

Report of the Board of Directors

All members of the Board of Directors present their annual report and the audited consolidated financial statements of the Company and its subsidiaries (the “Group”) for the year ended December 31, 2013.

PRINCIPAL ACTIVITIES

The principal activities of the Group comprise the provision of a wide range of financial products and services with a focus on the three core businesses namely, insurance, banking and investment. There were no significant changes in the nature of the Group’ s principal activities during the year.

MAJOR CUSTOMERS

In the year under review, operating income from the Group’ s five largest customers accounted for less than 1% of the total operating income for the year.

None of the Directors of the Company or any of their associates or any shareholders (which, to the best knowledge of the Directors, own more than 5% of the Company’ s issued share capital) had any beneficial interest in the Group’ s five largest customers.

SUMMARY FINANCIAL INFORMATION

A summary of the published results, assets and liabilities of the Group for the last five years is set out in “Five-Year Summary” .

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

Cash Dividend Policy

According to rule 213 of the Articles of Association, the Company shall attach importance to the reasonable investment returns of investors in terms of its profit distribution. The profit distribution policy of the Company shall maintain its continuity and stability. The accumulated profit to be distributed in cash for any three consecutive years shall not be less than 30% of the average annual distributable profit realized in the three years, provided that the annual distributable profits of the Company (namely profits after tax of the Company after covering the losses and making contributions to the revenue reserve) are positive in value and such distributions are in compliance with the prevailing laws and regulations and the requirements of regulatory authorities

for solvency ratio. In determining the specific ratio of distribution of cash dividend, the Company shall take into account its profit, cash flow, solvency and operation and business development requirements. The board of directors of the Company shall be responsible for formulating and implementing a distribution plan according to the provisions of these Articles of Association.

In preparing profit distribution plans, the board of directors of the Company shall listen and absorb views and advice from shareholders (in particular, the minority shareholders), independent directors and independent supervisors through various ways. Independent directors of the Company shall express their independent opinions on the profit distribution plans. When a specific cash dividends distribution plan is put forward for consideration at a general meeting, a variety of channels shall be provided for active communication and opinion exchange with shareholders (in particular, the minority shareholders), whose opinions and demands shall be fully heard and prompt response shall be given to any issues the minority shareholders are concerned.

Where adjustment to our profit distribution policy is required due to the applicable national laws and regulations and new rules promulgated by the CSRC regarding profit distribution policies of listed companies or significant changes in the external business environment and/or operating situations of the Company, it shall be done for the purpose of safeguarding the shareholders' interests and in strict compliance with the decision-making process. To this end, the board of directors of the Company shall work out an adjustment plan based on the operating situations of the Company and the relevant regulations of the CSRC, and then submit the same to the general meeting for consideration and approval. Implementation of the adjustment plan is conditional upon approval by shareholders (including their proxies) holding more than two-thirds of voting rights present at the general meeting.

Implementation of Profit Distribution Proposal

The 2012 annual profit distribution proposal of the Company was considered and passed at the 2012 Annual General Meeting of the Company held on May 10, 2013, the Company would pay in cash the 2012 final dividend of RMB0.30 (tax inclusive) per share, in a total amount of RMB2,374,842,627.60, based on its total share capital of 7,916,142,092 by the date of the Annual General Meeting. The Independent Non-executive Directors of the Company has made independent opinion to agree with the profit distribution proposal. The record date for the distribution of dividends of A shares was May 17, 2013, and the dividend distribution date of A shares was May 23, 2013. The record date for the distribution of dividends of H shares was May 21, 2013, and the dividend distribution date of H shares was June 4, 2013.

The interim profit distribution proposal for 2013 was considered and passed by the ninth meeting of the 9th session of the Board of Directors of the Company held on August 29, 2013, the Company would pay in cash the interim dividend of RMB0.20 (tax inclusive) per share for 2013, in a total amount of RMB1,583,228,418.40, based on its total share capital of 7,916,142,092. The Independent Non-executive Directors of the Company had agreed with the profit distribution proposal unanimously. The record date for the distribution of dividends of A shares was September 9, 2013, and the dividend distribution date of A shares was September 13, 2013. The record date for the distribution of dividends of H shares was September 18, 2013, and the dividend distribution date of H shares was October 24, 2013.

The above profit distribution proposals were in line with the Articles of Association and relevant deliberation procedures and had fully protected the legitimate interests of medium and small investors. The announcements on the resolution of the general meeting and the board meeting were published in China Securities Journal, Shanghai Securities News, Securities Times and Securities Daily on May 11, 2013 and August 30, 2013, respectively. The announcements regarding the distribution of 2012 final dividend and 2013 interim dividend of the Company were published on the websites of SSE and HKEx, and in China Securities Journal, Shanghai Securities News, Securities Times and Securities Daily printed on May 14, 2013 and September 4, 2013, respectively. The implementation of the above-mentioned distribution proposals has been completed.

ANNUAL RESULTS AND PROFIT DISTRIBUTION

The Group' s results in 2013 are set out in the section titled "FINANCIAL STATEMENTS" .

As stated in the 2013 audited financial statements of the Group prepared under CAS, the net profit attributable to shareholders of the parent company was RMB28,154 million and net profit of the parent Company was RMB8,632 million. Pursuant to the Articles of Association and other relevant requirements, the Company shall make appropriation to the statutory surplus reserve fund based on 10% of the net profit of the Company as shown in the financial statements under CAS before determining the profit available for distribution to shareholders. Appropriation to the

statutory surplus reserve fund may cease to apply if the balance of the statutory surplus reserve fund reached an amount equal to 50% of the registered capital of the Company. After making the above profit distribution and taking into account the retained profit carried forward from last year, according to the Articles of Association and other relevant requirements, the profit available for distribution to shareholders was RMB31,493 million.

The Company had distributed an interim dividend of RMB0.20 (tax inclusive) per share for 2013, which amounted to a total of RMB1,583,228,418.40. The Company proposes to distribute a final dividend of RMB0.45 (tax inclusive) per share in cash for 2013. As the A Share Convertible Bonds issued on 22 November 2013 by the Company can be converted on May 23, 2014, it is difficult to estimate the total share capital of the Company at the date of registering A shares, as a result the total amount of dividend to be distributed is unable to determine at present. Based on the share capital of 7,916,142,092 shares in issue as at 31 December 2013, the total final dividend to be distributed is RMB3,562,263,941.40 for 2013. The Company will distribute the dividend on the basis of total share capital at the date of registration and at the time when the stock market is closed. The remaining profit will be carried forward to 2014. The retained profits are mainly for the purpose of endogenous capital accumulation, so as to maintain a reasonable solvency ratio as well as funding to subsidiaries so that they can maintain a reasonable solvency ratio or capital adequacy ratio.

The above proposal will be implemented upon approval at the 2013 Annual General Meeting. The profit distribution proposal is in line with the Articles of Association and relevant deliberation procedures and fully protects the legitimate interests of medium and small investors. The Independent Non-executive Directors of the Company have made independent opinion to agree with the profit distribution proposal.

The Company has no plan to capitalize from capital reserve and surplus reserve.

Particulars on dividend payouts of the Company over the past three years are set out as follows:

	Cash dividend issued for each share during the year (in RMB yuan)	Cash dividend amount (including tax)⁽¹⁾ (in RMB million)	Net profit attributable to shareholders of the parent company (in RMB million)	Ratio (%)
2012 ⁽²⁾	0.45	3,562	20,050	17.8
2011 ⁽²⁾	0.40	3,166	19,475	16.3
2010 ⁽²⁾	0.55	4,204	17,311	24.3

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

(2) Profit distribution for each year has been completed during their corresponding years.

DISTRIBUTABLE RESERVES

As at December 31, 2013, the Company's reserves available for distribution totalled RMB31,493 million, the Company has proposed to distribute the 2013 final dividend of RMB0.45 (tax inclusive) per share in cash. After deducting the 2013 final dividend, the retained profits were carried forward to 2014. In addition, the Company's capital reserve and surplus reserve fund, in the amount of RMB90,394 million, may be distributed by a future capitalization issue.

MANAGEMENT DISCUSSION AND ANALYSIS

For management discussion and analysis, please refer to the section headed “Management Discussion and Analysis” .

USE OF PROCEEDS FROM THE COMPANY’ S PUBLIC OFFERING

The Company issued A Share Convertible Bonds amounting to RMB26 billion via public issuance on November 22, 2013. The Company has raised RMB26,000,309,598.26 in aggregate (including interest of the unfrozen funds totalling RMB309,598.26) through the issuance. The use of the raised funds is consistent with the use that was passed by the General Meeting and the meeting of the Board of Directors of the Company. As at December 31, 2013, except the balance of RMB24,697,830.76 in the fund-raising account, the raised funds have been fully used to supplement the Company’ s capital and pay the issuance expenses. As at February 27, 2014, the above raised funds were all used to supplement the capital of the Company after deducting of fee for issuance and all the raised funds have been used completely.

PARTICULARS ON INVESTMENT DURING THE REPORTING PERIOD

The non-raised fund of the Company mainly comes from its core insurance business. The Company has been strictly following the relevant requirements of CIRC on the application of insurance fund. All investment in relation to insurance fund was conducted in the normal course of operation.

EQUITY INVESTMENT DURING THE REPORTING PERIOD

For equity investment, please refer to the section headed “Significant Events” .

SHARE CAPITAL

The change in the share capital of the Company in 2013 and the share capital structure of the Company as at December 31, 2013 are set out in “Changes in the Share Capital and Shareholders’ Profile” .

RESERVES

Details of movements in the reserves of the Company and the Group during the year are set out in note 34 to the financial statements and in the “Consolidated Statement of Changes in Equity”, respectively.

CHARITABLE AND OTHER DONATIONS

Charitable donations made by the Company during 2013 totalled RMB39 million.

PROPERTY AND EQUIPMENT AND INVESTMENT PROPERTIES

Details of movements in property and equipment and investment properties of the Group during the year are set out in notes 30 and 29 to the financial statements, respectively.

PRE-EMPTIVE RIGHTS

There are no provisions regarding pre-emptive rights under the Company Law of the PRC or the Articles of Association, which would oblige the Company to issue new shares to its existing shareholders in proportion to their existing shareholdings.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

Neither the Company, nor any of its subsidiaries, had purchased, sold or redeemed any of the Company’s listed shares during the reporting period.

DIRECTORS AND SUPERVISORS

During 2013, the information about Directors and Supervisors of the Company are set out in “Corporate Governance Report” and “Report of the Supervisory Committee”.

BIOGRAPHICAL DETAILS OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Biographical details of Directors, Supervisors and Senior Management are set out in “Directors, Supervisors, Senior Management and Employees”.

DIRECTORS’ AND SUPERVISORS’ SERVICE CONTRACTS AND REMUNERATION

According to the resolutions of the 25th Meeting of the 7th Session of the Board of Directors and the 2nd Meeting of the 7th Session of the Supervisory Committee of the Company, the

Company entered into service contracts with all Directors of the 9th Session of the Board of Directors and all Supervisors of the 7th Session of the Supervisory Committee, respectively in July 2012 and August 2012, and entered into service contracts with newly appointed Director, Mr. Yip Dicky Peter, Mr. Wong Oscar Sail Hung, Mr. Sun Dongdong, Mr. Soopakij Chearavanont, Mr. Yang Xiaoping, Mr. Lu Hua and Mr. Lee Yuansiong, and also with newly appointed Supervisor Ms. Zhang Wangjin on July 2013 respectively. Terms, duties, remuneration expenses and confidentiality duties of Directors and Supervisors, and commencement and termination of contracts were specified in the service contracts. As at December 31, 2013, no Directors or Supervisors had a service contract with the Company which was not terminable by the Company within one year without payment of compensation other than statutory compensation.

Details of remuneration of the Directors and Supervisors for the year ended December 31, 2013 are set out in note 50 to the financial statements.

DIRECTORS' AND SUPERVISORS' INTERESTS IN MATERIAL CONTRACTS

No Directors or Supervisors had a material interest, directly or indirectly, in any contract of significance to the business of the Group to which the Company or any of its subsidiaries was a party during 2013.

DIRECTORS' AND SUPERVISORS' INTERESTS AND SHORT POSITIONS IN SHARES

Details of Directors' and Supervisors' interests and short positions in shares are set out in the section entitled "Directors, Supervisors, Senior Management and Employees" .

DIRECTORS' AND SUPERVISORS' RIGHTS TO ACQUIRE SHARES

At no time during the year were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any Directors, Supervisors or their respective spouse or minor children, nor were any such rights exercised by them, or was the Company, or any of its subsidiaries a party to any arrangement to enable the Directors or Supervisors to acquire such rights in any other body corporate.

DIRECTORS' AND SUPERVISORS' INTERESTS IN A COMPETING BUSINESS

During 2013, the following person is considered to have interests in a business which competes or is likely to compete, directly or indirectly, with the business of the Group, as defined in the HKEx Listing Rules, as set out below:

Mr. Lin Li, a Shareholder Representative Supervisor of the Company, is currently the Chairman of Shenzhen Liye Group Co., Ltd. Its subsidiary, Hua Lin Security Company Limited, is engaged in stockbrokerage, securities investment consultancy, Securities underwriting and sponsor and securities dealing. As its businesses overlapped with Ping An Securities Limited, a subsidiary of the Company, so it competes with the Company. Save as disclosed, as far as the Directors are aware, none of the Directors and Supervisors had any competing interest in a business, which competes or is likely to compete, either directly or indirectly, with the Group's business.

BOARD COMMITTEES

The Company has established a Strategy and Investment Committee, an Audit and Risk Management Committee, a Remuneration Committee and a Nomination Committee. For details regarding these Board committees, please see the relevant sections in the "Corporate Governance Report".

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

For details regarding substantial shareholders' and other persons' interests and short positions in shares and underlying shares, please refer to section entitled "Changes in the Share Capital and Shareholders' Profile".

CONTINUING CONNECTED TRANSACTIONS

For details regarding continuing connected transactions, please refer to section entitled "Significant Events".

POST BALANCE SHEET EVENTS

Details of the significant post balance sheet events of the Group are set out in note 56 to the financial statements.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE CONTAINED IN APPENDIX 14 TO THE HKEX LISTING RULES

None of the Directors of the Company is aware of any information that would reasonably indicate that the Company did not meet the applicable Code Provisions set out in the Corporate Governance Code for any part of the period from January 1, 2013 to December 31, 2013, except that Mr. Ma Mingzhe has occupied the positions of both the Chairman of the Board of Directors and Chief Executive Officer of the Company. Further details of the Company's arrangements and considered reasons for the Company's intention not to separate the roles of the Chairman of the Board of Directors and the Chief Executive Officer of the Company are set out under the section headed "Corporate Governance Report" .

ESTABLISHMENT AND IMPLEMENTATION OF THE ADMINISTRATION SYSTEM FOR INSIDER INFORMATION AND REGISTRATION

Details of the establishment and implementation of the administration system for insider information and registration are set out under “Information Disclosure and Implementation of the Registration and Administration Policy for Persons with Insider Information” in “Corporate Governance Report” .

AUDITORS

Ernst & Young Hua Ming LLP and Ernst & Young acted as the auditors of the Company’ s financial statements under CAS and IFRS, respectively in 2011 and 2012. According to the resolutions of the 2012 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, and appointed PricewaterhouseCoopers Zhong Tian LLP as the auditors of the company for internal control in 2013.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors as at the latest practicable date prior to the issue of this annual report, being March 13, 2014, at all times during the year ended December 31, 2013, not less than 20% of the issued share capital of the Company (being the minimum public float applicable to the shares of the Company) was held in public hands.

By order of the Board of Directors

Ma Mingzhe

Chairman and Chief Executive Officer

Shenzhen, PRC

March 13, 2014

