclosed.

FOREIGN EXCHANGE RISK

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

The Group conducts sensitivity analysis to assess its risk exposure. The sensitivity to 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:

June 30, 2018 (in RMB million)	Decrease in equity before tax
Net exposure to fluctuations in exchange rates assuming a simultaneous and uniform 5% depreciation rate of all foreign currency denominated monetary assets and liabilities and non-monetary assets and liabilities measured at fair value against the Renminbi	3,840

FULFILLMENTS OF UNDERTAKINGS

Undertakings in Respect of the Major Asset Restructuring with Shenzhen Development Bank

(1) The Company undertakes that, after the completion of the major asset restructuring with Shenzhen Development Bank, and during the period when the Company remains as the controlling shareholder of Shenzhen Development Bank, and in respect of the businesses or commercial opportunities similar to those of Shenzhen Development Bank that the Company and the enterprises under its control intend to carry out or have substantially obtained whereby the assets and businesses arising from such businesses or commercial opportunities may possibly form potential competition with those of Shenzhen Development Bank, the Company and the enterprises under its control shall not engage in the businesses identical or similar to those carried out by Shenzhen Development Bank, so as to avoid direct or indirect competition with the operations of Shenzhen Development Bank.

(2) The Company undertakes that, after the completion of the major asset restructuring with Shenzhen Development Bank, and in respect of the transactions between the Company and the enterprises under its control and Shenzhen Development Bank which constitute the connected transactions of Shenzhen Development Bank, the Company and the enterprises under its control shall enter into transactions with Shenzhen Development Bank by following the principle of "openness, fairness and justness" at fair and reasonable market prices, and shall go through the decision-making process according to the requirements of the relevant laws and regulations and regulatory documents, and shall perform their obligations of information disclosure as required by law. The Company undertakes that the Company and the enterprises under its control shall not procure any illegal interests or let Shenzhen Development Bank undertake any illicit obligations through the transactions with Shenzhen Development Bank.

(3) The Company undertakes that, after the completion of the major asset restructuring and during the period when the Company remains as the controlling shareholder of Shenzhen Development Bank, the Company shall maintain the independence of Shenzhen Development Bank and ensure that Shenzhen Development Bank is independent from the Company and the enterprises under its control in respect of personnel, assets, finance, organization and business.

As of June 30, 2018, the above undertakings were still being performed and there was no breach 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 engaging in construction of properties for self-use purpose and retirement communities, the Company undertakes that, it complies and will strictly comply with regulations in relation to the insurance funds used in real estate investment and the principle that the insurance funds should only be applied for specific property development purposes without the motive of property speculation or sale in an inappropriate form. It will not develop or sell commercial housing by means of investment in retirement communities and real estate for self-use purpose.

As of June 30, 2018, the above undertaking was still being performed and there was no breach 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 (i.e. May 21, 2015). Such shares shall not be disposed of or transferred among its non-connected or connected parties during the lock-up period. In addition, no arrangement of any other disposal of interests shall be entered into with respect to such shares during the lock-up period.

As of June 30, 2018, the above undertaking had been fulfilled.

USE OF PROCEEDS

An aggregate of 594,056,000 new H Shares were successfully allotted and issued by the Company under general mandate on December 8, 2014 and the gross proceeds raised from the placing were HKD36,831,472,000. The proceeds raised from the placing were used to develop the main businesses and replenish the equity and working capital of the Company. The use of the proceeds raised was consistent with the use approved by the Board of Directors. As of June 30, 2018, HKD8,011 million raised from the placing was kept in the specific fund-raising account, and the rest had been used.

APPOINTMENT OF AUDITOR

According to the resolutions of the 2017 Annual General Meeting of the Company, the Company appointed PricewaterhouseCoopers Zhong Tian LLP and PricewaterhouseCoopers as the auditors of the Company's financial statements under CAS and IFRS, respectively for the year 2018. The Company's interim financial reports are unaudited.

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, subjected to coercive measures by judicial authorities or disciplinary authorities, transferred to judicial authorities or investigated for criminal liabilities, punished, barred from the market or disqualified by the CSRC, subjected to major administrative punishments by environmental protection, work safety, tax or other administrative authorities, or denounced by any stock exchanges publicly.

INTEGRITY CONDITIONS OF THE COMPANY

During the Reporting Period, the Company had no failure to abide by any effective judicial ruling.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Neither the Company, nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities from January 1, 2018 to June 30, 2018.

Significant Events

AUDIT AND RISK MANAGEMENT COMMITTEE

The Company has established the Audit and Risk Management Committee according to the Corporate Governance Code.

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 involve regular reviews of the internal controls of various corporate governance structures and business processes, and taking into account the respective potential risk and level of 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 at the date of this report, the Audit and Risk Management Committee comprised four Independent Non-executive Directors and one Non-executive Director and is chaired by Mr. Ge Ming, an Independent Non-executive Director, who possesses the professional qualifications of accounting and related financial management expertise.

The Audit and Risk Management Committee and the management have reviewed the accounting standards and practices adopted by the Company and discussed internal control and financial reporting matters, including reviewing the Company's interim report, which includes its unaudited interim financial accounts.

The Company has also established the Strategy and Investment Committee, the Remuneration Committee and the Nomination Committee. The duties and work summary of these committees under the Board are detailed in the "Specialized Committees under the Board" section of the Corporate Governance Report on pages 115 to 119 of the 2017 A-Share Annual Report and pages 117 to 121 of the 2017 H-Share Annual Report. The scope of functions and powers and operation model of the Audit and Risk Management Committee, the Remuneration Committee and the Nomination Committee have also been published on the websites of the Company and HKEX.

OUR COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

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, 2018 to June 30, 2018 save as disclosed below.

The Code Provision A.2.1 of the Corporate Governance Code provides that the roles of the Chairman and Chief Executive Officer shall be separate and may not be performed by the same individual. Though Mr. Ma Mingzhe serves as both Chairman and Chief Executive Officer of the Company, the Board is of the opinion that the Company has built up a Board structure of international standard, and has established a very structured and strict operation system and a set of meeting procedural rules. The Chairman does not have any special powers different from those of other directors in the decision-making process. In the day-to-day operations of the Company, the Company has put in place a robust management system and structure. Decisions on all material matters are subject to complete and stringent deliberation and decision-making procedures in order to ensure that the Chief Executive Officer can perform his duties properly and effectively. Moreover, the Company's current management model has been widely recognized and proven to be reliable, efficient and successful. Therefore the continuity of this model is beneficial to the future development of the Company. There is clear division of responsibilities of the Board and the management as 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 effective management and, at the same time, protect the shareholders' rights and interests 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.

The Company's arrangements and reasons for not intending to separate the roles of the Chairman of the Board and the Chief Executive Officer are set out in the "Our Compliance with the Corporate Governance Code" section of the Corporate Governance Report on pages 127 to 128 of the Company's 2017 H-Share Annual Report.

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 (the "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 standards set out in the Model Code and the Code of Conduct for the period from January 1, 2018 to June 30, 2018.

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 implementation rules, the Company shall be obligated to withhold 10% enterprise income tax when it distributes the 2018 interim 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 Friday, September 14, 2018 (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 Friday, September 7, 2018 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. The legal opinion shall be handed on by the Company to the applicable tax authorities for approval, and then excess portions of the tax amounts withheld can be refunded.

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 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 or regions where they belong 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 the 2018 interim dividend to individual holders of H shares appearing on the Company's register of members of H shares on the Record Date. However, if the tax regulations and relevant tax agreements state otherwise, the Company will withhold and pay the 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 are citizens from the countries or regions applying a tax rate of less than 10% under tax agreements, they are not applicable in relation to the withheld individual tax at the rate of 10% by the Company, and 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 (Notice of the State Administration of Taxation [2015] No. 60). Qualified shareholders are required to submit to Computershare Hong Kong Investor Services Limited at or before 4:30 p.m. on Friday, September 7, 2018 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 portions 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.

Income Tax Withholding For H Shareholders Via the Hong Kong Stock Connect Program

For Mainland investors (including enterprises and individuals) investing in the Company's H Shares via the Hong Kong Stock Connect Program, China Securities Depository and Clearing Corporation Limited, as the nominee holding H Shares for investors via the Hong Kong Stock Connect Program, will receive the interim dividend distributed by the Company and distribute such interim dividend to the relevant investors through its depositary and clearing system. The interim dividend to be distributed to the investors via the Hong Kong Stock Connect Program will be paid in Renminbi. Pursuant to the Notice on Tax Policies for Pilot Mechanism of Shanghai-Hong Kong Stock Connect Program (Cai Shui [2014] No. 81) and the Notice on Tax Policies for Pilot Mechanism of Shenzhen–Hong Kong Stock Connect Program (Cai Shui [2016] No. 127):

For Mainland individual investors who invest in the H Shares of the Company via the Hong Kong Stock Connect Program, the Company will withhold individual income tax at the rate of 20% in the distribution of the interim dividend. Individual investors may, by producing valid tax payment proofs, apply to the competent tax authority of China Securities Depository and Clearing Corporation Limited for tax refund relating to the withholding tax already paid abroad. For Mainland securities investment funds that invest in the H Shares of the Company via the Hong Kong Stock Connect Program, the Company will withhold individual income tax in the distribution of the interim dividend pursuant to the above provisions;

For Mainland enterprise investors that invest in the H Shares of the Company via the Hong Kong Stock Connect Program, the Company will not withhold income tax in the distribution of the interim dividend and the Mainland enterprise investors shall declare and pay the tax on their own.

Income Tax Withholding For A Shareholders Via the Shanghai Stock Connect Program

For Hong Kong investors (including enterprises and individuals) investing in the Company's A Shares via the Shanghai Stock Connect Program, the interim dividend will be paid in Renminbi by the Company through the Shanghai Branch of China Securities Depository and Clearing Corporation Limited to Hong Kong Securities Clearing Company Limited, and the Company will withhold income tax at the rate of 10% as stipulated in the Notice on Tax Policies for Pilot Mechanism of Shanghai-Hong Kong Stock Connect Program (Cai Shui [2014] No. 81).

For investors via the Shanghai Stock Connect Program who are tax residents of other countries or regions (excluding Hong Kong), which have entered into a tax treaty with the PRC stipulating a dividend tax rate of less than 10%, those enterprises or individuals may, or may entrust a withholding agent to, apply to the competent tax authorities of the Company for the entitlement of the rate under such tax treaty. Upon approval by the tax authorities, the paid amount in excess of the tax payable based on the tax rate under such tax treaty will be refunded.

All investors are requested to read this part carefully. Shareholders are recommended to consult their tax advisors about tax effects regarding their holding and disposing of the shares of the Company, involving the PRC, Hong Kong and other countries and regions. The Company will announce detailed arrangement regarding the income tax withholding when it distributes the 2018 interim dividend to holders of A shares on the website of SSE separately.

ENVIRONMENTAL PROTECTION

The Company is not a key pollutant discharging unit announced by the environmental protection department. For more information on environmental protection, please refer to the Company's 2017 Corporate Social Responsibility Report.

OTHER SIGNIFICANT EVENTS

No further significant events of the Company were required to be disclosed during the Reporting Period.

Report on Review of Interim Condensed Consolidated Financial Information

To the shareholders of
Ping An Insurance (Group) Company of China, Ltd.
(Incorporated in mainland China with limited liability)

INTRODUCTION

We have reviewed the interim condensed consolidated financial information set out on pages 95 to 164, which comprises the interim consolidated statement of financial position of Ping An Insurance (Group) Company of China, Ltd. (the "Company") and its subsidiaries (together, the "Group") as at 30 June 2018 and the interim consolidated income statement, the interim consolidated statement of comprehensive income, the interim consolidated statement of changes in equity and the interim consolidated statement of cash flows for the six-month period then ended, and a summary of significant accounting policies and other explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim condensed consolidated financial information to be in compliance with the relevant provisions thereof and International Accounting Standard 34 "Interim Financial Reporting" ("IAS 34"). The directors of the Company are responsible for the preparation and presentation of this interim condensed consolidated financial information in accordance with IAS 34. Our responsibility is to express a conclusion on this interim condensed consolidated financial information based on our review and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the interim condensed consolidated financial information of the Group is not prepared, in all material respects, in accordance with IAS 34.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong
21 August 2018

Interim Consolidated Income Statement

For the six-month period ended 30 June 2018

For the six-month period ended 30 June (in RMB million)	Notes	2018 (Unaudited)	2017 (Unaudited)
Gross written premiums	6	**408,194**	341,390
Less: Premiums ceded to reinsurers		**(10,491)**	(9,442)
Net written premiums	6	**397,703**	331,948
Change in unearned premium reserves		**(11,417)**	(10,777)
Net earned premiums		**386,286**	321,171
Reinsurance commission revenue		**3,810**	3,709
Interest revenue from banking operations	7	**81,424**	71,474
Fees and commission revenue from non-insurance operations	8	**24,850**	21,667
Investment income	9	**59,043**	63,739
Share of profits and losses of associates and jointly controlled entities		**8,798**	1,329
Other revenues and other gains	10	**23,204**	20,054
Total revenue		**587,415**	503,143
Gross claims and policyholders' benefits	11	**(278,368)**	(246,410)
Less: Reinsurers' share and policyholders' benefits	11	**4,440**	4,907
Claims and policyholders' benefits		**(273,928)**	(241,503)
Commission expenses on insurance operations		**(70,323)**	(57,802)
Interest expenses on banking operations	7	**(44,198)**	(33,457)
Fees and commission expenses on non-insurance operations	8	**(3,637)**	(2,735)
Net impairment losses on financial assets	12	**(22,924)**	–
Loan impairment loss, net		**–**	(22,848)
Other impairment losses on other assets		**(609)**	–
Foreign exchange gains/(losses)		**(769)**	(256)
General and administrative expenses		**(66,124)**	(64,940)
Finance costs		**(7,110)**	(5,198)
Other expenses		**(11,030)**	(8,856)
Total expenses		**(500,652)**	(437,595)
Profit before tax	13	**86,763**	65,548
Income tax	14	**(21,993)**	(16,455)
Profit for the period		**64,770**	49,093
Attributable to:			
– Owners of the parent		**58,095**	43,427
– Non-controlling interests		**6,675**	5,666
		64,770	49,093
		RMB	RMB
Earnings per share attributable to ordinary equity holders of the parent:			
– Basic	17	**3.26**	2.43
– Diluted	17	**3.25**	2.43

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Interim Consolidated Statement of Comprehensive Income

For the six-month period ended 30 June 2018

For the six-month period ended 30 June (in RMB million)	Note	2018 (Unaudited)	2017 (Unaudited)
Profit for the period		**64,770**	49,093
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss:			
Changes in the fair value of debt instruments at fair value through other comprehensive income		**5,876**	–
Credit risks provision of financial assets at fair value through other comprehensive income		**(7)**	–
Available-for-sale financial assets		**–**	20,089
Shadow accounting adjustments		**(2,706)**	(4,067)
Exchange differences on translation of foreign operations		**403**	(603)
Share of other comprehensive income of associates and jointly controlled entities		**3**	(90)
Income tax relating to components of other comprehensive income		**(791)**	(5,402)
Items that will not be reclassified to profit or loss:			
Changes in the fair value of equity investments at fair value through other comprehensive income		**(11,516)**	–
Shadow accounting adjustments		**5,687**	–
Income tax relating to components of other comprehensive income		**3,181**	–
Other comprehensive income for the period, net of tax	15	**130**	9,927
Total comprehensive income for the period		**64,900**	59,020
Attributable to:			
– Owners of the parent		**57,874**	53,153
– Non-controlling interests		**7,026**	5,867
		64,900	59,020

Interim Consolidated Statement of Financial Position

As at 30 June 2018

(in RMB million)	Notes	30 June 2018 (Unaudited)	31 December 2017 (Audited)
Assets			
Cash and amounts due from banks and other financial institutions	18	**477,502**	483,891
Balances with the Central Bank and statutory deposits	19	**317,106**	318,236
Financial assets at fair value through profit or loss	20	**774,932**	–
Debt financial assets at fair value through other comprehensive income	21	**222,592**	–
Equity financial assets at fair value through other comprehensive income	22	**203,435**	–
Amortized cost investments	23	**1,959,943**	–
Fixed maturity investments	24	**-**	2,376,638
Equity and other investments	25	**-**	630,676
Derivative financial assets		**21,853**	16,192
Loans and advances to customers	26	**1,767,658**	1,660,864
Premium receivables	27	**61,161**	45,694
Accounts receivable	28	**75,141**	71,923
Reinsurers' share of insurance liabilities		**16,717**	15,633
Finance lease receivables	29	**150,119**	112,028
Policy loans		**99,230**	83,203
Financial assets held under resold agreements	30	**122,890**	99,296
Policyholder account assets in respect of insurance contracts	31	**36,505**	38,775
Policyholder account assets in respect of investment contracts	31	**4,091**	4,109
Investments in associates and jointly controlled entities	32	**126,082**	86,207
Investment properties		**40,341**	40,108
Property and equipment		**46,418**	47,067
Intangible assets		**61,864**	60,981
Deferred tax assets		**44,210**	40,141
Other assets	33	**221,641**	261,413
Total assets		**6,851,431**	6,493,075

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Interim Consolidated Statement of Financial Position

As at 30 June 2018

(in RMB million)	Notes	30 June 2018 (Unaudited)	31 December 2017 (Audited)
Equity and liabilities			
Equity			
Share capital	34	**18,280**	18,280
Reserves	35	**190,791**	217,881
Retained profits	35	**306,981**	237,190
Equity attributable to owners of the parent		**516,052**	473,351
Non-controlling interests	35	**119,040**	114,566
Total equity		**635,092**	587,917
Liabilities			
Due to banks and other financial institutions	37	**819,976**	780,530
Financial liabilities at fair value through profit or loss		**18,709**	14,060
Assets sold under agreements to repurchase	38	**96,361**	133,981
Derivative financial liabilities		**19,890**	17,950
Customer deposits and payables to brokerage customers	39	**2,055,395**	1,952,695
Accounts payable		**4,978**	5,468
Income tax payable		**17,658**	28,775
Insurance payables		**92,461**	114,108
Insurance contract liabilities	40	**2,132,587**	1,932,969
Investment contract liabilities for policyholders		**51,692**	50,309
Policyholder dividend payable		**50,005**	45,622
Bonds payable	41	**495,387**	451,283
Deferred tax liabilities		**21,084**	25,891
Other liabilities		**340,156**	351,517
Total liabilities		**6,216,339**	5,905,158
Total equity and liabilities		**6,851,431**	6,493,075

MA Mingzhe
Director

SUN Jianyi
Director

YAO Jason Bo
Director

Interim Consolidated Statement of Changes in Equity

For the six-month period ended 30 June 2018

For the six-month period ended 30 June 2018 (in RMB million)	Equity attributable to owners of the parent						Non-controlling interests (Unaudited)	Total equity (Unaudited)
	Share capital (Unaudited)	Capital reserves (Unaudited)	Surplus reserve funds (Unaudited)	General reserves (Unaudited)	Exchange differences on translation of foreign operations (Unaudited)	Retained profits (Unaudited)		
As at 31 December 2017	**18,280**	**160,385**	**12,164**	**44,964**	**368**	**237,190**	**114,566**	**587,917**
Change in accounting policy (Note 3)	**-**	**(35,074)**	**-**	**-**	**-**	**32,300**	**(2,021)**	**(4,795)**
As at 1 January 2018	**18,280**	**125,311**	**12,164**	**44,964**	**368**	**269,490**	**112,545**	**583,122**
Profit for the period	**-**	**-**	**-**	**-**	**-**	**58,095**	**6,675**	**64,770**
Other comprehensive income for the period	**-**	**(2,339)**	**-**	**-**	**403**	**1,715**	**351**	**130**
Total comprehensive income for the period	**-**	**(2,339)**	**-**	**-**	**403**	**59,810**	**7,026**	**64,900**
Dividend declared (Note 16)	**-**	**-**	**-**	**-**	**-**	**(21,936)**	**-**	**(21,936)**
Appropriations to general reserves	**-**	**-**	**-**	**383**	**-**	**(383)**	**-**	**-**
Dividend paid to non-controlling interests	**-**	**-**	**-**	**-**	**-**	**-**	**(1,581)**	**(1,581)**
Acquisition of subsidiaries	**-**	**-**	**-**	**-**	**-**	**-**	**11**	**11**
Equity transactions with non-controlling interests	**-**	**-**	**-**	**-**	**-**	**-**	**(5)**	**(5)**
Contributions from non-controlling interests	**-**	**-**	**-**	**-**	**-**	**-**	**2**	**2**
Share purchase scheme	**-**	**(287)**	**-**	**-**	**-**	**-**	**-**	**(287)**
Other equity instruments issued by subsidiaries	**-**	**-**	**-**	**-**	**-**	**-**	**1,000**	**1,000**
Others	**-**	**9,824**	**-**	**-**	**-**	**-**	**42**	**9,866**
As at 30 June 2018	**18,280**	**132,509**	**12,164**	**45,347**	**771**	**306,981**	**119,040**	**635,092**

For the six-month period ended 30 June 2017 (in RMB million)	Equity attributable to owners of the parent						Non-controlling interests (Unaudited)	Total equity (Unaudited)
	Share capital (Unaudited)	Capital reserves (Unaudited)	Surplus reserve funds (Unaudited)	General reserves (Unaudited)	Exchange differences on translation of foreign operations (Unaudited)	Retained profits (Unaudited)		
As at 1 January 2017	18,280	139,492	11,366	36,799	1,253	176,259	103,012	486,461
Profit for the period	-	-	-	-	-	43,427	5,666	49,093
Other comprehensive income for the period	-	10,315	-	-	(589)	-	201	9,927
Total comprehensive income for the period	-	10,315	-	-	(589)	43,427	5,867	59,020
Dividend declared (Note 16)	-	-	-	-	-	(10,054)	-	(10,054)
Appropriations to surplus reserves	-	-	798	-	-	(798)	-	-
Appropriations to general reserves	-	-	-	39	-	(39)	-	-
Dividend paid to non-controlling interests	-	-	-	-	-	-	(1,654)	(1,654)
Equity transactions with non-controlling interests	-	(709)	-	-	-	-	(780)	(1,489)
Contributions from non-controlling interests	-	(9)	-	-	-	-	372	363
Share purchase scheme	-	(306)	-	-	-	-	-	(306)
Others	-	256	-	-	-	-	101	357
As at 30 June 2017	18,280	149,039	12,164	36,838	664	208,795	106,918	532,698

Interim Consolidated Statement of Cash Flows

For the six-month period ended 30 June 2018

For the six-month period ended 30 June (in RMB million)	Note	2018 (Unaudited)	2017 (Unaudited)
Net cash flows from/(used) operating activities		**161,607**	(13,975)
Cash flows from investing activities			
Purchases of investment properties, property and equipment, and intangible assets		**(2,661)**	(8,683)
Proceeds from disposal of investment properties, property and equipment, and intangible assets		**456**	430
Proceeds from disposal of investments		**786,627**	942,323
Purchases of investments		**(903,573)**	(1,282,401)
Term deposits (placed)/withdrawn, net		**(2,291)**	38,885
Acquisition of non-controlling interests in subsidiaries		**(5)**	(1,528)
Acquisition and disposal of subsidiaries, net		**(1,396)**	(145)
Interest received		**63,803**	57,903
Dividends received		**9,589**	21,360
Rentals received		**1,827**	1,152
Others		**(16,137)**	(9,290)
Net cash flows used in investing activities		**(63,761)**	(239,994)
Cash flows from financing activities			
Capital injected into subsidiaries by non-controlling interests		**1,002**	363
Proceeds from bonds issued		**445,782**	547,856
(Decrease)/Increase in assets sold under agreements to repurchase of non-banking and non-securities operations, net		**(48,326)**	35,746
Proceeds from borrowed funds		**138,779**	148,986
Repayment of borrowed funds		**(550,027)**	(612,301)
Interest paid		**(9,285)**	(8,507)
Dividends paid		**(13,626)**	(515)
Others		**(648)**	2,318
Net cash flows (used)/from financing activities		**(36,349)**	113,946
Net increase/(decrease) in cash and cash equivalents		**61,497**	(140,023)
Net foreign exchange differences		**939**	(1,599)
Cash and cash equivalents at beginning of the period		**308,664**	367,552
Cash and cash equivalents at the end of the period	45	**371,100**	225,930

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 47th, 48th, 109th, 110th, 111th and 112th Floors, Ping An Finance Center, No. 5033 Yitian Road, Futian District, Shenzhen Guangdong Province, China.

2. BASIS OF PREPARATION

This condensed consolidated interim financial report for the half-year reporting period ended 30 June 2018 has been prepared in accordance with Accounting Standard IAS 34 Interim Financial Reporting. The interim report does not include all the information and disclosures required in an annual financial report, and should be read in conjunction with the audited annual report of the Group for the year ended 31 December 2017 and any public announcements made during the interim reporting period.

3. SIGNIFICANT ACCOUNTING POLICIES

(1) CHANGES IN ACCOUNTING POLICIES

The accounting policies adopted are consistent with those of the annual financial statements for the year ended 31 December 2017, except for the accounting estimation (see note 3(2)) and the adoption of new and amended standards as set out in below.

A number of new or amended International Financial Reporting Standards ("IFRS") became applicable for the current reporting period and the Group had to change its accounting policies and make adjustments as a result of adopting the following standards:

- IFRS 9 Financial Instruments, and
- IFRS 15 Revenue from Contracts with Customers.

Except for the impact of adopting IFRS 9 Financial Instruments, IFRS 15 Revenue from Contracts with Customers and the other standards have no significant impact on the condensed consolidated interim financial statements for the six-month period ended 30 June 2018.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(1) CHANGES IN ACCOUNTING POLICIES (CONTINUED)

(a) IFRS 9 Financial Instruments – Impact of adoption

IFRS 9 replaces the provisions of IAS 39 that relate to the recognition, classification and measurement of financial assets and financial liabilities, derecognition of financial instruments, impairment of financial assets and hedge accounting.

The adoption of IFRS 9 Financial Instruments from 1 January 2018 resulted in changes in accounting policies and adjustments to the amounts recognized in the financial statements. The new accounting policies are set out in below.

In accordance with the transitional provisions in IFRS 9, comparative figures have not been restated. The carrying values of financial assets and financial liabilities as at 1 January 2018 with adoption of IFRS 9, are adjusted which has an impact on the opening balances of retained profits and reserves for this period. The Group discloses the related information for this period in relation to the adjustments while the comparative period has not been restated. The adoption of IFRS 9 results in changes in the policies related to recognition, classification and valuation of financial assets and financial liabilities, and the loss allowances for financial assets. The detailed accounting policies adopted in this period are as follow:

The Group shall recognize a financial asset or a financial liability in its statement of financial position when, and only when, the entity becomes a party to the contractual provisions of the instrument.

The Group shall derecognize a financial asset when, and only when

- the contractual rights to receive the cash flows from the assets have expired, or

- the rights have been transferred and either a) the Group transfers substantially all the risks and rewards of ownership, or b) the Group neither transfers nor retains substantially all the risks and rewards of ownership, the Group has not retained control of the financial asset.

Financial liabilities are derecognized when they are extinguished – i.e. when the obligation specified in the contract is discharged or cancelled or expired. An exchange between the Group and its original lenders of debt instruments with substantially different terms, as well as substantial modifications of the terms of existing financial liabilities, shall be accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The difference is recognized in profit or loss.

Purchases or sales of financial assets in regular way are recognized and derecognized on trade date accounting. Purchases or sales of financial assets in regular way refer to collecting or delivery of financial assets within the time limit specified by regulations or general practices as agreed in the terms of the contract. Trade-date refers to the date on which the group commits to purchase or sell financial assets.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(1) CHANGES IN ACCOUNTING POLICIES (CONTINUED)

(a) IFRS 9 Financial Instruments – Impact of adoption (Continued)

Classification

The Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income ("OCI"), or through profit or loss), and;
- those to be measured at amortized cost ("AC").

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

The Group determines the classification of debt investments according to its business model and the contractual cash flow characteristics of the financial assets. The investments shall be classified as financial asset at fair value through profit or loss ("FVPL") if the cash flows cannot pass solely payments of principal and interest on the principal amount ("SPPI") testing. Otherwise, the classification finally depends on the business model. For investments in equity instruments, investments will be classified as FVPL in general, except those designated as the equity investment at fair value through other comprehensive income ("FVOCI").

The Group reclassifies debt investments when and only when its business model for assets management changes.

Recognition and Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(1) CHANGES IN ACCOUNTING POLICIES (CONTINUED)

(a) IFRS 9 Financial Instruments – Impact of adoption (Continued)

Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group classifies its debt instruments:

- Amortized cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising from derecognition or impairment is recognized directly in profit or loss.

- FVOCI: Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognized in profit or loss. When the financial asset is derecognized, the cumulative gain or loss previously recognized in OCI is reclassified from equity to profit or loss. Interest income from these financial assets is included in finance income using the effective interest rate method.

- FVPL: Assets that do not meet the criteria for amortized cost or FVOCI are measured at FVPL. The gains or losses arised from fair value changes on the debt investments measured at FVPL are recognized in profit or loss in the period in which it arises.

Equity instruments

The Group subsequently measures all equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognized in profit or loss.

Financial liabilities classification and measurement

At initial recognition, the Group classified all financial liabilities as: financial liabilities at fair value through profit or loss and other financial liabilities. The Group ascertained the classification of financial liabilities at initial recognition. For financial liabilities at fair value through profit or loss, related transaction costs that are directly attributable to the acquisition or issue of the financial liability are recognized in the profit/(loss), while the transaction costs related to other financial liabilities are added to the fair value at initial recognition.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(1) CHANGES IN ACCOUNTING POLICIES (CONTINUED)

(a) IFRS 9 Financial Instruments – Impact of adoption (Continued)

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and other financial liabilities designated as such at initial recognition. Financial liabilities at fair value through profit or loss, are the financial liabilities that:

a. incurred principally for the purpose of repurchasing it in the near term;

b. on initial recognition be part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking; or

c. be a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument, or for a derivative that is linked to and must be settled by delivery of such an equity instrument, which has no quoted price in an active market with no reliable fair value).

Such financial liabilities shall subsequently be measured at fair value. All the related realized and unrealized gains/(losses) are recognized in profit/(loss) in the current period.

The Group may, at initial recognition, designate a financial liability as measured at fair value through profit or loss when permitted, or when doing so results in more relevant information, because either:

a. it eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise from measuring assets or liabilities or recognizing the gains and losses on them on different bases; or

b. a group of financial liabilities is managed and its performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy, and information about the group is provided internally on that basis to the entity's key management personnel;

c. a contract contains one or more embedded derivatives, with the host being not an asset within the scope of IFRS 9, and the embedded derivative(s) do(es) significantly modify the cash flows;

d. a hybrid contract contains embedded derivatives which are required to be separated from its host but the derivatives are unable to be measured individually, either at acquisition or at the end of a subsequent financial reporting period.

Once initially recognized as financial liabilities at fair value through profit or loss, the liabilities shall not be reclassified as other financial liabilities in subsequent period; also other financial liabilities shall not be reclassified as financial liabilities at fair value through profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(1) CHANGES IN ACCOUNTING POLICIES (CONTINUED)

(a) IFRS 9 Financial Instruments – Impact of adoption (Continued)

Subordinated debts

At initial recognition, the Group measures subordinated debts at fair value, and measures the debts subsequently at amortized cost, using the effective interest method. 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.

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 bond 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 convertible 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'.

The fair value changes arised from credit risks should be recognized in other comprehensive income, and will not be transferred into profit/(loss) in the future periods.

Other financial liabilities

The Group measures other financial liabilities subsequently at amortized cost, using the effective interest method.

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, which 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, the fair value at inception is likely to equal 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 income statement, and the fair value of the provision related to the Group's obligation under the contract.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(1) CHANGES IN ACCOUNTING POLICIES (CONTINUED)

(a) IFRS 9 Financial Instruments – Impact of adoption (Continued)

Derivative financial instruments

The Group's derivative financial instruments mainly include interest rate swaps, forward currency contracts and swap transaction, credit swap and stock index futures, etc.. Such derivative financial instruments are initially recognized at fair value on the date of which the related derivative contracts entered into and are subsequently measured at fair value. All derivatives are carried as assets when the fair values are positive and as liabilities when the fair values are negative.

The gains or losses arised from fair value changes of derivatives are recognized in profit or loss in the current period.

An embedded derivative is a component of a hybrid contract that also includes a non-derivative host – with the effect that some of the cash flows of the combined instrument vary in a way similar to a stand-alone derivative.

If a hybrid contract contains a host that is not an asset within the scope of IFRS 9, an embedded derivative shall be separated from the host and accounted for as a derivative if, and only if:

a. the economic characteristics and risks of the embedded derivative are not closely related to the economic characteristics and risks of the host;

b. a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and

c. the hybrid contract is not measured at fair value with changes in fair value recognized in profit or loss (i.e. a derivative that is embedded in a financial liability at fair value through profit or loss is not separated).

If it is unable to measure the embedded derivative separately either at acquisition or at the end of a subsequent financial reporting period, it shall designate the entire hybrid contract as at fair value through profit or loss.

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 should be appropriate in the circumstances for which sufficient data is available, and the input value should be consistent with the objective of estimating the price at which an orderly transaction to sell the asset or to transfer the liability would take place between market participants at the measurement date under current market conditions, and maximize the use of relevant observable inputs and minimize the use of unobservable inputs. The unobservable inputs can be used if the relevant observable input is not accessible or the acquisition is not practical. The techniques include using recent prices in arm's length transactions, reference to the current market value of another instrument which is substantially the same, discounted cash flow analysis and option pricing models.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(1) CHANGES IN ACCOUNTING POLICIES (CONTINUED)

(a) IFRS 9 Financial Instruments – Impact of adoption (Continued)

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is 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 Group or the counterparty.

The main impact on the Group's financial statements as at 1 January 2018 is as follows:

(in RMB million)	Note	1 January 2018	31 December 2017
Assets		**6,486,756**	6,493,075
Include:			
Cash and amounts due from banks and other financial institutions	1	**459,887**	483,891
Balances with the Central Bank and statutory deposits	2	**318,232**	318,236
Financial assets at fair value through profit or loss	3	**692,389**	–
Debt financial assets at fair value through other comprehensive income	4	**219,555**	–
Equity financial assets at fair value through other comprehensive income	5	**215,229**	–
Amortized cost investments	6	**1,947,974**	–
Fixed maturity investments	7	**–**	2,376,638
Equity investments	8	**–**	630,676
Loans and advances to customers	9	**1,631,688**	1,660,864
Financial assets held under resold agreements		**99,295**	99,296
Deferred tax assets		**41,687**	40,141
Other assets	10	**238,900**	261,413
Equity		**583,122**	587,917
Include:			
Reserves		**182,807**	217,881
Retained profits		**269,490**	237,190
Non-controlling interests		**112,545**	114,566
Liabilities		**5,903,634**	5,905,158
Include:			
Insurance contract liabilities		**1,932,228**	1,932,969
Investment contract liabilities for policyholders		**50,295**	50,309
Deferred tax liabilities		**25,709**	25,891
Other liabilities		**350,930**	351,517

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(1) CHANGES IN ACCOUNTING POLICIES (CONTINUED)

(a) IFRS 9 Financial Instruments – Impact of adoption (Continued)

Following the adoption of IFRS 9, the adjustments to the carrying value of each financial statement item are illustrated as follows:

(1) Cash and amounts due from banks and other financial institutions

	31 December 2017	Reclassification effects (i)	Remeasurement effects	**1 January 2018**
Cash and amounts due from banks and other financial institutions	483,891	(23,500)	(504)	**459,887**
Measured at fair value through OCI(ii)	–	3,900	(7)	**3,893**
Measured at AC	483,891	(27,400)	(497)	**455,994**
– To financial assets at fair value through profit or loss		(23,500)	–	
– To cash and amounts due from banks and other financial institutions measured at fair value through OCI(ii)		(3,900)	–	

(2) Balances with the Central Bank and statutory deposits

	31 December 2017	Reclassification effects (i)	Remeasurement effects	**1 January 2018**
Balances with the Central Bank and statutory deposits	318,236	–	(4)	**318,232**

(3) Financial assets at fair value through profit or loss

	31 December 2017	Reclassification effects (i)	Remeasurement effects	**1 January 2018**
Financial assets at fair value through profit or loss	–	693,799	(1,410)	**692,389**
– From fixed maturity investments		254,316	(1,294)	
– From equity investments		415,447	(116)	
– From loans and advances to customers		358	–	
– From other assets		178	–	
– From cash and amounts due from banks and other financial institutions		23,500	–	

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(1) CHANGES IN ACCOUNTING POLICIES (CONTINUED)

(a) IFRS 9 Financial Instruments – Impact of adoption (Continued)

Following the adoption of IFRS 9, the adjustments to the carrying value of each financial statement item are illustrated as follows: (continued)

(4) Debt financial assets at fair value through other comprehensive income

	31 December 2017	Reclassification effects (i)	Remeasurement effects	1 January 2018
Debt financial assets at fair value through other comprehensive income	–	219,533	22	**219,555**
– From fixed maturity investments		208,307	22	
– From other assets		11,226	–	

(5) Equity financial assets at fair value through other comprehensive income

	31 December 2017	Reclassification effects (i)	Remeasurement effects	1 January 2018
Equity financial assets at fair value through other comprehensive income	–	215,229	–	**215,229**
– From equity investments		215,229	–	

(6) Amortized cost investments

	31 December 2017	Reclassification effects (i)	Remeasurement effects	1 January 2018
Amortized cost investments	–	1,950,043	(2,069)	**1,947,974**
– From Loans and advances to customers		24,919	–	
– From other assets		11,109	–	
– From fixed maturity investments		1,914,015	(2,069)	

(7) Fixed maturity investments

	31 December 2017	Reclassification effects (i)	Remeasurement effects	1 January 2018
Fixed maturity investments	2,376,638	(2,376,638)	–	**–**
– To amortized cost investments		(1,914,015)	–	
– To financial assets at fair value through profit or loss		(254,316)	–	
– To debt financial assets at fair value through other comprehensive income		(208,307)	–	

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(1) CHANGES IN ACCOUNTING POLICIES (CONTINUED)

(a) IFRS 9 Financial Instruments – Impact of adoption (Continued)

Following the adoption of IFRS 9, the adjustments to the carrying value of each financial statement item are illustrated as follows: (continued)

(8) Equity investments

	31 December 2017	Reclassification effects (i)	Remeasurement effects	1 January 2018
Equity investments	630,676	(630,676)	–	**–**
– To financial assets at fair value through profit or loss		(415,447)	–	
– To equity financial assets at fair value through other comprehensive income		(215,229)	–	

(9) Loans and advances to customers

	31 December 2017	Reclassification effects (i)	Remeasurement effects	1 January 2018
Loans and advances to customers	1,660,864	(25,277)	(3,899)	**1,631,688**
Measured at fair value through OCI(ii)	–	24,428	–	**24,428**
Measured at AC	1,660,864	(49,705)	(3,899)	**1,607,260**
– To financial assets at fair value through profit or loss		(358)	–	
– To amortized cost investments		(24,919)	–	
– To loans and advances to customers measured at fair value through OCI(ii)		(24,428)	–	

(10) Other assets

	31 December 2017	Reclassification effects (i)	Remeasurement effects	1 January 2018
Other assets	261,413	(22,513)	–	**238,900**
– To financial assets at fair value through profit or loss		(178)	–	
– To debt financial assets at fair value through other comprehensive income		(11,226)	–	
– To amortized cost investments		(11,109)	–	

(i) The reclassification effects are not taken into account of remeasurement effects.

(ii) A portion of placements to other institutions, notes, forfeiting and retail loans are held for under the business model of both for sale and collection of contractual principals and interests. Therefore, those financial instruments is classified as FVOCI under IFRS 9.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(1) CHANGES IN ACCOUNTING POLICIES (CONTINUED)

(a) IFRS 9 Financial Instruments – Impact of adoption (continued)

Impairment of financial assets

Commencing 1 January 2018, the Group assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortized cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

After adopting IFRS 9, the Group uses expected credit loss model and a 'three-stage' model for impairment assessment which classifies financial instruments into 3 stages and defines each stage to calculate their corresponding impairment. For financial instruments classified in 'Stage 1', impairment is recognized based on 12-month expected credit losses and the interests related are recognized based on the original amortized cost; for those moved to 'Stage 2', impairment is determined upon life time expected credit losses and interests are measured at amortized cost; for those moved to 'Stage 3', impairment is determined upon lifetime expected credit losses and the relevant interests are recognized based on the amortized cost net of allowance. Interests that are not recognized under 'Stage 3' is to be recognized once they re-entered into 'Stage 1 or 2'. See note 44(3) for the detailed information of the impairment of financial assets of the Group.

Applying the expected credit risk model resulted in the recognition of impairment provisions of financial assets on 1 January 2018 is as follow:

Impairment provision	31 December 2017	**1 January 2018**
Loans and advances to customers (1)	44,322	**47,763**
Amortized cost investments (2)	–	**8,422**
Debt financial assets at fair value through other comprehensive income	–	**530**
Fixed maturity investments	6,543	**–**
Equity investments	27,373	**–**
Other financial assets	111	**615**
Total	78,349	**57,330**

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(1) CHANGES IN ACCOUNTING POLICIES (CONTINUED)

(a) IFRS 9 Financial Instruments – Impact of adoption (continued)

Impairment of financial assets (continued)

Following the adoption of IFRS 9, the adjustments to the impairment provisions of each financial statement item are illustrated as follows:

(1) Impairment provisions of loans and advances to customers

	31 December 2017	Reclassification effects (i)	Remeasurement effects	**1 January 2018**
Impairment provisions of loans and advances to customers	44,322	(512)	3,953	**47,763**
Measured at AC	44,322	(512)	3,899	**47,709**
Measured at fair value through OCI	–	–	54	**54**

(2) Impairment provisions of amortized cost investments

	31 December 2017	Reclassification effects (i)	Remeasurement effects	**1 January 2018**
Impairment provisions of amortized cost investments	–	6,353	2,069	**8,422**
– From Loans and advances to customers		512	–	
– From fixed maturity investments		5,841	2,069	

(i) The reclassification effects are not taken into account of remeasurement effects.

(b) IFRS 15, 'Revenue from contracts with customers'

IFRS 15 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 financial years commencing on 1 January 2018. The Group has completed the assessment of the impact of IFRS 15 and which has no material impact on the Group for the six-month period ended 30 June 2018.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(2) 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 30 June 2018, and updated the estimate of future cashflows, with the corresponding impact on insurance contract liabilities taken into the current period's income statement. As a result of such changes in assumptions, long term life insurance policyholders' reserves were increased by RMB2 million as at 30 June 2018 and the profit before tax for the six-month period ended 30 June 2018 was decreased by RMB2 million (long term life insurance policyholders' reserves were increased by RMB15,417 million as at 30 June 2017 and the profit before tax for the six-month period ended 30 June 2017 was decreased by RMB15,417 million).

(3) CHANGES IN MAIN SUBSIDIARIES, ASSOCIATES AND JOINTLY CONTROLLED ENTITIES

For the six-month period ended 30 June 2018, there was no significant change in principal subsidiaries, associates and jointly controlled entities of the Group.

4. ISSUED BUT NOT YET EFFECTIVE INTERNATIONAL FINANCIAL REPORTING STANDARDS

The Group has not applied the following new and revised standards, which have been issued but are not yet effective.

IFRS 16, 'Leases' addresses the definition of a lease, recognition and measurement of leases and establishes principles for reporting useful information to users of financial statements about the leasing activities of both lessees and lessors. A key change arising from IFRS 16 is that most operating leases will be accounted on balance sheet for lessees. The standard replaces IAS 17 'Leases', and related interpretations. The new standard is mandatory for financial years commencing on or after 1 January 2019. The Group has started to assess the impact of IFRS 16.

IFRS 17, 'Insurance Contracts', was published on 18 May 2017. IFRS 17 established principles for the recognition, measurement, presentation and disclosure of insurance contracts issued. It replaces IFRS 4, which currently permits a wide variety of practices. IFRS 17 requires a current measurement model, where estimates are remeasured in each reporting period. The measurement is based on the building blocks of discounted, probability-weighted cash flows, a risk adjustment and a contractual service margin representing the unearned profit of the contract. The new standard is mandatory for financial years commencing on or after 1 January 2021. The Group has started to assess the impact of IFRS 17.

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.

5. SEGMENT REPORTING

The segment businesses are separately presented as the insurance segment, the banking segment, the trust segment, the securities segment, the other asset management segment, the fintech and healthtech segment and the other businesses, based on the products and service offerings. The insurance segment is divided into the life insurance and health insurance and the property and casualty insurance segment which are in line with the nature of products, risk and asset portfolios. The types of products and services from which reportable segments derive revenue are listed below:

- The life and health 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 health care and medical insurance, reflecting performance of life insurance, annuity insurance and health insurance subsidiaries;

- 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 relevant injury insurance, reflecting performance of property and casualty insurance subsidiaries;

- The banking segment undertakes loan and intermediary business with corporate customers and retail customers as well as wealth management and credit card services with individual customers, reflecting performance of banking subsidiary;

- The trust segment provides trust services and undertake investing activities;

- The securities segment undertakes brokerage, trading, investment banking and asset management services;

- The other asset management business segment provides investment management services and financial lease business, reflecting performance of asset management and financial leasing and the other asset management subsidiaries;

- The fintech and healthtech segment provides various financial and daily-life services through internet platforms such as financial transaction information service platform, health care service platform, reflecting performance summary of the fintech and healthtech business subsidiaries, associates and jointly controlled entities.

Except for the above business segments, the other segment did not have material impact on the Group's operating outcome, and as such are not separately presented.

5. SEGMENT REPORTING (CONTINUED)

The segment analysis for the six-month period ended 30 June 2018 is as follows:

(in RMB million)	Life and health insurance (Unaudited)	Property and casualty insurance (Unaudited)	Banking (Unaudited)	Trust (Unaudited)	Securities (Unaudited)	Other asset management (Unaudited)	Fintech and healthtech (Unaudited)	Other businesses and elimination (Unaudited)	Total (Unaudited)
Gross written premiums	289,259	118,914	-	-	-	-	-	21	408,194
Less: Premiums ceded to reinsurers	(2,159)	(8,416)	-	-	-	-	-	84	(10,491)
Change in unearned premium reserves	(3,930)	(7,482)	-	-	-	-	-	(5)	(11,417)
Net earned premiums	283,170	103,016	-	-	-	-	-	100	386,286
Reinsurance commission revenue	325	3,504	-	-	-	-	-	(19)	3,810
Interest revenue from banking operations	-	-	82,008	-	-	-	-	(584)	81,424
Fees and commission revenue from non-insurance operations	-	-	21,061	2,104	2,112	670	13	(1,110)	24,850
Including: Inter-segment fees and commission revenue from non-insurance operations	-	-	871	372	4	(261)	-	(986)	-
Investment income	45,008	5,439	1,748	467	1,748	6,275	150	(1,792)	59,043
Including: Inter-segment investment income	1,670	636	-	1	6	354	17	(2,684)	-
Share of profits and losses of associates and jointly controlled entities	1,942	319	-	74	1	3,878	4,148	(1,564)	8,798
Other revenues and other gains	12,562	631	184	70	1,366	11,610	8,705	(11,924)	23,204
Including: Inter-segment other revenues	7,779	27	16	-	-	1,170	3,414	(12,406)	-
Including: Non-operation gains	83	78	6	1	2	2	9	6	187
Total revenue	343,007	112,909	105,001	2,715	5,227	22,433	13,016	(16,893)	587,415
Claims and policyholders' benefits	(214,898)	(59,112)	-	-	-	-	-	82	(273,928)
Commission expenses on insurance operations	(45,970)	(25,740)	-	-	-	-	-	1,387	(70,323)
Interest expenses on banking operations	-	-	(44,572)	-	-	-	-	374	(44,198)
Fees and commission expenses on non-insurance operations	-	-	(3,122)	(33)	(434)	(413)	-	365	(3,637)
Net impairment losses on financial assets and other impairment losses on other assets	(68)	(876)	(22,298)	-	(8)	(285)	(2)	4	(23,533)
Including: loan impairment losses	-	-	(21,044)	-	-	-	-	-	(21,044)
Including: impairment losses on investment assets	(55)	20	(1,131)	-	(4)	(2)	-	12	(1,160)
Including: impairment losses on receivables and others	(13)	(896)	(123)	-	(4)	(283)	(2)	(8)	(1,329)
Foreign exchange (losses)/gains	(273)	3	(60)	1	1	(30)	-	(411)	(769)
Investment expenses	(805)	(162)	-	-	-	-	-	967	-
Administrative expenses	(22,697)	(16,477)	(17,541)	(513)	(1,777)	(4,228)	(5,626)	2,735	(66,124)
Including: Taxes and surcharges	(434)	(612)	(561)	(15)	(19)	(144)	(90)	(20)	(1,895)
Finance costs	(1,268)	(305)	-	5	(499)	(5,348)	9	296	(7,110)
Other expenses	(10,880)	(202)	(41)	(1)	(1,354)	(4,232)	(2,562)	8,242	(11,030)
Total expenses	(296,859)	(102,871)	(87,634)	(541)	(4,071)	(14,536)	(8,181)	14,041	(500,652)
Profit before tax	46,148	10,038	17,367	2,174	1,156	7,897	4,835	(2,852)	86,763
Income tax	(11,820)	(4,114)	(3,995)	(480)	(200)	(1,171)	(228)	15	(21,993)
Profit for the period	34,328	5,924	13,372	1,694	956	6,726	4,607	(2,837)	64,770

5. **SEGMENT REPORTING** (CONTINUED)

The segment analysis for the six-month period ended 30 June 2017 is as follows:

(in RMB million)	Life and health insurance (Unaudited)	Property and casualty insurance (Unaudited)	Banking (Unaudited)	Trust (Unaudited)	Securities (Unaudited)	Other asset management (Unaudited)	Fintech and healthtech (Unaudited)	Other businesses and elimination (Unaudited)	Total (Unaudited)
Gross written premiums	237,705	103,527	–	–	–	–	–	158	341,390
Less: Premiums ceded to reinsurers	(1,315)	(8,076)	–	–	–	–	–	(51)	(9,442)
Change in unearned premium reserves	(2,710)	(8,065)	–	–	–	–	–	(2)	(10,777)
Net earned premiums	233,680	87,386	–	–	–	–	–	105	321,171
Reinsurance commission revenue	46	3,653	–	–	–	–	–	10	3,709
Interest revenue from banking operations	–	–	71,648	–	–	–	–	(174)	71,474
Fees and commission revenue from non-insurance operations	–	–	17,869	2,153	1,903	703	51	(1,012)	21,667
Including: Inter-segment fees and commission revenue from non-insurance operations	–	–	799	276	5	24	–	(1,104)	–
Investment income	51,894	5,383	64	1,423	2,006	3,996	145	(1,172)	63,739
Including: Inter-segment investment income	1,248	102	–	32	53	481	137	(2,053)	–
Share of profits and losses of associates and jointly controlled entities	1,209	28	–	47	1	136	1,109	(1,201)	1,329
Other revenues and other gains	10,475	488	158	44	673	8,267	6,836	(6,887)	20,054
Including: Inter-segment other revenues	5,996	11	5	24	–	867	1,358	(8,261)	–
Including: Non-operation gains	77	83	15	3	5	5	108	(96)	200
Total revenue	297,304	96,938	89,739	3,667	4,583	13,102	8,141	(10,331)	503,143
Claims and policyholders' benefits	(190,042)	(51,410)	–	–	–	–	–	(51)	(241,503)
Commission expenses on insurance operations	(42,996)	(15,926)	–	–	–	–	–	1,120	(57,802)
Interest expenses on banking operations	–	–	(34,287)	–	–	–	–	830	(33,457)
Fees and commission expenses on non-insurance operations	–	–	(2,121)	(88)	(334)	(141)	–	(51)	(2,735)
Loan loss provisions, net of reversals	–	–	(22,856)	–	–	–	–	8	(22,848)
Foreign exchange (losses)/gains	120	(84)	52	(1)	(1)	(99)	(75)	(168)	(256)
Investment expenses	(766)	(106)	–	–	–	–	–	872	–
Administrative expenses	(20,420)	(20,294)	(14,039)	(603)	(1,793)	(3,515)	(3,910)	(366)	(64,940)
Including: Taxes and surcharges	(343)	(711)	(503)	(42)	(15)	(105)	(81)	(27)	(1,827)
Including: Impairment loss of other assets	(20)	(266)	(150)	(15)	3	(274)	(2)	(24)	(748)
Finance costs	(1,028)	(245)	–	(83)	(350)	(2,318)	(82)	(1,092)	(5,198)
Other expenses	(9,823)	(189)	(56)	3	(690)	(2,293)	(3,513)	7,705	(8,856)
Total expenses	(264,955)	(88,254)	(73,307)	(772)	(3,168)	(8,366)	(7,580)	8,807	(437,595)
Profit before tax	32,349	8,684	16,432	2,895	1,415	4,736	561	(1,524)	65,548
Income tax	(8,543)	(1,789)	(3,878)	(633)	(228)	(987)	(247)	(150)	(16,455)
Profit for the period	23,806	6,895	12,554	2,262	1,187	3,749	314	(1,674)	49,093

5. SEGMENT REPORTING (CONTINUED)

The segment assets, liabilities and equity as at 30 June 2018 and 31 December 2017 are as follows:

	At 30 June 2018								
(in RMB million)	**Life and health insurance (Unaudited)**	**Property and casualty insurance (Unaudited)**	**Banking (Unaudited)**	**Trust (Unaudited)**	**Securities (Unaudited)**	**Other asset management (Unaudited)**	**Fintech and healthtech (Unaudited)**	**Other businesses and elimination (Unaudited)**	**Total (Unaudited)**
Segment assets	**2,418,667**	**354,880**	**3,367,399**	**24,504**	**130,160**	**537,500**	**92,708**	**(74,387)**	**6,851,431**
Segment liabilities	**2,239,441**	**282,062**	**3,139,258**	**4,990**	**101,806**	**464,699**	**32,667**	**(48,584)**	**6,216,339**
Segment equity	**179,226**	**72,818**	**228,141**	**19,514**	**28,354**	**72,801**	**60,041**	**(25,803)**	**635,092**

	At 31 December 2017								
(in RMB million)	Life and health insurance (Audited)	Property and casualty insurance (Audited)	Banking (Audited)	Trust (Audited)	Securities (Audited)	Other asset management (Audited)	Fintech and healthtech (Audited)	Other businesses and elimination (Audited)	Total (Audited)
Segment assets	2,297,531	336,073	3,248,475	25,820	97,672	452,318	106,530	(71,344)	6,493,075
Segment liabilities	2,131,139	265,929	3,026,421	6,288	70,480	386,506	62,171	(43,776)	5,905,158
Segment equity	166,392	70,144	222,054	19,532	27,192	65,812	44,359	(27,568)	587,917

6. GROSS AND NET WRITTEN PREMIUMS

For the six-month period ended 30 June (in RMB million)	2018 (Unaudited)	2017 (Unaudited)
Gross written premiums and premium deposits	**471,073**	390,801
Less: Premium deposits of policies without significant insurance risk transfer	**(1,874)**	(2,118)
Premium deposits separated out from universal life and investment-linked products	**(61,005)**	(47,293)
Gross written premiums	**408,194**	341,390
Long term life business gross written premiums	**271,577**	224,363
Short term life business gross written premiums	**17,543**	13,342
Property and casualty business gross written premiums	**119,074**	103,685
Gross written premiums	**408,194**	341,390
Gross written premiums		
Life insurance		
Individual business	**278,235**	227,831
Group business	**10,885**	9,874
	289,120	237,705
Property and casualty insurance		
Automobile insurance	**84,794**	80,341
Non-automobile insurance	**29,832**	20,315
Accident and health insurance	**4,448**	3,029
	119,074	103,685
Gross written premiums	**408,194**	341,390
Net of reinsurance premiums ceded		
Life insurance		
Individual business	**276,405**	226,623
Group business	**10,695**	9,768
	287,100	236,391
Property and casualty insurance		
Automobile insurance	**81,668**	76,565
Non-automobile insurance	**24,527**	15,993
Accident and health insurance	**4,408**	2,999
	110,603	95,557
Net written premiums	**397,703**	331,948

7. NET INTEREST INCOME FROM BANKING OPERATIONS

For the six-month period ended 30 June (in RMB million)	2018 (Unaudited)	2017 (Unaudited)
Interest revenue from banking operations		
Due from the Central Bank	**2,051**	2,085
Due from financial institutions	**5,908**	4,663
Loans and advances to customers	**53,173**	45,566
Financial investments	**17,634**	17,160
Others	**2,658**	2,000
Subtotal	**81,424**	71,474
Interest expenses on banking operations		
Due to the Central Bank	**2,185**	774
Due to financial institutions	**10,703**	9,223
Customer deposits	**23,136**	17,004
Bonds payable	**8,174**	6,456
Subtotal	**44,198**	33,457
Net interest income from banking operations	**37,226**	38,017

The interest revenue accrued on impaired financial assets for the period ended 30 June 2018 amounted to RMB340 million (for the period ended 30 June 2017: RMB336 million).

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

For the six-month period ended 30 June (in RMB million)	2018 (Unaudited)	2017 (Unaudited)
Fees and commission revenue from non-insurance operations		
Fees and commission revenue from banking business	**20,190**	17,070
Trust service fees revenue	**1,781**	2,022
Brokerage commission revenue	**1,238**	1,070
Underwriting commission revenue	**332**	305
Others	**1,309**	1,200
Subtotal	**24,850**	21,667
Fees and commission expenses on non-insurance operations		
Fees and commission expenses on banking business	**3,112**	2,114
Brokerage fees expenses	**365**	298
Others	**160**	323
Subtotal	**3,637**	2,735
Net fees and commission income from non-insurance operations	**21,213**	18,932

9. INVESTMENT INCOME

For the six-month period ended 30 June (in RMB million)	2018 (Unaudited)	2017 (Unaudited)
Net investment income	**61,898**	65,155
Realized gains/(losses)	**8,292**	(1,312)
Unrealized (losses)/gains	**(11,147)**	875
Impairment losses	**-**	(979)
Total investment income	**59,043**	63,739

(1) NET INVESTMENT INCOME

For the six-month period ended 30 June (in RMB million)	2018 (Unaudited)	2017 (Unaudited)
Interest income		
Bonds and debt investments	**39,901**	37,255
Term deposits	**4,252**	4,292
Current accounts	**696**	382
Dividend income on equity and other investments		
Securities investment funds	**3,317**	16,528
Stocks and other investments	**8,601**	6,360
Other net investment income (i)	**4,790**	572
Operating lease income from investment properties	**1,827**	1,152
Interest expenses on assets sold under agreements to repurchase and placements from banks and other financial institutions	**(1,486)**	(1,386)
	61,898	65,155

(i) Other net investment income is mainly the net interest revenue generated by debt investments at fair value through profit or loss.

(2) NET REALIZED GAINS/(LOSSES)

For the six-month period ended 30 June (in RMB million)	2018 (Unaudited)	2017 (Unaudited)
Bonds and debt investments	**878**	(145)
Funds	**372**	(11,866)
Stocks and other equity investments	**5,727**	9,635
Derivatives	**478**	341
Gain on disposals of bills	**455**	321
Income from precious metal transactions	**382**	402
	8,292	(1,312)

9. INVESTMENT INCOME (CONTINUED)

(3) NET UNREALIZED (LOSSES)/GAINS

For the six-month period ended 30 June (in RMB million)	2018 (Unaudited)	2017 (Unaudited)
Financial assets at fair value through profit or loss		
– Bonds	**1,142**	94
– Funds	**(4,756)**	(139)
– Stocks	**(10,545)**	416
– Wealth management products, assets management products and other investments	**3,360**	178
Financial assets designated at fair value through profit or loss	**–**	334
Financial liabilities at fair value through profit or loss	**(169)**	11
Derivative financial instruments	**(179)**	(19)
	(11,147)	875

(4) IMPAIRMENT LOSSES

For the six-month period ended 30 June (in RMB million)	2017 (Unaudited)
Fixed maturity investments	
Held-to-maturity	(10)
Loan and receivables	(700)
Equity and other investments	
Available-for-sale	(269)
	(979)

10. OTHER REVENUES AND OTHER GAINS

For the six-month period ended 30 June (in RMB million)	2018 (Unaudited)	2017 (Unaudited)
Sales revenues	**7,802**	6,827
Management revenues from investment-linked products and income from investment contracts	**1,308**	1,212
Expressway toll fee revenues	**603**	541
Annuity management fee revenues	**344**	285
Consulting service fee revenues	**2,046**	2,982
Finance leasing revenues	**6,040**	3,431
Revenues from financial guarantees	**268**	751
Revenues from customer loyalty service	**160**	299
Others	**4,633**	3,726
	23,204	20,054

11. CLAIMS AND POLICYHOLDERS' BENEFITS

(1)

For the six-month period ended 30 June (in RMB million)	2018 Gross (Unaudited)	2018 Reinsurers' share (Unaudited)	2018 Net (Unaudited)
Claims and claim adjustment expenses	**81,143**	**(4,291)**	**76,852**
Surrenders	**11,604**	**–**	**11,604**
Annuities	**19,072**	**–**	**19,072**
Maturities and survival benefits	**12,884**	**–**	**12,884**
Policyholder dividends	**10,506**	**–**	**10,506**
Increase in policyholders' reserves	**132,143**	**(149)**	**131,994**
Interest credited to policyholder contract deposits	**11,016**	**–**	**11,016**
	278,368	**(4,440)**	**273,928**

For the six-month period ended 30 June (in RMB million)	2017 Gross (Unaudited)	2017 Reinsurers' share (Unaudited)	2017 Net (Unaudited)
Claims and claim adjustment expenses	69,946	(4,718)	65,228
Surrenders	13,242	–	13,242
Annuities	3,085	–	3,085
Maturities and survival benefits	17,460	–	17,460
Policyholder dividends	8,403	–	8,403
Increase in policyholders' reserves	123,508	(189)	123,319
Interest credited to policyholder contract deposits	10,766	–	10,766
	246,410	(4,907)	241,503

(2)

For the six-month period ended 30 June (in RMB million)	2018 Gross (Unaudited)	2018 Reinsurers' share (Unaudited)	2018 Net (Unaudited)
Long term life insurance contract benefits	**208,575**	**(960)**	**207,615**
Short term life insurance claims	**7,511**	**(364)**	**7,147**
Property and casualty insurance claims	**62,282**	**(3,116)**	**59,166**
	278,368	**(4,440)**	**273,928**

For the six-month period ended 30 June (in RMB million)	2017 Gross (Unaudited)	2017 Reinsurers' share (Unaudited)	2017 Net (Unaudited)
Long term life insurance contract benefits	185,581	(766)	184,815
Short term life insurance claims	5,427	(200)	5,227
Property and casualty insurance claims	55,402	(3,941)	51,461
	246,410	(4,907)	241,503

12. NET IMPAIRMENT LOSSES ON FINANCIAL ASSETS

For the six-month period ended 30 June (in RMB million)	2018 (Unaudited)
Accounts receivables	**371**
Loans and advances to customers	**21,044**
Debt financial assets at fair value through other comprehensive income	**13**
Amortized cost investments	**1,147**
Finance lease receivables	**285**
Placements with banks and other financial institutions	**1**
Others	**63**
	22,924

13. PROFIT BEFORE TAX

Profit before tax is arrived at after charging the following items:

For the six-month period ended 30 June (in RMB million)	2018 (Unaudited)	2017 (Unaudited)
Employee costs	**31,832**	29,739
Interest expenses on policyholder contract deposits and investment contract reserves	**11,016**	10,766
Depreciation of investment properties	**336**	413
Depreciation of property and equipment	**2,346**	2,107
Amortization of intangible assets	**1,074**	848
Net impairment loss of financial assets	**22,924**	–
Others impairment loss on other assets	**609**	–
Loan loss provisions, net of reversals	**–**	22,848
Cost of sales	**2,517**	1,943

14. INCOME TAX

For the six-month period ended 30 June (in RMB million)	2018 (Unaudited)	2017 (Unaudited)
Current income tax	**26,755**	22,673
Deferred income tax	**(4,762)**	(6,218)
	21,993	16,455

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 of the Group for 2018 was 25% (2017: 25%).

15. OTHER COMPREHENSIVE INCOME

For the six-month period ended 30 June (in RMB million)	2018 (Unaudited)	2017 (Unaudited)
Items that may be reclassified subsequently to profit or loss:		
Changes in fair value		
– Debt instruments at fair value through other comprehensive income	**5,862**	–
– Available-for-sale financial assets	**-**	21,585
Reclassification adjustments for losses/(gains) included in the income statement		
– Losses/(gains) on disposals	**14**	(1,718)
– Impairment losses	**(7)**	222
Shadow accounting adjustments	**(2,706)**	(4,067)
Income tax effect	**(791)**	(5,402)
	2,372	10,620
Exchange differences on translation of foreign operations	**403**	(603)
Share of other comprehensive income of associates and jointly controlled entities	**3**	(90)
Items that will not be reclassified to profit or loss:		
Changes in the fair value of equity instruments at fair value through other comprehensive income	**(13,231)**	–
Shadow accounting adjustments	**5,687**	–
Income tax effect	**3,181**	–
	(4,363)	–
	(1,585)	9,927

16. DIVIDENDS

For the six-month period ended 30 June (in RMB million)	2018 (Unaudited)	2017 (Audited)
2017 final dividend – RMB1.00 (2016: RMB0.55) per ordinary share (i)	**18,280**	10,054
30th Anniversary Special Dividend - RMB0.20 (ii)	**3,656**	–
2018 interim dividend – RMB0.62 (2017: RMB0.50) per ordinary share (iii)	**11,334**	9,140

(i) On 22 March 2018, the Board of Directors of the Company approved the Resolution of the Profit Appropriation Plan for 2017, agreeing to declare a cash dividend in the amount of RMB1.00 (tax inclusive) per share based on the total shares of 18,280,241,410 for 2017. The total amount of the cash dividend for 2017 was RMB18,280 million.

(ii) On 26 April 2018, the Board of Directors of the Company approved the Resolution of 30th Anniversary Special Dividend, agreeing to declare a cash dividend in the amount of RMB0.20 (tax inclusive) per share based on the total shares of 18,280,241,410. The total amount of the 30th Anniversary Special Dividend was RMB3,656 million.

On 23 May 2018, the above profit appropriation plan was approved by the shareholders of the Company at the annual general meeting.

(iii) On 21 August 2018, the Board of Directors of the Company approved the Resolution of the Profit Appropriation Plan for Interim Dividend of 2018, and declared an interim cash dividend of RMB0.62 per share (tax inclusive) for 2018. The amount of the interim cash dividend for 2018 would be RMB11,334 million. It was not recognized as a liability as at 30 June 2018.

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 six-month period ended 30 June 2018.

For the six-month period ended 30 June	2018 (Unaudited)	2017 (Unaudited)
Profit attributable to owners of the parent (in RMB million)	**58,095**	43,427
Weighted average number of ordinary shares in issue (million shares)	**17,834**	17,837
Basic earnings per share (in RMB)	**3.26**	2.43

(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 period by the adjusted weighted average number of ordinary shares in issue. The shares granted by the Company under the share purchase scheme (Note 36) have potential dilutive effect on the earnings per share.

For the six-month period ended 30 June	2018 (Unaudited)	2017 (Unaudited)
Earnings (in RMB million)		
Profit attributable to owners of the parent	**58,095**	43,427
Weighted average number of ordinary shares (million shares)		
Weighted average number of ordinary shares in issue	**17,834**	17,837
Adjustments for:		
– Assumed vesting of share purchase scheme	**29**	26
Weighted average number of ordinary shares for diluted earnings per share	**17,863**	17,863
Diluted earnings per share (in RMB)	**3.25**	2.43

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

(in RMB million)	30 June 2018 (Unaudited)	31 December 2017 (Audited)
Cash on hand	**3,787**	4,228
Term deposits	**166,146**	161,850
Due from banks and other financial institutions	**223,862**	257,398
Placements with banks and other financial institutions (i)	**83,707**	60,415
	477,502	483,891

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

(in RMB million)	30 June 2018 (Unaudited)	31 December 2017 (Audited)
Measured at amortized cost:		
Placements with banks	**74,042**	54,512
Placements with other financial institutions	**4,257**	5,924
	78,299	60,436
Less: Provision for placements with banks and other financial institutions	**(85)**	(21)
Net	**78,214**	60,415
Measured at fair value through other comprehensive income:		
Placements with other financial institutions	**5,493**	–
Total	**83,707**	60,415

As at 30 June 2018, cash and amounts due from banks and other financial institutions of RMB13,652 million (31 December 2017: RMB4,506 million) were restricted from use.

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19. BALANCES WITH THE CENTRAL BANK AND STATUTORY DEPOSITS

(in RMB million)	30 June 2018 (Unaudited)	31 December 2017 (Audited)
Statutory reserve deposits with the Central Bank for banking operations – RMB	**238,167**	266,802
Statutory reserve deposits with the Central Bank for banking operations – Foreign Currencies	**7,407**	4,457
Statutory reserve deposits with the Central Bank for banking operations (i)	**245,574**	271,259
Surplus reserve deposits with the Central Bank	**56,479**	32,898
Fiscal deposits with the Central Bank	**1,561**	1,829
Statutory deposits for insurance operations (ii)	**13,492**	12,250
	317,106	318,236

(i) In accordance with relevant regulations, subsidiaries of the Group engaged in bank operations are required to place mandatory reserve deposits with the People's Bank of China for customer deposits in both RMB and foreign currencies. As at 30 June 2018, the mandatory deposits are calculated at 13.5% (31 December 2017: 15%) of customer deposits denominated in RMB and 5% (31 December 2017: 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.

(ii) Details of statutory deposits for insurance operations are as follows:

(in RMB million)	30 June 2018 (Unaudited)	31 December 2017 (Audited)
Ping An Life Insurance Company of China, Ltd. ("Ping An Life")	**6,760**	6,760
Ping An Property & Casualty Insurance Company of China, Ltd. ("Ping An Property & Casualty")	**5,403**	4,200
Ping An Annuity Insurance Company of China, Ltd.	**1,011**	972
Ping An Health Insurance Company of China, Ltd.	**310**	310
Others	**8**	8
	13,492	12,250

Statutory deposits for insurance operations are placed with PRC national commercial banks in accordance with the relevant regulations issued by the former China Insurance Regulatory Commission (the "CIRC") based on 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. Statutory deposit for insurance operations can only be utilized to settle liabilities during liquidation of insurance companies and insurance sales agency companies.

20. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

(in RMB million)	30 June 2018 (Unaudited)
Bonds	
Government bonds	**22,840**
Financial bonds	**85,566**
Corporate bonds	**44,304**
Funds	**138,477**
Stocks	**121,105**
Equity investments	**56,749**
Debt schemes	**14,928**
Wealth management products, assets management products and other investments	**290,963**
	774,932
Listed	**174,576**
Unlisted	**600,356**
Total	**774,932**

As at 31 December 2017, the Group held the investments of RMB21,786 million financial assets designated at fair value through profit or loss. As part of transition of IFRS 9, the financial assets previously designated at fair value through profit or loss do not satisfy the requirement for being classified as FVOCI and AC, and therefore, the financial assets should be classified as FVPL.

21. DEBT FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

(in RMB million)	30 June 2018 (Unaudited)
Bonds	
Government bonds	**79,272**
Financial bonds	**48,194**
Corporate bonds	**63,346**
Assets management schemes and their beneficial rights	**4,074**
Margin accounts receivables	**15,984**
Trust products	**11,722**
	222,592
Listed	**53,059**
Unlisted	**169,533**
	222,592

22. EQUITY FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

(in RMB million)	30 June 2018 (Unaudited)
Stocks	**138,824**
Preferred shares	**63,584**
Unlisted equity investments	**1,027**
	203,435
Listed	**202,408**
Unlisted	**1,027**
	203,435

The Group designated the portion of equity investments, which are held not for short-term price fluctuation gains, but for the dividends income arised from long-term possession, as equity financial assets at fair value through other comprehensive income.

During the period, the Group has no material disposal of equity financial assets at fair value through other comprehensive income.

The dividends income of equity financial assets at fair value through other comprehensive income recognized during the period are as follow:

(in RMB million)	For the six-month period ended 30 June 2018 (Unaudited)
Stocks	**1,722**
Preferred shares	**1,596**
Unlisted equity investments	**2**

23. AMORTIZED COST INVESTMENTS

(in RMB million)	30 June 2018 (Unaudited)
Assets management schemes and their beneficial rights	**159,189**
Debt schemes and debt investments	**215,937**
Wealth management products	**21,142**
Trust products	**189,423**
Bonds	
Government bonds	**769,371**
Financial bonds	**486,286**
Corporate bonds	**128,164**
Gross	**1,969,512**
Less: provisions	**(9,569)**
Net	**1,959,943**
Listed	**126,447**
Unlisted	**1,833,496**
	1,959,943

24. FIXED MATURITY INVESTMENTS

(in RMB million)	31 December 2017 (Audited)
Bonds	1,628,508
Asset management schemes	239,351
Debt schemes and debt investments	465,191
Wealth management products	43,588
	2,376,638

(1) BONDS

(in RMB million)	31 December 2017 (Audited)
Held-to-maturity	1,243,768
Available-for-sale, at fair value	221,871
Carried at fair value through profit or loss	63,801
Loans and receivables	99,068
	1,628,508
Government bonds	638,859
Finance bonds	604,805
Corporate bonds	384,844
	1,628,508
Listed	471,018
Unlisted	1,157,490
	1,628,508

During 2013, the Group's subsidiary Ping An Bank Co., Ltd. ("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 2017, the carrying amount of these bonds was RMB44,060 million while the corresponding fair value was RMB43,226 million. As part of transition of IFRS 9, the financial assets are classified as amortized cost investments.

25. EQUITY AND OTHER INVESTMENTS

(in RMB million)	31 December 2017 (Audited)
Security investment funds	90,426
Stocks	276,916
Other investments	263,334
	630,676

(1) FUNDS

(in RMB million)	31 December 2017 (Audited)
Available-for-sale, at fair value	56,935
Held for trading	33,491
	90,426
Listed	10,806
Unlisted	79,620
	90,426

(2) STOCKS

(in RMB million)	31 December 2017 (Audited)
Available-for-sale, at fair value	259,938
Held for trading	16,978
	276,916
Listed	276,576
Unlisted	340
	276,916

(3) OTHER INVESTMENTS

(in RMB million)	31 December 2017 (Audited)
Available-for-sale, at fair value	236,228
Available-for-sale, at cost	126
Carried at fair value through profit or loss	
Held-for-trading	9,475
Designated at fair value through profit or loss	17,505
	263,334
Listed	77,059
Unlisted	186,275
	263,334

26. LOANS AND ADVANCES TO CUSTOMERS

(in RMB million)	30 June 2018 (Unaudited)	31 December 2017 (Audited)
Measured at amortized cost:		
Corporate customers		
Loans	**784,046**	835,864
Discounted bills	**–**	14,756
Individual customers		
Business loans	**143,109**	124,153
Credit cards	**385,733**	303,628
Property mortgages	**171,722**	152,865
Vehicle loans	**141,363**	130,517
Others	**156,999**	143,403
Gross	**1,782,972**	1,705,186
Less: Loan loss provisions	**(54,443)**	(44,322)
Subtotal	**1,728,529**	1,660,864
Measured at fair value through other comprehensive income:		
Corporate customers		
Loans	**9,578**	–
Discounted bills	**29,594**	–
Gross	**39,172**	–
Less: Loan loss provisions	**(43)**	–
Subtotal	**39,129**	–
Total	**1,767,658**	1,660,864

26. LOANS AND ADVANCES TO CUSTOMERS (CONTINUED)

Movement of loan loss provisions is as follows:

(in RMB million)	For the six-month period ended 30 June 2018 (Unaudited)	For the year ended 31 December 2017 (Audited) Individually assessed	Collectively assessed	Total
Measured at amortized cost:				
As at 31 December 2017/31 December 2016	**44,322**	8,445	31,780	40,225
Change in accounting policy (Note 3)	**3,387**	–	–	–
As at 1 January 2018/1 January 2017	**47,709**	8,445	31,780	40,225
Charge for the period/year	**21,055**	30,379	10,435	40,814
Write-off and transfer out during the period/year	**(20,589)**	(27,820)	(11,582)	(39,402)
Recovery of loans written off previously	**6,559**	1,637	1,859	3,496
Unwinding of discount of impairment allowances recognized as interest income	**(340)**	(659)	–	(659)
Other changes for the period/year	**49**	(96)	(56)	(152)
	54,443	11,886	32,436	44,322
Measured at fair value through other comprehensive income:				
As at 31 December 2017/31 December 2016	**-**	–	–	–
Change in accounting policy (Note 3)	**54**	–	–	–
As at 1 January 2018/1 January 2017	**54**	–	–	–
Charge for the period/year	**(11)**	–	–	–
	43	–	–	–
As at 30 June 2018/31 December 2017	**54,486**	11,886	32,436	44,322

Note: Based on the expected credit loss model, the credit loss provisions of the portion of loans and advances to customers measured at fair value through other comprehensive income are recognized in other comprehensive income, see Note 15.

As at 30 June 2018, discounted bills with a carrying amount of RMB3,217 million (31 December 2017: RMB3,467 million) were pledged as collateral for amounts due to the Central Bank.

27. PREMIUM RECEIVABLES

(in RMB million)	30 June 2018 (Unaudited)	31 December 2017 (Audited)
Premium receivables	**63,609**	47,597
Less: Provision for doubtful receivables	**(2,448)**	(1,903)
Premium receivables, net	**61,161**	45,694
Life insurance	**14,932**	11,458
Property and casualty insurance	**46,229**	34,236
Premium receivables, net	**61,161**	45,694

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)	30 June 2018 (Unaudited)	31 December 2017 (Audited)
Within 3 months	**58,640**	44,711
Over 3 months but within 1 year	**2,948**	1,350
Over 1 year	**2,021**	1,536
	63,609	47,597

28. ACCOUNTS RECEIVABLE

(in RMB million)	30 June 2018 (Unaudited)	31 December 2017 (Audited)
Receivables under factoring	**69,326**	65,868
Others	**6,106**	6,344
Gross	**75,432**	72,212
Less: provision for accounts receivable	**(291)**	(289)
Net	**75,141**	71,923

29. FINANCE LEASE RECEIVABLES

(in RMB million)	30 June 2018 (Unaudited)	31 December 2017 (Audited)
Finance lease receivable, net of unearned finance income	**152,086**	113,710
Less: Provision for impairment losses	**(1,967)**	(1,682)
Net	**150,119**	112,028

30. FINANCIAL ASSETS HELD UNDER RESOLD AGREEMENTS

(in RMB million)	30 June 2018 (Unaudited)	31 December 2017 (Audited)
Bonds	**113,909**	92,428
Bills	**1,866**	–
Stocks and others	**7,146**	6,882
Gross	**122,921**	99,310
Less: Provision for impairment losses	**(31)**	(14)
Net	**122,890**	99,296

31. POLICYHOLDER ACCOUNT ASSETS IN RESPECT OF INSURANCE/ INVESTMENT CONTRACTS

(1) POLICYHOLDER ACCOUNT ASSETS IN RESPECT OF INSURANCE CONTRACTS

(in RMB million)	30 June 2018 (Unaudited)	31 December 2017 (Audited)
Cash and amounts due from banks and other financial institutions	**5,081**	3,950
Financial assets at fair value through profit or loss		
Bonds	**4,028**	6,118
Funds	**23,772**	24,470
Stocks	**2,833**	3,329
Other investments	**400**	172
Financial assets held under resold agreements	**–**	330
Other assets	**391**	406
	36,505	38,775

(2) POLICYHOLDER ACCOUNT ASSETS IN RESPECT OF INVESTMENT CONTRACTS

(in RMB million)	30 June 2018 (Unaudited)	31 December 2017 (Audited)
Cash and amounts due from banks and other financial institutions	**309**	120
Financial assets at fair value through profit or loss		
Bonds	**1,614**	1,636
Funds	**935**	1,128
Stocks	**17**	19
Other investments	**1,013**	603
Financial assets held under resold agreements	**–**	380
Other assets	**203**	223
	4,091	4,109

32. INVESTMENTS IN ASSOCIATES AND JOINTLY CONTROLLED ENTITIES

The Group's investments in associates and jointly controlled entities as at 30 June 2018 are as follows:

(in RMB million)	30 June 2018 (Unaudited)	31 December 2017 (Audited)
Associates		
Veolia Water (Kunming) Investment Co., Ltd.	**271**	261
Veolia Water (Yellow River) Investment Co., Ltd.	**207**	213
Veolia Water (Liuzhou) Investment Co., Ltd.	**116**	112
Shanxi Taichang Expressway Co., Ltd.	**789**	759
Beijing-Shanghai High-Speed Railway Equity Investment Scheme	**6,300**	6,300
Lufax Holding Ltd.("Lufax Holding")	**16,567**	11,996
Foshan Huatai Property Development Co., Ltd.	**1,036**	1,046
Massive Idea Investments Limited	**886**	840
Guangzhou Jinglun Property Development Co., Ltd.	**496**	510
Shenzhen Jinzheng Science & Technology Co., Ltd.	**1,672**	1,664
Xuhui Holdings Co., Ltd.	**2,995**	2,889
Ping An Healthcare and Technology Co., Ltd. ("Ping An Good Doctor")	**18,022**	15,710
Ping An Medical and Healthcare Management Co., Ltd. ("Ping An Healthcare Technology")	**4,529**	181
OneConnect Financial Technology Co., Ltd. ("OneConnect")	**3,431**	689
Shenzhen China Merchants-Ping An Asset Management Co., Ltd.	**1,152**	1,190
Jiangsu Dezhan Investment Co., Ltd.	**2,035**	2,001
Zhongan Online Property & Casualty Co., Ltd.	**1,680**	1,755
Beijing Beiqi Penglong Automobile Service Co., Ltd.	**1,439**	1,415
China Yangtze Power Co., Ltd.	**13,547**	–
China Traditional Chinese Medicine Holdings Co., Ltd.	**2,173**	–
Others	**17,730**	14,293
Subtotal	**97,073**	63,824
Jointly controlled entities		
KunYu Highway Development Co., Ltd.	**800**	1,147
Nanjing Mingwan Real Estate Co., Ltd.	**2,195**	2,174
Beijing ZhaoTai Property Development Co., Ltd.	**1,297**	1,299
Wuhan DAJT Property Development Co., Ltd.	**924**	837
Xi'an Languang Meidu Enterprise Management Service Limited	**982**	992
Others	**22,811**	15,934
Subtotal	**29,009**	22,383
Investment in associates and jointly controlled entities	**126,082**	86,207

Associates and jointly controlled entities above have no significant contingent liabilities for the Group.

33. OTHER ASSETS

(in RMB million)	30 June 2018 (Unaudited)	31 December 2017 (Audited)
Interest receivables	**51,676**	51,934
Other receivables	**60,538**	81,743
Due from reinsurers	**10,275**	8,001
Foreclosed assets	**4,553**	5,251
Prepayments	**3,367**	2,664
Precious metals held for trading	**69,194**	87,501
Dividends receivable	**2,724**	395
Inventories	**5,040**	4,868
Clearing receivables	**7,761**	5,890
Margin accounts receivables	**-**	11,266
Others	**8,791**	4,488
	223,919	264,001
Less: Loss provisions	**(2,278)**	(2,588)
Including: Interest receivables	**(60)**	(34)
Other receivables	**(1,155)**	(1,373)
Due from reinsurers	**(13)**	(12)
Foreclosed assets	**(270)**	(288)
Prepayments	**(359)**	(445)
Inventories	**(49)**	(45)
Margin accounts receivables	**-**	(40)
Others	**(372)**	(351)
Net	**221,641**	261,413

34. SHARE CAPITAL

(in RMB million)	30 June 2018 (Unaudited)	31 December 2017 (Audited)
Number of shares registered, issued and fully paid, with a par value of RMB1 each	**18,280**	18,280

35. RESERVES, RETAINED PROFITS AND NON-CONTROLLING INTERESTS

(in RMB million)	Share premium (Unaudited)	Investment at fair value changes through other comprehensive income reserve (Unaudited)	Shadow accounting adjustments (Unaudited)	Others (Unaudited)	Surplus reserve funds (Unaudited)	General reserves (Unaudited)	Exchange differences on translation of foreign operations (Unaudited)	Retained profits (Unaudited)	Non-controlling interests (Unaudited)	Total equity (Unaudited)
As at 31 December 2017	**111,598**	**46,089**	**(6,416)**	**9,114**	**12,164**	**44,964**	**368**	**237,190**	**114,566**	**569,637**
Change in accounting policy (Note 3)	**-**	**(32,439)**	**(2,635)**	**-**	**-**	**-**	**-**	**32,300**	**(2,021)**	**(4,795)**
Restated total equity at 1 January 2018	**111,598**	**13,650**	**(9,051)**	**9,114**	**12,164**	**44,964**	**368**	**269,490**	**112,545**	**564,842**
Profit for the period	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**58,095**	**6,675**	**64,770**
Other comprehensive income for the period	**-**	**(4,562)**	**2,220**	**3**	**-**	**-**	**403**	**1,715**	**351**	**130**
Total comprehensive income for the period	**-**	**(4,562)**	**2,220**	**3**	**-**	**-**	**403**	**59,810**	**7,026**	**64,900**
Dividend declared (Note 16)	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(21,936)**	**-**	**(21,936)**
Acquisition of subsidiaries	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**11**	**11**
Appropriations to general reserves	**-**	**-**	**-**	**-**	**-**	**383**	**-**	**(383)**	**-**	**-**
Dividend paid to non-controlling interests	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(1,581)**	**(1,581)**
Equity transactions with non-controlling interests	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(5)**	**(5)**
Contributions from non-controlling interests	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**2**	**2**
Share purchase scheme	**-**	**-**	**-**	**(287)**	**-**	**-**	**-**	**-**	**-**	**(287)**
Other equity instruments issued by subsidiaries	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**1,000**	**1,000**
Others	**-**	**-**	**-**	**9,824**	**-**	**-**	**-**	**-**	**42**	**9,866**
As at 30 June 2018	**111,598**	**9,088**	**(6,831)**	**18,654**	**12,164**	**45,347**	**771**	**306,981**	**119,040**	**616,812**

35. RESERVES, RETAINED PROFITS AND NON-CONTROLLING INTERESTS (CONTINUED)

(in RMB million)	Share premium (Unaudited)	Available-for-sale investment reserve (Unaudited)	Shadow accounting adjustments (Unaudited)	Others (Unaudited)	Surplus reserve funds (Unaudited)	General reserves (Unaudited)	Exchange differences on translation of foreign operations (Unaudited)	Retained profits (Unaudited)	Non-controlling interests (Unaudited)	Total equity (Unaudited)
As at 1 January 2017	115,447	20,525	(3,229)	6,749	11,366	36,799	1,253	176,259	103,012	468,181
Profit for the period	–	–	–	–	–	–	–	43,427	5,666	49,093
Other comprehensive income for the period	–	13,444	(3,039)	(90)	–	–	(589)	–	201	9,927
Total comprehensive income for the period	–	13,444	(3,039)	(90)	–	–	(589)	43,427	5,867	59,020
Dividend declared (Note 16)	–	–	–	–	–	–	–	(10,054)	–	(10,054)
Appropriations to surplus reserves	–	–	–	–	798	–	–	(798)	–	–
Appropriations to general reserves	–	–	–	–	–	39	–	(39)	–	–
Dividend paid to non-controlling interests	–	–	–	–	–	–	–	–	(1,654)	(1,654)
Equity transactions with non-controlling interests	(709)	–	–	–	–	–	–	–	(780)	(1,489)
Contributions from non-controlling interests	(9)	–	–	–	–	–	–	–	372	363
Share purchase scheme	–	–	–	(306)	–	–	–	–	–	(306)
Others	229	–	–	27	–	–	–	–	101	357
As at 30 June 2017	114,958	33,969	(6,268)	6,380	12,164	36,838	664	208,795	106,918	514,418

36. SHARE PURCHASE SCHEME

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. Shares shall be vested and awarded to the key employees approved for participation in the Scheme, subject to the achievement of certain performance targets.

Movement of reserves relating to the Scheme is as follows:

For the six-month period ended 30 June 2018 (in RMB million)	Shares held for share purchase scheme (Unaudited)	Value of employee services (Unaudited)	Total (Unaudited)
As at 1 January	**(1,008)**	**714**	**(294)**
Purchased (i)	**(593)**	**–**	**(593)**
Share-based compensation expenses (ii)	**–**	**287**	**287**
Exercised	**277**	**(277)**	**–**
Expired	**19**	**–**	**19**
As at 30 June	**(1,305)**	**724**	**(581)**

For the six-month period ended 30 June 2017 (in RMB million)	Shares held for share purchase scheme (Unaudited)	Value of employee services (Unaudited)	Total (Unaudited)
As at 1 January	(679)	431	(248)
Purchased (i)	(603)	–	(603)
Share-based compensation expenses (ii)	–	264	264
Exercised	244	(244)	–
Expired	33	–	33
As at 30 June	(1,005)	451	(554)

(i) On 27 April 2018, 9,666,900 ordinary A shares were purchased from the market. The average price of shares purchased was RMB61.29 per share. The total purchasing cost was RMB593 million (transaction expenses included).

During the period from 23 March 2017 to 27 March 2017, 16,419,990 ordinary A shares were purchased from the market. The average price of shares purchased was RMB36.74 per share.

(ii) The share-based compensation expense of the Scheme and the total value of employee services were RMB287 million during the six-month period ended 30 June 2018 (six-month period ended 30 June 2017: RMB264 million).

37. DUE TO BANKS AND OTHER FINANCIAL INSTITUTIONS

(in RMB million)	30 June 2018 (Unaudited)	31 December 2017 (Audited)
Deposits from other banks and financial institutions	**452,208**	450,403
Due to the Central Bank	**142,891**	130,652
Short term borrowings	**100,557**	90,310
Long term borrowings	**124,320**	109,165
	819,976	780,530

38. ASSETS SOLD UNDER AGREEMENTS TO REPURCHASE

(in RMB million)	30 June 2018 (Unaudited)	31 December 2017 (Audited)
Bonds	**96,361**	133,981

As at 30 June 2018, bonds with par value of RMB51,388 million (31 December 2017: RMB94,012 million) were pledged as collaterals for financial assets sold under agreements to repurchase resulted from repurchase transactions entered into by the Group in the interbank market. The collaterals are restricted from trading during the period of the repurchase transaction.

As at 30 June 2018, the bonds with par value of RMB119,699 million (31 December 2017: RMB118,607 million) were deposited in the collateral pool. The collaterals are 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.

For bonds repurchase transactions through stock exchange, the Group is required to deposit certain exchange traded bonds and/or bonds transferred under new pledged repurchase transaction with fair value converted at a standard rate pursuant to stock exchange's regulation no less than the balance of related repurchase transaction into a collateral pool.

39. CUSTOMER DEPOSITS AND PAYABLES TO BROKERAGE CUSTOMERS

(in RMB million)	30 June 2018 (Unaudited)	31 December 2017 (Audited)
Customer deposits		
Current and savings accounts		
– Corporate customers	**484,123**	531,988
– Individual customers	**164,045**	175,268
Term deposits		
– Corporate customers	**869,483**	778,685
– Individual customers	**214,781**	140,194
Guarantee deposits	**195,092**	218,900
Term deposits from the Central Bank	**41,152**	34,812
Fiscal deposits	**42,028**	32,729
Remittance payables and outward remittance	**16,411**	17,828
	2,027,115	1,930,404
Payables to brokerage customers		
– Corporate customers	**3,045**	3,168
– Individual customers	**25,235**	19,123
	28,280	22,291
	2,055,395	1,952,695

As at 30 June 2018, bonds classified as financial assets carried as amortized costs with a carrying amount of RMB43,741 million (31 December 2017: financial assets classified as fixed maturity investments with a carrying amount of RMB21,326 million bonds classified as loans and receivables with a carrying amount of RMB14,624 million) were pledged as collaterals for term deposits from the Central Bank.

40. INSURANCE CONTRACT LIABILITIES

(in RMB million)	30 June 2018 (Unaudited)	31 December 2017 (Audited)
Policyholders' reserves	**1,322,330**	1,190,925
Policyholder contract deposits	**552,044**	502,646
Policyholder account liabilities in respect of insurance contracts	**36,505**	38,775
Unearned premium reserves	**122,394**	110,006
Claim reserves	**99,314**	90,617
	2,132,587	1,932,969

41. BONDS PAYABLE

Issuer	Type	Maturity	Par value (in RMB million)	Issued year	Coupon rate (per annum)	30 June 2018 (Unaudited)	31 December 2017 (Audited)
Ping An Life	Subordinated bonds	10 years	8,000	2014	First 5 years: 5.90% Next 5 years: 7.90% (If not redeemed)	**8,315**	8,270
Ping An Life	Capital supplement bonds	10 years	5,000	2015	First 5 years: 3.90% Next 5 years: 4.90% (If not redeemed)	**5,050**	5,037
Ping An Life	Capital supplement bonds	10 years	10,000	2016	First 5 years: 3.82% Next 5 years: 4.82% (If not redeemed)	**10,084**	10,059
Ping An Life	Offshore USD bonds	3-5 years	4,592	2016	2.38%-2.88%	**7,861**	7,807
Ping An Property & Casualty	Capital supplement bonds	10 years	5,000	2015	First 5 years: 4.79% Next 5 years: 5.79% (If not redeemed)	**5,056**	5,043
Ping An Property & Casualty	Capital supplement bonds	10 years	3,500	2017	First 5 years: 5.10% Next 5 years: 6.10% (If not redeemed)	**3,508**	3,500
Ping An Bank	Hybrid capital debt instrument	15 years	1,500	2009	First 10 years: 5.70% Next 5 years: 8.70% (If not redeemed)	**1,466**	1,466
Ping An Bank	Hybrid capital debt instrument	15 years	3,650	2011	7.50%	**3,650**	3,650
Ping An Bank	Tier-2 Capital bonds	10 years	6,000	2014	6.50%	**6,000**	6,000
Ping An Bank	Tier-2 Capital bonds	10 years	9,000	2014	6.80%	**9,000**	9,000
Ping An Bank	Interbank deposits	1-3 years	3,000	2016	2.95%-3.30%	**3,000**	3,000
Ping An Bank	Tier-2 Capital bonds	10 years	10,000	2016	3.85%	**10,000**	10,000
Ping An Bank	Financial bonds	3 years	15,000	2017	4.20%	**15,000**	15,000
Ping An Bank	Interbank deposits	Less than 1 year	317,860	2017-2018	2.74%-5.10%	**313,423**	294,376

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41. BONDS PAYABLE (CONTINUED)

Issuer	Type	Maturity	Par value (in RMB million)	Issued year	Coupon rate (per annum)	30 June 2018 (Unaudited)	31 December 2017 (Audited)
Value Success International Limited ("Value Success International")	Offshore RMB bonds	5 years	2,100	2013	4.75%	**2,091**	2,102
Value Success International	Offshore RMB bonds	3-5 years	1,600	2014	4.15%-4.95%	**747**	751
Value Success International	Offshore SGD bonds	5.5 years	1,779	2014	4.13%	**1,791**	1,806
Value Success International	Offshore HKD bonds	5 years	1,272	2016	3.00%	**1,296**	1,283
Value Success International	Offshore USD bonds	5 years	2,004	2016	3.20%	**1,982**	1,957
Value Success International	Offshore USD bonds	1 year	547	2018	3.35%	**570**	-
Value Success International	Offshore HKD bonds	1 year	2,196	2018	2.50%-2.65%	**2,275**	-
Ping An Securities Company Limited ("Ping An Securities")	Corporate bonds	6 months-3 years	2,500	2016	3.50%	**1,500**	1,500
Ping An Securities	Corporate bonds	6 months-3 years	8,000	2017	4.65%-5.48%	**6,500**	8,000
Ping An Securities	Corporate bonds	2-3 years	3,840	2018	5.30%-5.60%	**3,840**	-
Ping An International Financial Leasing Co., Ltd. ("Ping An Financial Leasing")	Medium term notes	3-5 years	4,000	2016	3.34%-3.58%	**4,000**	4,000
Ping An Financial Leasing	Private placement notes	3 years	5,000	2016	3.35%-4.55%	**5,000**	5,000
Ping An Financial Leasing	Private equity notes	3 years	5,000	2017	5.30%-5.56%	**5,000**	5,000
Ping An Financial Leasing	Corporate bonds	3 years	4,400	2017	4.70%-4.89%	**4,400**	4,400
Ping An Financial Leasing	Private placement notes	3 years	5,000	2017	5.40%-6.10%	**5,000**	5,000
Ping An Financial Leasing	Super short-term financing bills	150 days-1 year	10,000	2017	4.55%-5.46%	**2,000**	10,000
Ping An Financial Leasing	Medium term notes	3 years	2,100	2017	5.50%	**2,100**	2,100
Ping An Financial Leasing	Short-term financing bills	1 year	1,500	2017	4.90%-4.98%	**-**	1,500
Ping An Financial Leasing	Super short-term financing bills	138 days-270 days	6,500	2018	4.50%-5.20%	**6,500**	-

41. BONDS PAYABLE (CONTINUED)

Issuer	Type	Maturity	Par value (in RMB million)	Issued year	Coupon rate (per annum)	30 June 2018 (Unaudited)	31 December 2017 (Audited)
Ping An Financial Leasing	Private placement notes	3 years	3,500	2018	6.00%-6.40%	**3,500**	-
Ping An Financial Leasing	Private equity notes	2-3 years	5,270	2018	5.00%-8.88%	**4,970**	-
Ping An Financial Leasing	Short-term financing bills	1 year	3,000	2018	4.49%-4.82%	**3,000**	-
Fuqing Investment Management Limited	Offshore RMB bonds	3 years	1,000	2015	4.85%	**1,000**	998
Ping An Real Estate Co., Ltd. ("Ping An Real Estate")	Corporate bonds	3-7 years	8,000	2016	3.27%-3.60%	**7,987**	7,983
Ping An Real Estate	Corporate bonds	5 years	2,500	2017	4.88%-5.27%	**2,494**	2,492
Ping An Real Estate	Corporate bonds	3 years	1,500	2018	5.00%	**1,497**	-
Ping An Real Estate	Super short-term financing bills	270 days	5,500	2018	4.60%-5.15%	**5,495**	-
Fuxiang Investment Management Limited	Offshore USD bonds	3 years	2,709	2016	3.63%	**1,982**	1,950
Fuxiang Investment Management Limited	Medium term notes	5 years	1,254	2017	3.80%	**1,263**	1,253
Fuxiang Investment Management Limited	Offshore USD bonds	1 year	1,654	2018	5.10%	**1,649**	-
Shenzhen Ping An Real Estate Investment Co., Ltd.	Private equity notes	2 years	580	2018	8.88%-9.00%	**580**	-
Shenzhen Ping An Real Estate Investment Co., Ltd.	Corporate bonds	1 year	1,967	2018	8.70%-9.00%	**1,965**	-
						495,387	451,283

42. FIDUCIARY ACTIVITIES

(in RMB million)	30 June 2018 (Unaudited)	31 December 2017 (Audited)
Assets under trust schemes	**577,230**	621,518
Assets under annuity investments and annuity schemes	**414,730**	380,005
Assets under asset management schemes	**528,521**	540,787
Entrusted loans of banking operations	**324,690**	408,582
Entrusted investments of banking operations	**484,189**	501,062
	2,329,360	2,451,954

All of above are off-balance sheet items.

43. 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, due from reinsurers and insurance payables.

(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:

	Carrying values		Fair values	
(in RMB million)	30 June 2018 (Unaudited)	31 December 2017 (Audited)	30 June 2018 (Unaudited)	31 December 2017 (Audited)
Financial assets				
Financial assets at fair value through profit or loss	**774,932**	141,250	**774,932**	141,250
Debt financial assets at fair value through other comprehensive income	**222,592**	–	**222,592**	–
Equity financial assets at fair value through other comprehensive income	**203,435**	–	**203,435**	–
Amortized cost investments	**1,959,943**	–	**1,967,501**	–
Available-for-sale				
Bonds	**-**	221,871	**-**	221,871
Funds	**-**	56,935	**-**	56,935
Stocks	**-**	259,938	**-**	259,938
Other	**-**	236,228	**-**	236,228
Derivative financial assets	**21,853**	16,192	**21,853**	16,192
Held-to-maturity				
Bonds	**-**	1,243,768	**-**	1,206,471
Loans and receivables				
Bonds	**-**	99,068	**-**	99,068
Debt schemes and debt investments	**-**	704,542	**-**	708,854
Wealth management products	**-**	43,588	**-**	43,588
Cash and amounts due from banks and other financial institutions	**477,502**	483,891	**477,502**	483,891
Balances with the Central Bank and statutory deposits	**317,106**	318,236	**317,106**	318,236
Loans and advances to customers	**1,767,658**	1,660,864	**1,767,658**	1,661,301
Policy loans	**99,230**	83,203	**99,230**	83,203
Financial assets held under resold agreements	**122,890**	99,296	**122,890**	99,296
Premium receivables	**61,161**	45,694	**61,161**	45,694
Accounts receivable	**75,141**	71,923	**75,141**	71,923
Finance lease receivables	**150,119**	112,028	**150,119**	112,028
Other assets	**131,932**	152,018	**131,932**	152,018
Total financial assets	**6,385,494**	6,050,533	**6,393,052**	6,017,985

43. CLASSIFICATION AND FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

(1) CLASSIFICATION OF FINANCIAL INSTRUMENTS (CONTINUED)

(in RMB million)	Carrying values 30 June 2018 (Unaudited)	Carrying values 31 December 2017 (Audited)	Fair values 30 June 2018 (Unaudited)	Fair values 31 December 2017 (Audited)
Financial liabilities				
Derivative financial liabilities	**19,890**	17,950	**19,890**	17,950
Financial liabilities at fair value through profit or loss	**18,709**	14,060	**18,709**	14,060
Other financial liabilities				
Due to banks and other financial institutions	**819,976**	780,530	**819,976**	780,530
Assets sold under agreements to repurchase	**96,361**	133,981	**96,361**	133,981
Customer deposits and payables to brokerage customers	**2,055,395**	1,952,695	**2,055,395**	1,952,695
Accounts payable	**4,978**	5,468	**4,978**	5,468
Insurance payables	**73,022**	64,414	**73,022**	64,414
Investment contract liabilities for policyholders	**47,601**	46,200	**47,601**	46,200
Policyholder dividend payable	**50,005**	45,622	**50,005**	45,622
Bonds payable	**495,387**	451,283	**492,680**	450,142
Other liabilities	**275,079**	281,337	**275,079**	281,337
Total financial liabilities	**3,956,403**	3,793,540	**3,953,696**	3,792,399

The assets and liabilities of the investment-linked business are not included in the above financial assets and liabilities.

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43. CLASSIFICATION AND FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

(2) DETERMINATION OF FAIR VALUE AND THE FAIR VALUE HIERARCHY

The methods used to determine fair values of financial assets and liabilities and the breakdown of fair value hierarchy are disclosed in the 2017 annual report of the Group. The Group uses the following hierarchy for determining and disclosing the fair value 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 group 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 (such as price) or indirectly (such as calculated based on price). 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 (unobservable inputs).

The level of fair value calculation is determined by the lowest level input with material significance 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.

43. 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 3 levels of the fair value hierarchy:

	30 June 2018			
(in RMB million)	Level 1 (Unaudited)	Level 2 (Unaudited)	Level 3 (Unaudited)	Total fair value (Unaudited)
Financial assets				
Financial assets at fair value through profit or loss				
Bonds	22,457	130,253	-	152,710
Funds	89,802	48,019	656	138,477
Stocks	111,925	9,180	-	121,105
Trust products, wealth management products, assets managements schemes and other investments	-	295,505	67,135	362,640
	224,184	482,957	67,791	774,932
Derivative financial assets				
Interest rate swaps	-	8,210	-	8,210
Currency forwards and swaps	-	9,882	-	9,882
Others	-	3,761	-	3,761
	-	21,853	-	21,853
Debt financial assets at fair value through other comprehensive income				
Bonds	31,560	159,252	-	190,812
Trust products, wealth management products, assets managements schemes and other investments	-	15,796	15,984	31,780
	31,560	175,048	15,984	222,592
Equity financial assets at fair value through other comprehensive income				
Stocks	138,824	-	-	138,824
Preferred shares	-	63,584	-	63,584
Unlisted equity investments	-	-	1,027	1,027
	138,824	63,584	1,027	203,435
Placements with banks and other financial institutions measured at fair value through other comprehensive income	-	5,493	-	5,493
Loans and advances to customers measured at fair value through other comprehensive income	-	-	39,129	39,129
Total financial assets	394,568	748,935	123,931	1,267,434
Financial liabilities				
Derivative financial liabilities				
Interest rate swaps	-	8,362	-	8,362
Currency forwards and swaps	-	9,924	-	9,924
Others	-	1,604	-	1,604
	-	19,890	-	19,890
Financial liabilities at fair value through profit or loss	8,614	9,307	788	18,709
Total financial liabilities	8,614	29,197	788	38,599

43. 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 3 levels of the fair value hierarchy: (Continued)

	31 December 2017			
(in RMB million)	Level 1 (Audited)	Level 2 (Audited)	Level 3 (Audited)	Total fair value (Audited)
Financial assets				
Carried at fair value through profit or loss				
Bonds	4,140	59,661	–	63,801
Funds	21,528	10,993	970	33,491
Stocks	16,697	281	–	16,978
Trust products, wealth management products, assets managements schemes and other investments	–	19,832	7,148	26,980
	42,365	90,767	8,118	141,250
Derivative financial assets				
Interest rate swaps	–	225	–	225
Currency forwards and swaps	–	14,107	–	14,107
Others	–	1,860	–	1,860
	–	16,192	–	16,192
Available-for-sale financial assets				
Bonds	42,676	179,155	40	221,871
Funds	51,555	5,380	–	56,935
Stocks	254,328	5,610	–	259,938
Trust products, wealth management products, assets managements schemes and other investments	–	64,969	171,259	236,228
	348,559	255,114	171,299	774,972
Total financial assets	390,924	362,073	179,417	932,414
Financial liabilities				
Derivative financial liabilities				
Interest rate swaps	–	100	–	100
Currency forwards and swaps	–	15,848	–	15,848
Others	–	2,002	–	2,002
	–	17,950	–	17,950
Financial liabilities at fair value through profit or loss	9,076	4,370	614	14,060
Total financial liabilities	9,076	22,320	614	32,010

The assets and liabilities of investment-linked business are not included in the above disclosure of the fair value hierarchy.

From 1 January 2018 to 30 June 2018, there were no significant transfers between Level 1 and Level 2 fair value measurements, nor significant transfers into or out of Level 3 fair value measurements.

44. 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 mitigated 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 mitigated by careful selection and implementation of underwriting strategies and guidelines.

The business of the Group mainly comprises long term life insurance contracts, property and casualty and short term life insurance contracts. For contracts where death is the insured risk, the significant factors that could increase the overall frequency of claims are epidemics, widespread changes in lifestyles and natural disasters, resulting in earlier or more claims than expected. For contracts where survival is the insured risk, the most significant factor is continuing improvement in medical science and social conditions that would increase longevity. For property and casualty insurance contracts, claims are often affected by natural disasters, calamities, terrorist attacks, etc.

These risks currently do not vary significantly in relation to the location of the risk insured by the Group whilst undue concentration by amounts could have an impact on the severity of benefit payments on a portfolio basis.

There would be no significant mitigating terms and conditions that reduce the insured risk accepted for contracts with fixed and guaranteed benefits and fixed future premiums. However, for contracts with discretionary participation features, the participating nature of these contracts results in a significant portion of the insurance risk being shared with the insured party.

Insurance risk is also affected by the policyholders' rights to terminate the contract, pay reduced premiums, refuse to pay premiums or exercise annuity conversion option, etc. Thus, the resultant insurance risk is subject to policyholders' behaviours and decisions.

Concentration of insurance risks

The Group runs its insurance business primarily within the PRC. Hence the geographical insurance risk is concentrated primarily within the PRC.

The Group's concentration of insurance risk is reflected by its major lines of business as analyzed by insurance contract liabilities in Note 40.

44. RISK AND CAPITAL MANAGEMENT (CONTINUED)

(1) INSURANCE RISK (CONTINUED)

Assumptions

(a) Long term life insurance contracts

Significant judgment is required in determining insurance contract reserves and in choosing discount rates/ investment return, mortality, morbidity, lapse rates, policy dividend and expenses assumptions relating to long term life insurance contracts.

(b) Property and casualty and short term life insurance contracts

The principal assumptions 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.

(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 or 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 fluctuations 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 the Group is facing mainly comes from movements in the USD/RMB and HKD/RMB exchange rates. The Group set limitation to its position of foreign currency, monitor the size of foreign currency position, and limit the foreign currency position within the threshold set by utilizing hedging strategy.

44. 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 stocks and equity investment funds classified as equity financial assets at fair value through other comprehensive income 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.

(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.

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.

(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 deposits in commercial banks, loans and advances to customers, investments in bonds, reinsurance arrangements with reinsurers, policy loans, margin financing and securities lending, non-standard debts, financial guarantees, loan commitments, etc. The Group uses a variety of controls to identify, measure, monitor and report credit risk.

Under IFRS 9, when considering the impairment stages for financial assets, the Group evaluates the credit risk at initial recognition and also whether there is any significant increase in credit risk for each reporting period. The following factors shall be taken into consideration when considering whether there is any significant increase in credit risk:

- Internal credit rating
- External credit rating
- Overdue condition
- Current and expected status of the business operation, financial situation and economic environment and other significant adverse changes, which would affect borrower's repayment ability
- Significant changes occurred or expected to occur for borrower's operating result
- Significant increase in credit risk of borrower's other financial assets
- Significant changes of the borrower's behaviour including changes in repayment pattern and operating result within the borrower's group

44. RISK AND CAPITAL MANAGEMENT (CONTINUED)

(3) CREDIT RISK (CONTINUED)

Meanwhile, with reference to IFRS 9, the Group would factor in the impact of forward-looking macroeconomic information on the expected credit loss when considering the impairment of financial assets. The Group has developed macroeconomic forward looking adjustment model by establishing a basket of factors, preparing data, filtering model factors and adjusting forward-looking elements. The basket of macroeconomic factors including Gross Domestic Products (GDP), Customer Price Index (CPI), change in money supply, benchmark interest rate and other macroeconomic variables. The Group makes forward-looking adjustments to the above expected credit loss results with reference to the aforementioned factors.

The Group has developed expected credit loss models based on five major categories of financial assets, and define 3 stages of impairment for each category, detailing the corresponding stage of impairment under various situations:

I. Debt securities

Debt securities held by the Group are treasury bonds, municipal bonds, policy bank bonds, government-backed institutional bonds, international institutional bonds, overseas sovereign debts with credit ratings higher than China's sovereign rating, commercial bank debts, non-bank financial institution debts and corporate bonds, etc.

Considering the three major credit risk related indicators, which include internal and external rating, asset risk grading and overdue days, the changes or absolute values of the indicators reach the preset thresholds will trigger impairment of stage 1, 2 or 3 of the debt securities.

II. Corporate fixed income assets

The corporate fixed income assets refer to debts issued to non individual entities such as sovereignty, public sectors, financial institutions and corporate entities, with finite maturity, predetermined interest rates and payment schedule, including loans, debt schemes, finance leases, wealth management schemes, trust schemes, etc.

The corporate fixed income assets will be classified into stage 1, stage 2 or stage 3 of impairment and corresponding impairment loss is recognized when the change or absolute value of the three major credit risk indicators, including internal and external rating, asset risk grading and overdue days, reach to the preset threshold for each stage.

III. Retail fixed income assets

The retail fixed income assets refer to the debts issued to natural person, with finite maturity, predetermined interest rates and payment schedule, including mortgage loans, consumer credit loans etc.

The retail fixed income asset is classified into stage 1, stage 2 or stage 3 of impairment and corresponding impairment loss is recognized when the indicators, like overdue days reach to the preset threshold for each stage.

44. RISK AND CAPITAL MANAGEMENT (CONTINUED)

(3) CREDIT RISK (CONTINUED)

IV. Capital market collateral financing

Capital market collateral financing (including margin financing and other loans pledged by stocks) refers to debts pledged with highly liquid assets in capital market, such as shares of listed companies, with the preset threshold for margin call and forced sale, beyond which the debt holders would have the right to dispose the collateral. For those financing pledged with highly liquid assets in capital market without threshold for margin call and forced sale is categorized into corporate fixed income or retail fixed income financial assets, depend on counter party.

The capital market collateral financing is classified into stage 1, stage 2 or stage 3 of impairment and corresponding impairment loss is recognized by when the asset risk grading reach to the preset threshold for each stage.

V. Others

Other financial assets includes deposit, placement, repurchase, etc. The asset is classified into stage 1, stage 2 or stage 3 of impairment and corresponding impairment loss is recognized when the indicators like overdue days reach to the preset threshold for each stage.

For the assets which adopt simplified impairment approach, the impairment loss is recognized according to their life-time expected credit loss.

The following table presents the credit risk exposure of the financial assets under the scope of expected credit loss. Without considering guarantee or any other credit enhancement measures, for the on-balance sheet assets, the maximum credit risk exposure is presented as the net carrying amount of the financial assets:

	30 June 2018 (Unaudited)				31 December 2017 (Audited)
Net carrying amount	Stage 1	Stage 2	Stage 3	Maximum credit risk exposure	Maximum credit risk exposure
Cash and amounts due from banks and other financial institutions	**477,502**	**-**	**-**	**477,502**	483,891
Balances with the Central Bank and statutory deposits	**317,106**	**-**	**-**	**317,106**	318,236
Debt financial assets at fair value through other comprehensive income	**222,265**	**327**	**-**	**222,592**	–
Amortized cost investments	**1,947,981**	**5,891**	**6,071**	**1,959,943**	–
Loans and advances to customers	**1,693,791**	**46,467**	**27,400**	**1,767,658**	1,660,864
Accounts receivable	**74,904**	**98**	**139**	**75,141**	71,923
Finance lease receivables	**147,529**	**1,993**	**597**	**150,119**	112,028
Policy loans	**99,230**	**-**	**-**	**99,230**	83,203
Financial assets held under resold agreements	**122,890**	**-**	**-**	**122,890**	99,296
Fixed maturity investments (excluding measured as FVPL)	**-**	**-**	**-**	**-**	2,312,837
Other assets	**131,932**	**-**	**-**	**131,932**	152,018
Total	**5,235,130**	**54,776**	**34,207**	**5,324,113**	5,294,296

44. RISK AND CAPITAL MANAGEMENT (CONTINUED)

(4) LIQUIDITY RISK

Liquidity risk is the risk of not having access to sufficient funds or being unable to realize an asset 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 utilizes multiple supervisory methods, establish comprehensive liquidity risk management framework, effectively recognize, measure, monitor and control liquidity risk, maintain sufficient liquidity level to satisfy various funds requirement and to react to adverse market status. In case of monitoring liquidity risks effectively, the Group pays attentions to the funds resources and diversified utilization, keep relatively high level of liquid assets consistently. The Group monitors the sourcing and usage of funds, deposit to loan ratio, and quick ratio on a daily basis. Besides adopting various liquidity risk management benchmarks, the Group compares the expected results against the ones derived from stress tests, critically assesses the potential impact to the future liquidity risk, and formulates 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, and maintaining stable deposits, etc.

44. RISK AND CAPITAL MANAGEMENT (CONTINUED)

(4) LIQUIDITY RISK (CONTINUED)

The table below summarizes the remaining contractual maturity profile of financial assets, financial liabilities and insurance contract liabilities of the Group (excluding balances of investment-linked contracts) based on undiscounted contractual cash flows/expected cash flows.

	30 June 2018						
(in RMB million)	Repayable on demand (Unaudited)	Less than 3 months (Unaudited)	3 to 12 months (Unaudited)	1 to 5 years (Unaudited)	Over 5 years (Unaudited)	Undated (Unaudited)	Total (Unaudited)
Cash and amounts due from banks and other financial institutions	154,353	114,318	87,439	144,289	1,584	-	501,983
Balances with the Central Bank and statutory deposits	45,915	1,577	1,139	11,327	1,312	257,811	319,081
Financial assets at fair value through profit or loss	37,183	61,080	110,120	245,311	89,990	353,057	896,741
Debt financial assets at fair value through other comprehensive income	40	23,363	42,395	121,542	256,741	-	444,081
Equity financial assets at fair value through other comprehensive income	-	811	30	-	-	227,865	228,706
Amortized cost investments	4,239	82,443	303,940	998,261	1,333,313	-	2,722,196
Loans and advances to customers	34,567	509,774	552,762	573,711	383,405	-	2,054,219
Premium receivables	6,378	20,312	17,173	17,146	152	-	61,161
Accounts receivable	11	26,187	40,308	11,336	-	-	77,842
Finance lease receivables	-	7,441	40,217	101,483	2,945	-	152,086
Policy Loans	49	43,982	56,752	-	-	-	100,783
Financial assets held under resold agreements	159	116,145	8,158	989	-	-	125,451
Other assets	33,890	9,986	26,379	6,953	2,290	-	79,498
	316,784	1,017,419	1,286,812	2,232,348	2,071,732	838,733	7,763,828
Due to banks and other financial institutions	154,341	320,999	239,101	115,885	8,944	-	839,270
Financial liabilities at fair value through profit or loss	-	96,508	2	-	-	-	96,510
Assets sold under agreements to repurchase	9,306	6,897	1,725	788	-	-	18,716
Customer deposits and payables to brokerage customers	773,223	552,697	445,008	338,111	9,620	-	2,118,659
Accounts payable	1,418	652	2,824	84	-	-	4,978
Insurance payables	67,174	1,938	3,247	663	-	-	73,022
Insurance contract liability	-	64,145	(43,493)	27,625	5,596,236	-	5,644,513
Insurance and investment contract liabilities for policyholders	-	1,663	4,673	16,577	30,822	-	53,735
Policyholder dividend payable	50,005	-	-	-	-	-	50,005
Bonds payable	-	223,464	153,441	100,590	45,162	-	522,657
Other liabilities	29,993	90,430	63,475	54,526	3,335	-	241,759
	1,085,460	1,359,393	870,003	654,849	5,694,119	-	9,663,824
Derivative cash flows							
Derivative financial instruments settled on a net basis	-	(26)	473	(230)	(14)	-	203
Derivative financial instruments settled on a gross basis							
- Cash inflow	46,290	538,227	414,924	14,042	-	-	1,013,483
- Cash outflow	(45,417)	(526,911)	(429,548)	(13,657)	-	-	(1,015,533)
	873	11,316	(14,624)	385	-	-	(2,050)
Credit Commitments	2,626	153,197	172,416	66,661	112,724	-	507,624

44. RISK AND CAPITAL MANAGEMENT (CONTINUED)

(4) LIQUIDITY RISK (CONTINUED)

	31 December 2017						
(in RMB million)	Repayable on demand (Audited)	Less than 3 months (Audited)	3 to 12 months (Audited)	1 to 5 years (Audited)	Over 5 years (Audited)	Undated (Audited)	Total (Audited)
Cash and amounts due from banks and other financial institutions	119,818	138,314	101,731	148,707	2,024	–	510,594
Balances with the Central Bank and statutory deposits	34,862	141	1,888	11,812	121	271,259	320,083
Fixed maturity investments	41,554	292,432	428,625	1,202,731	1,539,172	–	3,504,514
Equity and other investments	12,317	12,785	15,548	33,307	25,389	546,944	646,290
Loans and advances to customers	50,194	432,182	517,173	564,950	356,122	–	1,920,621
Premium receivables	4,043	15,912	12,371	13,314	54	–	45,694
Accounts receivable	1,545	7,956	51,641	12,760	–	–	73,902
Finance lease receivables	–	5,481	29,624	74,753	2,170	–	112,028
Other assets	28,602	35,743	16,967	28,391	571	–	110,274
	292,935	940,946	1,175,568	2,090,725	1,925,623	818,203	7,244,000
Due to banks and other financial institutions	140,112	222,766	340,249	84,563	8,526	–	796,216
Financial liabilities at fair value through profit or loss	4,255	4,329	5,049	568	–	–	14,201
Assets sold under agreements to repurchase	–	134,154	–	–	–	–	134,154
Customer deposits and payables to brokerage customers	780,767	424,848	432,426	375,752	2,957	–	2,016,750
Accounts payable	24	1,635	3,809	–	–	–	5,468
Insurance payables	60,478	2,256	1,665	15	–	–	64,414
Insurance contract liability	–	23,790	9,125	2,257	5,158,102	–	5,193,274
Insurance and investment contract liabilities for policyholders	–	1,044	4,158	14,987	32,168	–	52,357
Policyholder dividend payable	45,622	–	–	–	–	–	45,622
Bonds payable	–	184,488	131,112	131,071	40,914	–	487,585
Other liabilities	26,894	71,442	53,005	112,552	9,493	–	273,386
	1,058,152	1,070,752	980,598	721,765	5,252,160	–	9,083,427
Derivative cash flows							
Derivative financial instruments settled on a net basis	–	(2,493)	(1,400)	395	(17)	21	(3,494)
Derivative financial instruments settled on a gross basis							
- Cash inflow	29,939	256,252	284,253	4,501	–	–	574,945
- Cash outflow	(33,627)	(262,994)	(291,364)	(5,560)	–	–	(593,545)
	(3,688)	(6,742)	(7,111)	(1,059)	–	–	(18,600)
Credit Commitments	2,712	165,923	166,735	63,871	95,052	–	494,293

Management expects the credit commitments will not be entirely used during the commitment period.

44. RISK AND CAPITAL MANAGEMENT (CONTINUED)

(4) LIQUIDITY RISK (CONTINUED)

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 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 entirely borne by policyholders, the assets and liabilities related to investment-linked contracts were not included in the analysis of liquidity 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 31.

(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 future regulatory and market environment allows, the Group will lengthen the duration of its assets to matching the new liabilities of lower guaranteed rates of return, while narrowing the gap of existing liabilities of higher guaranteed rates of return.

(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. Operational risk in this context includes legal risk, but does not include strategic risk and reputational risk. The Group is exposed to many types of operational risks in the conduct of its business. The Group manages operational risk by establishing and continuously improving risk management framework, formalizing policies and standards, using management tools and reporting mechanism, strengthening communication and enhancing training to staff members.

(7) CAPITAL MANAGEMENT

The Group's capital requirements are primarily dependent on the scale and products of insurance business, 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 30 June 2018 and no changes were made to its capital base, capital management objectives, policies and procedures as compared to the previous year.

45. CASH AND CASH EQUIVALENTS

(in RMB million)	30 June 2018 (Unaudited)	31 December 2017 (Audited)
Cash and amounts due from banks and other financial institutions		
Cash on hand	**3,787**	4,228
Term deposits	**9,778**	7,773
Due from banks and other financial institutions	**119,416**	127,569
Placements with banks and other financial institutions	**54,356**	30,003
Surplus reserve deposits with the Central Bank	**56,479**	32,898
Bonds	**10,498**	13,185
Financial assets held under resold agreements and others	**116,786**	93,008
	371,100	308,664

46. SIGNIFICANT RELATED PARTY TRANSACTIONS

(1) THE COMPANY'S RELATED PARTIES WHERE SIGNIFICANT INFLUENCE EXISTS INCLUDE CERTAIN SHAREHOLDERS AS SET OUT BELOW:

Name of related parties	Relationship with the Company
Charoen Pokphand Group Co., Ltd. ("CP Group")	Parent of shareholders
Shenzhen Investment Holdings Co., Ltd.	Shareholder

As at 30 June 2018, CP Group held 9.45 % (31 December 2017: 9.68 %) equity interests in the Company and is the largest shareholder of the Company.

(2) OTHER RELATED PARTIES

Name of related party	Relationship with the Company
Lufax Holding	Associate
Ping An Good Doctor	Associate
Ping An Healthcare Technology	Associate
OneConnect	Associate

46. SIGNIFICANT RELATED PARTY TRANSACTIONS (CONTINUED)

(3) THE SUMMARY OF SIGNIFICANT RELATED PARTY TRANSACTIONS IS AS FOLLOWS:

For the six-month period ended 30 June (in RMB million)	2018 (Unaudited)	2017 (Unaudited)
CP Group		
Goods purchased from	**2**	15
Rental revenue from	**12**	13
Premiums revenue from	**4**	2
Claims expenses to	**1**	–
Lufax Holding		
Interest revenue from	**43**	18
Interest expenses to	**141**	309
Other revenues from	**1,216**	1,033
Other expenses to	**358**	483
Ping An Good Doctor		
Interest expenses to	**50**	–
Other revenues from	**47**	–
Other expenses to	**416**	–
Ping An Healthcare Technology		
Interest expenses to	**46**	–
Other revenues from	**36**	–
Other expenses to	**256**	–
OneConnect		
Interest revenue from	**55**	–
Interest expenses to	**7**	–
Other revenues from	**273**	–
Other expenses to	**132**	–

46. SIGNIFICANT RELATED PARTY TRANSACTIONS (CONTINUED)

(4) THE SUMMARY OF BALANCES OF THE GROUP WITH RELATED PARTIES IS AS FOLLOWS:

(in RMB million)	30 June 2018 (Unaudited)	31 December 2017 (Audited)
CP Group		
Customer deposits and payables to brokerage customers	**1**	2
Lufax Holding		
Customer deposits and payables to brokerage customers	**8,587**	18,789
Loans and advances to customers	**1,100**	1,720
Accounts payables and other payables	**2,030**	15,786
Accounts receivables and other receivables	**6,535**	11,022
Ping An Good Doctor		
Customer deposits and payables to brokerage customers	**4,803**	–
Accounts payables and other payables	**566**	–
Accounts receivables and other receivables	**20**	–
Ping An Healthcare Technology		
Customer deposits and payables to brokerage customers	**2,189**	–
Accounts payables and other payables	**154**	–
Accounts receivables and other receivables	**27**	–
OneConnect		
Customer deposits and payables to brokerage customers	**172**	–
Loans and advances to customers	**3,846**	–
Accounts payables and other payables	**100**	–
Accounts receivables and other receivables	**380**	–

47. COMMITMENTS

(1) CAPITAL COMMITMENTS

The Group had the following capital commitments relating to property development projects and investments:

(in RMB million)	30 June 2018 (Unaudited)	31 December 2017 (Audited)
Contracted, but not provided for	**6,851**	5,922

(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)	30 June 2018 (Unaudited)	31 December 2017 (Audited)
Within 1 year	**7,572**	6,902
1 to 5 years	**14,018**	13,996
More than 5 years	**1,342**	1,359
	22,932	22,257

(3) CREDIT COMMITMENTS

(in RMB million)	30 June 2018 (Unaudited)	31 December 2017 (Audited)
Bank acceptances	**222,795**	248,155
Guarantees issued	**65,536**	50,039
Letters of credit issued	**62,845**	55,763
Subtotal	**351,176**	353,957
Unused limit of credit cards and irrevocable loan commitments	**156,448**	140,336
Total	**507,624**	494,293
Credit risk weighted amounts of credit commitments	**177,469**	176,352

Credit commitments disclosed in the table above do not include the financial guarantees accounted for as insurance contracts 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)	30 June 2018 (Unaudited)	31 December 2017 (Audited)
Within 1 year	**2,101**	2,196
1 to 5 years	**4,270**	5,092
More than 5 years	**3,331**	4,784
	9,702	12,072

48. CONTINGENT LIABILITIES

Owing to the nature of the insurance, bank and other financial services businesses, 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 litigations and arbitrations. 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 the applicable 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.

49. EVENTS AFTER THE REPORTING PERIOD

On 21 August 2018 the Board of Directors of the Company approved the Resolution of the Profit Appropriation Plan for Interim Dividend of 2018, and declared an interim dividend of RMB0.62 per share for 2018 as stated in Note 16.

50. COMPARATIVE FIGURES

Certain comparative figures have been reclassified or restated to conform to the interim condensed consolidated financial information's presentation.

51. APPROVAL OF THE FINANCIAL INFORMATION

The interim condensed consolidated financial information was approved and authorized for issue by the Board of Directors of the Company on 21 August 2018.

Definitions

In this report, unless the context otherwise indicates, 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 New Capital	Shenzhen Ping An New Capital Investment Co., Ltd., a subsidiary of Ping An Trust
Ping An Securities	Ping An Securities Co., 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, Shenzhen Development Bank	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."
Ping An Overseas Holdings	China Ping An Insurance Overseas (Holdings) Limited, a subsidiary of the Company
Ping An Financial Leasing	Ping An International Financial Leasing Co., Ltd., a subsidiary of the Company
Ping An Financial Technology	Shenzhen Ping An Financial Technology Consulting Co., Ltd., a subsidiary of the Company
Ping An Futures	Ping An Futures Co., Ltd., a subsidiary of Ping An Securities
Ping An Caizhi	Ping An Caizhi Investment Management Co., Ltd., a subsidiary of Ping An Securities
Ping An Pioneer Capital	Ping An Pioneer Capital Co., Ltd., a subsidiary of Ping An Securities

Definitions

Ping An Securities (Hong Kong)	Ping An of China Securities (Hong Kong) Co., Ltd., a subsidiary of Ping An Securities
Ping An Technology	Ping An Technology (Shenzhen) Co., Ltd., a subsidiary of Ping An Financial Technology
Lufax Holding	Lufax Holding Co., Ltd., an associate of the Company
Lufax	Shanghai Lujiazui International Financial Asset Exchange Co., Ltd., a subsidiary of Lufax Holding
CQFAE	Chongqing Financial Assets Exchange Co., Ltd., a subsidiary of Lufax Holding
QEX	Shenzhen Qianhai Financial Assets Exchange Co., Ltd., a subsidiary of Lufax Holding
E-wallet	Ping An E-wallet Electronic Commerce Co., Ltd., a subsidiary of Ping An Financial Technology
Ping An Good Doctor	Ping An Healthcare and Technology Company Limited, an associate of the Company
OneConnect	OneConnect Financial Technology Co., Ltd., an associate of the Company
Ping An Healthcare Technology	Ping An Medical and Healthcare Management Co., Ltd., an associate of the Company
Qianhai Credit Centre	Shenzhen Qianhai Credit Centre Co., Ltd., a subsidiary of Ping An Financial Technology
Autohome	Autohome Inc., a subsidiary of Ping An Financial Technology
Shanghai Jahwa	Shanghai Jahwa United Co., Ltd., a subsidiary of Ping An Life
PA Haofang	Ping An Property (Shanghai) E-commerce Co., Ltd., a subsidiary of Ping An Financial Technology
Ping An Real Estate	Ping An Real Estate Co., Ltd., a subsidiary of the Company
CP Group Ltd.	Charoen Pokphand Group Co., Ltd., the flagship company of CP Group
RMB	Chinese Renminbi unless otherwise specified
CAS	The Accounting Standards for Business Enterprises and the other relevant regulations issued by the Ministry of Finance of the People's Republic of China

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 the International Accounting Standards Board
Written Premium	All premiums received from the policies underwritten by the Company, which are prior to the significant insurance risk testing and separating of hybrid risk contracts
CSRC	China Securities Regulatory Commission
CIRC	The former China Insurance Regulatory Commission
CBRC	The former China Banking Regulatory Commission
CBIRC	China Banking and Insurance 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
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.

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.

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

STOCK SHORT NAME AND CODE

A share	中國平安	601318
H share	Ping An of China	2318

AUTHORIZED REPRESENTATIVES

SUN Jianyi
YAO Jun

SECRETARY OF THE BOARD OF DIRECTORS

SHENG Ruisheng

COMPANY SECRETARY

YAO Jun

REPRESENTATIVE OF SECURITIES AFFAIRS

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Futian District,
Shenzhen

PLACE OF BUSINESS

47th, 48th, 109th, 110th, 111th and 112th Floors,
Ping An Finance Center,
No. 5033 Yitian Road,
Futian District,
Shenzhen

POSTAL CODE

518033

COMPANY WEBSITE

www.pingan.cn

DESIGNATED MEDIA FOR INFORMATION DISCLOSURE OF A SHARE

China Securities Journal,
Shanghai Securities News,
Securities Times and Securities Daily

WEBSITES FOR THE PUBLICATION OF THE REGULAR REPORTS

www.sse.com.cn
www.hkexnews.hk

LOCATION OF REGULAR REPORTS AVAILABLE FOR INSPECTION

Board Office of the Company

CONSULTING ACTUARIES

PricewaterhouseCoopers Consultants (Shenzhen) Limited

AUDITORS AND PLACES OF BUSINESS

Domestic Auditor

PricewaterhouseCoopers Zhong Tian LLP
11/F, PricewaterhouseCoopers Center,
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Huangpu District, Shanghai, PRC

Name of Certified Public Accountants

YEUNG SHEUNG YUEN
Kevin Chen HUANG

International Auditor

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Central, Hong Kong

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17th Floor, Edinburgh Tower,
The Landmark, 15 Queen's Road,
Central, Hong Kong

H SHARE REGISTRAR

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Wan Chai, Hong Kong

AMERICAN DEPOSITARY SHARES REGISTRAR

The Bank of New York Mellon

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