PICC

中国人民保险集团股份有限公司

THE PEOPLE'S INSURANCE COMPANY (GROUP) OF CHINA LIMITED

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

(Stock Code: 1339)

ANNOUNCEMENT OF THE UNAUDITED INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2015

The Board of Directors (the "Board") of The People's Insurance Company (Group) of China Limited (the "Company") announces the following unaudited consolidated interim results of the Company and its subsidiaries (the "Group") for the six months ended 30 June 2015, together with the comparative figures for the corresponding period last year, which should be read in conjunction with the following management discussion and analysis.

CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 30 June 2015

(Amounts in millions of Renminbi, unless otherwise stated)

	Notes	**Six months ended 30 June 2015 (Unaudited)**	Six months ended 30 June 2014 (Unaudited)
Gross written premiums	*4*	**226,928**	204,544
Less: premiums ceded to reinsurers	*4*	**(17,192)**	(18,163)
Net written premiums	*4*	**209,736**	186,381
Change in unearned premium reserves		**(16,244)**	(17,195)
Net earned premiums		**193,492**	169,186
Reinsurance commission income		**5,206**	5,055
Investment income	*5*	**27,605**	14,145
Other income		**1,013**	929
TOTAL INCOME		**227,316**	189,315
Life insurance death and other benefits paid		**63,427**	43,931
Claims incurred		**82,075**	74,255
Changes in long-term life insurance contract liabilities		**14,128**	23,753
Policyholder dividends		**2,534**	2,566
Claims and policyholders' benefits:		**162,164**	144,505
Less: claims and policyholders' benefits ceded to reinsurers		**(8,344)**	(9,909)
Net claims and policyholders' benefits		**153,820**	134,596
Handling charges and commissions		**16,821**	13,311
Finance costs		**2,276**	2,770
Exchange losses/(gains), net		**–**	(144)
Other operating and administrative expenses		**34,961**	29,355
TOTAL BENEFITS, CLAIMS AND EXPENSES		**207,878**	179,888
Share of profits and losses of associates		**2,929**	2,535
PROFIT BEFORE TAX	*6*	**22,367**	11,962
Income tax expense	*7*	**(4,335)**	(2,710)
PROFIT FOR THE PERIOD		**18,032**	9,252
Attributable to:			
Equity holders of the parent		**12,821**	6,614
Non-controlling interests		**5,211**	2,638
		18,032	9,252
EARNINGS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT (in RMB)			
– Basic	*9*	**0.30**	0.16

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2015

(Amounts in millions of Renminbi, unless otherwise stated)

	Six months ended 30 June 2015 (Unaudited)	Six months ended 30 June 2014 (Unaudited)
PROFIT FOR THE PERIOD	**18,032**	9,252
OTHER COMPREHENSIVE INCOME		
Items that may be reclassified subsequently to profit or loss:		
Available-for-sale financial assets		
– Fair value gains	**18,723**	2,467
– Reclassification of gains to profit on disposals	**(10,742)**	(14)
– Impairment losses	**13**	1,426
Income tax effect	**(1,837)**	(504)
	6,157	3,375
Net (losses)/gains on cash flow hedges	**(1)**	20
Income tax effect	**–**	(5)
	(1)	15
Exchange differences on translating foreign operations	**8**	9
NET OTHER COMPREHENSIVE INCOME MAY BE RECLASSIFIED TO PROFIT OR LOSS IN SUBSEQUENT PERIODS	**6,164**	3,399
Items that will not be reclassified to profit or loss:		
Gains on revaluation of properties and prepaid land premiums upon transfer to investment properties	**101**	195
Income tax effect	**(25)**	(49)
	76	146
Actuarial losses on pension benefit obligation	**(46)**	(223)
NET OTHER COMPREHENSIVE INCOME/(EXPENSE) WILL NOT BE RECLASSIFIED TO PROFIT OR LOSS IN SUBSEQUENT PERIODS	**30**	(77)
OTHER COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX	**6,194**	3,322
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	**24,226**	12,574
Attributable to:		
– Equity holders of the parent	**17,586**	9,092
– Non-controlling interests	**6,640**	3,482
	24,226	12,574

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2015

(Amounts in millions of Renminbi, unless otherwise stated)

	Notes	**30 June 2015 (Unaudited)**	31 December 2014 (Audited)
ASSETS			
Cash and cash equivalents		**51,540**	39,307
Derivative financial assets		**21**	23
Debt securities		**229,952**	235,905
Equity securities, mutual funds and trust schemes		**139,748**	92,637
Insurance receivables, net	*10*	**41,185**	18,475
Reinsurance assets		**26,864**	25,857
Term deposits		**169,749**	164,408
Restricted statutory deposits		**9,714**	9,346
Investments in associates and a joint venture	*11*	**41,346**	36,128
Investment properties		**10,801**	10,682
Property and equipment		**22,386**	21,590
Intangible assets		**750**	808
Prepaid land premiums		**3,879**	3,902
Deferred tax assets		**2,724**	1,086
Other assets		**121,459**	122,067
TOTAL ASSETS		**872,118**	782,221
LIABILITIES			
Securities sold under agreements to repurchase		**54,655**	35,488
Derivative financial liabilities		**1**	2
Income tax payable		**3,562**	979
Due to banks and other financial institutions		**886**	687
Subordinated debts		**41,635**	47,914
Insurance contract liabilities		**518,687**	478,640
Investment contract liabilities for policyholders		**25,683**	25,520
Policyholder dividends payable		**8,131**	7,966
Pension benefit obligation		**2,834**	2,862
Deferred tax liabilities		**2,077**	915
Other liabilities		**66,141**	55,671
TOTAL LIABILITIES		**724,292**	656,644
EQUITY			
Issued capital	*12*	**42,424**	42,424
Reserves		**67,376**	50,157
Equity attributable to equity holders of the parent		**109,800**	92,581
Non-controlling interests		**38,026**	32,996
TOTAL EQUITY		**147,826**	125,577
TOTAL EQUITY AND LIABILITIES		**872,118**	782,221

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2015

(Amounts in millions of Renminbi, unless otherwise stated)

	Attributable to equity holders of the parent													
	Share capital *(note 12)*	Share premium account	Available-for-sale investment revaluation reserve	General risk reserve	Agriculture catastrophic loss reserve	Asset revaluation	Cash flow hedge	Foreign currency translation reserve	Surplus reserve fund*	Other reserves**	Retained profits	Subtotal	Non-controlling interests	Total equity
Balance as at 1 January 2015 (Audited)	42,424	19,925	2,142	4,011	497	1,966	5	(96)	802	(15,065)	35,970	92,581	32,996	125,577
Profit for the period	–	–	–	–	–	–	–	–	–	–	12,821	12,821	5,211	18,032
Other comprehensive income/(expense)	–	–	4,753	–	–	52	(1)	7	–	–	(46)	4,765	1,429	6,194
Total comprehensive income/(expense)	–	–	4,753	–	–	52	(1)	7	–	–	12,775	17,586	6,640	24,226
Dividends paid to shareholders *(note 8)*	–	–	–	–	–	–	–	–	–	–	(402)	(402)	(1,345)	(1,747)
Change in ownership interest in subsidiaries	–	–	–	–	–	–	–	–	–	35	–	35	(265)	(230)
Balance as at 30 June 2015 (Unaudited)	42,424	19,925	6,895	4,011	497	2,018	4	(89)	802	(15,030)	48,343	109,800	38,026	147,826

* This reserve contains both statutory and discretionary surplus reserves.

** Other reserves contain an amount of RMB65 million (31 December 2014: RMB30 million) arising from transactions with non-controlling interests, a negative amount of RMB17,942 million (31 December 2014: a negative amount of RMB17,942 million) arising from elimination of asset revaluation of the Company when it was converted to a joint stock company and an amount of RMB2,847 million (31 December 2014: RMB2,847 million) arising from a major shareholder's undertaking to post-employment benefit obligations of the Company.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2014

(Amounts in millions of Renminbi, unless otherwise stated)

	Attributable to equity holders of the parent												
	Share capital *(note 12)*	Share premium account	Available-for-sale investment revaluation reserve	General risk reserve	Asset revaluation	Cash flow hedge	Foreign currency translation reserve	Surplus reserve fund*	Other reserves**	Retained profits	Subtotal	Non-controlling interests	Total equity
Balance as at 1 January 2014 (Audited)	42,424	19,925	(6,300)	2,845	1,716	(3)	(105)	579	(14,989)	25,483	71,575	23,226	94,801
Profit for the period	–	–	–	–	–	–	–	–	–	6,614	6,614	2,638	9,252
Other comprehensive income/(expense)	–	–	2,582	–	102	10	7	–	–	(223)	2,478	844	3,322
Total comprehensive income	–	–	2,582	–	102	10	7	–	–	6,391	9,092	3,482	12,574
Dividends paid to shareholders *(note 8)*	–	–	–	–	–	–	–	–	–	(352)	(352)	(976)	(1,328)
Capital contributed by non-controlling interests	–	–	–	–	–	–	–	–	–	–	–	25	25
Change in ownership interest in subsidiaries	–	–	–	–	–	–	–	–	(75)	–	(75)	75	–
Balance as at 30 June 2014 (Unaudited)	42,424	19,925	(3,718)	2,845	1,818	7	(98)	579	(15,064)	31,522	80,240	25,832	106,072

* This reserve contains both statutory and discretionary surplus reserves.

** Other reserves contain an amount of RMB31 million (31 December 2013: RMB106 million) arising from transactions with non-controlling interests, a negative amount of RMB17,942 million (31 December 2013: a negative amount of RMB17,942 million) arising from elimination of asset revaluation of the Company when it was converted to a joint stock company and an amount of RMB2,847 million (31 December 2013: RMB2,847 million) arising from a major shareholder's undertaking to post-employment benefit obligations of the Company.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2015

(Amounts in millions of Renminbi, unless otherwise stated)

	Six months ended 30 June 2015 (Unaudited)	Six months ended 30 June 2014 (Unaudited)
Net cash flows from operating activities	**11,593**	20,268
Net cash flows used in investing activities	**(10,702)**	(20,394)
Net cash flows from/(used in) financing activities	**11,343**	(2,060)
Net increase/(decrease) in cash and cash equivalents	**12,234**	(2,186)
Cash and cash equivalents as at the beginning of the period	**39,307**	46,607
Effects of exchange rate changes on cash and cash equivalents	**(1)**	4
Cash and cash equivalents as at the end of the period	**51,540**	44,425

NOTES:

1. CORPORATE INFORMATION

The Company was established on 22 August 1996 in the People's Republic of China (the "PRC") and its registered office is located at No. 69, Dongheyan Street, Xuanwu District, Beijing 100052, PRC. The Company's predecessor, the People's Insurance Company of China, is a state-owned enterprise established on 20 October 1949 by the PRC government. The ultimate controlling party of the Company is the Ministry of Finance of the PRC ("MOF").

The Company is an investment holding company. During the six months ended 30 June 2015, the Company's subsidiaries mainly provide integrated financial products and services and are engaged in property and casualty ("P&C") insurance, life and health insurance, asset management and other businesses.

2.1 BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting" ("IAS 34") issued by the International Accounting Standards Board, and the applicable disclosure requirements of Appendix 16 to the Main Board Listing Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules").

The condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and therefore should be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 December 2014.

2.2 SIGNIFICANT ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared under the historical cost basis, except for investment properties, certain financial instruments and insurance contract liabilities. The condensed consolidated financial statements are presented in Renminbi ("RMB") and all values are rounded to the nearest million except when otherwise indicated.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

The following amendments to International Financial Reporting Standards ("IFRS") became effective for the current accounting period:

Amendments to IAS 19	Defined Benefit Plans: Employee Contributions
Amendments to IFRSs	Annual Improvements to IFRSs 2010-2012 Cycle
Amendments to IFRSs	Annual Improvements to IFRSs 2011-2013 Cycle

None of the above amendments to IFRSs, however, are expected to have a material impact on the financial position or performance of the Group for the six months ended 30 June 2015.

3. OPERATING SEGMENT INFORMATION

The Group's operating segments are presented in a manner consistent with the internal management reporting provided to the management for deciding how to allocate resources and for assessing performance.

For management purposes, the Group is organised into business units based on their products and services and has the following operating and reportable segments:

- The non-life insurance segment offers a wide variety of insurance products to both personal and corporate customers including automobile insurance, agricultural, property and liabilities insurance.

- The life insurance segment offers a wide range of participating, endowments, annuity and universal life insurance products.

- The health insurance segment offers a wide range of health and medical insurance products.

- The asset management segment comprises asset management services.

- The headquarters segment provides management and support for the Group's business through its strategy, risk management, treasury, finance, legal, and human resources functions.

- The "others" segment comprises other operating and insurance agent business of the Group.

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on segment profit/(loss).

As the revenue, net profit, assets and liabilities of operations outside Mainland China constitutes less than 1% of the consolidated amounts in these financial statements, geographical segmental information is not presented.

Intersegment sales are transacted according to terms and conditions agreed by the relevant parties within the Group.

During the reporting period, no direct written premiums from transactions with a single external customer amounted to 10% or more of the Group's total direct written premiums.

Segment revenue and results for the six months ended 30 June 2015:

(Unaudited)	Non-life Insurance *in RMB million*	Life insurance *in RMB million*	Health insurance *in RMB million*	Asset management *in RMB million*	Head-quarters *in RMB million*	Others *in RMB million*	Eliminations *in RMB million*	Total *in RMB million*
Net earned premiums	116,015	67,468	10,009	–	–	–	–	193,492
Reinsurance commission income	5,238	17	(49)	–	–	–	–	5,206
Investment income	12,633	13,037	1,269	439	3,579	2	(3,354)	27,605
Other income	536	160	46	457	18	184	(388)	1,013
TOTAL INCOME – SEGMENT REVENUE	134,422	80,682	11,275	896	3,597	186	(3,742)	227,316
– External income	134,364	80,640	11,273	672	306	61	–	227,316
– Intersegment income	58	42	2	224	3,291	125	(3,742)	–
Net claims and policyholders' benefits	71,293	72,614	9,913	–	–	–	–	153,820
Handling charges and commissions	14,190	2,575	242	–	–	–	(186)	16,821
Finance costs	788	787	227	7	452	15	–	2,276
Exchange losses, net	18	(20)	–	–	2	–	–	–
Other operating and administrative expenses	30,510	3,039	805	326	297	224	(240)	34,961
TOTAL BENEFITS, CLAIMS AND EXPENSES	116,799	78,995	11,187	333	751	239	(426)	207,878
Share of profits and losses of associates	1,552	1,162	–	–	441	–	(226)	2,929
PROFIT/(LOSS) BEFORE TAX	19,175	2,849	88	563	3,287	(53)	(3,542)	22,367
Income tax (expense)/credit	(4,116)	(194)	–	(147)	103	–	19	(4,335)
PROFIT/(LOSS) FOR THE PERIOD – SEGMENT RESULTS	15,059	2,655	88	416	3,390	(53)	(3,523)	18,032

Segment revenue and results for the six months ended 30 June 2014:

(Unaudited)	Non-life Insurance *in RMB million*	Life insurance *in RMB million*	Health insurance *in RMB million*	Asset management *in RMB million*	Head-quarters *in RMB million*	Others *in RMB million*	Eliminations *in RMB million*	Total *in RMB million*
Net earned premiums	99,953	58,124	11,134	–	–	–	(25)	169,186
Reinsurance commission income	4,913	15	127	–	–	–	–	5,055
Investment income	5,048	7,926	718	194	2,617	2	(2,360)	14,145
Other income	498	154	44	393	7	183	(350)	929
TOTAL INCOME – SEGMENT REVENUE	110,412	66,219	12,023	587	2,624	185	(2,735)	189,315
– External income	110,378	66,181	12,012	315	322	107	–	189,315
– Intersegment income	34	38	11	272	2,302	78	(2,735)	–
Net claims and policyholders' benefits	62,387	61,217	10,992	–	–	–	–	134,596
Handling charges and commissions	11,421	1,797	212	–	–	–	(119)	13,311
Finance costs	923	962	339	7	525	14	–	2,770
Exchange losses, net	(63)	(44)	(1)	–	(36)	–	–	(144)
Other operating and administrative expenses	25,983	2,276	668	244	236	211	(263)	29,355
TOTAL BENEFITS, CLAIMS AND EXPENSES	100,651	66,208	12,210	251	725	225	(382)	179,888
Share of profits and losses of associates	1,177	1,055	–	(5)	397	–	(89)	2,535
PROFIT/(LOSS) BEFORE TAX	10,938	1,066	(187)	331	2,296	(40)	(2,442)	11,962
Income tax (expense)/credit	(2,479)	(40)	–	(109)	(79)	–	(3)	(2,710)
PROFIT/(LOSS) FOR THE PERIOD – SEGMENT RESULTS	8,459	1,026	(187)	222	2,217	(40)	(2,445)	9,252

Segment assets and liabilities as at 30 June 2015 and 31 December 2014 are as follows:

	Non-life Insurance *in RMB million*	**Life insurance** *in RMB million*	**Health insurance** *in RMB million*	**Asset management** *in RMB million*	**Head-quarters** *in RMB million*	**Others** *in RMB million*	**Eliminations** *in RMB million*	**Total** *in RMB million*
30 June 2015 (Unaudited)								
Segment assets	427,366	381,859	34,181	8,833	106,064	5,833	(92,018)	872,118
Segment liabilities	326,668	346,847	30,463	1,661	20,225	2,102	(3,674)	724,292

	Non-life Insurance *in RMB million*	Life insurance *in RMB million*	Health insurance *in RMB million*	Asset management *in RMB million*	Head-quarters *in RMB million*	Others *in RMB million*	Eliminations *in RMB million*	Total *in RMB million*
31 December 2014 (Audited)								
Segment assets	365,846	354,044	33,605	8,216	103,438	5,654	(88,582)	782,221
Segment liabilities	280,372	323,756	30,267	1,891	20,765	1,879	(2,286)	656,644

The headquarters, non-life insurance and life insurance segments hold equity interests of 0.91%, 4.98% and 4.98%, respectively, in an associate. These interests are accounted for as available-for-sale financial assets in the financial statements of the Company and a principal subsidiary. On consolidation, these interests in aggregate are accounted for as an associate and the impacts of relevant adjustments to the condensed consolidated financial statements are allocated to the respective segments according to their respective equity interest holding.

4. GROSS AND NET WRITTEN PREMIUMS

(In RMB millions)	**Six months ended 30 June 2015 (Unaudited)**	Six months ended 30 June 2014 (Unaudited)
(a) Gross written premiums		
Long-term life insurance premiums	**73,867**	66,185
Short-term life insurance premiums	**6,761**	6,197
Non-life insurance premiums	**146,300**	132,162
Total	**226,928**	204,544
(b) Premiums ceded to reinsurers		
Long-term life insurance premiums ceded to reinsurers	**(176)**	(134)
Short-term life insurance premiums ceded to reinsurers	**(1,323)**	(1,438)
Non-life insurance premiums ceded to reinsurers	**(15,693)**	(16,591)
Total	**(17,192)**	(18,163)
Net written premiums	**209,736**	186,381

5. INVESTMENT INCOME

(In RMB millions)	**Six months ended 30 June 2015 (Unaudited)**	Six months ended 30 June 2014 (Unaudited)
Dividend, interest and rental income (a)	**16,454**	15,406
Realised gains (b)	**11,037**	42
Fair value gains (c)	**127**	123
Impairment losses (d)	**(13)**	(1,426)
Total	**27,605**	14,145

(a) Dividend, interest and rental income

(In RMB millions)	**Six months ended 30 June 2015 (Unaudited)**	Six months ended 30 June 2014 (Unaudited)
Operating lease income from investment properties	**191**	122
Interest income		
Current and term deposits	**4,874**	4,535
Debt securities		
– Held-to-maturity	**3,017**	3,009
– Available-for-sale	**2,637**	2,873
– Held-for-trading	**52**	51
Derivative financial assets	**16**	3
Other loans and receivables	**3,212**	2,669
Subtotal	**13,808**	13,140
Dividend income		
Equity securities and mutual funds		
– Available-for-sale	**2,152**	1,703
– Held-for-trading	**303**	441
Subtotal	**2,455**	2,144
Total	**16,454**	15,406

(b) Realised gains

(In RMB millions)	**Six months ended 30 June 2015 (Unaudited)**	Six months ended 30 June 2014 (Unaudited)
Debt securities		
– Available-for-sale	**90**	(7)
– Held-for-trading	**20**	–
Equity securities and mutual funds		
– Available-for-sale	**10,652**	21
– Held-for-trading	**275**	28
Total	**11,037**	42

(c) Fair value gains

(In RMB millions)	**Six months ended 30 June 2015 (Unaudited)**	Six months ended 30 June 2014 (Unaudited)
Debt securities		
– Held-for-trading	**14**	41
Equity securities and mutual funds		
– Held-for-trading	**40**	79
Investment properties	**73**	3
Total	**127**	123

(d) Impairment losses

(In RMB millions)	**Six months ended 30 June 2015 (Unaudited)**	Six months ended 30 June 2014 (Unaudited)
Equity securities		
– Available-for-sale	**(13)**	(1,426)

6. PROFIT BEFORE TAX

Profit before tax is arrived at after charging/(crediting) the following items:

(In RMB millions)	**Six months ended 30 June 2015 (Unaudited)**	Six months ended 30 June 2014 (Unaudited)
Employee costs	**16,614**	13,689
Depreciation of property and equipment	**1,060**	1,062
Impairment losses recognised on insurance receivables *(note 10)*	**544**	102
Impairment losses recognised on other assets	**4**	–
Minimum lease payments under operating leases in respect of land and buildings	**374**	392
Amortisation of intangible assets and prepaid land premiums	**146**	120

7. INCOME TAX EXPENSE

(In RMB millions)	**Six months ended 30 June 2015 (Unaudited)**	Six months ended 30 June 2014 (Unaudited)
Current income tax		
– Charge for the period	**6,660**	2,848
– Adjustments in respect of current tax of previous periods	**13**	23
Deferred income tax	**(2,338)**	(161)
Total	**4,335**	2,710

In accordance with the relevant PRC enterprise income tax rules and regulations, the Company and the Company's subsidiaries registered in the PRC are subject to corporate income tax at the statutory rate of 25% (six months ended 30 June 2014: 25%) on their respective taxable income. Income taxes on taxable income elsewhere were calculated at the rates of tax prevailing in the countries/jurisdictions in which the Group operates, based on existing legislation, interpretations and practices in respect thereof.

8. DIVIDENDS

(In RMB millions)	**Six months ended 30 June 2015 (Unaudited)**	Six months ended 30 June 2014 (Unaudited)
Final dividends recognised as distribution during the period:		
Year 2013 Final – RMB 0.83 cent per share	**–**	352
Year 2014 Final – RMB 0.94671 cent per share	**402**	–

The Company has determined that no interim dividend for the six months ended 30 June 2015 (six months ended 30 June 2014: Nil) will be paid.

9. EARNINGS PER SHARE

The calculation of basic earnings per share for the six months ended 30 June 2015 and the six months ended 30 June 2014 is based on the profit attributable to equity holders of the parent and the number of ordinary shares in issue during the periods.

	Six months ended 30 June 2015 (Unaudited)	Six months ended 30 June 2014 (Unaudited)
Profit attributable to equity holders of the parent for the period *(in RMB millions)*	**12,821**	6,614
Number of ordinary shares *(in million shares)*	**42,424**	42,424
Basic earnings per share *(in RMB)*	**0.30**	0.16

No diluted earnings per share has been presented for the six months ended 30 June 2015 and 2014 as the Group had no potential ordinary shares in issue during the periods.

10. INSURANCE RECEIVABLES, NET

(In RMB millions)	**30 June 2015 (Unaudited)**	31 December 2014 (Audited)
Insurance receivables	**44,347**	21,164
Less: impairment provision on insurance receivables	**(3,162)**	(2,689)
Total	**41,185**	18,475

(a) The movements of provision for impairment of insurance receivables are as follows:

(In RMB millions)	**Six months ended 30 June 2015 (Unaudited)**	Six months ended 30 June 2014 (Unaudited)
At the beginning of the period	**2,689**	2,313
Impairment losses recognised *(note 6)*	**544**	102
Amount written off as uncollectible	**(71)**	(15)
At the end of the period	**3,162**	2,400

(b) An aged analysis of insurance receivable as at the end of the reporting period, based on the payment due date and net of provision, is as follows:

(In RMB millions)	**30 June 2015 (Unaudited)**	31 December 2014 (Audited)
Not yet due and within 3 months	**32,826**	16,519
3 to 6 months	**7,166**	677
6 to 12 months	**815**	917
1 to 2 years	**321**	280
Over 2 years	**57**	82
Total	**41,185**	18,475

The Group's credit risk associated with insurance receivables mainly arises from non-life insurance business for which the Group only issues insurance policies on credit to corporate customers or to individuals who purchase certain policies through insurance intermediaries. A policyholder usually has a maximum credit period of three months but a longer period can be granted on a discretionary basis. For large corporate customers and certain multi-year policies, payments by instalments are usually arranged.

Reinsurance of the Group is mainly placed with reinsurers with Standard & Poor's ratings of A- (or ratings of an equal level given by other international rating institutions such as A.M. Best, Fitch, Moody's) or above except for state-owned reinsurance companies. Management performs regular assessment of creditworthiness of reinsurers to update reinsurance purchase strategies and ascertain suitable allowances for impairment of reinsurance assets.

11. INVESTMENTS IN ASSOCIATES AND A JOINT VENTURE

(In RMB millions)	**30 June 2015 (Unaudited)**	31 December 2014 (Audited)
Associates		
Share of net assets:		
Listed investments in Mainland China	**28,341**	26,718
Unlisted investments	**9,665**	6,515
Subtotal	**38,006**	33,233
A joint venture		
Share of net assets:		
Unlisted investments	**3,340**	2,895
Total	**41,346**	36,128
Fair value of shares listed in Mainland China	**32,199**	30,253

As at 30 June 2015, except for the Industrial Bank Co., Ltd. ("Industrial Bank") which was listed on the Main Board of The Shanghai Stock Exchange, Mainland China, all other associates that the Group holds interests in are unlisted companies. Since Industrial Bank's shares are subject to a lock-up period of 36 months, in estimation of their fair value, the Group used quoted price of the shares taking into account of non-marketability discount estimated using Black-Scholes option pricing model.

As permitted by International Accounting Standard 28 "Investments in Associates and Joint Ventures", for the six months ended 30 June 2015, the Group accounts for the share of profit of Industrial Bank from 1 October 2014 to 31 March 2015.

On 18 May 2015, a shareholders' meeting of Industrial Bank approved a final dividend in respect of the year ended 31 December 2014 and the Group recognised the dividend income on the same date. Therefore, when applying the equity method to this associate, the Group adjusted the carrying amount of the share of the net assets of this associate by the corresponding dividends receivable.

12. SHARE CAPITAL

	30 June 2015 (Unaudited)	31 December 2014 (Audited)
Issued and fully paid ordinary shares of RMB 1 each (in million shares)		
Domestic shares	**33,698**	33,698
H shares	**8,726**	8,726
	42,424	42,424
Share capital (in RMB million)		
Domestic shares	**33,698**	33,698
H shares	**8,726**	8,726
	42,424	42,424

MANAGEMENT DISCUSSION AND ANALYSIS

The Group divides its three principal business lines of P&C insurance, life and health insurance and asset management into four operating segments: the P&C insurance business constitutes the Group's P&C insurance segment, and includes PICC Property and Casualty Company Limited ("PICC P&C") and The People's Insurance Company of China (Hong Kong) Limited ("PICC Hong Kong"), in which the Company holds 68.98% and 75.0% equity interest, respectively; the life and health insurance business constitutes two separate segments, including life insurance segment and health insurance segment, among which the life insurance segment includes PICC Life Insurance Company Limited ("PICC Life"), in which the Company directly and indirectly holds 80.0% equity interest, and the health insurance segment includes PICC Health Insurance Company Limited ("PICC Health"), in which the Company directly and indirectly holds 93.95% equity interest; and the asset management business constitutes the asset management segment and primarily includes PICC Asset Management Company Limited ("PICC AMC"), PICC Investment Holding Co., Ltd ("PICC Investment Holding"), PICC Capital Investment Management Company Limited ("PICC Capital"), and PICC Asset Management (Hong Kong) Company Limited ("PICC AMHK"), in which the Company holds 100.0%, 100.0%, 100.0% and 100.0% equity interest, respectively.

Key Operating Indicators

(1) Key Operating Data

RMB in millions, except for percentages

	For the Six Months Ended 30 June		
	2015	2014	(% of change)
Original Premiums Income			
PICC P&C	**145,926**	131,836	10.7
PICC Life	**67,156**	58,019	15.7
PICC Health	**12,848**	14,007	(8.3)
Combined ratio of PICC P&C (%)	**94.7**	94.4	Increase of 0.3 pt
Value of half year's new business of PICC Life(1)	**2,699**	2,393	12.8
Value of half year's new business of PICC Health(1)	**235**	201	16.9
Total investment yield (annualised) (%)	**8.8**	5.1	Increase of 3.7 pt

RMB in millions, except for percentages

	As of 30 June 2015	As of 31 December 2014	(% of change)
Market share [(2)]			
PICC P&C (%)	**34.2**	33.5	Increase of 0.7 pt
PICC Life (%)	**7.1**	6.2	Increase of 0.9 pt
PICC Health (%)	**1.4**	1.2	Increase of 0.2 pt
Embedded Value of PICC Life	**54,484**	47,414	14.9
Embedded Value of PICC Health	**5,035**	4,463	12.8
Solvency margin ratio of the Group (%)	**177**	182	Decrease of 5 pt
Solvency margin ratio of the PICC P&C (%)	**226**	239	Decrease of 13 pt
Solvency margin ratio of PICC Life (%)	**309**	301	Increase of 8 pt
Solvency margin ratio of PICC Health (%)	**202**	187	Increase of 15 pt

(1) Value of the first half year's new business of PICC Life and PICC Health as at 30 June 2014 was recalculated based on the assumptions and capital requirements as of 31 December 2014.

(2) The market share was based on the statistics and measurement of the Original Premiums Income in the PRC (excluding Hong Kong, Macau and Taiwan) published by the China Insurance Regulatory Commission (the "CIRC"), and the market share of PICC P&C represents its market share among all P&C insurance companies, and the market share of PICC Life and PICC Health represents their respective market share among all life and health insurance companies.

For the six months ended 30 June 2015, adhering to its key aspiration of "Further reform and innovation, maintenance of stable growth and emphasizing value creation" with firm confidence, the Group grasped opportunities and overcame difficulties to lay a solid foundation. The Group has shown a steady growth in its business and seen its profits increase significantly, while making an orderly advance in its reform and innovation. For the six months ended 30 June 2015, the market share of PICC P&C in the P&C insurance market was 34.2%, the market share of PICC Life in life and health insurance market was 7.1% and the market share of PICC Health in life and health insurance market was 1.4%. In terms of the total written premiums (the "TWPs"), for the six months ended 30 June 2015, the TWPs of PICC P&C, PICC Life, PICC Health and PICC Hong Kong amounted to RMB145,926 million, RMB70,778 million, RMB14,717 million and HKD61 million, respectively. The Group proactively pushed for a transformation towards being "customer-oriented", and for a unification in the construction of the Group. The TWPs generated by cross-selling among the Group's business lines grew by 7.4% to RMB15,406 million for the six months ended 30 June 2015 from RMB14,349 million for the same period in 2014. As of 30 June 2015, the number of policyholders who purchased two or more types of property, life and health insurance products reached 4.1371 million, representing a 35.8% increase compared to the same period in 2014, and the number of policies purchased by such policyholders on average increased to 4.70 policies per person.

(2) Key Financial Indicators

RMB in millions, except for percentages

	For the Six Months Ended 30 June		
	2015	2014	(% of change)
Gross written premiums	**226,928**	204,544	10.9
P&C Insurance	**146,300**	132,162	10.7
Life Insurance	**67,780**	58,375	16.1
Health Insurance	**12,848**	14,007	(8.3)
Profit before tax	**22,367**	11,962	87.0
Net profit	**18,032**	9,252	94.9
Net profit attributable to equity holders of the Company	**12,821**	6,614	93.8
Earnings per share (RMB)	**0.30**	0.16	93.8
Weighted average return on equity (annualised) (%)	**25.3**	17.4	Increase of 7.9 pt

RMB in millions, except for percentages

	As of 30 June 2015	As of 31 December 2014	(% of change)
Total assets	**872,118**	782,221	11.5
Total liabilities	**724,292**	656,644	10.3
Total equity	**147,826**	125,577	17.7
Net assets per share (RMB)	**2.59**	2.18	18.6
Gearing ratio[1] (%)	**83.0**	83.9	Decrease of 0.9 pt

(1) The gearing ratio refers to the ratio of total liabilities to total assets.

The Group's capital base has been further strengthened in which total equity grew by 17.7% to RMB147,826 million as of 30 June 2015 from RMB125,577 million as of 31 December 2014. For the six months ended 30 June 2015, the Group realised gross written premiums ("GWPs") of RMB226,928 million, representing a 10.9% increase as compared to the same period in 2014. The Group's net profit grew by 94.9% to RMB18,032 million for the six months ended 30 June 2015 from RMB9,252 million for the same period in 2014. Net profit attributable to equity holders of the Company grew by 93.8% to RMB12,821 million for the six months ended 30 June 2015 from RMB6,614 million for the same period in 2014. The weighted average return on equity of the Group increased by 7.9 percentage points to 25.3% for the six months ended 30 June 2015 from 17.4% for the same period in 2014.

Net assets per share of the Group increased by 18.6% to RMB2.59 as of 30 June 2015 from RMB2.18 as of 31 December 2014. The Group's earnings per share increased by 93.8% to RMB0.30 for the six months ended 30 June 2015 from RMB0.16 for the same period in 2014. The Group's gearing ratio decreased by 0.9 percentage points to 83.0% as of 30 June 2015 from 83.9% as of 31 December 2014.

P&C Insurance Business

In the first half of 2015, the Group's P&C insurance segment focused on issues and the target market, improved quality to achieve greater efficiency, increased its efforts in reform and innovation and placed more emphasis on value creation, maintaining a swift development in its business and stability in its market share as well as reaching new heights in its operating results.

(1) *Analysis by Product*

The following table sets forth the GWPs by product from P&C insurance segment for the reporting periods indicated:

RMB in millions, except for percentages

	For the Six Months Ended 30 June		
	2015	2014	(% of change)
Motor vehicle insurance	**98,813**	90,779	8.9
Commercial property insurance	**8,232**	8,194	0.5
Liability insurance	**6,144**	5,476	12.2
Accidental injury and health insurance	**12,179**	8,732	39.5
Cargo insurance	**1,798**	2,017	(10.9)
Agricultural insurance	**12,588**	10,943	15.0
Other P&C insurance	**6,546**	6,021	8.7
Total	**146,300**	132,162	10.7

GWPs for the P&C insurance segment increased by 10.7% to RMB146,300 million for the six months ended 30 June 2015 from RMB132,162 million for the same period in 2014. The overall steady growth was largely driven by the rapid development in the motor vehicle insurance, liability insurance, accidental injury and health insurance and agricultural insurance.

GWPs for motor vehicle insurance increased by 8.9% to RMB98,813 million for the six months ended 30 June 2015 from RMB90,779 million for the same period in 2014. In the first half year of 2015, the growth rate in sales volume of new vehicles in the PRC showed clear signs of recline. The P&C insurance segment took a positive approach to the deregulation of premium rate of commercial motor vehicle insurance and built marketing strategies for the segment market, promoted the change in marketing model from "product-driven" to "customer-driven", tapped into the existing business resources, and focused on the policy renewal and regain of existing business, and vigorously drove a steady growth in the motor vehicle insurance business.

GWPs for commercial property insurance increased by 0.5% to RMB8,232 million for the six months ended 30 June 2015 from RMB8,194 million for the same period in 2014. In the first half year of 2015, the P&C insurance segment proactively responded to the unfavourable situation of intensified market competition and decrease in insurance premium, accelerated the transformation and upgrading of customer service model and channel cooperation model and achieved a steady growth in property all-risk insurance, basic insurance and operation interruption insurance.

GWPs for liability insurance increased by 12.2% to RMB6,144 million for the six months ended 30 June 2015 from RMB5,476 million for the same period in 2014. In the first half year of 2015, as government authorities continued to enhance the society management function of the liability insurance system and as a series of regulatory policies such as the Food Safety Law was successively introduced, the P&C insurance segment fully leveraged on its edge in areas such as underwriting technology, product development, industry research, marketing and promotion, and the employers and medical liability insurance businesses recorded a relatively large growth.

GWPs for accidental injury and health increased by 39.5% to RMB12,179 million for the six months ended 30 June 2015 from RMB8,732 million for the same period in 2014. In the first half year of 2015, the P&C insurance segment seized policy opportunities and vigorously pushed for a rapid development in accidental injury insurance for people's livelihood; at the same time, the major disease insurance business in the P&C insurance segment continually recorded surging growth, leading to a further increase in market share for the health insurance segment.

GWPs for cargo insurance decreased by 10.9% to RMB1,798 million for the six months ended 30 June 2015 from RMB2,017 million for the same period in 2014, primarily due to the domestic and foreign economic influences, shrinking insurance source from the cargo insurance market and the continuous decrease in insurance premium.

GWPs for agricultural insurance increased by 15.0% to RMB12,588 million for the six months ended 30 June 2015 from RMB10,943 million for the same period in 2014. In the first half year of 2015, the traditional agricultural insurance business in the P&C insurance segment, including rice, wheat, corn, pigs and cows, recorded a relatively high growth rate and achieved a relatively fast development in business; in addition, the P&C insurance segment continued to increase efforts on product innovation, gradually piloted promotion on tobacco growing, vegetable crops, tea growing, price index, meteorological index, crop seeding and Chinese herbal medicine insurances.

GWPs attributable to other P&C insurance in the P&C insurance segment increased by 8.7% to RMB6,546 million for the six months ended 30 June 2015 from RMB6,021 million for the same period in 2014. In the first half year of 2015, the credit insurance business in the P&C insurance segment recorded a rapid growth in its business.

(2) Analysis by Channel

The following table sets forth a breakdown of Original Premiums Income of PICC P&C by distribution channel for the reporting periods indicated, which can be further divided into insurance agents, direct sales and insurance brokerage. In the first half year of 2015, PICC P&C actively facilitated the internet strategic layout, promoted a stronger integration of telemarketing and online sales, and broke new frontiers in the development of e-business, leading to a continuous increase in direct sales channels revenue. The percentage of Original Premiums Income from direct sales has increased 2.7% from 38.3% for the six months ended 30 June 2014 to 41.0% for the same period in 2015. The emerging direct sales channels such as telemarketing and online sales recorded strong growth. The Original Premiums Income earned from such channels amounted to RMB26,298 million, representing an increase of 14.1% compared to the same period in 2014.

RMB in millions, except for percentages

	For the Six Months Ended 30 June				
	2015			2014	
	Amount	**(% of total)**	**(% of change)**	Amount	(% of total)
Insurance agents	**77,961**	**53.4**	**12.1**	69,565	52.8
Among which:					
Individual insurance agents	**42,080**	**28.8**	**4.2**	40,379	30.6
Ancillary insurance agents	**25,306**	**17.4**	**27.2**	19,898	15.1
Professional insurance agents	**10,575**	**7.2**	**13.9**	9,288	7.1
Direct sales	**59,783**	**41.0**	**18.4**	50,483	38.3
Insurance brokerage	**8,182**	**5.6**	**(30.6)**	11,788	8.9
Total	**145,926**	**100.0**	**10.7**	131,836	100.0

(3) *Financial Analysis*

The following table sets forth certain selected key financial data of the P&C insurance segment for the reporting periods indicated:

	RMB in millions, except for percentages		
	For the Six Months Ended 30 June		
	2015	2014	(% of change)
Net earned premiums	**116,015**	99,953	16.1
Investment income	**12,633**	5,048	150.3
Other income	**536**	498	7.6
Total income	**134,422**	110,412	21.7
Net claims and policyholders' benefits	**71,293**	62,387	14.3
Handling charges and commissions	**14,190**	11,421	24.2
Finance costs	**788**	923	(14.6)
Other operating and administrative expenses	**30,510**	25,983	17.4
Total benefits, claims and expenses	**116,799**	100,651	16.0
Profit before tax	**19,175**	10,938	75.3
Income tax expense	**(4,116)**	(2,479)	66.0
Net profit	**15,059**	8,459	78.0

Net earned premiums

Benefiting from the rapid development in the motor vehicle insurance, liability insurance, accidental injury and health insurance and agricultural insurance businesses, net earned premiums of the P&C insurance segment increased by 16.1% to RMB116,015 million for the six months ended 30 June 2015 from RMB99,953 million for the same period in 2014.

Investment Income

Investment income of the P&C insurance segment increased by 150.3% to RMB12,633 million for the six months ended 30 June 2015 from RMB5,048 million for the same period in 2014. This was mainly due to: firstly, the proactive seizure of opportunities in the capital market and enhancement of range trading on equities as well as timely realization of financial returns; secondly, the continual increase in allocation of resources in negotiated deposits, debt investment schemes of good credit rating and high quality, asset management products and so on; thirdly, the increase in switch operation of bonds, stabilization and further improvement in returns on positions.

Net claims and policyholders' benefits

Net claims and policyholders' benefits for the P&C insurance segment increased by 14.3% to RMB71,293 million for the six months ended 30 June 2015 from RMB62,387 million for the same period in 2014, of which the loss ratio of PICC P&C reduced by 0.9 percentage points to 61.5% for the six months ended 30 June 2015 from 62.4% for the same period in 2014. The P&C insurance segment continually strengthened spare parts and work hours management, comprehensively enhanced its management and control over claim costs by various means, and continuously optimized the structure of motor vehicle insurance business, which led to the decrease in loss ratio as compared to the same period in 2014.

Handling charges and commissions

Handling charges and commissions of the P&C insurance segment increased by 24.2% to RMB14,190 million for the six months ended 30 June 2015 from RMB11,421 million for the same period in 2014. The increase in handling charges and commissions were mainly due to the intensified market competition.

Finance costs

Finance costs of the P&C insurance segment decreased by 14.6% to RMB788 million for the six months ended 30 June 2015 from RMB923 million for the same period in 2014. This was mainly due to the decrease in interest payments on subordinated debts.

Net profit

As a result of the foregoing reasons, net profit of the P&C insurance segment increased by 78.0% to RMB15,059 million for the six months ended 30 June 2015 from RMB8,459 million for the same period in 2014.

Life and Health Insurance

(1) Life insurance

In the first half year of 2015, the Group's Life insurance segment adopted "Stabilizing growth, Emphasizing value, Strengthening the foundation" as its management philosophy, proactively adapted to the market changes, actively responded to the market competition, facilitated development by reform and innovation, and fully entered into the strategic transformation stage of the Company. It placed more emphasis on building its sales ability, strengthening team expansion and sales management, improving its team ability to create value; it further emphasized on being "customer-orientated" and tailored its product design and service support according to customers' needs, strengthened market adaptability and facilitated the growth in value; it emphasized more on the breakthrough of business in cities, culminating in the simultaneous development of the city and rural areas; it emphasized on grasping policy opportunities and exploring emerging business areas; it emphasized on building infrastructure, strengthening the management ability, service ability and risk management ability in various levels, and laid the foundation for its transformation and development. The PICC Life insurance segment maintained its market position, with its Original Premiums Income ranked fourth in the market.

1. Analysis by Product

Income from various products of the life insurance segment for the purpose of Original Premiums Income for the reporting periods is as follows:

RMB in millions, except for percentages

	For the Six Months Ended 30 June			
	2015		2014	
Life insurance products	**Amount**	**(% of total)**	Amount	(% of total)
Traditional life and health insurance	**58,355**	**86.9**	46,825	80.7
Participating life insurance	**7,014**	**10.4**	9,626	16.6
Universal life insurance	**41**	**0.1**	41	0.1
Accidental injury and short-term health insurance	**1,747**	**2.6**	1,527	2.6
Total	**67,156**	**100.0**	58,019	100.0

In terms of TWPs, for the six months ended 30 June 2015, the TWPs of traditional life and health insurance, participating life insurance, universal life insurance, accidental injury and short-term health insurance amounted to RMB58,355 million, RMB9,714 million, RMB963 million, RMB1,747 million, respectively, of which traditional life and health insurance increased by 24.6% as compared to the same period in 2014. This was primarily due to the growth in the annual premium traditional life and health insurance products that catered closely to market needs.

2. *Analysis by Channel*

Income of life insurance segment by distribution channel for the purpose of Original Premiums Income for the reporting periods, which can further be divided into bancassurance channel, individual insurance agent channel and group insurance sales channel, is as follows:

RMB in millions, except for percentages

	For the Six Months Ended 30 June		
	2015	2014	(% of change)
Bancassurance	**45,385**	37,717	20.3
First-year business of long-term insurance	**43,467**	35,338	23.0
Single premiums	**42,911**	34,760	23.4
First-year regular premiums	**556**	579	(3.9)
Renewal business	**1,817**	2,272	(20.0)
Short-term insurance	**101**	106	(4.9)
Individual Insurance	**15,729**	12,923	21.7
First-year business of long-term insurance	**12,657**	10,861	16.5
Single premiums	**10,249**	9,724	5.4
First-year regular premiums	**2,408**	1,137	111.8
Renewal business	**2,398**	1,634	46.7
Short-term insurance	**674**	428	57.4
Group Insurance	**6,042**	7,379	(18.1)
First-year business of long-term insurance	**5,010**	6,335	(20.9)
Single premiums	**5,009**	6,328	(20.8)
First-year regular premiums	**1**	7	(87.5)
Renewal business	**61**	52	16.5
Short-term insurance	**972**	992	(2.0)
Total	**67,156**	58,019	15.7

In terms of TWPs, for the six months ended 30 June 2015, the TWPs from the bancassurance channel, individual insurance agent channel and group insurance sales channel amounted to RMB45,475 million, RMB16,526 million and RMB8,777 million respectively.

In the life insurance segment, individual insurance channel accelerated its pace in building value channels, improved its professional sales ability, and achieved significant increases in first-year regular premiums income and first-year regular capacity per agent as compared to the same period in 2014. As of 30 June 2015, the number of insurance agents for the life insurance segment was 100,151. In the first half year of 2015, the first-year TWPs per capita from salesman amounted to RMB9,084 with number of new life insurance policies per capita of 2.45 per month. Bancassurance channel laid a stable increase base, and its TWPs achieved a double digit growth as compared to the same period in 2014. The group insurance channel strengthened the construction of its five major platforms. Businesses that involved cooperation with the government expanded steadily, such that the sales ability of the professional team was improved. The coverage of new business channel was expanded, and the telemarketing and online sales business recorded a high growth, while the third party cooperation channel continued to develop.

3. *Premium Persistency Ratios*

The following table sets forth the 13-month and 25-month premium persistency ratios for individual life insurance customers of the life insurance segment for the reporting periods indicated:

	For the Six Months Ended 30 June	
Item	**2015**	2014
13-month premium persistency ratio[1] (%)	**88.4**	87.6
25-month premium persistency ratio[2] (%)	**83.4**	81.2

(1) The 13-month premium persistency ratio for a given year is the proportion of actual TWPs of long-term regular premium individual life insurance policies issued in the preceding year on the 13th month after they were issued and effective, to the actual TWPs of such policies in the year of their issuance;

(2) The 25-month premium persistency ratio for a given year is the proportion of actual TWPs of long-term regular premium individual life insurance policies issued in the penultimate year on the 25th month after they were issued and effective, to the actual TWPs of such policies in the year of their issuance.

4. *Financial Analysis*

The following table sets forth certain selected key financial data of the life insurance segment for the reporting periods indicated:

RMB in millions, except for percentages

	For the Six Months Ended 30 June		
	2015	2014	(% of change)
Net earned premiums	**67,468**	58,124	16.1
Investment income	**13,037**	7,926	64.5
Other income	**160**	154	3.9
Total income	**80,682**	66,219	21.8
Net claims and policyholders' benefits	**72,614**	61,217	18.6
Handling charges and commissions	**2,575**	1,797	43.3
Finance costs	**787**	962	(18.2)
Other operating and administrative expenses	**3,039**	2,276	33.5
Total benefits, claims and expenses	**78,995**	66,208	19.3
Profit before tax	**2,849**	1,066	167.3
Income tax expense	**(194)**	(40)	385.0
Net Profit	**2,655**	1,026	158.8

Net earned premiums

Net earned premiums for the life insurance segment increased by 16.1% to RMB67,468 million for the six months ended 30 June 2015 from RMB58,124 million for the same period in 2014, mainly due to the introduction of products which better satisfied the market and customers' needs as well as the increased efforts in business promotion.

Investment income

The investment income of the life insurance segment increased by 64.5% to RMB13,037 million for the six months ended 30 June 2015 from RMB7,926 million for the same period in 2014. This was mainly due to: firstly, the seizure of opportunities in the capital market, the flexible adjustment of the proportionate positions in equities and equity fund, and the timely realization of financial returns; secondly, the continual increase in allocation of resources in negotiated deposits, debt investment schemes of good credit rating and high quality, asset management products and so on.

Other income

Other income of the life insurance segment increased by 3.9% to RMB160 million for the six months ended 30 June 2015 from RMB154 million from the same period in 2014. This was mainly due to the increase in handling charges from cross-selling.

Net claims and policyholders' benefits

Net claims and policyholders' benefits for the life insurance segment increased by 18.6% to RMB72,614 million for the six months ended 30 June 2015 from RMB61,217 million for the same period in 2014. This was mainly due to the increase in premiums, maturities and surrenders of policies.

Handling charges and commissions

Handling charges and commissions of the life insurance segment increased by 43.3% to RMB2,575 million for the six months ended 30 June 2015 from RMB1,797 million for the same period in 2014. This was mainly due to the increase in premiums and first-year regular premiums income.

Finance costs

Finance costs of the life insurance segment decreased by 18.2% to RMB787 million for the six months ended 30 June 2015 from RMB962 million for the same period in 2014. This was mainly due to the decrease in interest expenses of financial assets sold under agreements to repurchase as well as the decrease in interests credited to policyholder's deposits and investment amounts.

Net profit

Mainly attributable to the factors mentioned above, net profit of the life insurance segment increased by 158.8% to RMB2,655 million for the six months ended 30 June 2015 from RMB1,026 million for the same period in 2014.

(2) Health Insurance

In the first half year of 2015, under the guidance of "Speed up transformation and develop through innovation" and based on the operational requirements of "Profession with feature, transformation with effectiveness, turnaround with results", the health insurance segment of the Group promoted the upgrading of its management and service by improving its professional capacity, and continuously enhanced the ability of value creation. It actively expanded the breadth and depth of servicing the construction of national medical insurance system. In the first half of the year, PICC Health underwrote 236 government-commissioned projects which covered 116 cities and municipalities in 24 provinces (autonomous regions, municipality directly under the central government and municipalities with independent planning status), serving over 103 million people. PICC Health ranked fourteenth among life and health insurance companies and first among professional health insurance companies in terms of premiums income.

1. Analysis by Product

Income from various products of the health insurance segment for the purpose of Original Premiums Income for the reporting period is as follows:

RMB in millions, except for percentages

	For the Six Months Ended 30 June			
	2015		2014	
Health insurance products	**Amount**	**(% of total)**	Amount	(% of total)
Illness insurance	**183**	**1.4**	141	1.0
Medical insurance	**4,663**	**36.3**	4,334	30.9
Disability losses insurance	**56**	**0.4**	60	0.4
Nursing care insurance	**7,466**	**58.1**	8,964	64.0
Accidental injury insurance	**259**	**2.0**	225	1.6
Participating endowment insurance	**222**	**1.7**	283	2.0
Total	**12,848**	**100.0**	14,007	100.0

In terms of TWPs, for the six months ended 30 June 2015, the TWPs of illness insurance, medical insurance, disability losses insurance, nursing care insurance, accidental injury insurance and participating endowment insurance amounted to RMB183 million, RMB6,351 million, RMB56 million, RMB7,646 million, RMB259 million and RMB222 million, respectively, of which nursing care insurance decreased by 17.8% as compared to the same period in 2014. This was mainly due to the adjustment in business structure and contraction of the high cash value business.

2. *Analysis by Channel*

Income from various products of the health insurance segment by distribution channel for the purpose of Original Premiums Income during the reporting period, which are further divided into bancassurance channel, individual insurance agent channel and group insurance sales channel, is as follows:

RMB in millions, except for percentages

	For the Six Months Ended 30 June		
	2015	2014	(% of change)
Bancassurance	**6,525**	8,725	(25.2)
First-year business of long-term insurance	**6,379**	8,574	(25.6)
Single premiums	**6,324**	8,526	(25.8)
First-year regular premiums	**54**	48	12.5
Renewal business	**144**	150	(4.0)
Short-term insurance	**1**	1	–
Individual Insurance	**1,334**	640	108.4
First-year business of long-term insurance	**1,158**	515	124.9
Single premiums	**1,044**	453	130.5
First-year regular premiums	**114**	62	83.9
Renewal business	**137**	89	53.9
Short-term insurance	**39**	36	8.3
Group Insurance	**4,990**	4,642	7.5
First-year business of long-term insurance	**14**	7	100.0
Single premiums	**13**	7	85.7
First-year regular premiums	**–**	–	–
Renewal business	**2**	1	100.0
Short-term insurance	**4,974**	4,634	7.3
Total	**12,848**	14,007	(8.3)

In terms of TWPs, for the six months ended 30 June 2015, the TWPs from the bancassurance, individual insurance and group insurance amounted to RMB6,587 million, RMB1,460 million and RMB6,670 million respectively.

In the health insurance segment, individual insurance agent channel focused on developing its sales team to drive the development of regular premiums business. As of 30 June 2015, the number of sales agents for the health insurance segment was 15,003. In the first half year of 2015, first-year TWPs received per sales agent amounted to RMB4,700 per month and the number of new insurance policies sold per sales agent was 0.73 per month. The Bancassurance channel actively seized development opportunities, increased efforts in supervision and training, intensified channel cooperation relationship and continuously improved the professional skills, achieving good results for business development. The group insurance channel boosted efforts in promoting the "Zhanjiang, Taicang, Pinggu" model in relation to the government commissioned projects, implemented the combined "basic + critical illness (supplemental)" and "protection + experience" for comprehensive business development and strengthened competitive advantage, which resulted in rapid growth in TWPs and achieved a fast development in critical illness insurance business. In commercial health insurance, the health insurance segment continued to strengthen its professional ability and sales team, intensify operational management and business supervision work, and the business expansion ability was improved steadily.

3. *Premium Persistency Ratios*

The following table sets forth the 13-month and 25-month policy and premium persistency ratios for individual health insurance customers of the health insurance segment for the reporting periods indicated:

	For the Six Months Ended 30 June	
Item	**2015**	2014
13-month premium persistency ratio$^{(1)}$ (%)	**77.9**	82.9
25-month premium persistency ratio$^{(2)}$ (%)	**77.0**	64.3

(1) The 13-month premium persistency ratio for a given year is the proportion of actual TWPs of long-term regular premium individual health insurance policies issued in the preceding year on the 13th month after they were issued and effective, to the actual TWPs of such policies in the year of their issuance;

(2) The 25-month premium persistency ratio for a given year is the proportion of actual TWPs of long-term regular premium individual health insurance policies issued in the penultimate year on the 25th month after they were issued and effective, to the actual TWPs of such policies in the year of their issuance.

4. *Financial Analysis*

The following table sets forth certain selected key financial data of the health insurance segment for the reporting period indicated:

RMB in millions, except for percentages

	For the Six Months Ended 30 June		
	2015	2014	(% of change)
Net earned premiums	**10,009**	11,134	(10.1)
Investment income	**1,269**	718	76.7
Other income	**46**	44	4.5
Total income	**11,275**	12,023	(6.2)
Net claims and policyholders' benefits	**9,913**	10,992	(9.8)
Handling charges and commissions	**242**	212	14.2
Finance costs	**227**	339	(33.0)
Other operating and administrative expenses	**805**	668	20.5
Total benefits, claims and expenses	**11,187**	12,210	(8.4)
Profit/(loss) before tax	**88**	(187)	–
Income tax expense	**–**	–	–
Net profit/(loss)	**88**	(187)	–

Net earned premiums

Net earned premiums of the health insurance segment decreased by 10.1% to RMB10,009 million for the six months ended 30 June 2015 from RMB11,134 million for the same period in 2014. This was mainly due to the adjustment in business structure and contraction of the high cash value business.

Investment income

Investment income from the health insurance segment increased by 76.7% to RMB1,269 million for the six months ended 30 June 2015 from RMB718 million for the same period in 2014. This was mainly due to: firstly, the seizure of opportunities in the capital market, the flexible adjustment in the proportionate position of equities and equity fund, and timely realization of financial returns; secondly, the flexible range trading of bonds, timely realization of financial returns; amplifying leverage through repurchase where appropriate, increase the efficacy of purchase which will further stabilise rate of income from holding positions.

Other income

Other income from the health insurance segment increased 4.5% to RMB46 million for the six months ended 30 June 2015 from RMB44 million for the same period in 2014. This was mainly due to the increase in income from the health management business.

Net claims and policyholders' benefits

Net claims and policyholders' benefits from the health insurance segment decreased by 9.8% to RMB9,913 million for the six months ended 30 June 2015 from RMB10,992 million for the same period in 2014. This was mainly due to the adjustment in business structure, contraction in the high cash value business and the decrease in the amount of claim reserves.

Handling charges and commissions

Handling charges and commission of the health insurance segment increased by 14.2% to RMB242 million for the six months ended 30 June 2015 from RMB212 million for the same period in 2014. This was mainly due to the adjustment in business structure and the increase in the short-term premiums.

Finance costs

Finance costs from the health insurance segment decreased by 33.0% to RMB227 million for the six months ended 30 June 2015 from RMB339 million for the same period in 2014, primarily due to the decrease in the interests credited for universal products.

Net profit

Mainly attributable to the factors mentioned above, net profit from the health insurance segment amounted to RMB88 million for the six months ended 30 June 2015 compared to net loss of RMB187 million for the same period in 2014.

Analysis of Original Premiums Income by Region

The following table sets forth the Original Premiums Income from the insurance business of the Group in the PRC by region for the reporting periods indicated:

RMB in millions

	For the Six Months Ended 30 June	
	2015	2014
Jiangsu Province	**19,041**	16,655
Guangdong Province	**17,202**	17,041
Zhejiang Province	**14,777**	13,455
Shandong Province	**14,193**	13,277
Hebei Province	**12,508**	10,752
Sichuan Province	**12,139**	11,548
Beijing City	**10,794**	10,888
Fujian Province	**9,479**	7,980
Liaoning Province	**8,777**	7,571
Hubei Province	**8,287**	8,093
Other regions	**98,734**	86,602
Total	**225,931**	203,862

Asset management business

Investment income of the asset management segment of the Group does not include the investment income generated by the investment assets managed by the asset management segment on behalf of the Group's insurance segments. The investment income generated by the investment assets managed by the asset management segment on behalf of the other segments has been included in the investment income of the relevant segment.

In the first half year of 2015, the equity linked products of the Group's asset management segment had a registered scale of RMB1,000 million, which is the only product registered in the industry; the registered scale of debt linked products was RMB14,130 million. Registered products for public sales amounted to RMB28,668 million, accounting for 79.2% of the offer size. We not only developed the traditional equity and debt products, but also developed products such as the asset based equity products in relation to the equity of Zhejiang Ant Small and Micro Financial Services Group Ltd., as well as a series of "Anxin (安心)" products. PICC AMC recorded rapid growth in the scale of entrusted third-party and the offered insurance assets management products, which recorded an increase of 58.3% to RMB169,417 million as of 30 June 2015 from RMB107,021 million as of 31 December 2014.

The following table sets forth the income statement data of the asset management segment for the reporting periods indicated:

			RMB in millions, except for percentages
	For the Six Months Ended 30 June		
	2015	2014	(% of change)
Investment income	**439**	194	126.3
Other income	**457**	393	16.3
Total income	**896**	587	52.6
Finance costs	**7**	7	–
Other operating and administrative expenses	**326**	244	33.6
Total expenses	**333**	251	32.7
Profit before tax	**563**	331	70.1
Income tax expense	**(147)**	(109)	34.9
Net profit	**416**	222	87.4

Investment income

Investment income from the asset management segment increased by 126.3% to RMB439 million for the six months ended 30 June 2015 from RMB194 million for the same period in 2014, mainly due to the higher proportionate gains from investment in equities as a result of the capital market performing well in the first half year of 2015.

Other income

Other income from the asset management segment increased by 16.3% to RMB457 million for the six months ended 30 June 2015 from RMB393 million for the same period in 2014, mainly due to the steady growth in asset management size in the first half year of 2015.

Finance costs

Finance costs for the asset management segment for the six months ended 30 June 2015 was RMB7 million and also RMB7 million for the same period in 2014.

Net profit

Mainly attributable to the factors mentioned above, net profit of the asset management segment increased by 87.4% to RMB416 million for the six months ended 30 June 2015 from RMB222 million for the same period in 2014.

Investment Portfolio and Investment Income

(1) Investment portfolio

The following table sets forth certain information regarding the investment portfolio of the Group as of the dates indicated:

RMB in millions, except for percentages

	As of 30 June 2015		As of 31 December 2014	
Investment assets	**Carrying amount**	**(% of total)**	Carrying amount	(% of total)
Cash and cash equivalents	**51,540**	**6.8**	39,307	5.7
Fixed-income investments	**413,085**	**54.8**	414,262	59.9
Term deposits	**169,749**	**22.5**	164,408	23.8
Fixed-income securities	**229,952**	**30.5**	235,905	34.1
Government bonds	**13,534**	**1.8**	13,975	2.0
Financial bonds	**108,961**	**14.5**	113,499	16.4
Corporate bonds	**107,457**	**14.3**	108,431	15.7
Other fixed-income investments(1)	**13,384**	**1.8**	13,949	2.0
Equity and fund investments at fair value	**120,434**	**16.0**	69,224	10.0
Securities investment funds	**83,178**	**11.0**	50,227	7.3
Equity securities	**37,256**	**4.9**	18,997	2.7
Other investments	**168,860**	**22.4**	168,376	24.4
Subordinated debts and debt investment schemes	**88,449**	**11.7**	83,200	12.0
Investment in associates and a joint venture	**41,346**	**5.5**	36,128	5.2
Others(2)	**39,065**	**5.2**	49,048	7.1
Total investment assets	**753,919**	**100.0**	691,169	100.0

(1) Primarily consist of restricted statutory deposits and policy loans.

(2) Primarily consist of investment properties, derivative financial assets, equity investments stated at cost and asset management products.

(2) Investment income

The following table sets forth certain information relating to the investment income of the Group for the reporting period indicated:

RMB in millions, except for percentages

	For the Six Months Ended 30 June	
Items	**2015**	2014
Cash and cash equivalents	**306**	189
Fixed-income investment	**10,725**	10,596
Interest income	**10,601**	10,562
Net realised gains/(losses)	**110**	(7)
Net unrealised gains/(losses)	**14**	41
Impairment	**–**	–
Equity and fund investments at fair value	**13,409**	797
Dividend income	**2,455**	2,114
Net realized gains/(losses)	**10,927**	30
Net unrealized gains/(losses)	**40**	79
Impairment	**(13)**	(1,426)
Other investment income/(loss)	**6,094**	5,098
Total investment income	**30,534**	16,680
Total investment yield (annualised)(1) (%)	**8.8**	5.1
Net investment yield (annualised)(2) (%)	**5.6**	5.5

(1) Total investment yield (annualised) = (total investment income – interest expenses on securities sold under agreements to repurchase)/(the average of total investment assets as of beginning and end of the period – the relevant liabilities of the securities sold under agreements to repurchase) × 2.

(2) Net investment yield (annualised) = (total investment income – net realized financial assets income – net unrealized financial assets income – impairment loss of financial assets – interest expenses on securities sold under agreements to repurchase)/(the average of total investment assets as of beginning and end of the period – the relevant liabilities of the securities sold under agreements to repurchase) × 2.

Specific Analysis

(1) Liquidity Analysis

1. Liquidity Analysis

The liquidity of the Group is mainly derived from premiums, net investment income, cash from sales or maturity of investment assets and its own financing activities. The demand for liquidity primarily arose from surrenders, withdrawals or other forms of early termination of insurance policies, insurance claims or benefits, payment of dividends to shareholders and cash required for payment of various ordinary expenses.

Since the Group generally collects premiums before the payment of insurance claims or benefits, the cash flow from operating activities of the Group generally records a net inflow. At the same time, the Group maintained a certain proportion of assets with high liquidity to meet liquidity requirements. In addition, the Group could also obtain additional liquidity from the disposal of securities sold under agreement to repurchase and other financing methods.

As a holding company, the Company derives its cash flow mainly from investment income arising from investment activities, cash flow generated by financing activities and the dividends from its subsidiaries. The Company believes that it has sufficient liquidity to meet the foreseeable liquidity needs of the Group and the Company.

2. Statement of Cash Flows

RMB in millions, except for percentages

	For the Six Months Ended 30 June		
	2015	2014	(% of change)
Net cash flow from operating activities	**11,593**	20,268	(42.8)
Net cash flow used in investment activities	**(10,702)**	(20,394)	(47.5)
Net cash flow used in financing activities	**11,343**	(2,060)	–

(2) Solvency

The Group calculated and disclosed the actual capital, minimum capital and solvency margin ratio in accordance with relevant CIRC requirements. According to CIRC requirements, the solvency margin ratio of domestic insurance companies in the PRC shall reach the required level.

RMB in millions, except for percentages

	As of 30 June 2015	As of 31 December 2014	(% of change)
PICC Group			
Actual capital	**137,151**	127,194	7.8
Minimum capital	**77,454**	70,004	10.6
Solvency margin ratio (%)	**177**	182	Decrease of 5 pt
PICC P&C			
Actual capital	**80,062**	79,440	0.8
Minimum capital	**35,496**	33,290	6.6
Solvency margin ratio (%)	**226**	239	Decrease of 13 pt
PICC Life			
Actual capital	**37,808**	34,654	9.1
Minimum capital	**12,231**	11,529	6.1
Solvency margin ratio (%)	**309**	301	Increase of 8 pt
PICC Health			
Actual capital	**3,463**	3,206	8.0
Minimum capital	**1,718**	1,718	–
Solvency margin ratio (%)	**202**	187	Increase of 15 pt

As of 30 June 2015, the solvency margin ratio of the Group was 177%, representing a decrease of 5 percentage points as compared to that as of 31 December 2014 and remained in the Adequate Solvency II category as classified by the CIRC.

As of 30 June 2015, the solvency margin ratio of PICC P&C was 226%, representing a decrease of 13 percentage points as compared to that as of 31 December 2014 and remained in the Adequate Solvency II category as classified by the CIRC. The solvency margin ratio of PICC Life was 309%, representing an increase of 8 percentage points as compared to that as of 31 December 2014 and remained in the Adequate Solvency II category as classified by the CIRC. The solvency margin ratio of PICC Health was 202%, representing an increase of 15 percentage points as compared to that as of 31 December 2014 and remained in the Adequate Solvency II category as classified by the CIRC.

PROSPECTS

(1) Market Environment

During the first half of 2015, China's insurance industry maintained a rapid development momentum. According to the information released by the CIRC, the Original Premiums income of China's insurance industry amounted to about RMB1.4 trillion for the first half of 2015, representing an increase of 19.3% as compared with the same period of last year, in which, the Original Premiums Income of the P&C insurance companies and life and health insurance companies recorded an increase of 11.8% and 23.0%, respectively, as compared with the same period of last year; by the end of June 2015, total insurance assets of the insurance industry in China amounted to RMB11.4 trillion, representing an increase of 12.5% as compared with the beginning of 2015.

Since the beginning of the year, the central government has launched a series of policies in order to stabilise growth, promote reform, adjust structure and improve people's well-being. The frequency of launching and strength of such policies are unprecedented. They will have profound influence in the insurance industry. First, the central government focuses on accelerating the modernization of agricultural sector and speeding up the transformation of development mode of agriculture. It specifically proposed the active development of insurance for prices of agricultural product as test point, the extension of agricultural industrial chain and the raise of the added value of agriculture, which provide a new direction for advancing the innovation of insurance products and services for agriculture, rural areas and farmers. Second, the central government has launched policy initiatives which include entrepreneurship and innovation by people and China manufacturing 2025 to accelerate the implementation of innovation-driven development strategy and advance the structural optimization and upgrade of industries, which provide opportunities for the insurance industry to explore business areas in respect of the research and development risks, commercialization risks and financial needs related to venture and innovation. Third, the implementation of "One Belt One Road", the coordinated development of Beijing, Tianjin and Hebei and the development strategies of key regions such as the Yangtze River economic belt will facilitate regional reallocation of key constituents such as industries, capital, which will give rise to new development and investment opportunities for the insurance industry. Fourth, the government has deepened healthcare system reform and launched key initiatives such as full implementation of critical illness insurance for urban and rural residents, and health insurance with tax incentives, which create significant policy initiatives for the in depth participation of the insurance industry in the healthcare system reform.

(2) Key Work

In the second half of the year, the Company will fully speed up the transformation into customer-oriented system and continue to base on the key aspiration of "Further reform and innovation, maintenance of stable growth and emphasizing value creation". It will adhere to benchmarking against first class targets, enhance development quality and strengthen development capability with innovation, constantly reinforce the excellent momentum of the Group's business development and value growth, and ensure the successful accomplishment of annual targets. First, the Company will grasp the direction of policies, accurately select the points of integration with policies and seize opportunities under the overall condition of proactive coherence with policies and serving economic and social development. Second, it will increase effort to tackle key issues, which include speeding up the establishment of the Group's unified large data system, promoting the integration of marketing resources, strengthening the joint establishment of rural network and sharing of community outlets, and further intensifying integration and restructuring to achieve actual breakthrough in the construction of chain for the Group's business values. Third, it will put more effort in innovation and achieve breakthrough by substantially advancing the business model of integrating the Group's traditional advantages and the internet. Fourth, it will strengthen the coordination to promote and deepen strategy and business coordination, jointly lay the foundation and share resources between various regions of the Group so as to strive for new achievements in fundamental operation coordination and integration of resources. Fifth, it will push ahead the establishment of compliance system, strengthen the rule of systems and accountability and fully enhance the standard of compliance and risk prevention of the Group.

NO MATERIAL CHANGES

Save as disclosed in this announcement, and since the publication of 2014 Annual Report, there are no material changes affecting the Company's performance that need to be disclosed under rule 46(3) of Appendix 16 to the Listing Rules.

EMBEDDED VALUE

1. Result Summary

This section summarizes the Embedded Value of PICC Life and PICC Health as at 30 June 2015, as well as the Value of Half Year's New Business for the 6 months up to 30 June 2015 with 10% as the discount rate (RMB in millions):

	PICC Life	**PICC Health**
Value of In-Force Business before CoC	18,583	1,565
Cost of Capital	(908)	(190)
Value of In-Force Business after CoC	17,676	1,376
Adjusted Net Worth	36,809	3,659
Embedded Value	**54,484**	**5,035**
Value of Half Year's New Business before CoC	2,977	274
Cost of Capital	(278)	(39)
Value of Half Year's New Business after CoC	**2,699**	**235**

Note: Figures may not add up due to rounding.

The Value of Half Year's New Business for the 6 months up to 30 June 2015 and the 6 months up to 30 June 2014 of PICC Life and PICC Health by distribution channel are summarized below (RMB in millions):

	PICC Life		**PICC Health**	
	up to 30 June 2015	up to 30 June 2014	**up to 30 June 2015**	up to 30 June 2014
Bancassurance Channel	**957**	1,222	**52**	69
Individual insurance agent Channel	**1,397**	795	**97**	26
Group insurance sales Channel	**321**	361	**86**	105
Reinsurance	**24**	14	**–**	–
Total	**2,699**	2,393	**235**	201

Note: 1. Figures may not add up due to rounding.

2. Value of Half Year's New Business for the 6 months up to 30 June 2014 is based on the assumption and capital requirement as of 31 December 2014.

The results disclosed in this report are based on 100% shareholding of PICC Life and PICC health.

2. Key Assumptions

For the results as at 30 June 2015 disclosed above, the assumption on risk discount rates is 10% and the assumption on the rate of investment return is 5.75% p.a. used by PICC Life and PICC Health. Corporate income tax is currently levied at 25% on taxable profits. The short-term accidental insurance business is subject to 5.5% business tax. The assumptions on mortality rates, morbidity rates, lapse rates, expenses and commissions are based on the operational experience of PICC Life and PICC Health, as well as future expectations and etc.

3. Sensitivity Tests

Sensitivity tests base on a range of alternative assumptions. In each of the tests, only the assumption referred to is changed, while the other assumptions are kept unchanged. For the investment return assumption scenario, the expected participating policyholder dividend will also change.

The results for sensitivity tests for PICC Life at 30 June 2015 are summarized below (RMB in millions):

	Risk Discount Rate at 10% (Note)	
Scenarios	**Value of In-Force Business after CoC**	**Value of Half Year's New Business after CoC**
Base Scenario	17,676	2,699
Risk discount rate at 9.0%	18,990	3,020
Risk discount rate at 11.0%	16,549	2,423
Investment rate of return plus 50 bps	21,336	3,830
Investment rate of return less 50 bps	14,038	1,568
Expenses increased by 10%	17,457	2,426
Expenses reduced by 10%	17,894	2,972
Lapse rates increased by 10%	17,017	2,397
Lapse rates reduced by 10%	18,340	3,000
Mortality increased by 10%	17,534	2,667
Mortality reduced by 10%	17,818	2,730
Morbidity increased by 10%	17,617	2,676
Morbidity reduced by 10%	17,734	2,722
Short-term business claim ratio increased by 10%	17,621	2,639
Short-term business claim ratio reduced by 10%	17,730	2,759
Participating Ratio (80/20)	16,798	2,654
150% of Minimum Solvency Requirement	16,572	2,404
Taxable Income Based on China Accounting Standards	17,079	2,473

Note: Except for the sensitivity scenarios on risk discount rate, the risk discount rate used for other scenarios is 10%.

The results for sensitivity tests for PICC Health at 30 June 2015 are summarized below (RMB in millions):

Scenarios	Risk Discount Rate at 10% (Note)	
	Value of In-Force Business after CoC	**Value of Half Year's New Business after CoC**
Base Scenario	1,376	235
Risk discount rate at 9.0%	1,493	255
Risk discount rate at 11.0%	1,273	216
Investment rate of return plus 50 bps	1,694	295
Investment rate of return less 50 bps	1,057	174
Expenses increased by 10%	1,292	204
Expenses reduced by 10%	1,459	266
Lapse rates increased by 10%	1,336	213
Lapse rates reduced by 10%	1,437	273
Mortality increased by 10%	1,368	235
Mortality reduced by 10%	1,383	235
Morbidity increased by 10%	1,359	233
Morbidity reduced by 10%	1,392	236
Short-term business claim ratio increased by 10%	788	33
Short-term business claim ratio reduced by 10%	2,064	437
Participating Ratio (80/20)	1,345	234
150% of Minimum Solvency Requirement	1,236	206
Taxable Income Based on China Accounting Standards	1,362	227

Note: Except for the sensitivity scenarios on risk discount rate, the risk discount rate used for other scenarios is 10%.

CORPORATE GOVERNANCE

Save for the following, the Company has complied with the code provisions of the Corporate Governance Code as set out in Appendix 14 to the Listing Rules (the "Corporate Governance Code") in the first half of 2015, and has adopted the recommended best practices under appropriate circumstances.

During the reporting period, because the qualification of Mr. Luk Kin Yu, Peter as a Director of the Company was still subject to approval of the CIRC, Mr. Cai Weiguo continued serving as a Director of the Company. During the reporting period, the company could not meet the requirement under code provision A.4.2 of the Corporate Governance Code that "every Director should be subject to retirement by rotation at least once every three years". The qualification of Mr. Luk Kin Yu, Peter as a Director was approved on 31 July 2015, and Mr. Cai Weiguo has since retired from his position on the same day. Please refer to the announcement on Change of Independent Director dated 11 August 2015 for relevant details.

Mr. Xiang Huaicheng resigned from the post of Independent Non-Executive Director of the Company on 26 September 2014, as a result, the number of Independent Non-Executive Directors of the Company became less than one-third of the number of members of the Board of Directors, which does not satisfy the requirements under Rule 3.10A of the Listing Rules. On 26 June 2015, the Company convened the 2014 annual general meeting, and passed a resolution to elect Mr. Tang Shisheng and Mr. Lin Yixiang as Independent Non-Executive Director, though his appointment is still subject to approval by the CIRC. Please refer to the announcements of the Company dated 26 September 2014, 30 December 2014, and 27 March 2015 and the notice of publication of circular of the 2014 annual general meeting dated 11 May 2015 for relevant details.

DIVIDEND

The Company does not declare any interim dividend for the first half of 2015.

PURCHASE, DISPOSAL OR REDEMPTION OF LISTED SECURITIES

In the first half of 2015, the Company and its subsidiaries did not purchase, dispose of or redeem any listed securities of the Company or its subsidiaries.

REVIEW OF INTERIM RESULTS

The Audit Committee of the Board has, in the presence of the external auditor, reviewed the unaudited condensed consolidated financial statements of the Group for the six months ended 30 June 2015.

PUBLICATION OF THE INTERIM REPORT

The Interim Report of the Company will be published on the website of the Company (www.picc.com) and the disclosure website of Hong Kong Exchanges and Clearing Limited (www.hkexnews.hk) in due course.

On behalf of the Board
The People's Insurance Company (Group) of China Limited
Wu Yan
Chairman

Beijing, the PRC
28 August 2015

As at the date of this announcement, the executive directors are Mr. Wu Yan, Mr. Wang Yincheng and Ms. Zhuang Chaoying, the non-executive directors are Mr. Yao Zhiqiang, Mr. Wang Qiao, Ms. Li Shiling, Ms. Zhang Hanlin and Mr. Ma Qiang, and the independent non-executive directors are Mr. Lau Hon Chuen, Mr. Du Jian, Mr. Xu Dingbo and Mr. Luk Kin Yu, Peter.