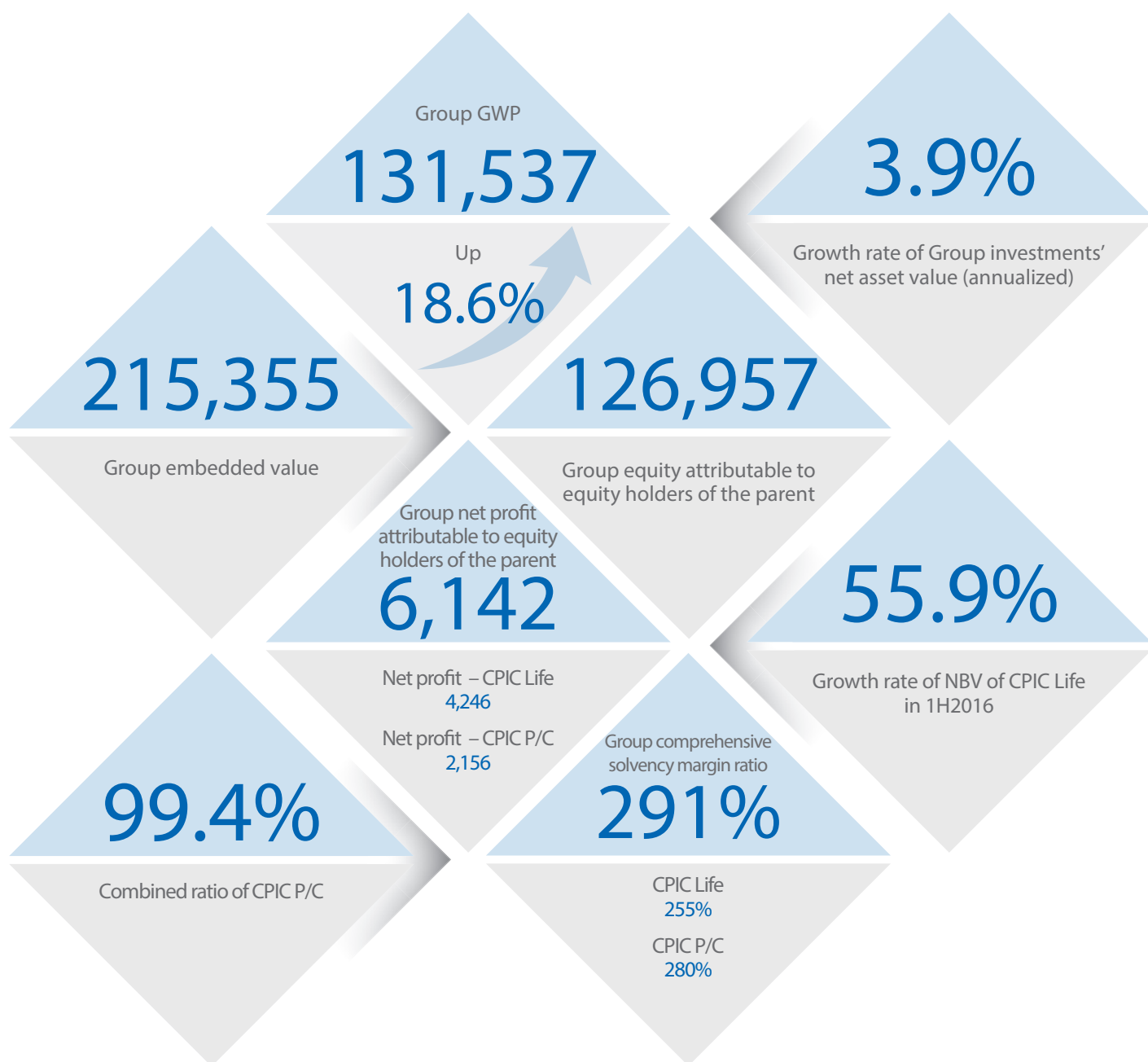




Operation overview

CPIC is a leading integrated insurance group in the PRC, providing, through our nationwide marketing network and diversified service platform, a broad range of risk solutions, investment and wealth management and asset management services to over 100 million customers throughout the country.

Unit: RMB million



Key indicators

Unit: RMB million

Indicators	As at 30 June 2016/ for the period between January and June in 2016	As at 31 December 2015/ for the period between January and June in 2015	Changes (%)
Key value indicators			
Embedded value of the Group	215,355	205,624	4.7
Value of in-force business ^{note 1}	103,763	90,559	14.6
Net assets of the Group ^{note 2}	126,957	133,336	(4.8)
NBV of CPIC Life	11,264	7,227	55.9
New business margin of CPIC Life (%)	29.9	31.2	(1.3pt)
Combined ratio of CPIC P/C (%)	99.4	99.5	(0.1pt)
Growth rate of Group investments' net asset value (annualized) (%)	3.9	8.0	(4.1pt)
Key operating indicators			
GWPs ^{note 3}	131,537	110,891	18.6
CPIC Life ^{note 3}	82,234	62,465	31.6
CPIC P/C ^{note 3}	49,224	48,380	1.7
Market share			
CPIC Life (%)	5.8	6.6	(0.8pt)
CPIC P/C (%)	10.6	11.3	(0.7pt)
Number of Group customers (in thousand) ^{note 4}	100,884	94,356	6.9
Average number of insurance policies per customer	1.62	1.58	2.5
Monthly average agent number (in thousand)	582	415	40.2
Monthly average first year premiums per agent (RMB)	7,403	5,928	24.9
Total investment yield (annualized) (%)	4.7	6.6	(1.9pt)
Net investment yield (annualized) (%) ^{note 5}	4.6	4.9	(0.3pt)
Third-party AuM			
Third-party AuM by CPIC AMC	264,615	233,474	13.3
Assets under investment management by Changjiang Pension	160,171	149,786	6.9
Assets under investment management by Changjiang Pension	104,444	83,688	24.8
Key financial indicators			
Net profit attributable to equity holders of the parent			
CPIC Life	6,142	11,295	(45.6)
CPIC P/C	4,246	6,467	(34.3)
CPIC P/C	2,156	3,268	(34.0)
Basic earnings per share (RMB) ^{note 2}	0.68	1.25	(45.6)
Net assets per share (RMB) ^{note 2}	14.01	14.71	(4.8)
Comprehensive solvency margin ratio (%)			
CPIC Group	291	299	(8pt)
CPIC Life	255	262	(7pt)
CPIC P/C	280	285	(5pt)

Notes:

1. Based on Group's share of life's value of in-force business after solvency.
2. Attributable to equity holders of the parent.
3. Starting from May 1, 2016, China's insurance industry began to switch from the business tax to value added tax (VAT), resulting in separation of tax from premiums, which impacted the percentage change of GWPs.
4. The number of Group customers refers to the number of applicants and insureds who hold at least one insurance policy within the insurance period issued by one or any of CPIC subsidiaries as at the end of the reporting period. In the event that the applicants and insureds are the same person, they shall be deemed as one customer.
5. Figures for the same period last year were restated.

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Financial report

Report on review of interim financial information
Unaudited interim condensed consolidated financial information

Cautionary Statements:

Forward-looking statements included in this report, including future plans and development strategies, do not constitute a guarantee of the Company to investors. Investors and other related parties are advised to be mindful of the risk, and be aware of the difference between the Company's plans or projections and its commitments. You are advised to exercise caution.

Important information

- I. The Interim Report 2016 of the Company was considered and approved at the 14th session of the 7th Board of Directors on 26 August 2016, which 14 Directors were required to attend and 12 of them attended in person. Directors WU Jumin and HA Erman could not attend the board meeting due to other business engagements and appointed in writing HUO Lianhong and GAO Guofu respectively to attend the meeting and vote on their behalf.
- II. The 2016 Interim Financial Report of the Company has not been audited.

CHINA PACIFIC INSURANCE (GROUP) CO., LTD.

BOARD OF DIRECTORS

Contact us

IR team

Tel: +86-21-58767282

Fax: +86-21-68870791

Email: ir@cpic.com.cn

Address: South Tower, Bank of Communications Financial Building, 190
Central Yincheng Road, Pudong New District, Shanghai, PRC



WeChat Public
Account for
Investor Relations





Letter from chairman
to shareholders



26 August 2016

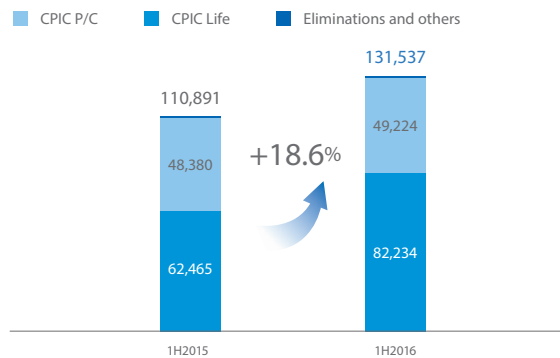
Dear Shareholders:

We have just celebrated the 25th anniversary of CPIC. Twenty-five years ago, in the context of reform and opening-up of the Pudong New Area, CPIC was established in Shanghai. We started off as a property and casualty insurance company, and after years of unstinting efforts, we have successfully developed into a leading integrated insurance group in China.

Over the past 25 years, we stayed focused on insurance while constantly expanding our insurance-based business portfolio, which now covers life insurance, property and casualty insurance, pension, health insurance, agricultural insurance, asset management and investment management of facilities for elderly care, achieving initial success of synergy. With deep roots in the Chinese market, we have accumulated over 100 million customers. Our products and services help millions of Chinese households. Committed to sustainable value growth and the mission of "Be a Responsible Insurance Company," we strive to share the fruits of development with our investors, customers and employees. Over the past 25 years, we saw significant improvement in our profitability, quality of development and overall strength. We have been listed the Fortune Global 500 for the 6th consecutive year, ranking No. 251, up 77 places from 2015 and among the top 300 for the first time. Looking back on the past 25 years, we take pride in our achievements and feel much obliged to society, our customers, investors and employees for their support and trust.

Rapid growth of GWPs

Unit: RMB million



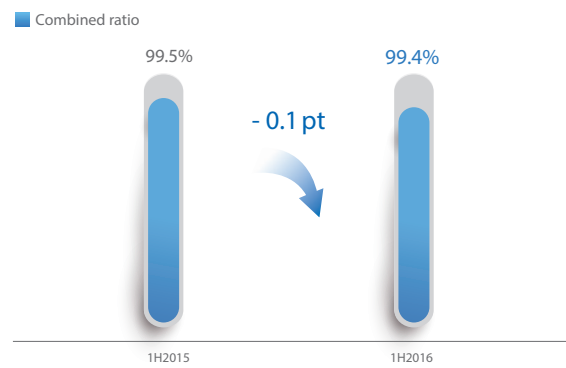
In the first half of 2016, we continued to focus on sustainable value growth, optimized market strategies, and realized solid business results. Group operating revenues^{note 1} reached RMB144.706 billion, up 7.6% over the same period last year. Of this, gross written premiums (GWPs) amounted to RMB131.537 billion, up 18.6% year on year. As of the end June 2016, Group embedded value stood at RMB215.355 billion, an increase of 4.7% from the end of 2015. Of this, value of in-force business^{note 2} reached RMB103.763 billion, up 14.6% from the end of 2015. With solid financials, CPIC Group enjoys a comprehensive solvency ratio of 291% under C-ROSS. At the same time, we remain alert to challenges brought by market changes. Impacted by weak capital market performance, declining investment returns and reserve discount rate changes, the Group net profits^{note 3} dropped 45.6% YoY to RMB6.142 billion in the first half of 2016.

Adhering to "value-oriented growth strategy", our life company continued to refine its growth model with the individual business at its core. Along with rapid growth, China's life insurance sector saw more differentiation in growth models in the first half of 2016. Adhering to value-oriented growth strategy, CPIC Life continued to improve its "customer operation" capabilities. We gave first priority to the development of high-margin individual business, with its market share rising steadily to 12.1%. In the first half of 2016, new business value of life insurance reached



Our P/C business consolidated the foundation for sustainable development and delivered an underwriting profit. With slowing macro-economic growth and frequent natural disasters, the market environment for P/C insurance underwent considerable changes in the first half of 2016. Further roll out of commercial automobile insurance reform also brought more uncertainty to the business. Persisting in the strategy of “improving business quality, enhancing foundation and boosting long-term growth potential”, CPIC P/C strengthened risk selection and claim

CPIC P/C realized underwriting profit



RMB11.264 billion, up 55.9% YoY, and the share of individual business reached 97.9%; GWPs and first year premiums (FYPs) from the individual business accounted for 88.4% and 82.2% of the total GWPs and FYPs respectively. In the first half of 2016, monthly average number of agents reached 582,000, an increase of 40.2% YoY, with FYPs per agent per month reaching RMB7,403, up 24.9%. Along with a growth in total headcount, the number of active and productive agents also increased, exceeding 200,000 people and 100,000 people for the first time respectively, pointing to continued improvement in sales force mix.

Sustainable NBV growth of CPIC Life

● Half-year NBV of CPIC Life Unit: RMB million

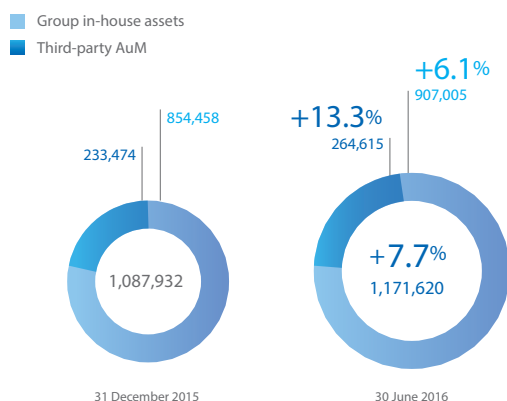


control and saw continued improvement in business quality. It delivered a combined ratio of 99.4%, down by 0.1pt over the same period of last year. Of this, the loss ratio was 61.2%, down by 3.7pt YoY. The combined ratio of automobile insurance was 98.2%, down by 0.2pt. CPIC P/C accelerated the development of core distribution channels such as telemarketing & internet, cross-sell and car dealerships, which accounted for 55.7% of total motor business, up 2.5pt YoY. As to non-auto insurance, we seized the opportunities brought by the agricultural insurance market access reform to broaden our business scope, promote the use of "e-agricultural insurance" technology and strengthen innovation of index-based agricultural insurance products. In the first six months of 2016, premium income from agricultural insurance reached RMB904 million, 58.3% higher than that of the same period last year, and our market share was rising steadily. At the same time, we are keenly aware that more resolve and efforts are needed for the continued improvement in combined ratio. As a next step, we will further develop our core channels for automobile insurance and enhance our capacity to serve high-quality customers. We will also improve our pricing ability for traditional non-motor insurance products, step up the development of emerging business lines like agricultural insurance, and strive to turn around our loss-making non-auto business.

We further improved asset liability management and registered rapid growth in third-party assets. In the face of declining interest rates and stock market volatility, we adhered to asset liability management based on the characteristics of insurance funds, focused on risk management, and strove to mitigate the impact of market fluctuation through active management. In the first half of 2016, our annualized net investment yield^{note 4} was 4.6%, 0.3pt lower than the same period last year. Annualized total investment yield was 4.7%, down 1.9pt YoY. As of the end of June 2016, Group AuM reached RMB1,171.62 billion, an increase of 7.7% from the end of last year. Of this, third-party AuM stood at RMB264.615 billion, accounting for 22.6% of the Group AuM. Third-party business contributed a fee income of RMB360 million, a growth of 30.0%.

Solid increase in AuM

Unit: RMB million



Centering on the goal of “focusing on customer needs, improving customer interface and enhancing customer experience,” we continued to promote the “customer needs-oriented” Transformation Initiative, and efforts of the last 5 years have effectively enhanced our customer operation capabilities.

We developed customer profiling capability. We carried out the Customer Profiling Initiative spanning the Group and 79 branch offices of CPIC P/C and CPIC Life to facilitate market segmentation. The move seeks to obtain more insights into our customers from multiple angles, such as age, gender, location, distribution channels, products, the number of policies, types of protection, level of premium payment and the need for wealth management. Such insights became the basis of targeted marketing strategies for the 6 key customer groups:

customers with only 1 policy, customers who only covered their children, customers whose premium payment period expired, automobile insurance customers with no claims for 3 years, female customers, and first-time claimants for new vehicles.

We developed targeted marketing capabilities. Leveraging customer segmentation and customer insights, we continued to improve our ability to serve existing customers and acquire new customers, and to better meet customer’s diversified needs through product innovation. We enriched our product line by launching Huayang Nianhua to offer female customers dual (physical and mental) protection, as well as Shaonian Chaonengbao to cover minor illnesses for juveniles. At the same time, we improved our up-sell capability for key customer segments through the Targeted Marketing Initiative. In the first half of 2016, up-sell to existing customers generated RMB13.918 billion in premiums, higher than those of last year. Of this, premiums from up-sell to customers with only one policy, customers who only covered their children, customers whose premium payment period expired stood at RMB4 billion, RMB1.7 billion and RMB3.4 billion respectively.

We developed capabilities to explore new areas. With over 1,500 financial planners, our “Golden Magnolia” team provides specialized quality service to mid/high-end customers in 15 big cities such as Shanghai, Guangzhou and Shenzhen. More than 90% of the team is under 35 years old, and their monthly average FYPs per person doubled those of a traditional agent. We promoted business for small and medium-sized enterprises (SMEs) by launching tailor made products under the brand Caifu U Bao to offer protection to 48,000 SMEs, which generated RMB841 million in premiums in the first half of 2016, up 72.8% YoY. At the same time, proactively adapting to changing customer behaviors, we see the application of new technologies such as mobile Internet as a key factor of our transformation. On the one hand, we offer customers friendly end-to-end interactive platforms, including online store, We-Chat platform and Zhongguo Taibao App, to deliver convenient online services; on the other hand, we have strong middle and back office support to the ‘front line’. We equip our agents with over 268,000 terminals of (CPIC Life) Shenxin Taibao, a smart mobile insurance platform with sales, contract, service and management functions, covering the whole process of individual new policy issuance. CPIC P/C’s innovative Mashangbao technology enables automatic policy application and premium payment by simply scanning a QR code without downloading any app; onsite loss-adjustment for automobile insurance can be done in 18 minutes on average thanks to the Mobile Fast Claims, which is used for 76.1% standard cases, vastly improving claims efficiency; small-sum motor claims handling has also been automated,

Honors and Awards

CPIC Group was listed among Fortune Global 500, ranking 251, up 77 places from 2015.

CPIC Group was ranked on the list of Forbes Global 2000 for 2016, occupying 131st place, up 42 notches from last year.

CPIC Group Chairman GAO Guofu was voted as Industry Leader by the Chinese Insurance Leader's List 2016, announced at the 2016 Chinese Insurance Innovation and Development Forum organized by the National Business Daily.

CPIC Life was granted the award of The Most Trusted Life Insurer of the Year 2015 and CPIC Life Chairman and General Manager XU Jinghui won the title Personality of Insurance Sector for 2015 at the 13th Chinese Finance Conference, co-organized by the Chinese Securities Market Research Center and Hexun.com.

CPIC P/C Chairman and General Manager GU Yue was voted as Person of the Year for Chinese Insurance Industry 2015 by the ranking of Person of the Year for Chinese Insurance Industry 2015 and Manager of the Year for Chinese Insurance Industry 2015, co-organized by China Insurance Daily and sinoins.com.

CPIC AMC's CPIC – Shanghai Urban Development and Renovation Project Asset-Backed Plan won the second prize of the 2015 Shanghai Financial Innovation Award at the Competition of Shanghai Financial Innovation Award 2015 organized by the Shanghai Government.

with real-time adjustment, quick claims settlement and payment. At the same time, we are making forays into online insurance business, signing strategic cooperation agreements with leading domestic Internet giants to explore synergic integration between innovative technology and traditional motor insurance business.

In 2016, while focusing on insurance, we continued to promote the strategic collaboration across business segments for integrated development. CPIC Allianz Health focused on product and service innovations in health insurance and health management, and deepened channel cooperation and profit sharing with CPIC Life and CPIC P/C. It helped CPCI P/C and CPIC Life in customer acquisition while generating fast growth for CPIC Allianz Health. Utilizing the Group's customer resources, Changjiang Pension and CPIC Life jointly set up 29 "CPIC – Changjiang Pension Collaboration Centers" to accelerate enterprise annuity and tax-deductible health insurance business. Leveraging its advantage in price index agricultural insurance products, Anxin Agricultural Insurance continues to promote coordinated development with CPIC P/C, carrying our cooperation with CPIC P/C in areas like national distribution of agricultural insurance business, co-insurance mechanism, data disaster recovery and new technology application.

Over the past 3 years, the 7th Board discharged its duty with diligence and professionalism, guiding the management and employees in their pursuit of sustainable value growth of CPIC. I would like to take this opportunity to express my heartfelt gratitude to all directors for their dedication and contribution. Going forward, we will stay focused on insurance and pursue sustainable value growth, continue with our strategic transformation effort, enhance the company's profitability and quality of development, and give back to our shareholders with greater achievements.

Notes:

1. Based on PRC GAAP.
2. Based on Group's share of life's value of in-force business after solvency.
3. Attributable to equity holders of the parent.
4. Figures for the same period of last year have been restated.

GAO Guofu
Chairman of the Board of Directors
CPIC Group

Operating results





1 Key accounting data and financial indicators of the company as at period ends

Unit: RMB million

Key Accounting Data	January to June 2016	January to June 2015	Variance (%)
Total income	144,668	134,530	7.5
Profit before tax	8,922	15,581	(42.7)
Net profit ^{note}	6,142	11,295	(45.6)
Net cash inflow from operating activities	25,409	13,457	88.8
	30 June 2016	31 December 2015	Variance (%)
Total assets	982,434	923,843	6.3
Equity ^{note}	126,957	133,336	(4.8)

Note: Attributable to equity holders of the parent.

Unit: RMB

Key Accounting Indicators	January to June 2016	January to June 2015	Variance (%)
Basic earnings per share ^{note}	0.68	1.25	(45.6)
Diluted earnings per share ^{note}	0.68	1.25	(45.6)
Weighted average return on equity (%) ^{note}	4.6	9.1	(4.5pt)
Net cash inflow per share from operating activities	2.80	1.48	88.8
	30 June 2016	31 December 2015	Variance (%)
Net assets per share ^{note}	14.01	14.71	(4.8)

Note: Attributable to equity holders of the parent.

2 Other key financial and regulatory indicators

Unit: RMB million

Indicators	30 June 2016/ January to June 2016	31 December 2015/January to June 2015
The Group		
Investment assets ^{note 1}	907,005	854,458
Investment yield (%) ^{note 2}	4.7	6.6
CPIC Life		
Net premiums earned	80,074	61,136
Growth rate of net premiums earned (%)	31.0	3.7
Net policyholders' benefits and claims	72,897	59,358
CPIC P/C		
Net premiums earned	41,628	40,723
Growth rate of net premiums earned (%)	2.2	11.6
Claims incurred	25,440	26,422
Unearned premium reserves	38,886	37,606
Claim reserves	34,272	34,541
Combined ratio (%) ^{note 3}	99.4	99.5
Loss ratio (%) ^{note 4}	61.2	64.9

Notes:

- Investment assets include cash and short-term time deposits, etc.
- Total investment yield (annualized) = (investment income + rental income from investment properties + share of profit in equity accounted investees - interest expenses from securities sold under agreements to repurchase) / average investment assets, excluding foreign exchange gain or loss. Interest income from fixed income investments of investment income and rental income from investment properties are annualized. Average investment assets used as the denominator are computed based on Modified Dietz method in principle.
- Combined ratio = (claim incurred + operating and administrative expenses relating to insurance businesses) / net premiums earned.
- Loss ratio = claim incurred / net premiums earned.

3

The discrepancy between the financial results prepared under PRC Accounting Standards ("PRC GAAP") and Hong Kong Financial Reporting Standards ("HKFRS")

There is no difference on the net profit of the Group for the 6-month periods ended 30 June 2016 and 30 June 2015 and the equity of the Group as at 30 June 2016 and 31 December 2015 as stated in accordance with PRC GAAP and HKFRS.



Review and analysis of operating results

1

Company business overview

I. Key businesses

We are a leading integrated insurance group in China, and provide, through our subsidiaries, a broad range of risk and protection solutions, financial planning and wealth management services along the insurance value chain.

In particular, we provide life insurance through CPIC Life, property and casualty insurance through CPIC P/C and CPIC HK and health insurance & services through CPIC Allianz Health.

We manage insurance funds, including third-party assets, through our investment arm, CPIC AMC. We conduct pension business, manage insurance funds, including third-party assets via Changjiang Pension. We also provide comprehensive services, life, property and casualty insurance products and individual retirement plans via the e-commerce platform of CPIC Online (www.ecpic.com.cn). Besides, we engage in the investment in, and construction, operation and management of the elderly care facilities via CPIC Elderly Care Investment Management.

In the first half of 2016, China's insurance market realized a premium income of RMB1.88 trillion, a growth of 37.3%. Of this, premium from property and casualty companies amounted to RMB463.201 billion, up by 8.5% compared with the first half of 2015, with CPIC P/C accounting for 10.6%, and that from life insurance companies RMB1,418.074 billion, up 50.3%, with CPIC Life representing 5.8% of the total, and 12.1% of the individual business.

II. Core competitiveness

We are a leading integrated insurance group in China, ranking 251 on the list of Fortune Global 500. We persist in the focus on insurance, commit ourselves to the pursuit of sustainable value growth, and implemented the customer-oriented Transformation Initiative to generate sustainable returns for our shareholders.

- > We have a comprehensive insurance-based business portfolio, encapsulating life, property and casualty, pension, health, agricultural insurance, asset management and elderly care investment, with enhanced collaboration and synergy between these segments.
- > We have a leading insurance franchise in China, with over 100 million customers, a nation-wide distribution network and an integrated service platform.
- > Our life business implemented the Targeted Marketing Initiative underpinned by up-sell to existing customers and acquisition of new customers, and put in place a business model mainly driven by the individual business, paving the way for sustainable value growth. Our P/C business delivered continued improvement in underwriting profitability through increased share of core distribution channels with better combined ratios such as telemarketing & internet, cross-sell and car dealerships.
- > We achieved improvement in investment capabilities. We proactively reformed the Asset Liability Management (ALM) system based on contractual relations and market mechanisms, and made constant efforts to optimize asset allocation aligned with liability profiles. We seek to enhance our market competitiveness through asset management product innovations in response to customer needs, which led to sustained growth of third-party assets and a more diversified client base.
- > We boast sound and efficient governance, which safeguards the interests of all stakeholders such as shareholders, customers, the Company and the employees. We established an industry-leading system for risk management and internal control, which is instrumental in the healthy and sustainable development of the Company.
- > With state-of-the-art and reliable IT systems and investment in enterprise-level applications, we have fostered market-leading capabilities in operational support and new technology application.
- > We have established a scientific decision-making process for modern enterprises, with an experienced management team and a Group-centralized platform of management.

2

Performance overview

We persisted in value-oriented development strategies, pressed ahead with the customer-oriented Transformation Initiative, and delivered sustained value growth and solid financial results for the reporting period.

I. Performance highlights

During the reporting period, Group operating revenues^{note 1} amounted to RMB144.706 billion, a growth of 7.6%, with net profits^{note 2} of RMB6.142 billion, down by 45.6% due to lower investment income and changes to reserve discount rate. CPIC Life delivered RMB11.264 billion in new business value (NBV), up 55.9%. CPIC P/C reported a combined ratio of 99.4%, down by 0.1pt. Group embedded value stood at RMB215.355 billion, an increase of 4.7% from the end of 2015. Of this, value of in-force business^{note 3} reached RMB103.763 billion, up 14.6% from the end of 2015.

Life business persisted in value-oriented strategy and continued to shore up the individual business as core driver of both value and volume growth.

- > In the first half of 2016, both premium income and new business value of our life business grew rapidly, with the former reaching RMB82.234 billion, up 31.6% from the same period of 2015, and the latter RMB11.264 billion, up 55.9% over the first half of 2015.
- > NBV from the individual business amounted RMB11.026 billion, up 60.6% and accounting for 97.9% of total NBV, with its share rising by 2.9pt from the same period in 2015. The individual business reported GWPs of RMB72.685 billion, and its share of total life GWPs reached 88.4%. Of this, FYPs amounted to RMB25.722 billion, a growth of 70.9%, with the individual business accounting for 82.2% of total life FYPs.
- > Monthly average number of agents stood at 582,000, an increase of 40.2% year-on-year. FYPs per agent per month reached RMB7,403, up 24.9%. Sales force mix continued to improve, with active and high-performing agents exceeding the mark of 200,000 and 100,000 for the first time.

Property and casualty business achieved underwriting profitability, with enhanced foundation for sustainable development.

- > CPIC P/C reported a combined ratio of 99.4%, an improvement of 0.1pt compared with the first half of 2015. Of this, the loss ratio went down by 3.7pt to 61.2%.

- > CPIC P/C registered GWPs of RMB37.655 billion from automobile business, up 2.8%, with a combined ratio of 98.2%, down by 0.2pt from the same period of 2015. GWPs from the core distribution channels, i.e. telemarketing & internet, cross-sell and car dealerships grew by 7.8%, and their share of automobile business reached 55.7%, up 2.5pt.
- > CPIC P/C vigorously promoted its “e-agricultural insurance system”, and continued to focus on innovative index-based agricultural insurance products. In the first half of 2016, its agricultural business recorded GWPs of RMB904 million, up 58.3% over the same period of 2015, with fast expansion of market share.

Declining net investment yield, with fast growth of third-party assets under management

- > Group in-house assets delivered a net investment income^{note 4} of RMB20.745 billion, an increase of 5.2% over the first half of 2015. Net investment yield on an annualized basis^{note 4} reached 4.6%, slightly down by 0.3pt.
- > Third-party assets managed by CPIC AMC and Changjiang Pension combined amounted to RMB264.615 billion, up 13.3% from the end of 2015, with a fee income^{note 4} of RMB360 million, up 30.0%.

Notes:

1. Based on PRC GAAP.
2. Attributable to equity holders of the Company.
3. Based on Group's share of life's value of in-force business after solvency.
4. Figures for the same period last year have been restated.

II. Key performance indicators

Unit: RMB million

Indicators	As at 30 June 2016/ for the period between January and June in 2016	As at 31 December 2015/ for the period between January and June in 2015	Changes (%)
Key value indicators			
Embedded value of the Group	215,355	205,624	4.7
Value of in-force business ^{note 1}	103,763	90,559	14.6
Net assets of the Group ^{note 2}	126,957	133,336	(4.8)
NBV of CPIC Life	11,264	7,227	55.9
New business margin of CPIC Life (%)	29.9	31.2	(1.3pt)
Combined ratio of CPIC P/C (%)	99.4	99.5	(0.1pt)
Growth rate of Group investments' net asset value (annualized) (%)	3.9	8.0	(4.1pt)
Key operating indicators			
GWPs^{note 3}	131,537	110,891	18.6
CPIC Life ^{note 3}	82,234	62,465	31.6
CPIC P/C ^{note 3}	49,224	48,380	1.7
Market share			
CPIC Life (%)	5.8	6.6	(0.8pt)
CPIC P/C (%)	10.6	11.3	(0.7pt)
Number of Group customers (in thousand)^{note 4}	100,884	94,356	6.9
Average number of insurance policies per customer	1.62	1.58	2.5
Monthly average agent number (in thousand)	582	415	40.2
Monthly average first year premiums per agent (RMB)	7,403	5,928	24.9
Total investment yield (annualized) (%)	4.7	6.6	(1.9pt)
Net investment yield (annualized) (%)^{note 5}	4.6	4.9	(0.3pt)
Third-party AuM			
Third-party AuM by CPIC AMC	160,171	149,786	6.9
Assets under investment management by Changjiang Pension	104,444	83,688	24.8
Key financial indicators			
Net profit attributable to equity holders of the parent	6,142	11,295	(45.6)
CPIC Life	4,246	6,467	(34.3)
CPIC P/C	2,156	3,268	(34.0)
Comprehensive solvency margin ratio (%)			
CPIC Group	291	299	(8pt)
CPIC Life	255	262	(7pt)
CPIC P/C	280	285	(5pt)

Notes:

1. Based on Group's share of life's value of in-force business after solvency.
2. Attributable to equity holders of the parent.
3. Starting from May 1, 2016, China's insurance industry began to switch from the business tax to value added tax (VAT), resulting in separation of tax from premiums, which impacted the percentage change of gross written premiums.
4. The number of Group customers refers to the number of applicants and insureds who hold at least one insurance policy within the insurance period issued by one or any of CPIC subsidiaries as at the end of the reporting period. In the event that the applicants and insureds are the same person, they shall be deemed as one customer.
5. Figures for the same period last year were restated.

3

Life insurance business

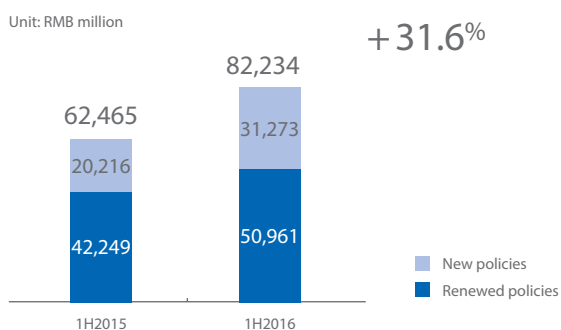
In the first half of 2016, CPIC Life continued to strengthen its capabilities in “customer operation”, i.e, acquisition of new customers and up-sell to existing ones, and further entrenched the individual business as the key driver of both value and volume growth, which paved the way for rapid NBV growth. For the reporting period, new business value amounted to RMB11.264 billion, up 55.9%. CPIC Allianz Health, targeting mid and high-end customers, continued to optimize its development strategies, stepped up product innovation and distribution channel collaboration with CPIC Life and CPIC P/C, and delivered rapid business growth.

I. CPIC Life

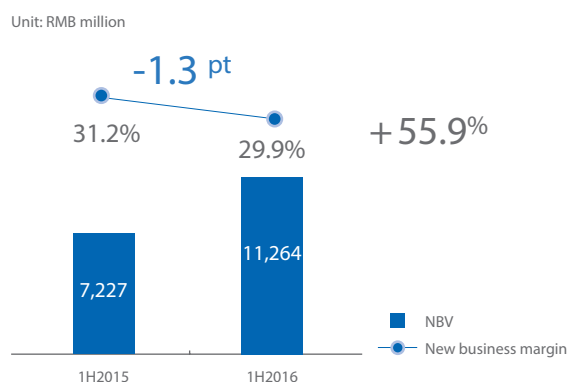
(I) Business analysis

In the first half of 2016, CPIC Life continued to strengthen its capabilities in “customer operation”, i.e, acquisition of new customers and up-sell to existing ones, persisted in value-oriented strategies and further enhanced the individual business as the key driver of both value and volume growth. For the reporting period, it reported GWPs of RMB82.234 billion, up 31.6%. Of this, FYPs amounted to RMB31.273 billion, a growth of 54.7% and renewal business RMB50.961 billion, a growth of 20.6%. Half-year new business value amounted to RMB11.264 billion, up 55.9%. NBV margin reached 29.9%, up by 0.7pt compared with that for 2015.

GWPs of CPIC Life



NBV and new business margin of CPIC Life for 1H2016



1. Analysis by channels

Unit: RMB million

For 6 months ended 30 June	2016	2015	Changes (%)
Individual business			
GWPs	72,685	51,913	40.0
New policies	25,722	15,050	70.9
Regular premium	24,865	14,482	71.7
Single premium	857	568	50.9
Renewed policies	46,963	36,863	27.4
Group & Partnerships			
GWPs	9,549	10,552	(9.5)
New policies	5,551	5,166	7.5
Regular premium	218	829	(73.7)
Single premium	5,333	4,337	23.0
Renewed policies	3,998	5,386	(25.8)
Total	82,234	62,465	31.6

(1) Individual business

For the reporting period, we realized RMB72.685 billion in GWPs from individual business, up 40.0%, representing 88.4% of total life GWPs. Of this, new policies contributed RMB25.722 billion, up 70.9%, and renewal business RMB46.963 billion, an increase of 27.4%.

We persisted in improving the quality and productivity of our sales force, stepping up selection during recruitment and continuously revamping agency management rules. Monthly average number of agents stood at 582,000, an increase of 40.2% year-on-year. FYPs per agent per month reached RMB7,403, up 24.9%. Sales force mix continued to improve, with active and high-performing agents exceeding the mark of 200,000 and 100,000 for the first time.

We upgraded the customer service model via enhanced customer insights and product customization. For example, we launched Huayang Nianhua, a critical illness product specifically for women which provides, on top of traditional protection, cover for mental health. There was Shao'er Chaonengbao, a critical illness product tailor-made for children, offering a wide range of minor illnesses protection. These new protection products helped agents acquire new customers. In the meantime, the Targeted Marketing Initiative helped to improve our capabilities in up-sell to target customer segments, which generated RMB13.918 billion in premium income during the first half of 2016, higher than that for the entire year of 2015.

For 6 months ended 30 June	2016	2015	Changes (%)
Monthly average agent number (in thousand)	582	415	40.2
Monthly average first-year GWPs per agent (RMB)	7,403	5,928	24.9
Average number of new long-term life insurance policies per agent per month	2.31	1.65	40.0

(2) Group & partnerships business

In the first half of 2016, group & partnerships realized RMB9.549 billion in GWPs, down by 9.5%, which consisted of RMB5.551 billion in first year premiums, up 7.5% and RMB3.998 billion in renewal business, down by 25.8%. The decrease mainly stemmed from more stringent business selection, with continued efforts in business transformation. We gave priority to employee benefits business (EB) and government-sponsored programs, with the share of traditional bancassurance shrinking continuously and that of health and pension-related business reaching 60.1%, up 13.8pt over the first half of 2015. As for government-sponsored business, we have launched the health insurance program for terminal illnesses in 45 provinces/municipalities. The tax-deductible health insurance business grew steadily, with a leading market share. The EB business delivered RMB3.05 billion in GWPs in the first half of 2016, a growth of 74.2%, due to intensified efforts in business development and corporate client accumulation.

2. Analysis by product types

Unit: RMB million

For 6 months ended 30 June	2016	2015	Changes (%)
GWPs	82,234	62,465	31.6
Traditional	24,217	11,422	112.0
Long-term health insurance	7,165	4,656	53.9
Participating	52,631	47,005	12.0
Universal	19	20	(5.0)
Short-term accident and health	5,367	4,018	33.6

We focus on risk protection and long-term savings products and prudently control cost of liabilities. For the reporting period, traditional business generated RMB24.217 billion in GWPs, up 112.0%. Of this, long-term health insurance

contributed RMB7.165 billion, up 53.9%. Participating business delivered RMB52.631 billion in GWPs, up 12.0%, and short-term accident & health RMB5.367 billion, up 33.6%.

3. Policy persistency ratio

For 6 months ended 30 June	2016	2015	Changes (%)
Individual life insurance customer 13-month persistency ratio (%) ^{note 1}	91.8	90.9	0.9pt
Individual life insurance customer 25-month persistency ratio (%) ^{note 2}	87.5	86.7	0.8pt

Notes:

- 13-month persistency ratio: premiums from in-force policies 13 months after their issuance as a percentage of premiums from policies which entered into force during the same period.
- 25-month persistency ratio: premiums from in-force policies 25 months after their issuance as a percentage of premiums from policies which entered into force during the same period.

The company's policy persistency maintained an overall healthy level, with 13-month and 25-month persistency ratios up by 0.9pt and 0.8pt respectively year-on-year.

4. Top 10 regions for GWPs

Our GWPs mainly came from economically developed regions or populous areas.

Unit: RMB million

For 6 months ended 30 June	2016	2015	Changes (%)
GWPs	82,234	62,465	31.6
Jiangsu	8,901	6,829	30.3
Henan	8,306	6,024	37.9
Shandong	7,265	5,155	40.9
Zhejiang	5,722	4,374	30.8
Guangdong	5,211	4,190	24.4
Hebei	4,986	3,746	33.1
Shanxi	4,025	3,157	27.5
Hubei	3,573	2,829	26.3
Heilongjiang	2,862	1,961	45.9
Beijing	2,772	2,441	13.6
Subtotal	53,623	40,706	31.7
Others	28,611	21,759	31.5

(II) Financial analysis

Unit: RMB million

For 6 months ended 30 June	2016	2015	Changes (%)
Net premiums earned	80,074	61,136	31.0
Investment income ^{note}	19,951	23,805	(16.2)
Other operating income	845	534	58.2
Total income	100,870	85,475	18.0
Net policyholders' benefits and claims	(72,887)	(59,358)	22.8
Finance costs	(974)	(1,187)	(17.9)
Interest credited to investment contracts	(1,024)	(694)	47.6
Other operating and administrative expenses	(19,468)	(15,343)	26.9
Total benefits, claims and expenses	(94,353)	(76,582)	23.2
Profit before tax	6,517	8,893	(26.7)
Income tax	(2,271)	(2,426)	(6.4)
Net profit	4,246	6,467	(34.3)

Note: Investment income includes investment income and share of profit in equity accounted investees.

Investment income for the reporting period was RMB19.951 billion, down by 16.2%, due to lower securities trading gains.

Net policyholders' benefits and claims amounted to RMB72.887 billion, up 22.8%, largely due to changes in long-term insurance contract liabilities.

Unit: RMB million

For 6 months ended 30 June	2016	2015	Changes (%)
Net policyholders' benefits and claims	72,887	59,358	22.8
Life insurance death and other benefits paid	22,749	30,148	(24.5)
Claims incurred	2,049	1,194	71.6
Changes in long-term insurance contract liabilities	44,418	24,720	79.7
Policyholder dividends	3,671	3,296	11.4

Other operating and management expenses for the reporting period amounted to RMB19.468 billion, up 26.9%. The increase was mainly caused by increased commissions.

As a result, CPIC Life recorded a net profit of RMB4.246 billion for the first half of 2016.

II. CPIC Allianz Health

In the first half of 2016, CPIC Allianz Health, targeting mid and high-end customers, continued to optimize its development strategies, stepped up product innovation and distribution channel collaboration with CPIC Life and CPIC P/C, and delivered GWPs of RMB287 million. At the same time, it accelerated the building of an integrated operational platform and health management capabilities, laying a sound foundation for future growth and resources-sharing within the Group.

4

Property and casualty insurance

In the first half of 2016, our property and casualty business^{note}, in the face of formidable challenges, reported RMB49.273 billion in GWPs, up 1.8%, with the combined ratio at 99.3%, down by 0.1pt from the same period of 2015. Going forward, we will continue to focus on the core channels of automobile insurance and improve our capabilities in serving high quality customers. Efforts will also be made to strengthen pricing capabilities for non-automobile business, while stepping up the development of emerging business lines such as agricultural insurance and the business of small and medium-sized enterprises (SMEs) so as to deliver underwriting profitability.

Note: Property and casualty business here refers to CPIC P/C and CPIC Hong Kong.

I. CPIC P/C

(I) Business analysis

In the first half of 2016, CPIC P/C adhered to the strategy of “improving quality, enhancing foundation and boosting sustainability”, and reported GWPs of RMB49.224 billion, up 1.7%, with a combined ratio of 99.4%, down by 0.1pt on the back of more stringent risk selection and strengthened claims management.

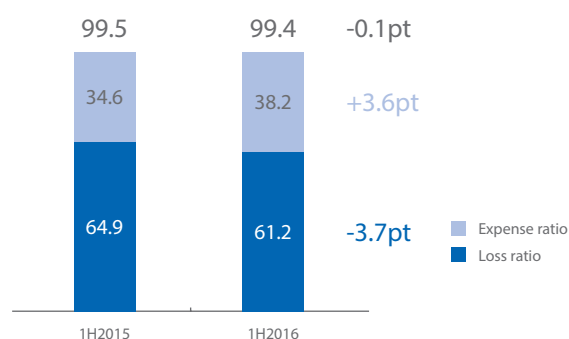
1. Analysis by lines of business

Unit: RMB million

For 6 months ended 30 June	2016	2015	Changes (%)
GWPs	49,224	48,380	1.7
Automobile insurance	37,655	36,620	2.8
Compulsory motor insurance	8,182	8,005	2.2
Commercial automobile insurance	29,473	28,615	3.0
Non-automobile insurance	11,569	11,760	(1.6)
Commercial property insurance	3,107	3,336	(6.9)
Liability insurance	2,159	2,171	(0.6)
Accident insurance	1,212	1,362	(11.0)
Health insurance	992	916	8.3
Agricultural insurance	904	571	58.3
Others	3,195	3,404	(6.1)

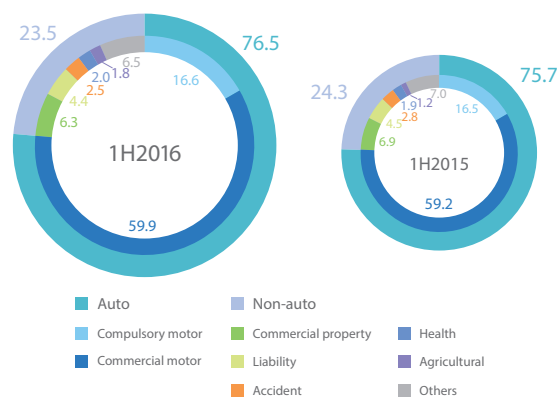
Combined ratio of CPIC P/C

Unit: %



Breakdown of GWPs of CPIC P/C by line of business

Unit: %



(1) Automobile insurance

For the reporting period, we reported GWPs of RMB37.655 billion from automobile business, up 2.8%, with a combined ratio of 98.2%, a decrease of 0.2pt from the same period of 2015, due to improved business quality and strengthened claims cost control.

In response to the commercial automobile insurance deregulation, we focused on the core distribution channels and high quality customers, with continued efforts in business quality management, claims cost control and optimization of resources allocation. As a result, the business quality of automobile business continued to improve, with the share of the 3 core channels rising by 2.5pt and the proportion of renewal commercial automobile policies with reported claims from 0 to 1 up by 3.9pt.

Next, we'll continue with our efforts to build a channel management system focusing on the 3 core channels and supplemented by other channels based on local market realities. A top-down channel strategy will be enhanced, with different channels for different customer segments. The development of the 3 core channels will be further accelerated. To further improve capabilities in risk selection and pricing, we'll also step up the use of big data, which will help with business quality control. Resource allocation will be contingent on business quality to maximize input and output ratio. Other priorities include continued efforts to increase the penetration and level of protection for commercial automobile insurance, enhancement of quality control of commercial lines to ensure a stable share of high quality business and consolidating the progress in claims cost reduction while improving customer service and customer loyalty. We believe these measures will help us achieve sustainable value growth of automobile business.

(2) Non-automobile insurance

For the reporting period, GWPs from non-automobile business amounted to RMB11.569 billion, down by 1.6%. Of this, agricultural insurance reported RMB904 million in GWPs, up 58.3%, with a fastly rising market share. Due to intensified market competitions and the impact of natural disasters, the combined ratio of non-automobile insurance reached 105.6%, up 0.7pt versus the first half of 2015. Of this, the combined ratio of agricultural insurance was 98.9%, maintaining good business quality.

During the reporting period, we enhanced capacity-building for specialized management, stepped up adjustment of the business mix for traditional business lines, deepened integrated operation of the front-line and middle and back offices and established a differentiated model for "customer operation". We seized opportunities of the new Guo Shi Tiao (Opinions on Accelerating the Development of Modern Insurance Industry by the State Council) and fostered our development capabilities in government-sponsored programs, internet and other innovative business to capture growth opportunities in emerging areas. We explored a new operational model for corporate clients, enhancing quality management of Caifu U Bao, and achieved a leading position in SME business. As for agricultural insurance, we strived to expand the geographical areas of business, beefed up product innovations and the use of new technologies known as "e-agricultural system" and deepened strategic collaboration with Anxin Agricultural Insurance to further strengthen our competitiveness in the market.

Going forward, we will continue with the optimization of business mix, focusing on emerging business lines such as government-sponsored liability insurance, credit & guarantee insurance and internet business. We will beef up business development of major corporate accounts and the need analysis of SMEs and micro-enterprises. In agricultural insurance, we will push forward management and technology innovations to deliver a fundamental shift in its growth mode.

(3) Key financials of major business lines

Unit: RMB million

For 6 months ended 30 June 2016						
Name of insurance	Premiums	Amounts Insured	Claims paid	Reserves	Underwriting profit	Combined ratio (%)
Automobile insurance	37,655	6,855,697	23,221	50,642	626	98.2
Commercial property insurance	3,093	6,881,009	1,584	6,286	(124)	107.9
Liability insurance	2,156	3,464,273	1,020	4,476	(148)	110.3
Accident insurance	1,211	15,925,959	600	2,247	(2)	100.2
Health insurance	992	3,515,462	590	1,227	(155)	119.0

2. Analysis by distribution channels

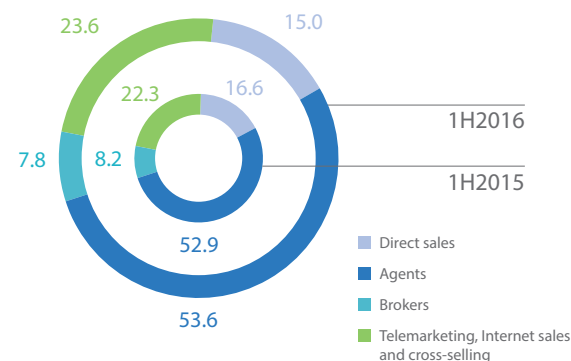
Unit: RMB million

For 6 months ended 30 June	2016	2015	Changes (%)
GWPs	49,224	48,380	1.7
Direct sales	7,362	8,010	(8.1)
Agents ^{note}	26,406	25,618	3.1
Brokers ^{note}	3,836	3,946	(2.8)
Telemarketing, Internet sales and cross-selling	11,620	10,806	7.5

Note: Figures for the same period last year were restated.

Breakdown of GWPs of CPIC P/C by channel

Unit: %



In the first half of 2016, we continued to enhance integrated channel management, focusing on resource allocation and the core channels of telemarketing & internet, car dealerships and cross-sell. In particular, we stepped up head-office level cooperation with mainstream car brands, launching joint marketing campaigns to boost the development of the car dealership channel. We also proactively responded to the commercial automobile insurance reform and delivered stable growth of telemarketing. We improved the system for cross-sell, promoted resource-sharing and achieved rapid growth in cross-sell. Thanks to these efforts, the 3 core channels accounted for 55.7% of automobile business, up 2.5pt year-on-year.

3. Top 10 regions for GWPs

We derived our GWPs mainly from China's eastern coastal provinces and prosperous inland regions. Looking ahead, we will rely on our nationwide distribution network to implement differentiated regional development strategies based on factors like market potential and operational efficiency.

Unit: RMB million

For 6 months ended 30 June	2016	2015	Changes (%)
GWPs	49,224	48,380	1.7
Jiangsu	6,026	5,815	3.6
Guangdong	5,935	6,337	(6.3)
Zhejiang	4,867	4,672	4.2
Shanghai	4,002	4,015	(0.3)
Shandong	2,831	2,992	(5.4)
Beijing	2,688	2,602	3.3
Chongqing	1,842	1,802	2.2
Sichuan	1,557	1,508	3.2
Guizhou	1,543	1,413	9.2
Guangxi	1,450	1,387	4.5
Sub-total	32,741	32,543	0.6
Others	16,483	15,837	4.1

(II) Financial analysis

Unit: RMB million

For 6 months ended 30 June	2016	2015	Changes (%)
Net premiums earned	41,628	40,723	2.2
Investment income ^{note}	2,759	4,433	(37.8)
Other operating income	160	149	7.4
Total income	44,547	45,305	(1.7)
Claims incurred	(25,440)	(26,422)	(3.7)
Finance costs	(143)	(174)	(17.8)
Interest credited to investment contracts	-	(1)	-
Other operating and administrative expenses	(16,061)	(14,341)	12.0
Total benefits, claims and expenses	(41,644)	(40,938)	1.7
Profit before tax	2,903	4,367	(33.5)
Income tax	(747)	(1,099)	(32.0)
Net profit	2,156	3,268	(34.0)

Note: Investment income includes investment income and share of profit in equity accounted investees.

Investment income for the reporting period amounted to RMB2.759 billion, down by 37.8%, mainly attributable to decrease in securities trading gains.

Claims incurred totaled RMB25.440 billion, representing a decrease of 3.7%, mainly due to business quality improvement.

Other operating and administrative expenses amounted to RMB16.061 billion, up 12.0%, mainly due to increased commissions.

Hence, a net profit of RMB2.156 billion was booked for CPIC P/C for the first half of 2016.

II. CPIC HK

We conduct overseas business via CPIC HK, a wholly-owned subsidiary. As at 30 June 2016, its total assets stood at RMB946 million, with net assets reaching RMB426 million. GWPs for the reporting period amounted to RMB233 million, with a combined ratio of 84.7%, down by 1.2pt, and a net profit of RMB46 million.

5

Asset management

Our asset management business, while continuing to focus on serving in-house clients, made a great effort to expand its third-party business. As of the end of the first half of 2016, Group AuM totaled RMB1,171.620 billion, rising 7.7% from the end of 2015. Of this, Group in-house assets reached RMB907.005 billion, a growth of 6.1% from the end of 2015, with an annualized net investment yield of 4.6%. Third-party AuM totaled RMB264.615 billion, rising 13.3% from the end of 2015, with a fee income of 360 million, up 30.0% year-on-year.

I. Group AuM

As of the end of the first half of 2016, Group AuM reached RMB1,171.620 billion, a growth of 7.7% from the end of 2015.

Unit: RMB million

	30 June 2016	31 December 2015	Changes (%)
AuM of the Group	1,171,620	1,087,932	7.7
Group in-house assets	907,005	854,458	6.1
Third-party AuM	264,615	233,474	13.3
Third-party AuM by CPIC AMC	160,171	149,786	6.9
Assets under investment management by Changjiang Pension	104,444	83,688	24.8

II. Group in-house assets

During the reporting period, China's economic slow-down continued despite signs of stabilization. The equity market fell amid volatility and yields on fixed income assets remained low. In response to changes of the market conditions, we strived to stabilize portfolio yields through diversification of asset allocation, and sought to mitigate the impact of market volatility via more proactive management.

(I) Consolidated investment portfolios

Unit: RMB million

	30 June 2016	Share (%)	Share change(pt)	Change (%)
Group investment assets (Total)	907,005	100.0	-	6.1
By investment category				
Fixed income investments	745,003	82.1	-	6.3
– Debt securities	449,686	49.6	(0.8)	4.4
– Term deposits	139,152	15.3	(2.8)	(9.9)
– Debt investment plans	57,023	6.3	0.1	7.5
– Wealth management products ^{note 1}	38,563	4.3	1.3	52.8
– Preferred shares	32,000	3.5	2.1	171.2
– Other fixed income investments ^{note 2}	28,579	3.1	0.1	11.9

Operating results

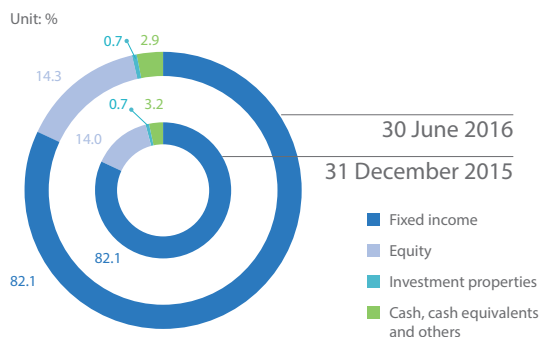
Review and analysis of operating results

Equity investments	129,494	14.3	0.3	8.1
– Equity funds	19,373	2.1	(1.0)	(26.8)
– Bond funds	15,920	1.8	(0.1)	(0.7)
– Equity securities	29,147	3.2	(0.7)	(13.4)
– Wealth management products ^{note 1}	44,597	4.9	1.9	73.4
– Preferred shares	2,241	0.3	-	1.1
– Other equity investments ^{note 3}	18,216	2.0	0.2	15.7
Investment properties	6,253	0.7	-	(1.4)
Cash, cash equivalents and others	26,255	2.9	(0.3)	(5.0)
By investment purpose				
Financial assets at fair value through profit or loss	22,518	2.5	(0.1)	1.4
Available-for-sale financial assets	252,990	27.9	2.4	16.0
Held-to-maturity financial assets	309,100	34.1	(2.2)	(0.4)
Interests in associates	413	-	-	35.0
Investment in joint ventures	17	-	-	(5.6)
Loans and other investments ^{note 4}	321,967	35.5	(0.1)	6.1

Notes:

1. Wealth management products include wealth management products issued by commercial banks, collective trust plans by trust firms, special asset management plans by securities firms and credit assets backed securities by banking institutions, etc.
2. Other fixed income investments include restricted statutory deposits and policy loans, etc.
3. Other equity investments include unlisted equities, etc.
4. Loan and other investments include term deposits, cash and short-term time deposits, securities purchased under agreements to resell, policy loans, restricted statutory deposits, and investments classified as loans and receivables, and investment properties, etc.

Group consolidated investment portfolio

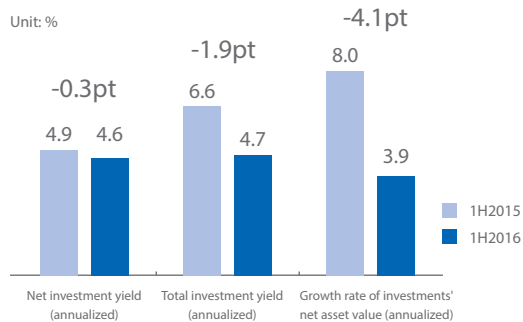


1. By investment category

In the reporting period, while remaining cautious about equity investments, we focused on non-standard assets for fixed income investments targeting liquidity spread and modestly controlled duration to ensure flexibility in asset allocation. Based on this strategy, new money and re-investments were mostly concentrated in alternative assets such as preferred shares, trust plans and wealth management products issued by commercial banks as well as traditional asset classes such as bonds and equities.

As of the end of the reporting period, the share of debt securities was 49.6%, down by 0.8pt. Of debt securities, 99.7% of the enterprise bond and financial bonds issued by financial institutions other than government-backed banks had an issuer or debt rating of AA/A-1 or above. Our corporate/enterprise bond holdings spread across over 20 industries such as transport infrastructure, power utilities and construction & engineering, with relatively high credit-worthiness and overall credit risk under control. We have also established an independent department for internal credit-rating, responsible for credit analysis of bonds and their issuers before investment. There is also a mechanism for post-investment monitoring and tracking, and in particular, an early-warning system specific to industries and bond types, supporting dynamic monitoring of the key risk indicators. We have a differentiated management

Group consolidated investment yields



system for bonds of different credit-ratings, with specific focus on those with low credit-ratings or rating downgrades or negative outlook. This is combined with on-site visits for the purpose of sound credit risk assessment, supporting informed decision-making.

The share of equity investments stood at 14.3%, up by 0.3pt from the end of 2015. Of this, equity securities and equity funds accounted for 5.3%, down 1.7pt.

Non-standard assets in our portfolio mainly consisted of wealth management products issued by commercial banks, credit assets backed securities by banking institutions, collective trust plans by trust firms, special asset management plans by securities firms, infrastructure-related investment plans by insurance companies, real estate investment plans and project assets backed schemes. As of the end of the reporting period, non-standard assets totaled RMB136.313 billion, up 32.2% from the end of 2015, and accounting for 15.0% of Group in-house assets. The underlying assets of our infrastructure-related debt investment schemes were mainly in urban infrastructure, roads and energy projects, and those of real estate investment schemes in commercial properties of central business districts of China's tier-1 or tier-2 cities, and ghetto resettlement projects sponsored by local governments. Our trust plans investments were mostly debt-financing projects. There were credit enhancement arrangements for a majority of debt-based non-standard assets in our portfolio, which typically consisted of guarantees by commercial banks or large companies, and collateral.

In the context of relaxation of investment restrictions over the past few years, insurance companies can now invest in more classes of non-standard assets. We stepped up the study and analysis of new instruments and products and made continued efforts to improve internal investment policies and procedures to strengthen risk control. Risk management covers the whole process of non-standard asset investment including product screening, pre-investment assessment and follow-up management. Our non-standard assets have an overall high credit-rating. As of the end of the reporting period, for those assets with an external credit-rating, 99.9% had an AA rating or above, and 96.1% an AAA rating.

2. By investment purposes

By investment purposes, our in-house assets under management are mainly in three categories, namely, available-for-sale (AFS) financial assets, held-to-maturity (HTM) investments as well as loans and other investments. Of this, financial assets carried at fair value through profit/loss rose 1.4% from the end of 2015, mainly because of increased allocation in financial products for trading. AFS financial assets grew by 16.0%, primarily due to increased investment in financial products.

(II) Investment income

For the reporting period, our investment income totaled RMB21.641 billion, down by 31.9% year-on-year. Total investment yield on an annualized basis reached 4.7%, down by 1.9pt, which was mainly attributable to a steep fall in trading gains on equity securities.

Net investment income amounted to RMB20.745 billion, an increase of 5.2% over the first half of 2015. This stemmed mainly from higher interest income on fixed income investments, which grew by 3.7%, and increased dividends on equity investments, which grew by 23.8%. Annualized net investment yield was 4.6%, down by 0.3pt.

The annualized growth rate of investments' net asset value fell by 4.1pt to 3.9%, as a result of equity market volatility.

1. Group consolidated

Unit: RMB million

For 6 months ended 30 June	2016	2015	Changes (%)
Interest income from fixed income investments	18,474	17,821	3.7
Dividend income from equity securities ^{note 1}	1,990	1,608	23.8
Rental income from investment properties	281	291	(3.4)
Net investment income	20,745	19,720	5.2
Realized gains	1,266	11,592	(89.1)
Unrealized (losses)/gains	(582)	278	(309.4)
Charge of impairment losses on investment assets	(28)	-	/
Other income ^{notes 1, 2}	240	209	14.8
Total investment income	21,641	31,799	(31.9)

Operating results

Review and analysis of operating results

Net investment yield (annualized) (%) ^{notes 1, 3}	4.6	4.9	(0.3pt)
Total investment yield (annualized) (%) ^{note 3}	4.7	6.6	(1.9pt)
Growth rate of investments' net asset value (annualized) (%) ^{notes 3, 4}	3.9	8.0	(4.1pt)

Notes:

- Figures for the same period last year have been restated.
- Other income includes interest income on cash and short-term time deposits, securities purchased under agreements to resell and share of profit in equity accounted investees, etc.
- The impact of securities sold under agreements to repurchase was considered in the calculation of net investment yield. Average investment assets as the denominator in the calculation of net/total investment yield and growth rate of investments' net asset value are computed based on the Modified Dietz method.
- Growth rate of investments' net asset value = total investment yield + net of fair value changes of AFS booked as other comprehensive income/average investment assets.

2. CPIC Life

Unit: RMB million

For 6 months ended 30 June	2016	2015	Changes (%)
Net investment income ^{note 1}	19,116	16,246	17.7
Net investment yield (annualized) (%)^{notes 1, 2}	4.8	4.8	-
Total investment income ^{note 1}	19,951	23,805	(16.2)
Total investment yield (annualized) (%)^{notes 1, 2}	4.9	6.0	(1.1pt)

Notes:

- Figures for the same period last year have been restated.
- The impact of securities sold under agreements to repurchase was considered in the calculation of net investment yield. Average investment assets used as the denominator in the calculation of net/total investment yield are computed based on the Modified Dietz method.

3. CPIC P/C

Unit: RMB million

For 6 months ended 30 June	2016	2015	Changes (%)
Net investment income ^{note 1}	2,438	2,283	6.8
Net investment yield (annualized) (%)^{notes 1, 2}	4.8	5.0	(0.2pt)
Total investment income	2,759	4,433	(37.8)
Total investment yield (annualized) (%)^{note 2}	5.1	7.5	(2.4pt)

Notes:

- Figures for the same period last year have been restated.
- The impact of securities sold under agreements to repurchase was considered in the calculation of net investment yield. Average investment assets used as the denominator in the calculation of net/total investment yield are computed based on the Modified Dietz method.

(III) Total investment yield on a consolidated basis

Unit: %

For 6 months ended 30 June	2016	2015	Changes
Total investment yield (annualized)	4.7	6.6	(1.9pt)
Fixed income investments ^{note 1}	5.2	5.4	(0.2pt)
Equity investments ^{notes 1, 2}	2.1	15.0	(12.9pt)
Investment properties ^{note 1}	9.1	9.1	-
Cash, cash equivalents and others ^{note 1}	0.8	1.0	(0.2pt)

Notes:

- The impact of securities sold under agreements to repurchase was not considered.
- Figures for the same period last year have been restated.

III. Third-party asset under management

(I) Third-party AuM by CPIC AMC

CPIC AMC, in response to customer needs and leveraging its capabilities in active management which were fostered over years of experience, made a great effort to improve its supply of innovative asset management products and services, while ensuring effective control of risks. As of the end of the reporting period, its third-party AuM rose by 6.9% from the end of 2015, reaching RMB160.171 billion, with a fee income of RMB194 million, up 20.5% versus the same period of 2015.

During the reporting period, it continued to focus on product development, and launched a series of innovations such as hybrid products based on IPO funds or structured funds, liquidity management products and equity-based absolute return products. These products, while creating value for customers, also provided them with more choices. At the same time, the company's client base continued to improve, spanning a wide range of client types from financial institutions such as insurance companies, banks, security houses and trust firms to non-financial institutions.

In the first half of 2016, the company successfully issued 6 debt investment plans, with a registered amount of RMB15.171 billion, leading the industry and contributing to the development of China's real economy.

(II) Assets under investment management by Changjiang Pension

In the first half of 2016, on the back of Group resources, Changjiang Pension accelerated the building of systems and mechanisms, stepped up business innovations, continued to improve investment performances, operational efficiency and services, enhanced risk management in an all-around way and delivered sustained growth of assets under investment management.

To seize opportunities in government-sponsored business, the company joined hands with CPIC Life and established 29 "Pension Business Co-operation Centers", focusing on the development of occupational annuity business while vigorously making preparations for outsourcing of social pension fund and other social security funds. In enterprise annuity, the company focused on both tapping the pool of existing customers and development of new business. It made continued efforts to enrich its pension product offerings, with many newly developed products approved by the Ministry of Human Resources and Social Security. In pension, Changjiang Pension steadily pushed forward its group business, focused on employees' ownership plans and demonstrated distinctive competitiveness in innovative group pension business. On the other hand, it made great efforts to grow the individual segment, and launched joint marketing campaigns with partners such as internet websites, delivering a growth of over 300% in business volume.

As of the end of the reporting period, Changjiang Pension's third-party assets under investment management reached RMB104.444 billion, rising by 24.8% from the end of 2015, with assets under custody of RMB63.107 billion, up 3.7% from the end of 2015.

6

Analysis of specific items

I. Items concerning fair value accounting

Unit: RMB million

	30 June 2016	31 December 2015	Changes	Impact of fair value changes on profits ^{note}
Financial assets at fair value through profit or loss	22,518	22,215	303	(582)
Available-for-sale financial assets	252,990	218,062	34,928	(28)
Total	275,508	240,277	35,231	(610)

Note: Change of fair value for AFS financial assets refers to charge for impairment losses.

II. Solvency

We calculate and disclose our core capital, actual capital, minimum required capital and solvency margin ratio in accordance with requirements by CIRC. The solvency margin ratio of domestic insurance companies in the PRC shall meet certain prescribed levels as stipulated by CIRC.

Unit: RMB million

	30 June 2016	31 December 2015	Reasons of change
CPIC Group			
Core capital	270,132	255,940	
Actual capital	278,732	264,540	Profit for the period, profit distribution to shareholders, and change of fair value of investment assets
Minimum required capital	95,740	88,419	Growth of life and property and casualty insurance business
Core solvency margin ratio (%)	282	289	
Comprehensive solvency margin ratio (%)	291	299	
CPIC Life			
Core capital	205,401	192,824	
Actual capital	210,001	197,424	Profit for the period, profit distribution to the shareholders, change of fair value of investment assets
Minimum required capital	82,430	75,295	Growth of insurance business
Core solvency margin ratio (%)	249	256	
Comprehensive solvency margin ratio (%)	255	262	
CPIC P/C			
Core capital	32,852	33,146	
Actual capital	36,852	37,146	Profit for the period and change of fair value of investment assets
Minimum required capital	13,144	13,016	Growth of insurance business
Core solvency margin ratio (%)	250	255	
Comprehensive solvency margin ratio (%)	280	285	

Please refer to the summaries of 2016 second quarterly solvency reports published on the websites of SSE (www.sse.com.cn), Hong Kong Stock Exchange (www.hkexnews.hk) and the Company (www.cpic.com.cn) for information about the solvency capabilities of CPIC Life, CPIC P/C and CPIC Allianz Health.

III. Price sensitivity analysis

The following table shows the sensitivity analysis of price risk, i.e. the impact^{note 1} of fair value changes of all equity assets^{note 2} in the case of a 10% change in stock prices as at the end of the reporting period on our total profits and shareholders' equity (assuming the fair value of equity assets^{note 2} moves in proportion to stock prices), other variables being equal.

Unit: RMB million

From January to June 2016 / 30 June 2016		
Market value	Impact on profit before tax	Impact on shareholders' equity
+10%	362	3,523
- 10%	(362)	(3,523)

Notes:

1. After policyholder participation.
2. Equity assets do not include bond funds, wealth management products and other equity investments, etc.

IV. Insurance contract liabilities

Insurance contract liabilities include unearned premium reserves, claim reserves and long-term life insurance contract liabilities. All three are applicable in life insurance business, while only the first two are applicable in property and casualty insurance.

As at 30 June 2016, insurance contract liabilities of CPIC Life amounted to RMB594.163 billion, representing an increase of 8.3% from the end of 2015. Those of CPIC P/C amounted to RMB73.158 billion, an increase of 1.4%. The rise was mainly caused by business expansion and accumulation of insurance liabilities.

We also tested the adequacy of reserves at the balance sheet date. Testing results showed that reserves set aside for each type of insurance contracts were sufficient and no additional provision was required.

Unit: RMB million

	30 June 2016	31 December 2015	Changes (%)
CPIC Life			
Unearned premiums	3,230	2,094	54.3
Claim reserves	2,042	1,604	27.3
Long-term life insurance contract liabilities	588,891	545,127	8.0
CPIC P/C			
Unearned premiums	38,886	37,606	3.4
Claim reserves	34,272	34,541	(0.8)

V. Investment contract liabilities

Investment contract liabilities mainly cover the non-insurance portion of insurance contracts, and those contracts which failed to pass the testing of significant insurance risk.

Unit: RMB million

	31 December 2015	Increase for the period			Decrease for the period		30 June 2016
		Deposit received	Interest credited	Others	Deposits withdrawn	Fees deducted	
Investment contract liabilities	40,033	8,870	1,024	41	(3,685)	(125)	46,158

VI. Reinsurance business

In the first half of 2016, premiums ceded to reinsurers are shown below:

Unit: RMB million

For 6 months ended 30 June	2016	2015	Changes (%)
CPIC Life	1,086	694	56.5
Traditional insurance	776	528	47.0
Long-term health insurance	509	508	0.2
Participating insurance	119	126	(5.6)
Universal insurance	1	1	-
Short-term accident and health insurance	190	39	387.2
CPIC P/C	6,775	6,840	(1.0)
Automobile insurance	2,998	2,891	3.7
Non-automobile insurance	3,777	3,949	(4.4)

The increase in ceded premiums for CPIC Life was due to higher reinsurance ratio for traditional business whereas the decrease in ceded premiums for CPIC P/C was because of slower business growth.

In the first half of 2016, premiums ceded inwardly are set out below:

Unit: RMB million

For 6 months ended 30 June	2016	2015	Changes (%)
CPIC P/C	60	128	(53.1)
Automobile insurance	-	-	/
Non-automobile insurance	60	128	(53.1)

As at 30 June 2016, assets under reinsurance are set out below:

Unit: RMB million

	30 June 2016	31 December 2015	Changes (%)
CPIC Life			
Reinsurers' share of insurance contract liabilities			
Unearned premiums	127	65	95.4
Claim reserves	60	15	300.0
Long-term life insurance contract liabilities	8,478	7,743	9.5
CPIC P/C			
Reinsurers' share of insurance contract liabilities			
Unearned premiums	4,763	4,304	10.7
Claim reserves	6,171	6,442	(4.2)

We determine retained insured amounts and reinsurance ratio according to insurance regulations and our business development needs. To lower the concentration risk of reinsurance, we also entered into reinsurance agreements with various leading international reinsurance companies. The criteria for the selection of reinsurance companies include their financial strength, service level, insurance clauses, claims settlement efficiency and price. Generally speaking, only domestic reinsurance companies with proven records or international reinsurance companies of ratings of A- or above would qualify as our reinsurance partners. Besides China Reinsurance (Group) Corporation and its subsidiaries, i.e, China Life Reinsurance Company Ltd., and China Property & Casualty Reinsurance Company Ltd., our reinsurance partners also include international giants like Munich Reinsurance Company (慕尼黑再保險公司) and Swiss Reinsurance Company (瑞士再保險公司).



Embedded value

1

Independent actuarial review opinion on embedded value

To: China Pacific Insurance (Group) Company Limited
Board of Directors

Towers Watson Management (Shenzhen) Consulting Co. Ltd Beijing Branch ("WTW" or "we") has been engaged by China Pacific Insurance (Group) Company Limited ("CPIC Group") to review the embedded value information of CPIC Group as of 30 June 2016.

This review opinion is addressed solely to CPIC Group in accordance with the terms of our engagement letter, and sets out the scope of our work and our conclusions. To the fullest extent permitted by applicable law, we do not accept or assume any responsibility, duty of care or liability to anyone other than CPIC Group for or in connection with our review work, the opinions we have formed, or for any statement set forth in this report.

Scope of work

WTW's scope of work comprised:

- > a review of the methodology used to develop the embedded value of CPIC Group and the value of half year's sales of China Pacific Life Insurance Co. Ltd. ("CPIC Life") as of 30 June 2016, in the light of the requirements of the "Life Insurance Embedded Value Reporting Guidelines" issued by the China Insurance Regulatory Commission ("CIRC") in September 2005;
- > a review of the economic and operating assumptions used to develop CPIC Group's embedded value and the value of half year's sales of CPIC Life as of 30 June 2016;
- > a review of the results of CPIC Group's calculation of the value of in-force business, the value of half year's sales of CPIC Life, and the sensitivity results of the value of in-force business and value of half year's sales of CPIC Life.

Opinion

As a result of our review of the embedded value of CPIC Group as of 30 June 2016 and the value of half year's sales of CPIC Life prepared by CPIC Group, WTW has concluded that:

- > The methodology used is consistent with a traditional deterministic discounted cash flow approach, and is consistent with the requirements of the "Life Insurance Embedded Value Reporting Guidelines" issued by the CIRC. It is noted that the China Risk Oriented Solvency System ("C-ROSS") requirements have not been considered in the embedded value results as of 30 June 2016, as updated Chinese EV guidance under C-ROSS has not been released. The methodology applied by CPIC is a common methodology used to determine embedded value of life insurance companies in China at the current time;
- > The operating assumptions have been set with appropriate regard to past, current and expected future experience;
- > The economic assumptions have been set with regard to current market information.

WTW has performed reasonableness checks and analysis of CPIC Group's embedded value and value of half year's sales of CPIC Life as of 30 June 2016, and WTW has concluded that these results have been determined in a manner consistent with the methodology and assumptions described in the Embedded Value Section of CPIC Group's 2016 interim report and that the aggregate results are reasonable in this context.

WTW confirms that the results shown in the Embedded Value section of CPIC Group's 2016 interim report are consistent with those reviewed by WTW.

In carrying out our review we have relied on the accuracy of audited and unaudited data and information provided by CPIC Group.

For and on behalf of WTW
MICHAEL FREEMAN FIAA
Wesley Cui FSA, FCAA
17th August 2016

2

2016 Embedded value interim report of CPIC Group

I. Background

In order to provide investors with an additional tool to understand our economic value and business results, we have prepared CPIC Group Embedded Value as at 30 June 2016 in accordance with the disclosure rules set by the China Securities Regulatory Commission (“CSRC”) for publicly listed insurer and the “Life Insurance Embedded Value Reporting Guidelines” issued by China Insurance Regulatory Commission (“CIRC”) in 2005 and have disclosed information relating to our group embedded value in this section. We have engaged Willis Towers Watson, an independent firm of consultants, to review the reasonableness of the valuation methodology, the valuation assumptions as well as the valuation results, and to issue their independent embedded value review report, which is contained in our 2016 Interim report.

As Chinese embedded value guidance under the China Risk Oriented Solvency System (hereinafter “C-ROSS”) has not been released as of 30 June 2016, the current embedded value report has not allowed for the impact of C-ROSS requirements. The solvency reserves and solvency margins at the required regulatory minimum level in this report have been prepared according to regulations applicable immediately prior to C-ROSS commencing.

The Group Embedded Value is defined as the sum of the Group Adjusted Net Worth determined according to “Life Insurance Embedded Value Reporting Guidelines”, and the value of in force business of CPIC Life attributable to the shareholders of CPIC Group. The value of in force business and the value of half year’s sales of CPIC Life are defined as the discounted value of the projected stream of future after-tax distributable profits for existing business in force at the valuation date and for half year’s sales in the 6 months immediately preceding the valuation date, where distributable profits are determined based on solvency reserves and solvency margins at the required regulatory minimum level. Embedded value does not allow for any value attributable to future new business sales.

The value of in force business and the value of half year’s sales of CPIC Life are determined by using a traditional deterministic discounted cash flow methodology. This methodology makes implicit allowance for the cost of investment guarantees and policyholder options, asset/liability mismatch risk, credit risk and the economic cost of capital through the use of a risk-adjusted discount rate. This methodology is consistent with the current embedded value guidelines issued by the CIRC and is also a common methodology used by life insurance companies in China at the current time.

The embedded value and the value of half year’s sales provide valuable information to investors in two aspects. First, the value of in force business of CPIC Life represents the total amount of after-tax distributable earnings in present value terms, which can be expected to emerge over time, in accordance with the assumptions used. Second, the value of half year’s sales of CPIC Life provides an indication of the value created for investors by current new business activity and hence the potential value of the business. However, the information on embedded value and the value of half year’s sales should not be viewed as a substitute of other financial measures on the Company. Investors should not make investment decisions based solely on embedded value and the value of half year’s sales information.

The embedded value is an estimation of a component of an insurance company’s economic value using actuarial techniques, based on a series of assumptions. As there is uncertainty in selecting assumptions, estimates of embedded value could vary materially as key assumptions are changed, and future actual experience would differ from assumed valuation assumption. Therefore, special care is advised when interpreting embedded value results.

The Ministry of Finance and the State Administration of Taxation has issued the “Notice on Corporate Income Tax Deduction of Reserves for Insurance Companies” (Cai Shui [2012] No. 45), requiring the taxation basis to be based on accounting profits. Based on the above regulation, during the preparation of 2016 Embedded Value Interim Report, the contract liabilities of life insurance business related to distributable profit were measured according to the assessment standards of the liabilities pursuant to the solvency reserves, but those related to the income tax were measured according to the China Accounting Standards.

II. Summary of embedded value and value of half year’s sales

The table below shows the Group Embedded Value of CPIC Group as at 30 June 2016, and the value of half year’s sales of CPIC Life in the 6 month to 30 June 2016 at risk discount rate of 11%.

Unit: RMB million

Valuation Date	30 June 2016	31 December 2015
Group Adjusted Net Worth	111,591	115,065
Adjusted Net Worth of CPIC Life	54,410	59,785
Value of In Force Business of CPIC Life Before Cost of Solvency Margin Held for policies written prior to June 1999	(4,618)	(4,503)
Value of In Force Business of CPIC Life Before Cost of Solvency Margin Held for policies written since June 1999	129,646	113,762
Cost of Solvency Margin Held for CPIC Life	(19,462)	(17,127)
Value of In Force Business of CPIC Life After Cost of Solvency Margin Held	105,566	92,132
CPIC Group’s Equity Interest in CPIC Life	98.29%	98.29%
Value of In Force Business of CPIC Life After Cost of Solvency Margin Held attributable to the shareholders of CPIC Group	103,763	90,559
Group Embedded Value	215,355	205,624
Life Embedded Value	159,976	151,918
Valuation Date	30 June 2016	30 June 2015
Value of Half Year’s Sales of CPIC Life Before Cost of Solvency Margin Held	13,288	8,336
Cost of Solvency Margin	(2,024)	(1,109)
Value of Half Year’s Sales of CPIC Life After Cost of Solvency Margin Held	11,264	7,227

Note that figures may not be additive due to rounding

The Group Adjusted Net Worth represents the shareholder net equity of the Company based on the China Accounting Standards, and adjusting the relevant differences, such as difference between China Accounting Standards reserves and solvency reserves, inclusive of adjustments of the value of certain assets to market value. It should be noted that the Group Adjusted Net Worth incorporates the shareholder net equity of the Company as a whole (including CPIC Life and other operations of the Company), and the value of in force business and the value of half year’s sales are of CPIC Life only. The Group Embedded Value also does not include the value of in force business that is attributable to minority shareholders of CPIC Life.

III. Key valuation assumptions

In determining the embedded value as at 30 June 2016, we have assumed the Company continues to operate on a going concern basis under the current economic and regulatory environment. Solvency reserves and solvency margins at the required regulatory minimum level are calculated according to regulations applicable immediately prior to C-ROSS commencing. The various operational assumptions are mainly based on the results of experience analyses, together with reference to the overall experience of the Chinese insurance industry, as well as with regard to expected future operating experience. As such, these assumptions represent our best estimate of the future based on information currently available at the valuation date.

The following describes the key assumptions used in determining the value of in force business and the value of half year's sales of CPIC Life as at 30 June 2016:

(I) Risk discount rate

The risk discount rate used to determine the value of in force business and the value of half year's sales of CPIC Life is 11%.

(II) Investment returns

The investment returns for long term business are assumed to 5.2% in 2016, and remaining at 5.2% thereafter. The investment return for short term business is based on the recent one-year bank deposit benchmark interest rate as published by the People's Bank of China before the valuation date.

These assumptions have been derived based on the current capital market environment, our current and expected future asset mix and the assumed investment returns for each major class of assets.

(III) Mortality

Mortality assumptions are expressed as a percentage of the standard industry mortality tables: "China Life Tables (2000-2003)":

- > The majority of life products: 70% of China Life Table (2000-2003) for non-annuitants, with selection factors of 50% in policy year 1, 25% in policy year 2 and ultimate rates applicable thereafter;
- > The majority of deferred annuity products: 80% of China Life Table (2000 to 2003) for annuitants, together with an allowance for future mortality improvements.

(IV) Morbidity

Assumptions have been developed based on CPIC Life's past morbidity experience, expectations of current and future experience, and vary by products. Claim ratios for short term accident and short term health business are assumed to be in the region of 20% to 88%.

(V) Lapse and surrender rates

Assumptions have been developed based on CPIC Life's past lapse and surrender experience, expectation of current and future experience, and assumptions vary by pricing interest rates, product type, policy duration and distribution channel.

(VI) Expense

Unit cost assumptions have been developed based on the recent results of an analysis of CPIC Life's 2015 non-commission related expenses. Future inflation of 2.5% pa in respect of per policy expenses is also assumed.

(VII) Policyholder dividend

- > Group participating annuity business: 80% of interest surplus; and
- > Other participating business: 70% of interest and mortality surplus.

(VIII) Tax

Tax has been assumed to be payable at 25% of profits. The investment income assumed to be exempt from income tax is 16.5% in 2016 and thereafter. The tax exemption assumptions are based on our current and expected future asset mix and assumed investment returns for each major class of assets.

In addition, the tax of the accident business is based on related tax regulation.

IV. New business volumes and value of half year's sales

The table below shows the volume of new business sold in terms of first year annual premium and value of half year's sales of CPIC Life after cost of solvency margin held at risk discount rate of 11% for year 2016.

Unit: RMB million

	First Year Annual Premium (FYAP) in the First Half of Year		Value of Half Year's Sales After Cost of Solvency Margin Held	
	2016	2015	2016	2015
Individual business	29,779	16,993	11,026	6,867
Group & Partnerships	7,884	6,178	238	360
Total	37,663	23,171	11,264	7,227

Notes: Figures may not be additive due to rounding.

V. Sensitivity analysis

In consideration of the uncertainties as to future experience, we have evaluated the sensitivity of the value of in force business and the value of half year's sales of CPIC Life as at 30 June 2016 to changes in key assumptions. In determining the sensitivity results, only the relevant assumption has been changed, while all other assumptions have been left unchanged.

The following table shows the sensitivity results of the value of in force business and the value of half year's sales after cost of solvency margin held.

Unit: RMB million

	Value of In Force Business After Cost of Solvency Margin Held	Value of Half Year's Sales After Cost of Solvency Margin Held
Base	105,566	11,264
Risk Discount Rate "10.5%"	110,713	12,025
Risk Discount Rate "11.5%"	100,767	10,559
Investment Return "+25 basis points"	113,841	12,132
Investment Return "-25 basis points"	97,290	10,401
Mortality "-10%"	106,491	11,411
Morbidity "-10%"	107,162	11,596
Lapse and Surrender Rates "-10%"	105,086	11,310
Expenses "-10%"	107,467	12,120
Participating "+5% Distribution"	100,565	10,881
Short Term Claim Ratio "-10 %"	105,706	11,458
150% Solvency Margin	95,835	10,252

Note that figures may not be additive due to rounding.

Corporate governance





1

Implementation of profit distribution plan

The Company distributed a cash dividend of RMB1.00 per share (including tax) in accordance with the “Resolution on Profit Distribution Plan for the year 2015” approved at the 2015 Annual General Meeting. The implementation of this distribution plan was completed recently.

2

Proposals for profit distribution and the transfer of capital reserves to share capital for the first half of the year

The Company did not propose to distribute any profit, nor did it transfer any capital reserves to share capital for the first half of 2016.

3

Connected transactions

During the reporting period, the Company has announced the details of the continuing connected transactions (please refer to the announcement on the “Past Continuing Connected transactions” published by the Company on the Hong Kong Stock Exchange website on 27 April 2016 and the announcement on “Continuing Connected Transaction” published on 29 July 2016 for details). Saved as disclosed in the announcements above, the Company has not conducted any other connected transaction which is subject to annual reporting, announcement or independent shareholders’ approval.

4

Change in accounting estimates

When measuring the insurance contract liabilities and other policy-related liabilities, the Group determines actuarial assumptions such as discount rate, mortality and morbidity, surrender rates, expense assumptions and policy dividend assumptions based on information currently available as at the balance sheet date.

As at 30 June 2016, the Group used information currently available to determine the above assumptions and the impact of change in assumptions was charged to profit or loss. Such change in accounting estimates resulted in an increase in net insurance contract liabilities and other policy-related liabilities as at 30 June 2016 by approximately RMB4.031 billion and a decrease in profit before tax for the 6 months ended 30 June 2016 by approximately RMB4.031 billion.

5

Material litigations, arbitrations and media allegations

During the reporting period, the Company did not engage in any material litigation, arbitration or media allegations which were required to be disclosed.

6

Share option scheme

During the reporting period, the Company did not have any share option scheme which was required to be disclosed.

7

Material contracts

During the reporting period, the Company did not have any material contracts which were required to be disclosed.

8

Fulfillment of the undertakings

During the reporting period, there were no undertakings the Company was required to disclose.

9

Penalties and subsequent rectification

During the reporting period, there were no penalties or subsequent rectification the Company was required to disclose.

10

Review of accounts

The audit committee of the Company has reviewed the principal accounting policies of the Company and the unaudited financial statements for the 6 months ended 30 June 2016 in the presence of internal and external auditors.

11

CPIC P/C injects capital into anxin agricultural

On 28 April 2016, CPIC P/C and Anxin Agricultural signed "Capital Increase Agreement between China Pacific Property Insurance Co., Ltd. and Anxin Agricultural Insurance Co., Ltd.". Under this agreement, CPIC P/C shall inject capital into (the Injection) Anxin Agricultural, a subsidiary of CPIC P/C. A total of 200 million shares of Anxin Agricultural were offered under this additional share offering, of which, 193.2316 million shares were subscribed to by CPIC P/C for RMB398.0571 million. Before the Injection, the registered capital of Anxin Agricultural was RMB500 million, and CPIC P/C held 171.6692 million shares, or 34.34% of Anxin Agricultural's equity base, and the Company indirectly held a 33.825% stake in Anxin Agricultural; after the Injection, the registered capital of Anxin Agricultural will increase to RMB700 million, and CPIC P/C will hold 364.9008 million shares, or 52.13% of Anxin Agricultural, and the Company will indirectly hold a 51.348% stake in Anxin Agricultural. The Injection was recently approved by the CIRC.

12

CPIC P/C participated in the establishment of an insurance company

Signing an initiator agreement on 7 June 2016, CPIC P/C and Baidu Penghuan Asset Management (Beijing) Co., Ltd. (百度鹏寰资产管理(北京)有限公司) proposed to establish a joint stock property insurance company (the "Target Company"). The investment of CPIC P/C amounts to no less than RMB1 billion, accounting for no less than 50% of the total equities of the Target Company (the "Investment"). The final investment amount and shareholding of CPIC Property in the Investment shall be subject to the approval of CIRC.

13

Shift from business tax to VAT

As per the Notice on Pilot Program for Full Roll-out of Business Tax-Value Added Tax Reform (Tax [2016] No. 36) issued by the Ministry of Finance and the State Administration of Taxation, pilot projects for the reform officially started on May 1, 2016, which applied to all business tax payers, including financial institutions. Henceforward, all financial institutions shall shift from business tax to value added tax. CPIC Group has successfully completed the shift from BT to VAT.

14

Shareholding of the Company in other listed companies and financial institutions

(I) Investment in securities (included in financial assets at fair value through profit or loss)

Unit: RMB million

No.	Stock type	Stock code	Abbreviated stock name	Initial cost	Number of shares (million pieces/ million shares)	Carrying amount at the end of the period	Percentage to total investment at the end of the period (%)	Profit or loss in the reporting period
1	Share	300383	SINNET	100.00	3.19	121.05	3.48	21.05
2	Share	002572	SFY	65.19	1.37	76.64	2.20	7.57
3	Share	002127	NANJI E-COMMERCE	68.51	7.60	76.38	2.20	8.05
4	Share	000858	WLY	64.11	2.25	73.09	2.10	7.33
5	Share	600297	CHINA GRAND AUTO	65.86	7.86	68.44	1.97	2.58
6	Share	000967	INFORE ENVIRO	60.25	2.81	62.33	1.79	(9.23)
7	Share	002303	MYS	45.98	4.92	60.46	1.74	(7.98)
8	CB	110032	SANY	54.73	0.54	57.65	1.66	2.92
9	Share	000418	LITTLE SWAN A	35.16	1.53	50.00	1.44	14.33
10	Share	002508	ROBAM	36.56	1.24	45.78	1.32	5.68
Other security investment held at the end of the period				2,802.10	202.47	2,784.60	80.10	(168.13)
Profit or loss from investment securities sold during the reporting period				NA	NA	NA	NA	(80.14)
Total				3,398.45	235.78	3,476.42	100.00	(195.97)

Notes:

1. The table above reflects the shares, warrants and convertible bonds ("CB") included in the financial assets at fair value through profit or loss of the Company.
2. Other security investment refers to the investment in securities other than the top ten securities mentioned in the above table.
3. Profit or loss for the reporting period includes dividend income and gain or loss from the change in fair value of the investment during the reporting period.

(II) Investment in securities (included in available-for-sale financial assets)

Unit: RMB million

No.	Stock code	Abbreviated stock name	Initial investment	Shareholding of the company (%)	Carrying amount at the end of the period	Profit or loss in the reporting period	Changes in shareholders' equity in the reporting period	Source of shares
1	600153	C&D INC.	993	5.79	1,970	16	(443)	
2	601166	INDUSTRIAL BANK	1,137	0.41	1,201	80	(208)	
3	601006	DAQIN RAILWAY	1,436	1.24	1,187	(140)	(496)	
4	000423	DEEJ	820	3.21	1,109	-	10	
5	600036	CMB	652	0.25	917	83	(146)	Market purchase
6	600535	TASLY	948	2.14	790	7	(113)	
7	600900	CYPC	736	0.67	779	1	(35)	
8	600309	WANHUA	598	1.36	511	(14)	4	
9	601318	PING'AN	438	0.12	425	(16)	(30)	
10	600887	YILI	344	0.41	412	11	5	

Notes:

1. The above table reflects the shareholding of the Company in other listed companies (top ten), which is included in available-for-sale financial assets.
2. Profit or loss in the reporting period represents the dividend payment and bid-ask spread income of the investment during the reporting period.

(III) Shareholdings in non-listed financial institutions

Unit: RMB million

Name of institution	Initial investment	Number of shares held at BOP (Million shares)	Percentage of shareholding at BOP (%)	Number of shares held at EOP (Million shares)	Percentage of shareholding at EOP (%)	Carrying amount at EOP	Profit or loss in the reporting period	Changes in shareholders' equity in the reporting period	Accounting item	Source of shares
Bank of Hangzhou	1,300	120	5.09	120	5.09	1,567	-	(180)	Available-for-sale financial assets	Private placement and share allotment
Shanghai Rural Commercial Bank	2,117	350	7.00	350	7.00	2,625	70	(140)	Available-for-sale financial assets	Private placement and share transfer

Note: Investment of insurance funds (excluding associates, joint ventures and subsidiaries).

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Directors', supervisors' and senior management's interests and short positions in shares, underlying shares or debentures

As at 30 June 2016, none of the directors, supervisors or senior management of the Company had any interest or short position in shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which was required, pursuant to Section 352 of the SFO, to be entered in the register maintained by the Company or which was required to be notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code for Securities Transactions.

The shareholdings of directors, supervisors and senior management in A Shares are set out in the Section "Directors, supervisors and senior management".

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Interests and short positions of substantial shareholders and other persons in the shares and underlying shares

So far as the directors of the Company are aware, as at 30 June 2016, the following persons (excluding the directors, supervisors or senior management of the Company) had an interest or short position in the shares or underlying shares of the Company which shall be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which, pursuant to Section 336 of the SFO, shall be entered in the register maintained by the Company:

Name of substantial shareholders	Capacity	Type of shares	Number of shares	Percentage of shareholdings in the class of shares issued (%)	Percentage of the total shares issued (%)
Citigroup Inc. ^{note 1}	Person having a security interest in shares, interest of corporation controlled by Citigroup Inc. and custodian – corporation/approved lending agent	H shares	368,077,522(L)	13.26(L)	4.06(L)
			2,306,357(S)	0.08(S)	0.03(S)
			359,638,570(P)	12.95(P)	3.97(P)
Schroders Plc. ^{note 2}	Investment manager	H shares	277,787,018(L)	10.00(L)	3.07(L)
Norges Bank	Beneficial owner	H shares	250,657,584(L)	9.03(L)	2.77(L)
JPMorgan Chase & Co. ^{note 3}	Beneficial owner, investment manager and custodian – corporation/approved lending agent	H shares	215,836,210(L)	7.77(L)	2.38(L)
			5,041,828(S)	0.18(S)	0.06(S)
			164,855,684(P)	5.94(P)	1.82(P)
Blackrock, Inc. ^{note 4}	Interest of corporation controlled by Blackrock, Inc.	H shares	170,317,953(L)	6.14(L)	1.88(L)
GIC Private Limited	Investment manager	H shares	166,801,000(L)	6.01(L)	1.84(L)

(L) denotes a long position; (S) denotes a short position; (P) denotes interest in a lending pool

Corporate governance

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Notes:

1. Pursuant to Part XV of the SFO, as at 30 June 2016, Citigroup Inc. is deemed or taken to be interested in a total of 368,077,522 H shares (long position) and 2,306,357 H shares (short position) of the Company. Included in the 368,077,522 H shares are 359,638,570 H shares which are held in the "lending pool", as defined under Section 5(4) of the Securities and Futures (Disclosure of Interests - Securities Borrowing and Lending) Rules. The details of the shareholding interests of the subsidiaries directly or indirectly controlled by Citigroup Inc. are set out below:

Name of controlled subsidiary	Number of shares
Citigroup Global Markets Hong Kong Limited	331,509(L) 89,040(S)
Citigroup Global Markets Limited	6,717,243(L) 1,206,792(S)
Citigroup Global Markets Inc.	0(L) 0(S)
Morgan Stanley Smith Barney Holdings LLC	0(L) 0(S)
Citigroup Global Markets Inc.	0(L) 0(S)
Citigroup Global Markets Europe Limited	6,717,243(L) 1,206,792(S)
Citigroup Global Markets Europe Limited	6,717,243(L) 1,206,792(S)
Citigroup Global Markets Europe Limited	6,717,243(L) 1,206,792(S)
Citigroup Global Markets (International) Finance AG	6,822,243(L) 1,206,792(S)
Citigroup Global Markets International LLC	6,717,243(L) 1,206,792(S)
Citigroup Financial Products Inc.	7,153,752(L) 1,295,832(S)
Citigroup Global Markets Holdings Inc.	7,153,752(L) 1,295,832(S)
Citibank N.A.	360,819,570(L) 1,010,525(S)
Citicorp Holdings Inc.	360,923,770(L) 1,010,525(S)
Citigroup Alternative Investments LLC	0(L) 0(S)
Citigroup Investments Inc.	0(L) 0(S)
Automated Trading Desk Financial Services, LLC	0(L) 0(S)
Automated Trading Desk, LLC	0(L) 0(S)
Automated Trading Desk Holdings, Inc.	0(L) 0(S)
Citigroup Acquisition LLC	0(L) 0(S)
Citigroup Trust - Delaware, National Association	0(L) 0(S)
Citicorp Trust, National Association	0(L) 0(S)
Citicorp Trust South Dakota	0(L) 0(S)

Name of controlled subsidiary	Number of shares
Citibank N.A.	0(L) 0(S)
Citigroup Global Markets Asia Limited	105,000(L) 0(S)
Citigroup Global Markets Hong Kong Holdings Limited	105,000(L) 0(S)
Citigroup Global Markets Overseas Finance Limited	105,000(L) 0(S)
Citigroup Global Markets Overseas Finance Limited	105,000(L) 0(S)
Citigroup Global Markets Switzerland Holding GmbH	105,000(L) 0(S)
Cititrust (Bahamas) Limited	0(L) 0(S)
Citigroup Participation Luxembourg Limited	104,200(L) 0(S)
Citigroup International Luxembourg Limited	104,200(L) 0(S)
Citigroup Overseas Investments Bahamas Inc.	104,200(L) 0(S)
Citibank Overseas Investment Corporation	104,200(L) 0(S)
Cititrust (Switzerland) Limited	104,200(L) 0(S)
Citigroup Global Markets Deutschland AG	0(L) 0(S)
Citigroup Global Markets Finance Corporation & Co. beschränkt haftende KG	0(L) 0(S)
Citigroup Derivatives Markets Inc.	0(L) 0(S)
Citigroup Global Markets Europe Limited	0(L) 0(S)
Citigroup Global Markets Europe Finance Limited	0(L) 0(S)
Citigroup Global Markets Switzerland Holding GmbH	0(L) 0(S)
Citigroup First Investment Management Limited	0(L) 0(S)
Citibank (Switzerland) AG	0(L) 0(S)

(L) denotes a long position; (S) denotes a short position

2. Pursuant to Part XV of the SFO, as at 30 June 2016, Schroders Plc is deemed or taken to be interested in a total of 277,787,018 H shares (long position) of the Company. The details of the shareholding interests of the subsidiaries directly or indirectly controlled by Schroders Plc are set out below:

Name of controlled subsidiary	Number of shares
Schroder Administration Limited	277,787,018(L)
Schroder International Holdings Limited	117,451,218(L)
Schroder Holdings (Bermuda) Limited	117,451,218(L)
Schroder International Holdings (Bermuda) Limited	117,451,218(L)
Schroder Investment Management Limited	101,175,400(L)

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Name of controlled subsidiary	Number of shares
Schroder Investment Management Limited	59,160,400(L)
Schroder Investment Management North America Limited	59,160,400(L)
Schroder Investment Management (Singapore) Limited	39,379,600(L)
Schroder Investment Management (Hong Kong) Limited	78,071,618(L)

(L) denotes a long position

3. Pursuant to Part XV of the SFO, as at 30 June 2016, JPMorgan Chase & Co. is deemed or taken to be interested in a total of 215,836,210 H shares (long position) and 5,041,828 H shares (short position) of the Company. Included in the 215,836,210 H shares are 164,855,684 H shares which are held in the "lending pool", as defined under Section 5(4) of the Securities and Futures (Disclosure of Interests - Securities Borrowing and Lending) Rules. The details of the shareholding interests of the subsidiaries directly or indirectly controlled by JPMorgan Chase & Co. are set out below:

Name of controlled subsidiary	Number of shares
J.P. Morgan Securities LLC	5,702,122(L) 10,620(S)
J.P. Morgan Clearing Corp	91,620(L) 0(S)
J.P. Morgan Investment Management Inc.	21,000(L) 0(S)
J.P. Morgan Whitefriars Inc.	31,026,639(L) 1,891,208(S)
J.P. Morgan Securities plc	14,139,145(L) 3,140,000(S)
J.P. Morgan Securities plc	14,139,145(L) 3,140,000(S)
JPMorgan Chase Bank, N.A.	164,855,684(L) 0(S)
J.P. Morgan Capital Financing Limited	14,139,145(L) 3,140,000(S)
Bank One International Holdings Corporation	59,304,929(L) 8,171,208(S)
J.P. Morgan International Inc.	59,304,929(L) 8,171,208(S)
J.P. Morgan Chase International Holdings	14,139,145(L) 3,140,000(S)
J.P. Morgan Securities LLC	91,620(L) 0(S)
J.P. Morgan Broker-Dealer Holdings Inc	5,793,742(L) 10,620(S)
J.P. Morgan Capital Holdings Limited	14,139,145(L) 3,140,000(S)
J.P. Morgan Capital Holdings Limited	14,139,145(L) 3,140,000(S)
JPMorgan Asset Management Holdings Inc	21,000(L) 0(S)
J.P. Morgan Chase (UK) Holdings Limited	14,139,145(L) 3,140,000(S)
J.P. Morgan Overseas Capital Corporation	45,165,784(L) 5,031,208(S)
JPMorgan Chase Bank, N.A.	59,304,929(L) 8,171,208(S)
J.P. Morgan International Finance Limited	59,304,929(L) 8,171,208(S)

(L) denotes a long position; (S) denotes a short position

4. Pursuant to Part XV of the SFO, as at 30 June 2016, Blackrock, Inc. is deemed or taken to be interested in a total of 170,317,953 H shares (long position) of the Company. The details of the shareholding interests of the subsidiaries directly or indirectly controlled by Blackrock, Inc. are set out below:

Name of controlled subsidiary	Number of shares
Trident Merger, LLC	1,145,400(L)
BlackRock Investment Management, LLC	1,145,400(L)
BlackRock Holdco 2, Inc.	169,172,553(L)
BlackRock Financial Management, Inc.	166,131,153(L)
BlackRock Financial Management, Inc.	3,041,400(L)
BlackRock Holdco 4, LLC	10,806,766(L)
BlackRock Holdco 6, LLC	100,806,766(L)
BlackRock Delaware Holdings Inc.	100,806,766(L)
BlackRock Institutional Trust Company, National Association	48,173,966(L)
BlackRock Fund Advisors	52,632,800(L)
BlackRock Capital Holdings, Inc.	508,000(L)
BlackRock Advisors, LLC	508,000(L)
BlackRock International Holdings, Inc.	64,816,387(L)
BR Jersey International Holdings L.P.	64,816,387(L)
BlackRock Cayco Limited	3,118,600(L)
BlackRock Trident Holding Company Limited	3,118,600(L)
BlackRock Japan Holdings GK	3,118,600(L)
BlackRock Japan Co., Ltd.	3,118,600(L)
BlackRock Canada Holdings LP	236,523(L)
BlackRock Canada Holdings ULC	236,523(L)
BlackRock Asset Management Canada Limited	236,523(L)
BlackRock Australia Holdco Pty. Ltd.	443,400(L)
BlackRock Investment Management (Australia) Limited	443,400(L)
BlackRock (Singapore) Holdco Pte. Ltd.	7,658,066(L)
BlackRock Asia-Pac Holdco, LLC	7,658,066(L)
BlackRock HK Holdco Limited	7,658,066(L)
BlackRock Asset Management North Asia Limited	4,539,466(L)
BlackRock Group Limited	56,478,398(L)
BlackRock (Netherlands) B.V.	4,164,800(L)
BlackRock Advisors (UK) Limited	23,784,241(L)
BlackRock International Limited	129,000(L)
BlackRock International Limited	1,045,700(L)
BlackRock Luxembourg Holdco S.à r.l.	16,726,580(L)
BlackRock Investment Management Ireland Holdings Limited	15,984,980(L)
BlackRock Asset Management Ireland Limited	15,984,980(L)
BLACKROCK (Luxembourg) S.A.	728,000(L)
BlackRock Investment Management (UK) Limited	1,283,800(L)
BlackRock Investment Management (UK) Limited	9,344,277(L)
BlackRock Asset Management Deutschland AG	139,200(L)
BlackRock Fund Managers Limited	1,144,600(L)
BlackRock Life Limited	129,000(L)
BlackRock UK Holdco Limited	13,600(L)
BlackRock Asset Management (Schweiz) AG	13,600(L)

(L) denotes a long position

Save as disclosed above, as at 30 June 2016, the Company was not aware that there was any other person (other than the directors, supervisors or senior management of the Company) who had interests or short positions in the shares or underlying shares of the

Company which were required, pursuant to Section 336 of the SFO, to be entered in the register maintained by the Company.

Specifics on the shareholdings by the Company's top ten shareholders are set out in the Section "Changes in the Share Capital and Shareholders' Profile" of this report.

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Purchase, redemption or sale of the Company's listed securities

During the reporting period, neither the Company nor its subsidiaries purchased, redeemed or sold any of the Company's listed shares.



Changes in the share capital
and shareholders' profile

1

Changes in the share capital

The table below shows the Company's share capital as at the end of the reporting period:

Unit: share

	Before change		Increase or decrease (+ or -)				After change		
	Amount	Percentage (%)	New shares issued	Bonus shares	Transfer from reserve	Others	Sub-total	Amount	Percentage (%)
1. Shares with selling restrictions									
(1) State-owned shares	-	-	-	-	-	-	-	-	-
(2) State-owned enterprises shares	-	-	-	-	-	-	-	-	-
(3) Other domestic shares	-	-	-	-	-	-	-	-	-
held by									
legal entities	-	-	-	-	-	-	-	-	-
natural persons	-	-	-	-	-	-	-	-	-
(4) Foreign shares	-	-	-	-	-	-	-	-	-
held by									
legal entities	-	-	-	-	-	-	-	-	-
natural persons	-	-	-	-	-	-	-	-	-
Total	-	-	-	-	-	-	-	-	-
2. Shares without selling restrictions									
(1) Ordinary shares denominated in RMB	6,286,700,000	69.37	-	-	-	-	-	6,286,700,000	69.37
(2) Domestically listed foreign shares	-	-	-	-	-	-	-	-	-
(3) Overseas listed foreign shares (H share)	2,775,300,000	30.63	-	-	-	-	-	2,775,300,000	30.63
(4) Others	-	-	-	-	-	-	-	-	-
Total	9,062,000,000	100.00	-	-	-	-	-	9,062,000,000	100.00
3. Total number of shares	9,062,000,000	100.00	-	-	-	-	-	9,062,000,000	100.00

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Shareholders

(I) Number of shareholders and their shareholdings

As at the end of the reporting period, the Company had no shares with selling restrictions.

Unit: share

A total number of 105,504 shareholders (including 99,792 A shareholders and 5,712 H shareholders) at the end of the reporting period.

Shares held by top ten shareholders at the end of the reporting period

Names of the shareholders	Percentage of the shareholding (%)	Total number of shares held	Increase or decrease of shareholding during the reporting period (+,-)	Number of shares held with selling restrictions	Number of shares subject to pledge or lock-up period	Types of shares
HKSCC Nominees Limited	30.60	2,772,971,836	+609,000	-	-	H Share
Fortune Investment Co., Ltd.	14.17	1,284,277,846	-	-	-	A Share
Shenergy (Group) Co., Ltd.	13.52	1,225,082,034	-	-	-	A Share
Shanghai Haiyan Investment Management Company Limited	5.17	468,828,104	-	-	-	A Share
Shanghai State-Owned Assets Operation Co., Ltd.	4.68	424,099,214	-	-	-	A Share
China Securities Finance Co., Ltd.	3.08	279,363,615	+65,757,783	-	-	A Share
Shanghai Jiushi (Group) Co., Ltd.	2.77	250,949,460	-	-	-	A Share
Yunnan Hongta Group Co., Ltd.	1.73	156,684,390	-	-	-	A Share
Central Huijin Investment Ltd.	1.22	110,741,200	-	-	-	A Share
Tianan Property Insurance Co., Ltd- BAO YING NO. 1	0.81	73,255,131	+29,255,330	-	-	A Share

Description of connected relations or concerted action among the aforesaid shareholders: The Company is not aware of any connected relationship or acting in concert relationship among the above-mentioned shareholders.

Notes:

- As at the end of the reporting period, the Company did not issue any preferred shares.
- The shareholding of the top ten shareholders is based on the lists of registered shareholders provided by China Securities Depository and Clearing Corporation Limited Shanghai Branch (A share) and Computershare Hong Kong Investor Services Limited (H share) respectively.
- The shares held by HKSCC Nominees Limited are held on behalf of a number of its clients. As the Hong Kong Stock Exchange does not require such shareholders to disclose to HKSCC Nominees Limited whether the shares held by them are subject to pledge or lock-up period, HKSCC Nominees Limited is unable to calculate, or make available such data. Pursuant to Part XV of the SFO, a Substantial Shareholder is required to give notice to the Hong Kong Stock Exchange and the Company on the occurrence of certain events including a change in the nature of its interest in shares such as the pledging of its shares. As at the end of the reporting period, the Company is not aware of any such notices from Substantial Shareholders under Part XV of the SFO.

4. Shanghai State-owned Assets Operation Co., Ltd. (SSOAO), a shareholder of the Company, completed the issuance of exchangeable bonds which were exchangeable into a portion of the Company's A shares on 10 December 2015. The 112,000,000 of the Company's A shares owned and to be exchanged by SSOAO and their dividends are held by China International Capital Corporation Limited (CICC) as guarantee and trust assets, and have been registered as a "Special Account for EB Guarantee and Trust Assets of SSOAO and CICC". For details please refer to the Company's Announcement in relation to the Completion of the Issuance of Exchangeable Bonds by a Shareholder of the Company and the Guarantee and Trust Registration for the part of the Company's A shares held by the Shareholder published on 15 December, 2015.

(II) Changes in controlling shareholders and de facto controllers

The ownership structure of the Company is diversified. The ultimate controllers of the Company's major shareholders do not exercise control over the Company and the Company has no controlling shareholder or de facto controllers.



Directors, supervisors and
senior management

1

Changes in directors, supervisors and senior management

(I) Changes in directors

None

(II) Changes in supervisors

None

(III) Changes in senior management

Name	Appointment	Change
HE Qing	Vice President	Mr. HE Qing was appointed as the Vice President of the Company in May 2016.
ZHANG Weidong	Chief Risk & Compliance Officer	Mr. ZHANG Weidong was appointed as the Chief Risk & Compliance Officer of the Company in June 2016.

Name	Cessation of office	Change
LI Jieqing	Chief Risk & Compliance Officer	Mr. LI Jieqing no longer served as the Chief Risk & Compliance Officer of the Company with effect from June 2016 due to the change in work arrangement.

2

Shareholdings of the Company's directors, supervisors and senior management

Unit: share

Name	Position	Type of shares	Shareholding at the beginning of the reporting period	Increase in shareholding during the reporting period	Decrease in shareholding during the reporting period	Shareholding at the end of the reporting period	Reason for the change
GAO Guofu	Chairman and Executive Director	A share	90,300	-	-	90,300	-
HUO Lianhong	Executive Director and President	A share	103,100	-	-	103,100	-
SONG Junxiang	Employee Representative Supervisor	A share	80,000	-	-	80,000	-
WU Zongmin	Vice President	A share	68,000	-	-	68,000	-
PAN Yanhong	Vice President	A share	80,000	-	-	80,000	-
CHEN Wei	Chief Internal Auditor	A share	40,000	-	-	40,000	-
YU Bin	Assistant President	A share	3,800	-	-	3,800	-
LI Jieqing	Chief Risk & Compliance Officer	A share	20,000	-	-	20,000	-



Corporate governance

1

Corporate governance

The Company has established a corporate governance system comprising the general meeting, the Board of Directors, the Board of Supervisors and the senior management in accordance with the provisions of relevant laws and regulations such as Company Law of the PRC, Securities Law of the PRC, Insurance Law of the PRC to form an operational mechanism for support, coordination and checks and balances among the governing body, the decision-making body, the supervisory body and the executive body. The Company has improved its corporate governance structure by constant optimization of its group management structure, full consolidation of its internal resources and increased interaction and communication with the capital market.

During the reporting period, the Company held 1 general meeting, 2 board meetings and 2 meetings of supervisors. The resolutions approved at the relevant meetings were published on the websites of the SSE and the Hong Kong Stock Exchange and were disclosed through relevant media in accordance with the regulatory requirements. The general meeting, the Board of Directors, the Board of Supervisors and the senior management fulfilled their functions independently, exercised their rights and performed their duties respectively in accordance with the Articles of Association, and did not breach any laws or regulations.

The Company has in practice complied with the new requirements under the amendments to C.3.3 of the Corporate Governance Code relating to risk management and internal control since 1 January 2016. The Board of Directors has adopted new terms of reference for each of the Audit Committee and Risk Management Committee in July 2016. Furthermore, according to the A.4.2 of the Corporate Governance Code, every director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years. The 7th session of the Board of Directors and the 7th session of the Board of Supervisors were elected at the shareholders general meeting held on 31 May 2013, and started to perform their duties since July 2013 after obtained the qualification approval from the CIRC, and as such their three-year terms of office had expired as of July 2016. As the nomination of relevant candidates for Directors and Supervisors has not completed, the election and appointment of members to succeed the 7th session of the Board of Directors and the Board of Supervisors will be postponed until a new session of the Board of Directors and the Board of Supervisors are approved by the shareholders of the Company at a general meeting in accordance with the Articles of Association and is subject to the qualification approval from the CIRC, in order to maintain the continuity of the work of the Board of Directors and the Board of Supervisors. The terms of office of the 7th session of the special committees of the Board and the senior management of the Company have also been correspondingly extended. The Company will try to complete the reelection and appointment of the Board of Directors and the Board of Supervisors as soon as practicable and separately publish an announcement and a circular containing particulars of the proposed candidates for members of the new session of the Board of Directors and the Board of Supervisors as soon as practicable. Save as disclosed above, during the reporting period, the Company has complied with all the code provisions and substantially all of the recommended best practices of the Corporate Governance Code.

The Company has adopted and implemented the Model Code for Securities Transactions to govern the Directors and Supervisors' securities transactions. After specific inquiry by the Company, all of the Directors and Supervisors confirmed that they have complied with the Code of Conduct set out under the Model Code for Securities Transactions throughout the reporting period. During the reporting period, the Company was not aware of any activities of the Directors or Supervisors that were not in full compliance with the Model Code for Securities Transactions.

The Board of Directors established the Strategic and Investment Decision-Making Committee, the Audit Committee, the Nomination and Remuneration Committee and the Risk Management Committee. These committees conduct in-depth studies on specific issues and submit their recommendations to the Board for consideration.

During the reporting period, the Strategic and Investment Decision-Making Committee of the Board held 3 meetings and proposed recommendations and advice on such significant issues as the profit distribution of the Company.

During the reporting period, the Audit Committee of the Board held 5 meetings to review the annual report for 2015 and the first quarter report for 2016 of the Company. The Audit Committee discussed and agreed with the external auditors an auditing schedule for the financial report of the Company for the year 2015 in accordance with the requirements for the preparation of the annual report of the Company. The Audit Committee held a meeting to review the financial statements prepared by the Company and issued a written opinion on such statements before the external auditors conducted the audit. The Audit Committee also maintained adequate and timely communication with the external auditors. The Audit Committee held a meeting to review again the financial report of the Company after receipt of the external auditors' preliminary audit opinions. The Audit Committee then issued its written opinion on the report and agreed to submit the annual report to the Board of Directors for consideration.

During the reporting period, the Nomination and Remuneration Committee of the Board held 2 meetings to review such matters as the performance appraisals of the senior management of the Company and the appointment of certain senior managers.

During the reporting period, the Risk Management Committee of the Board held 2 meetings to review the risk assessment report, compliance report and solvency report of the Company and the execution of connected transactions.

2

Investor relations

The investor relation program of the Company centers on market value management and seeks to establish a comprehensive and investor-oriented platform with diversified channels of communication. Based on investor segmentation, continued efforts were made to improve the reach and effectiveness of investor communication. In the first half of this year, the Company held its annual result announcement followed by a global road-show, hosted over 40 visits from analysts and investors, attended a total of 10 global investor strategy meetings, forums and summits, and effectively communicated the Company's business performance and strategies. Besides, it employed diverse means of communications with investors/analysts including We-chat, the E-communication platform of the SSE and investors newsletters. These initiatives were well received by the capital market.

3

Information disclosure

The Company strictly adhered to the principle of "truthfulness, accuracy, completeness, timeliness and fairness" when releasing regular reports and provisional announcements, and continued to improve the relevance, effectiveness and transparency of information disclosure to safeguard investors' right to know. At the same time, based on investor needs, the Company continued to expand the scope of voluntary information disclosure, showcased the Company's core business strategy and development results to small and medium-sized investors in the form of "Prelude to the Annual Report", gradually adding indicators like the balance and proportion of non-standard assets, etc., to respond to the evolving concerns of institutional investors. During the reporting period, the Company closely followed regulatory changes, reviewed and updated its internal policies and regulations on information disclosure in a timely manner, clarified and optimized relevant approval procedures and improved the coordinated information disclosure of the Group. Apart from compliance with statutory and internal disclosure requirements on insider information, the Company also strengthened the training for senior executives and inside information management to steadily improve all employees' compliance awareness regarding information disclosure.

Other
information





1

The original copy of the signed review report from the accountant's firm

2

The original copies of all publicly disclosed announcements and documents of the Company during the reporting period



Corporate information
and definitions

Other information

Corporate information and definitions

Legal Name in Chinese:

中國太平洋保險(集團)股份有限公司(“中國太保”)

Legal Name in English:

CHINA PACIFIC INSURANCE (GROUP) CO., LTD. (“CPIC”)

Legal Representative: GAO Guofu

Board Secretary and Joint Company Secretary: MA Xin

Securities Representative: PAN Feng

Contact for Shareholder Inquiries:

Investor Relations Dept. of the Company

Tel: +86-21-58767282

Fax: +86-21-68870791

Email: ir@cpic.com.cn

Address:

South Tower, Bank of Communications Financial Building, 190
Central Yincheng Road, Pudong New District, Shanghai, PRC

Joint Company Secretary: Maurice Ngai

Tel: +852-39120800

Fax: +852-39120801

Email: maurice.ngai@swcsgroup.com

Address:

18/F, Tesbury Centre, 28 Queen’s Road East, Wanchai, Hong Kong

Registered Office:

South Tower, Bank of Communications Financial Building, 190
Central Yincheng Road, Pudong New District, Shanghai, PRC

Office Address:

South Tower, Bank of Communications Financial Building, 190
Central Yincheng Road, Pudong New District, Shanghai, PRC

Postal Code: 200120

Place of Business in Hong Kong:

Suite 4301, 43/F., Central Plaza, 18 Harbour Road, Wanchai,
Hong Kong

Website: <http://www.cpic.com.cn>

Email: ir@cpic.com.cn

Selected Newspapers for Disclosure (A Share):

China Securities, Shanghai Securities and Securities Times

Announcements for A Share Published at:

<http://www.sse.com.cn>

Announcements for H Share Published at:

<http://www.hkexnews.hk>

Report Available at: Investor Relations Dept. of the Company

Stock Exchange for A Share Listing:

The Shanghai Stock Exchange

Stock Name for A Share: 中國太保

Stock Code for A Share: 601601

Stock Exchange for H Share Listing:

The Stock Exchange of Hong Kong Limited

Stock Name for H Share: CPIC

Stock Code for H Share: 02601

H Share Registrar:

Computershare Hong Kong Investor Services Limited
Shops 1712-1716, 17th Floor, Hopewell Centre,
183 Queen’s Road East, Wanchai, Hong Kong

Domestic Accountant:

PricewaterhouseCoopers Zhong Tian LLP

Office of Domestic Accountant:

6/F, DBS Bank Tower, 1318 Lu Jia Zui Ring Road, Pudong New
Area, Shanghai 200120, PRC

Signing Certified Public Accountants: XU Kangwei, SHAN Feng

International Accountant: PricewaterhouseCoopers

Office of International Accountant:

22/F, Prince’s Building, Central, Hong Kong

Definitions

In this report, unless the context otherwise requires, the following terms shall have the meanings set out below:

“The Company”, “the Group”, “CPIC” or “CPIC Group”	China Pacific Insurance (Group) Co., Ltd.
“CPIC Life”	China Pacific Life Insurance Co., Ltd., a holding subsidiary of China Pacific Insurance (Group) Co., Ltd.
“CPIC P/C”	China Pacific Property Insurance Co., Ltd., a holding subsidiary of China Pacific Insurance (Group) Co., Ltd.
“CPIC AMC”	Pacific Asset Management Co., Ltd., a holding subsidiary of China Pacific Insurance (Group) Co., Ltd.
“CPIC Allianz Health”	CPIC Allianz Health Insurance Co., Ltd., a holding subsidiary of China Pacific Insurance (Group) Co., Ltd.
“CPIC HK”	China Pacific Insurance Co., (H.K.) Limited, a wholly-owned subsidiary of China Pacific Insurance (Group) Co., Ltd.
“Changjiang Pension”	Changjiang Pension Insurance Co., Ltd., a holding subsidiary of China Pacific Insurance (Group) Co., Ltd.
“CPIC Online”	Pacific Insurance Online Services Technology Co., Ltd., a wholly-owned subsidiary of China Pacific Insurance (Group) Co., Ltd.
“CPIC AII”	Pacific Insurance Aging Industry Investment Management Co., Ltd., a holding subsidiary of China Pacific Insurance (Group) Co., Ltd.
“Anxin Agricultural”	Anxin Agricultural Insurance Co., Ltd.
“New Guo Shi Tiao”	Several Opinions of the State Council on Accelerating the Development of the Modern Insurance Service Industry
“C-ROSS”	China Risk Oriented Solvency System
“CIRC”	China Insurance Regulatory Commission
“CSRC”	China Securities Regulatory Commission
“SSE”	Shanghai Stock Exchange
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“PRC GAAP”	China Accounting Standards for Business Enterprises issued by Ministry of Finance of the People’s Republic of China, and the application guide, interpretation and other related regulations issued afterwards
“HKFRS”	Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards and Interpretations issued by the Hong Kong Institute of Certified Public Accountants
“Articles of Association”	The articles of association of China Pacific Insurance (Group) Co., Ltd.
“Hong Kong Listing Rules”	The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Model Code for Securities Transactions”	Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Corporate Governance Code”	Corporate Governance Code as set out in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“SFO”	The Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Substantial Shareholder”	Has the meaning given to it under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), being a person who has an interest in the relevant share capital of the Company, the nominal value of which is equal to or more than 5% of the nominal value of the relevant share capital of the Company
“RMB”	Renminbi
“pt”	Percentage point

Financial Report

REVIEW OF INTERIM FINANCIAL INFORMATION

INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

Condensed consolidated income statement

Comprehensive income

Net

Changes in equity

Net

Liabilities



REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION

TO THE BOARD OF DIRECTORS OF CHINA PACIFIC INSURANCE (GROUP) CO., LTD.

(Incorporated in the People's Republic of China with limited liability)

Introduction

We have reviewed the interim financial information set out on pages 2 to 42, which comprises the interim condensed consolidated balance sheet of China Pacific Insurance (Group) Co., Ltd. (the "Company") and its subsidiaries (together, the "Group") as at 30 June 2016 and the related interim condensed consolidated statements of income, comprehensive income, changes in equity and cash flows for the six-month period then ended, and a summary of significant accounting policies and other explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants. The directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting". Our responsibility is to express a conclusion on this interim financial information based on our review and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Scope of Review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information is not prepared, in all material respects, in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting".

PricewaterhouseCoopers

Certified Public Accountants

Hong Kong, 26 August 2016

INTERIM CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 30 June 2016

(All amounts expressed in RMB million unless otherwise specified)

	Notes	Six months ended 30 June	
		2016 (unaudited)	2015 (unaudited)
Gross written premiums	6(a)	131,537	110,891
Less: Premiums ceded to reinsurers	6(b)	(7,486)	(7,345)
Net written premiums	6(c)	124,051	103,546
Net change in unearned premium reserves		(1,934)	(1,484)
Net premiums earned		122,117	102,062
Investment income	7	21,343	31,490
Other operating income		1,208	978
Other income		22,551	32,468
Total income		144,668	134,530
Net policyholders' benefits and claims:			
Life insurance death and other benefits paid	8	(22,749)	(30,148)
Claims incurred	8	(27,613)	(27,730)
Changes in long-term life insurance contract liabilities	8	(43,667)	(25,433)
Policyholder dividends	8	(3,671)	(3,296)
Finance costs		(1,135)	(1,439)
Interest credited to investment contracts		(1,024)	(695)
Other operating and administrative expenses		(35,904)	(30,226)
Total benefits, claims and expenses		(135,763)	(118,967)
Share of profit in equity accounted investees		17	18
Profit before tax	9	8,922	15,581
Income tax	10	(2,662)	(4,094)
Net profit for the period		6,260	11,487
Attributable to:			
Equity holders of the parent		6,142	11,295
Non-controlling interests		118	192
		6,260	11,487
Basic earnings per share	11	RMB 0.68	RMB1.25
Diluted earnings per share	11	RMB 0.68	RMB1.25

The accompanying notes form an integral part of these consolidated financial statements.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2016

(All amounts expressed in RMB million unless otherwise specified)

	Notes	Six months ended 30 June	
		2016 (unaudited)	2015 (unaudited)
Net profit for the period		6,260	11,487
Other comprehensive (loss)/income			
Exchange differences on translation of foreign operations		9	-
Available-for-sale financial assets		(4,748)	6,379
Income tax relating to available-for-sale financial assets		1,201	(1,595)
Share of other comprehensive (loss)/income in equity accounted investees		(4)	15
Other comprehensive (loss)/income to be reclassified to profit or loss in subsequent period		(3,542)	4,799
Other comprehensive (loss)/income for the period	12	(3,542)	4,799
Total comprehensive income for the period		2,718	16,286
Attributable to:			
Equity holders of the parent		2,683	16,000
Non-controlling interests		35	286
		2,718	16,286

The accompanying notes form an integral part of these consolidated financial statements.

INTERIM CONDENSED CONSOLIDATED BALANCE SHEET

30 June 2016

(All amounts expressed in RMB million unless otherwise specified)

	Notes	30 June 2016 (unaudited)	31 December 2015 (audited)
ASSETS			
Goodwill		962	962
Property and equipment		16,195	14,254
Investment properties		6,253	6,344
Other intangible assets		984	1,048
Prepaid land lease payments		56	57
Interests in associates	13	413	306
Investment in joint ventures	14	17	18
Held-to-maturity financial assets	15	309,100	310,343
Investments classified as loans and receivables	16	130,223	93,033
Restricted statutory deposits		5,938	5,938
Term deposits	17	139,152	154,398
Available-for-sale financial assets	18	252,990	218,062
Financial assets at fair value through profit or loss	19	22,556	22,251
Securities purchased under agreements to resell		7,179	14,691
Policy loans		22,641	19,610
Interest receivables		14,363	15,764
Reinsurance assets	20	19,300	18,257
Deferred income tax assets	21	208	80
Insurance receivables		13,758	8,091
Other assets	22	9,564	10,835
Cash and short-term time deposits	23	10,582	9,501
Total assets		982,434	923,843

The accompanying notes form an integral part of these consolidated financial statements.

INTERIM CONDENSED CONSOLIDATED BALANCE SHEET (continued)

30 June 2016

(All amounts expressed in RMB million unless otherwise specified)

	Notes	30 June 2016 (unaudited)	31 December 2015 (audited)
EQUITY AND LIABILITIES			
Equity			
Issued capital	24	9,062	9,062
Reserves	25	83,087	86,546
Retained profits	25	34,808	37,728
Equity attributable to equity holders of the parent		126,957	133,336
Non-controlling interests		2,208	2,346
Total equity		129,165	135,682
Liabilities			
Insurance contract liabilities	26	667,466	621,079
Investment contract liabilities	27	46,158	40,033
Policyholders' deposits		75	75
Subordinated debts	28	19,497	19,497
Securities sold under agreements to repurchase		41,608	28,981
Deferred income tax liabilities	21	958	2,499
Income tax payable		2,753	2,974
Premium received in advance		5,168	17,265
Policyholder dividend payable		19,925	19,014
Payables to reinsurers		3,582	3,396
Other liabilities		46,079	33,348
Total liabilities		853,269	788,161
Total equity and liabilities		982,434	923,843

Gao Guofu
Director

Huo Lianhong
Director

The accompanying notes form an integral part of these consolidated financial statements.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2016

(All amounts expressed in RMB million unless otherwise specified)

For the six months ended 30 June 2016 (unaudited)											
Attributable to equity holders of the parent											
	Reserves							Retained profits	Total	Non-controlling interests	Total equity
	Issued capital	Capital reserves	Surplus reserves	General reserves	Available-for-sale investment revaluation reserves	Foreign currency translation reserves	Share of other comprehensive income in equity accounted investees				
At 1 January 2016	9,062	66,742	4,171	7,105	8,549	(40)	19	37,728	133,336	2,346	135,682
Total comprehensive income	-	-	-	-	(3,464)	9	(4)	6,142	2,683	35	2,718
Dividend declared ¹	-	-	-	-	-	-	-	(9,062)	(9,062)	-	(9,062)
Dividends paid to non-controlling shareholders	-	-	-	-	-	-	-	-	-	(173)	(173)
At 30 June 2016	9,062	66,742	4,171	7,105	5,085	(31)	15	34,808	126,957	2,208	129,165

¹ Dividend declared represents the final dividend on ordinary shares declared for the year ended 31 December 2015, amounting to 9,062 million (RMB 1.00 per share).

The accompanying notes form an integral part of these consolidated financial statements.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (continued)

For the six months 30 June 2016

(All amounts expressed in RMB million unless otherwise specified)

	For the six months ended 30 June 2015 (unaudited)										
	Attributable to equity holders of the parent										
	Reserves							Retained profits	Total	Non-controlling interests	Total equity
	Issued capital	Capital reserves	Surplus reserves	General reserves	Available-for-sale investment revaluation reserves	Foreign currency translation reserves	Share of other comprehensive income in equity accounted investees				
At 1 January 2015	9,062	66,742	3,574	5,539	5,573	(63)	10	26,694	117,131	2,064	119,195
Total comprehensive income	-	-	-	-	4,690	-	15	11,295	16,000	286	16,286
Dividend declared ¹	-	-	-	-	-	-	-	(4,531)	(4,531)	-	(4,531)
Dividends paid to non-controlling shareholders	-	-	-	-	-	-	-	-	-	(86)	(86)
At 30 June 2015	9,062	66,742	3,574	5,539	10,263	(63)	25	33,458	128,600	2,264	130,864

¹ Dividend declared represents the final dividend on ordinary shares declared for the year ended 31 December 2014, amounting to 4,531 million (RMB 0.50 per share).

The accompanying notes form an integral part of these consolidated financial statements.

INTERIM CONDENSED CONSOLIDATED CASH FLOW STATEMENT

For the six months ended 30 June 2016

(All amounts expressed in RMB million unless otherwise specified)

	Notes	Six months ended 30 June	
		2016 (unaudited)	2015 (unaudited)
OPERATING ACTIVITIES			
Cash generated from operating activities	29	28,760	15,786
Income tax paid		(3,351)	(2,329)
Net cash inflow from operating activities		25,409	13,457
INVESTING ACTIVITIES			
Purchases of property and equipment, intangible assets and other assets		(2,286)	(752)
Proceeds from sale of property and equipment, intangible assets and other assets		4	6
Purchases of investments, net		(64,249)	(51,999)
Acquisition of a subsidiary and other business entities, net		(549)	-
Interest received		19,693	18,952
Dividends received from investments		1,959	1,670
Other cash payment related to investing activities		(7)	-
Net cash outflow from investing activities		(45,435)	(32,123)
FINANCING ACTIVITIES			
Securities sold under agreements to repurchase, net		12,627	22,158
Interest paid		(561)	(904)
Proceeds from NCI of consolidated structured entities		1,496	1,983
Net cash inflow from financing activities		13,562	23,237
Effects of exchange rate changes on cash and cash equivalents		33	(1)
Net (decrease)/increase in cash and cash equivalents		(6,431)	4,570
Cash and cash equivalents at beginning of period		24,192	14,042
Cash and cash equivalents at end of period		17,761	18,612
Analysis of balances of cash and cash equivalents			
Cash at banks and on hand		8,825	13,306
Time deposits with original maturity of no more than three months		719	2,784
Other monetary assets		1,038	810
Investments with original maturity of no more than three months		7,179	1,712
Cash and cash equivalents at end of period		17,761	18,612

The accompanying notes form an integral part of these consolidated financial statements.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2016

(All amounts expressed in Renminbi ("RMB") million unless otherwise specified)

1. CORPORATE INFORMATION

China Pacific Insurance (Group) Co., Ltd. (the "Company") was established in Shanghai, the People's Republic of China (the "PRC") in May 1991, under the original name of China Pacific Insurance Co., Ltd. Pursuant to the approval of the State Council of the PRC and Circular [2001] No. 239 issued by the China Insurance Regulatory Commission (the "CIRC"), the Company was restructured as a joint stock limited company in October 2001 with an issued capital of RMB2,006.39 million. The Company increased its issued capital to RMB6,700 million through issuing new shares to its then existing shareholders and new shareholders in 2002 and 2007.

In December 2007, the Company conducted a public offering of 1,000 million A shares in the PRC. Upon the completion of the A share offering, the issued capital was increased to RMB7,700 million. The Company's A shares are listed on the Shanghai Stock Exchange and trading of its A shares commenced on 25 December 2007.

In December 2009, the Company conducted a global offering of overseas listed foreign shares ("H shares"). Upon the completion of the H share offering, the issued capital was increased to RMB8,600 million. The Company's H shares are listed on the Hong Kong Stock Exchange and trading of its H shares commenced on 23 December 2009.

In November 2012, the Company conducted a non-public offering of 462 million H shares. Upon completion of the H share offering, the issued capital was increased to RMB9,062 million, which was approved by the CIRC in December 2012.

The authorized business scope of the Company includes investing in insurance enterprises, supervising and managing domestic and overseas reinsurance businesses of subsidiaries and utilizing funds, participating in global insurance activities upon approval. The principal activities of the Company and its subsidiaries (the "Group") are property and casualty businesses, life insurance businesses, pension and annuity businesses, as well as asset management, etc.

2. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES

2.1 Basis of preparation

This interim condensed consolidated financial information for the six months ended 30 June 2016 has been prepared in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"), as part of the Hong Kong Financial Reporting Standards ("HKFRSs").

This interim condensed consolidated financial information does not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements for the year ended 31 December 2015.

2.2 Changes in accounting policy and disclosures

The accounting policies adopted in the preparation of the interim condensed consolidated financial information are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2015, except for the adoption of amended or improved standards and interpretations as of 1 January 2016 as described below. The adoption of these amended or improved HKFRSs currently has been either not applicable or not significant on these consolidated financial statements.

2. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES (continued)

2.2 Changes in accounting policy and disclosures (continued)

- Amendment to HKFRS 11 Accounting for acquisitions of interests in joint operations

The amendment requires an investor to apply the principles of business combination accounting when it acquires an interest in a joint operation that constitutes a 'business' (as defined in HKFRS 3, Business combinations. Specifically, an investor will need to:

- measure identifiable assets and liabilities at fair value;
- expense acquisition-related costs;
- recognise deferred tax; and
- recognise the residual as goodwill.

All other principles of business combination accounting apply unless they conflict with HKFRS 11.

The amendment is applicable to both the acquisition of the initial interest and a further interest in a joint operation. The previously held interest is not remeasured when the acquisition of an additional interest in the same joint operation with joint control maintained.

- Amendment to HKAS 27 Equity method in separate financial statements

The amendment allows entities to use equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements.

- Annual improvements 2014

The amendments include changes from the 2012-2014 cycle of the annual improvements project that affect 4 standards:

- HKFRS 5, 'Non-current assets held for sale and discontinued operations'

It clarifies that when an asset (or disposal group) is reclassified from 'held for sale' to 'held for distribution', or vice versa, this does not constitute a change to a plan of sale or distribution, and does not have to be accounted for as such. This means that the asset (or disposal group) does not need to be reinstated in the financial statements as if it had never been classified as 'held for sale' or 'held for distribution' simply because the manner of disposal has changed. It also explains that the guidance on changes in a plan of sale should be applied to an asset (or disposal group) which ceases to be held for distribution but is not classified as 'held for sale'.

- HKFRS 7, 'Financial instruments: Disclosures'

There are two amendments:

i) Service contracts

If an entity transfers a financial asset to a third party under conditions which allow the transferor to derecognise the asset, HKFRS 7 requires disclosure of all types of continuing involvement that the entity might still have in the transferred assets. It provides guidance about what is meant by continuing involvement.

There is a consequential amendment to HKFRS 1 to give the same relief to first time adopters.

ii) Interim financial statements

It clarifies the additional disclosure required by the amendments to HKFRS 7, 'Disclosure – offsetting financial assets and financial liabilities' is not specifically required for all interim periods, unless required by HKAS 34.

2. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES (continued)

2.2 Changes in accounting policy and disclosures (continued)

- HKAS 19, 'Employee benefits'

It clarifies when determining the discount rate for post-employment benefit obligations, it is the currency that the liabilities are denominated in that is important, not the country where they arise. The assessment of whether there is a deep market in high-quality corporate bonds is based on corporate bonds in that currency, not corporate bonds in a particular country. Similarly, where there is no deep market in high-quality corporate bonds in that currency, government bonds in the relevant currency should be used.

- HKAS 34, 'Interim financial reporting'

It clarifies what is meant by the reference in the standard to 'information disclosed elsewhere in the interim financial report'. It also amends IAS/HKAS 34 to require a cross-reference from the interim financial statements to the location of that information.

- Amendments to HKFRS 10, HKFRS 12 and HKAS 28 Investment entities: applying the consolidation exception

The amendments to HKFRS 10 clarify that the exception from preparing consolidated financial statements is available to intermediate parent entities which are subsidiaries of investment entities. The exception is available when the investment entity parent measures its subsidiaries at fair value. The intermediate parent would also need to meet the other criteria for exception listed in HKFRS 10.

The amendments also clarify that an investment entity should consolidate a subsidiary which is not an investment entity and which provides services in support of the investment entity's investment activities, such that it acts as an extension of the investment entity. However, the amendments also confirm that if the subsidiary is itself an investment entity, the investment entity parent should measure its investment in the subsidiary at fair value through profit or loss. This approach is required regardless of whether the subsidiary provides investment-related services to the parent or to third parties.

The amendments to HKAS 28 allow an entity which is not an investment entity, but has an interest in an associate or a joint venture which is an investment entity, a relief to retain the fair value measurement applied by the investment entity associate or joint venture, or to unwind the fair value measurement and instead perform a consolidation at the level of the investment entity associate or joint venture for their subsidiaries when applying the equity method.

The Group has not early adopted any other standard, interpretation or amendment that was issued but is not yet effective.

2.3 Impact of standards issued but not yet applied

All HKFRSs that remain in effect which are relevant to the Group have been applied. The Group has not applied the following key new and revised HKFRSs that have been issued but are not yet effective. These HKFRS is expected to have a significant effect on the consolidated financial statements of the Group set out below:

HKFRS 9, 'Financial instruments', addresses the classification, measurement and recognition of financial assets and financial liabilities. The complete version of HKFRS 9 was issued in July 2014. It replaces the guidance in HKAS 39 that relates to the classification and measurement of financial instruments. HKFRS 9 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortised cost, fair value through other comprehensive income ("OCI") and fair value through income statement. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. Investments in equity instruments are required to be measured at fair value through profit or loss with the irrevocable option at inception to present changes in fair value in OCI which are not recycled to profit or loss. There is now a new expected credit losses model that replaces the incurred loss impairment model used in HKAS 39. For financial liabilities there were no changes to classification and measurement except for the recognition of changes in own credit risk in other comprehensive income, for liabilities designated at fair value through profit or loss. HKFRS 9 relaxes the requirements for hedge effectiveness by replacing the bright line hedge effectiveness tests. It requires an economic relationship between the hedged item and hedging instrument and for the 'hedged ratio' to be the same as the one management actually use for risk management purposes. Contemporaneous documentation is still required but is different to that currently prepared under HKAS 39. The standard is effective for accounting periods beginning on or after 1 January 2018. Early adoption is permitted. The Group is yet to assess HKFRS 9's full impact.

2. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES (continued)

2.3 Impact of standards issued but not yet applied (continued)

HKFRS 15, 'Revenue from contracts with customers' deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. Revenue is recognised when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service. The standard replaces HKAS 18 'Revenue' and HKAS 11 'Construction contracts' and related interpretations. The standard is effective for annual periods beginning on or after 1 January 2017 and earlier application is permitted. The Group is assessing the full impact of HKFRS 15.

IFRS 16, 'Leases' addresses the definition of a lease, recognition and measurement of leases and establishes principles for reporting useful information to users of financial statements about the leasing activities of both lessees and lessors. A key change arising from IFRS 16 is that almost all operating leases will be accounted for on balance sheet for lessees, and the only optional exemptions are for certain short-term leases and leases of low-value assets. The standard replaces IAS 17 'Leases', and related interpretations. The standard is effective for annual periods beginning on or after 1 January 2019 and earlier application is permitted but only in conjunction with adopting IFRS 15 'Revenue from contracts with customers' at the same time. The group is currently assessing the impact of IFRS 16.

There are no other HKFRSs or HK (IFRIC) interpretations that are not yet effective that would be expected to have a material impact on the group.

3. CHANGE IN ACCOUNTING ESTIMATES

When measuring the insurance contract liabilities and other policy-related liabilities, the Group determines actuarial assumptions such as discount rate, mortality and morbidity, surrender rates, expense assumptions and policy dividend assumptions based on information currently available as at the balance sheet date.

As at 30 June 2016, the Group used information currently available to determine the above assumptions and the impact of change in assumptions was charged to profit or loss. Such change in accounting estimates resulted in an increase in net insurance contract liabilities and other policy-related liabilities as at 30 June 2016 by approximately RMB4,031 million and a decrease in profit before tax for the six months ended 30 June 2016 by approximately RMB4,031 million.

4. SEGMENT INFORMATION

The Group presents segment information based on its major operating segments.

For management purpose, the Group is organized into business units based on their products and services. Different operating segments provide products and services with different risks and rewards.

The Group's operating segments are listed as follows:

- The life insurance segment (including Life Insurance and Allianz Health Insurance) offers a wide range of RMB life insurance;
- The property and casualty insurance segment (including Mainland China segment and Hong Kong segment) provides a wide range of RMB and foreign-currency property and casualty insurance;
- Other businesses segment provides management services and usage of fund services.

Intersegment sales and transfers are measured based on the actual transaction price.

More than 99% of the Group's revenue is derived from its operations in the PRC. More than 99% of the Group's assets are located in the PRC.

During the six months ended 30 June 2016, gross written premiums from transactions with the top five external customers amounted to 0.5% (during the six months ended 30 June 2015: 0.3%) of the Group's total gross written premiums.

4. SEGMENT INFORMATION (continued)

Segment income statement for the six months ended 30 June 2016

	Life insurance	Property and casualty insurance			Sub-total	Corporate and others	Eliminations	Total
		Mainland China	Hong Kong	Eliminations				
Gross written premiums	82,348	49,224	233	(184)	49,273	-	(84)	131,537
Less: Premiums ceded to reinsurers	(959)	(6,775)	(20)	184	(6,611)	-	84	(7,486)
Net written premiums	81,389	42,449	213	-	42,662	-	-	124,051
Net change in unearned premium reserves	(1,157)	(821)	3	-	(818)	-	41	(1,934)
Net premiums earned	80,232	41,628	216	-	41,844	-	41	122,117
Investment income	19,991	2,738	11	-	2,749	10,462	(11,859)	21,343
Other operating income	851	160	9	-	169	1,449	(1,261)	1,208
Other income	20,842	2,898	20	-	2,918	11,911	(13,120)	22,551
Segment income	101,074	44,526	236	-	44,762	11,911	(13,079)	144,668
Net policyholders' benefits and claims:								
Life insurance death and other benefits paid	(22,749)	-	-	-	-	-	-	(22,749)
Claims incurred	(2,084)	(25,440)	(106)	(1)	(25,547)	-	18	(27,613)
Changes in long-term life insurance contract liabilities	(44,430)	-	-	-	-	-	763	(43,667)
Policyholder dividends	(3,671)	-	-	-	-	-	-	(3,671)
Finance costs	(974)	(143)	-	-	(143)	(18)	-	(1,135)
Interest credited to investment contracts	(1,024)	-	-	-	-	-	-	(1,024)
Other operating and administrative expenses	(19,588)	(16,061)	(77)	-	(16,138)	(1,449)	1,271	(35,904)
Segment benefits, claims and expenses	(94,520)	(41,644)	(183)	(1)	(41,828)	(1,467)	2,052	(135,763)
Segment results	6,554	2,882	53	(1)	2,934	10,444	(11,027)	8,905
Share of profit in equity accounted investees	5	21	-	-	21	(9)	-	17
Profit before tax	6,559	2,903	53	(1)	2,955	10,435	(11,027)	8,922
Income tax	(2,261)	(747)	(7)	-	(754)	55	298	(2,662)
Net profit for the period	4,298	2,156	46	(1)	2,201	10,490	(10,729)	6,260

4. SEGMENT INFORMATION (continued)

Segment income statement for the six months ended 30 June 2015

	Life insurance	Property and casualty insurance				Corporate and others	Eliminations	Total
		Mainland China	Hong Kong	Eliminations	Sub-total			
Gross written premiums	62,480	48,380	223	(180)	48,423	-	(12)	110,891
Less: Premiums ceded to reinsurers	(679)	(6,840)	(18)	180	(6,678)	-	12	(7,345)
Net written premiums	61,801	41,540	205	-	41,745	-	-	103,546
Net change in unearned premium reserves	(668)	(817)	1	-	(816)	-	-	(1,484)
Net premiums earned	61,133	40,723	206	-	40,929	-	-	102,062
Investment income	23,811	4,415	11	-	4,426	8,606	(5,353)	31,490
Other operating income	535	149	9	-	158	1,356	(1,071)	978
Other income	24,346	4,564	20	-	4,584	9,962	(6,424)	32,468
Segment income	85,479	45,287	226	-	45,513	9,962	(6,424)	134,530
Net policyholders' benefits and claims:								
Life insurance death and other benefits paid	(30,148)	-	-	-	-	-	-	(30,148)
Claims incurred	(1,198)	(26,422)	(110)	-	(26,532)	-	-	(27,730)
Changes in long-term life insurance contract liabilities	(24,720)	-	-	-	-	-	(713)	(25,433)
Policyholder dividends	(3,296)	-	-	-	-	-	-	(3,296)
Finance costs	(1,187)	(174)	-	-	(174)	(78)	-	(1,439)
Interest credited to investment contracts	(694)	(1)	-	-	(1)	-	-	(695)
Other operating and administrative expenses	(15,386)	(14,341)	(70)	-	(14,411)	(1,319)	890	(30,226)
Segment benefits, claims and expenses	(76,629)	(40,938)	(180)	-	(41,118)	(1,397)	177	(118,967)
Segment results	8,850	4,349	46	-	4,395	8,565	(6,247)	15,563
Share of profit in equity accounted investees	30	18	-	-	18	-	(30)	18
Profit before tax	8,880	4,367	46	-	4,413	8,565	(6,277)	15,581
Income tax	(2,424)	(1,099)	(6)	-	(1,105)	(334)	(231)	(4,094)
Net profit for the period	6,456	3,268	40	-	3,308	8,231	(6,508)	11,487

The segment assets as at 30 June 2016 and 31 December 2015 are as following:

	Life insurance	Property and casualty insurance				Others	Eliminations	Total
		Mainland China	Hong Kong	Eliminations	Sub-total			
30 June 2016 (Unaudited)	812,059	130,428	946	(349)	131,025	77,486	(38,136)	982,434
31 December 2015 (Audited)	757,264	124,979	889	(372)	125,496	70,090	(29,007)	923,843

5. SCOPE OF CONSOLIDATION

(a) Particulars of the Company's incorporated subsidiaries as at 30 June 2016 are as follows:

Name	Type of legal entity	Business scope and principal activities	Place of incorporation/ registration	Place of operations	Registered capital (RMB thousand, unless otherwise stated)	Paid-up capital (RMB thousand, unless otherwise stated)	Percentage of equity attributable to the Company		Percentage of voting rights attributable to the Company	note
							Direct	Indirect		
China Pacific Property Insurance Co., Ltd. ("CPIC Property")	Limited company	Property and casualty insurance	Shanghai	The PRC	19,470,000	19,470,000	98.50	-	98.50	
China Pacific Life Insurance Co., Ltd. ("CPIC Life")	Limited company	Life insurance	Shanghai	The PRC	8,420,000	8,420,000	98.29	-	98.29	
Pacific Asset Management Co., Ltd. ("CPIC Asset Management")	Limited company	Investment management	Shanghai	Shanghai	500,000	500,000	80.00	19.67	100.00	
China Pacific Insurance Co., (H.K.) Ltd.	Limited company	Property and casualty insurance	Hong Kong	Hong Kong	HK\$250,000 thousand	HK\$250,000 thousand	100.00	-	100.00	
Shanghai Pacific Real Estate Co., Ltd.	Limited company	Management of properties	Shanghai	Shanghai	115,000	115,000	100.00	-	100.00	
Fenghua Xikou Garden Hotel	Limited company	Hotel operations	Zhejiang	Zhejiang	8,000	8,000	-	98.39	100.00	
Changjiang Pension Insurance Co., Ltd. ("Changjiang Pension")	Limited company	Pension business and investment management	Shanghai	Shanghai	787,610	787,610	-	50.87	51.75	(1)
CPIC Investment Management (H.K.) Company Limited ("CPIC Investment (H.K.)")	Limited company	Investment management	Hong Kong	Hong Kong	HK\$50,000 thousand	HK\$50,000 thousand	49.00	50.83	100.00	
City Island Developments Limited ("City Island")	Limited company	Investment holding	The British Virgin Islands	The British Virgin Islands	US\$50,000	US\$1,000	-	98.29	100.00	

5. SCOPE OF CONSOLIDATION (continued)

(a) Particulars of the Company's incorporated subsidiaries as at 30 June 2016 are as follows (continued):

Name	Type of legal entity	Business scope and principal activities	Place of incorporation/ registration	Place of operations	Registered capital (RMB thousand, unless otherwise stated)	Paid-up capital (RMB thousand, unless otherwise stated)	Percentage of equity attributable to the Company		Percentage of voting rights attributable to the Company	note
							Direct	Indirect		
Great Winwick Limited *	Limited company	Investment holding	The British Virgin Islands	The British Virgin Islands	US\$50,000	US\$100	-	98.29	100.00	
Great Winwick (Hong Kong) Limited *	Limited company	Investment holding	Hong Kong	Hong Kong	HK\$10,000	HK\$1	-	98.29	100.00	
Newscott Investments Limited *	Limited company	Investment holding	The British Virgin Islands	The British Virgin Islands	US\$50,000	US\$100	-	98.29	100.00	
Newscott (Hong Kong) Investments Limited *	Limited company	Investment holding	Hong Kong	Hong Kong	HK\$10,000	HK\$1	-	98.29	100.00	
Shanghai Xinhui Real Estate Development Co., Ltd. *	Limited company	Real estate	Shanghai	Shanghai	US\$15,600 thousand	US\$15,600 thousand	-	98.29	100.00	
Shanghai Hehui Real Estate Development Co., Ltd. *	Limited company	Real estate	Shanghai	Shanghai	US\$46,330 thousand	US\$46,330 thousand	-	98.29	100.00	
Pacific Insurance Online Services Technology Co., Ltd.	Limited company	Consulting services, etc	Shandong	The PRC	200,000	200,000	100.00	-	100.00	
Tianjin Trophy Real Estate Co., Ltd. ("Tianjin Trophy")	Limited company	Real estate	Tianjin	Tianjin	353,690	353,690	-	98.29	100.00	
Pacific Insurance Aging Industry Investment Management Co., Ltd. ("CPIC Aging Investment")	Limited company	Pension business investment, etc	Shanghai	Shanghai	219,000	219,000	-	98.29	100.00	
CPIC Allianz Health Insurance Co., Ltd. ("CPIC Allianz Health")	Limited company	Health insurance	Shanghai	Shanghai	1,000,000	1,000,000	77.05	-	77.05	
Shanghai Nan Shan Ju Xuhong Nursing Home Co., Ltd. ("Nan Shan Ju")	Limited company	Pension services	Shanghai	Shanghai	20,000	15,000	-	98.29	100.00	

* Subsidiaries of City Island

(1) On 25 December 2015, CPIC Life signed the share purchase agreement with CPIC Asset Management to acquire 75,500,000 shares of Changjiang Pension by RMB117.025 million. After this transaction, CPIC Life owns 51.75% shares of Changjiang Pension directly which results in the Company holding 50.87% of Changjiang Pensions equity indirectly. On 19 February 2016, the CIRC approved this transaction.

5. SCOPE OF CONSOLIDATION (continued)

(b) As at 30 June 2016, the consolidated structured entities material to the Group are as follows:

Name	Collective Holding by the Group (%)	Paid-in capital (Units in thousand)	Principal activities
Pacific Excellent Wealth CSI 300 Index	99.95	3,361,385	Investing in financial instruments with high liquidity, including CSI 300 Index Constituent and Proxy Stocks. In addition, to successfully achieve the investment goal, this product also allocates a few investments in non-constituent stocks to be listed in CSI 300 Index Constituent Stocks, stocks newly-issued or additionally-issued in the primary market, government bond to be due within one year, exchange market repo, demand deposits at band, funds in monetary market, etc. Product Manager may bring other financial instruments that are allowed by laws and regulations or regulators into the scope of investment after implementation of proper procedures.
Pacific Excellent Wealth Bond funds Enhanced	20.56	1,584,414	Investing in fixed-income assets such as treasury bonds, central bank bills, local government bonds, policy bank bonds, commercial bank bonds, corporate bonds, medium term notes, commercial papers, subordinated debts, hybrid capital bonds, pure debt of warrant bonds, repo, bank deposit and deposit receipt; financial instruments such as asset-backed securities, bond funds and monetary market funds; financial products permitted by regulators such as infrastructure investments, real estate investments and project and asset support plans investments; and other fixed-income securities that permitted by laws and regulations or regulators.
Changjiang Pension Golden Wealth Management No. 6 Assets Management Product	100.00	1,000,000	This product, excluding monetary assets (with percentages no more than 10% of the product's net asset value), shall allocate to Huaxin Trust - Haorui No. 11 Assembled Funds Trust Plan in full amount.
Pacific Excellent Wealth Focus Dividend & Value Equity	99.3	974,754	Investing in financial instruments with strong liquidity including: legally listed domestic stocks (including: stocks listed in SME, GEM and others approved by CSRC), cash management products (including: cash, call deposits, short-term financing bonds, time deposits and certificate of deposits due within 1 year (inclusive), bond repurchase and central bank bill matured within 1 year (inclusive), bonds, asset-backed securities, medium term notes, monetary funds with residual maturity within 397 days (inclusive) and other cash management products approved by regulators.

Note: CPIC Asset Management and Changjiang Pension is the asset manager of above consolidated structured entities

6. NET WRITTEN PREMIUMS

(a) Gross written premiums

	Six months ended 30 June	
	2016	2015
Long-term life insurance premiums	76,879	58,447
Short-term life insurance premiums	5,469	4,018
Property and casualty insurance premiums	49,189	48,426
	131,537	110,891

(b) Premiums ceded to reinsurers

	Six months ended 30 June	
	2016	2015
Long-term life insurance premiums ceded to reinsurers	(899)	(655)
Short-term life insurance premiums ceded to reinsurers	(60)	(39)
Property and casualty insurance premiums ceded to reinsurers	(6,527)	(6,651)
	(7,486)	(7,345)

(c) Net written premiums

	Six months ended 30 June	
	2016	2015
Net written premiums	124,051	103,546

7. INVESTMENT INCOME

	Six months ended 30 June	
	2016	2015
Interest and dividend income (a)	20,687	19,620
Realized gains (b)	1,266	11,592
Unrealized (losses)/gains (c)	(582)	278
Charge of impairment losses on financial assets	(28)	-
	21,343	31,490

7. INVESTMENT INCOME (continued)

(a) Interest and dividend income

	Six months ended 30 June	
	2016	2015
Financial assets at fair value through profit or loss		
- Fixed maturity investments	353	357
- Investment funds	24	14
- Equity securities	22	28
	399	399
Held-to-maturity financial assets		
- Fixed maturity investments	7,644	7,784
Loans and receivables		
- Fixed maturity investments	7,974	7,462
Available-for-sale financial assets		
- Fixed maturity investments	2,664	2,370
- Investment funds	1,207	1,016
- Equity securities	366	366
- Other equity investments	433	223
	4,670	3,975
	20,687	19,620

(b) Realized gains/(losses)

	Six months ended 30 June	
	2016	2015
Financial assets at fair value through profit or loss		
- Fixed maturity investments	80	231
- Investment funds	(4)	(5)
- Equity securities	(247)	2,402
	(171)	2,628
Available-for-sale financial assets		
- Fixed maturity investments	141	174
- Investment funds	742	1,752
- Equity securities	543	7,027
- Other equity investments	11	11
	1,437	8,964
	1,266	11,592

7. INVESTMENT INCOME (continued)

(c) Unrealized gains/(losses)

	Six months ended 30 June	
	2016	2015
Financial assets at fair value through profit or loss		
- Fixed maturity investments	(159)	(12)
- Investment funds	(208)	107
- Equity securities	(224)	182
- Wealth management products	8	1
- Other equity investments	1	-
	(582)	278

8. NET POLICYHOLDERS' BENEFITS AND CLAIMS

	Six months ended 30 June 2016		
	Gross	Ceded	Net
Life insurance death and other benefits paid	23,062	(313)	22,749
Claims incurred			
- Short-term life insurance	2,201	(119)	2,082
- Property and casualty insurance	28,437	(2,906)	25,531
Changes in long-term life insurance contract liabilities	44,402	(735)	43,667
Policyholder dividends	3,671	-	3,671
	101,773	(4,073)	97,700

	Six months ended 30 June 2015		
	Gross	Ceded	Net
Life insurance death and other benefits paid	30,463	(315)	30,148
Claims incurred			
- Short-term life insurance	1,204	(6)	1,198
- Property and casualty insurance	29,397	(2,865)	26,532
Changes in long-term life insurance contract liabilities	25,730	(297)	25,433
Policyholder dividends	3,296	-	3,296
	90,090	(3,483)	86,607

9. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging:

	Six months ended 30 June	
	2016	2015
Employee benefit expense (including directors' and supervisors' emoluments)	8,146	7,443
Auditors' remuneration	9	10
Operating lease payments in respect of land and buildings	451	418
Depreciation of property and equipment	559	533
Depreciation of investment properties	109	109
Amortization of other intangible assets	181	162
Amortization of prepaid land lease payments	1	-
Amortization of other assets	13	11
Gain on disposal of items of property and equipment, intangible assets and other long-term assets	(1)	(5)
Charge of impairment loss on insurance receivables and other assets, net	266	137
Charge of impairment loss on financial assets (note 7)	28	-
Foreign exchange (loss)/gain, net	(48)	3

10. INCOME TAX

(a) Income tax

	Six months ended 30 June	
	2016	2015
Current income tax	3,130	4,018
Deferred income tax (note 21)	(468)	76
	2,662	4,094

(b) Tax recorded in other comprehensive income

	Six months ended 30 June	
	2016	2015
Deferred income tax (note 21)	(1,201)	(1,595)

(c) Reconciliation of tax expense

Current income tax has been provided at the rate of 25% on the estimated assessable profits arising in the PRC. Taxes on profits assessable elsewhere have been 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.

10. INCOME TAX (continued)

(c) Reconciliation of tax expense (continued)

A reconciliation of the tax expense applicable to profit before tax using the PRC statutory income tax rate of 25% to the tax expense at the Group's effective tax rate is as follows:

	Six months ended 30 June	
	2016	2015
Profit before tax	8,922	15,581
Tax computed at the statutory tax rate	2,231	3,895
Adjustments to income tax in respect of previous periods	(12)	(74)
Income not subject to tax	(852)	(772)
Expenses not deductible for tax	1,475	1,026
Others	(180)	19
Tax expense at the Group's effective rate	2,662	4,094

11. EARNINGS PER SHARE

The calculation of earnings per share is based on the following:

	Six months ended 30 June	
	2016	2015
Consolidated net profit for the period attributable to equity holders of the parent	6,142	11,295
Weighted average number of ordinary shares in issue (million)	9,062	9,062
Basic earnings per share	RMB0.68	RMB1.25
Diluted earnings per share	RMB0.68	RMB1.25

The Company had no dilutive potential ordinary shares for the six months ended 30 June 2016 and 30 June 2015.

12. OTHER COMPREHENSIVE (LOSS)/INCOME

	Six months ended 30 June	
	2016	2015
Exchange differences on translation of foreign operations	9	-
Available-for-sale financial assets		
Gains arising during the period	(5,049)	19,300
Reclassification adjustments for gains included in profit or loss	(1,435)	(8,964)
Fair value change on available-for-sale financial assets attributable to policyholders	1,708	(3,957)
Impairment charges reclassified to the income statement	28	-
	(4,748)	6,379
Income tax relating to available-for-sale financial assets	1,201	(1,595)
	(3,547)	4,784
Share of other comprehensive (loss)/income in equity accounted investees	(4)	15
Other comprehensive (loss)/income	(3,542)	4,799

13. INTERESTS IN ASSOCIATES

	30 June 2016						
	Historical cost	At 1 January 2016	Additions	Share of profit	Other comprehensive loss	Dividend declared	At 30 June 2016
Anxin Agriculture Insurance Co., Ltd. (the "Anxin")	219	289	-	22	(4)	(12)	295
Taiji (Shanghai) Information Technology Co., Ltd.(the "Taiji")	2	1	-	-	-	-	1
Shanghai Juche Information Technology Co., Ltd.(the "Juche")	3	2	-	(1)	-	-	1
Zhongdao Automobile Rescue Industry Co., Ltd.(the "Zhongdao")	14	14	-	-	-	-	14
Shanghai Proton and Heavy Ion Hospital(the "Zhizhong")	100	-	100	(3)	-	-	97
Shanghai Dedao Co., Ltd(the "Dedao")	5	-	5	-	-	-	5
	343	306	105	18	(4)	(12)	413

On 7 July 2014, CPIC Property signed the ownership transfer contract with Shanghai International Group and Shanghai State-owned Asset Management Co., Ltd. for transferring 171,669,200 shares of Anxin. After this transaction, the Company has an ownership percentage of 33.825 percent, which is held indirectly through CPIC Property. This provides CPIC Property for 34.34 percent of the voting rights in Anxin's. On 11 October 2014, the CIRC officially approved this transaction.

On 22 September 2014, CPIC Online Services and Zhonghe-Xintai(Fujian) Investment set up Taiji lasting 20 years with registered capital of RMB15 million. Among all, CPIC Online Services stands for 40 percent shares and its first capital contribution reaches RMB2.3 million.

On 10 September 2015, CPIC Property, CPIC Online Services, Shanghai Huizhong Investment Management LLP, Shanghai Taihui Investment Management LLP, and Suzhou Industrial Area 825 New Media Investment Management LLP, set up Juche lasting 20 years with registered capital of RMB5 million. Among all, CPIC Property stands for 32 percent shares and its first capital contribution reaches RMB1.6 million; CPIC Online Services stands for 16 percent shares and its first capital contribution reaches RMB0.8 million.

On 25 September 2015, CPIC Property, CPIC Online Services signed the ownership transfer contract with Shanghai Bochen Business Informaiton Consulting Firm, Shanghai Shiji Investment Management LLP, and individual shareholders Jun Fan for transferring 33.6% shares of Zhongdao. After this transaction, CPIC Property held 25.6 percentage shares of Zhongdao, and CPIC Online Services held 8 percentage shares of Zhongdao, respectively.

On 28 Jan 2016, CPIC Allianz Health signed the Capital injection contract with Shanghai Proton and Heavy Ion Hospital, Shanghai Electric (Group) Corporation, Jinjiang International and Shanghai Shengkang Investment company. After the completion of the transaction, CPIC Allianz Health holds 20% of the shares of Zhizhong.

On 23 November 2015, CPIC Online Services and Shenzhen Derun Electronic Company set up Shanghai Dedao Company lasting 10 years with registered capital of RMB20 million. Among all, CPIC Online Services stands for 25 percent shares and its first capital contribution reaches RMB5 million; Shenzhen Derun Electronic Company stands for 75 percent shares and its first capital contribution reaches RMB15 million. CPIC Online Services purchases the capital contribution in March 2016.

13. INTERESTS IN ASSOCIATES (continued)

Nature of investment in associates as at 30 June 2016

Name	Place of incorporation	Percentage of ownership interest		Percentage of voting power	Registered capital (RMB thousand)	Paid-up capital (RMB thousand)	Principal activity
		Direct	Indirect				
Anxin	Shanghai	-	33.83%	34.34%	500,000	500,000	Insurance
Taiji	Shanghai	-	40.00%	40.00%	15,000	4,600	Technology development and consulting, etc.
Juche	Shanghai	-	47.52%	48.00%	5,000	5,000	Internet
Zhongdao	Shanghai	-	33.22%	33.60%	50,000	40,000	Roadside assistance
Zhizhong	Shanghai	-	15.41%	20.00%	500,000	500,000	Oncology department and medical laboratory
Dedao	Shanghai	-	25.00%	25.00%	20,000	20,000	Information technology and automotive software

Summarised financial information for associates

	Six months ended 30 June 2016
Net profit for the period	37
Other comprehensive loss for the period	(12)
Total comprehensive income for the period	25
Total comprehensive income attributable to the Group	14
Carrying amount of the Group's interest	413

14. INVESTMENT IN JOINT VENTURES

	30 June 2016	31 December 2015
Share of net assets	17	18

In November 2012, CPIC Property and a third party bid for the use right of the land located at Huangpu District, Shanghai. And in February 2013, both parties set up a project company named Shanghai Binjiang-Xiangrui Investment and Construction Co., Ltd. ("Binjiang-Xiangrui") as the owner of the land use right to this parcel of land and construction development subject. Binjiang-Xiangrui finally acquired the enterprise business license in March 2013.

On 10 June 2015, CPIC Online Services and Jiaying-Taiyi Technology and Jiaying-Taizhong Investment set up Taiyi (Shanghai) Information Technology Co., Ltd. (the "Taiyi") lasting 20 years with registered capital of RMB10 million. Among all, CPIC Online Services stands for 48 percent shares and its first capital contribution reaches RMB4.8 million.

On 6 September 2015, CPIC Online Services and Hangzhou Fujung Investment Management LLP. set up Dayu with registered capital of RMB7 million. Among all, CPIC Online Services owns 42.86 percent shares and its first capital contribution reaches RMB3 million. In 2016, the Dayu registered capital increased to 10 million yuan. CPIC Online Services did not increase capital contribution. On 30 June 2016, CPIC Online Services owns 30 percent shares.

14. INVESTMENT IN JOINT VENTURES (continued)

Particulars of the joint venture as at 30 June 2016 are as follow:

Name	Place of incorporation	Percentage of ownership interest		Percentage of voting power	Registered capital (RMB thousand)	Paid-up capital (RMB thousand)	Principal activity
		Direct	Indirect				
Binjiang-Xiangrui	Shanghai	-	35.16	35.70	150,000	30,000	Real estate
Taiyi	Shanghai	-	48.00	48.00	10,000	3,000	Used car information service platform
Dayu	Hangzhou	-	30.00	30.00	10,000	10,000	Technology development, technology service and technology consult

The main financial information of the Group's joint venture:

	Six months ended 30 June	
	2016 (RMB thousand)	2015 (RMB thousand)
The joint venture's net loss:	(3,187)	(14)
The joint venture's other comprehensive income:	-	-

As at 30 June 2016, Binjiang-Xiangrui was still under construction and the accumulated profit reaches RMB330 thousand yuan (31 December 2015:RMB119 thousand yuan).

As at 30 June 2016, the Group's investment in joint ventures had no impairment.

Commitments related to investment in joint ventures are disclosed in Note 31.

15. HELD-TO-MATURITY FINANCIAL ASSETS

Held-to-maturity financial assets are stated at amortized cost and comprise the following:

	30 June 2016	31 December 2015
Listed		
Debt investments		
- Government bonds	1,365	1,362
- Finance bonds	6,032	6,036
- Corporate bonds	13,830	13,716
	21,227	21,114
Unlisted		
Debt investments		
- Government bonds	70,386	70,386
- Finance bonds	107,369	107,470
- Corporate bonds	110,118	111,373
	287,873	289,229
	309,100	310,343

16. INVESTMENTS CLASSIFIED AS LOANS AND RECEIVABLES

	30 June 2016	31 December 2015
Debt investments		
- Finance bonds	3,169	3,419
- Debt investment scheme	57,023	53,025
- Wealth management products	38,031	24,789
- Preference share	32,000	11,800
	130,223	93,033

As at 30 June 2016, CPIC Asset Management, a subsidiary of the Group, issued and existed 63 debt investment schemes with a total value of 103.70 billion. Of these, the existing amounts approximately RMB38.92 billion are recognized in the Group's consolidated financial information (As at 31 December 2015, CPIC Asset Management issued and existed 63 debt investment schemes with a total value of 106.86 billion. Of these, the existing amounts approximately RMB39.07 billion are recognized in the Group's consolidated financial information). As at 30 June 2016, Changjiang Pension, a subsidiary of the Group, issued and existed 12 debt investment schemes with a total value of RMB13.80 billion. Of these, the existing amounts approximately RMB2.46 billion are recognized in the Group's consolidated financial information (31 December 2015, issued and existed 7 debt investment schemes with a total value of RMB7.9 billion. Of these, the existing amounts approximately RMB440 million are recognized in the Group's consolidated financial information). Meanwhile, the Group also had investments in debt investment schemes launched by other insurance asset management companies with a value of approximately RMB15.65 billion (31 December 2015, 13.52 billion). The value guaranteed by third parties or pledge on debt investment schemes invested by the Group are RMB54.37 billion. For debt investment schemes launched by CPIC Asset Management and Changjiang Pension and invested by the Group, the Group did not provide any guarantees or financial support. The Group's maximum exposure to loss in the debt investment schemes is limited to its carrying amounts.

17. TERM DEPOSITS

	30 June 2016	31 December 2015
1 month to 3 months (including 3 months)	7,039	24,122
3 months to 1 year (including 1 year)	52,148	23,541
1 to 2 years (including 2 years)	18,950	45,160
2 to 3 years (including 3 years)	27,070	21,180
3 to 4 years (including 4 years)	27,005	16,340
4 to 5 years (including 5 years)	6,940	24,055
	139,152	154,398

18. AVAILABLE-FOR-SALE FINANCIAL ASSETS

Available-for-sale financial assets are stated at fair value and comprise the following:

	30 June 2016	31 December 2015
Listed		
Equity investments		
- Equity securities	25,841	29,292
- Investment funds	9,420	7,639
- Wealth management products	1,039	1,024
Debt investments		
- Government bonds	6,545	6,168
- Finance bonds	915	806
- Corporate bonds	25,961	14,917
	69,721	59,846
Unlisted		
Equity investments		
- Investment funds	29,782	33,939
- Wealth management products	41,980	24,501
- Other equity investments	17,765	15,402
- Preference share	2,241	2,217
Debt investments		
- Government bonds	5,783	5,693
- Finance bonds	14,705	10,908
- Corporate bonds	70,481	65,105
- Wealth management products	532	451
	183,269	158,216
	252,990	218,062

19. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

All the Group's financial assets at fair value through profit or loss are held for trading and were as follows:

	30 June 2016	31 December 2015
Listed		
Equity investments		
- Equity securities	3,306	4,353
- Investment funds	573	410
Debt investments		
- Government bonds	1	82
- Finance bonds	269	329
- Corporate bonds	6,592	7,126
	10,741	12,300
Unlisted		
Equity investments		
- Investment funds	4,014	3,969
- Wealth management products	1,578	190
- Other	30	29
Debt investments		
- Corporate bonds	5,354	4,691
- Finance bonds	831	1,064
- Wealth management products	8	8
	11,815	9,951
	22,556	22,251

Financial assets at fair value through profit or loss include financial assets that are directly specified to be measured at fair value through profit or loss amounted 1,427 million (31 December 2015, 20 million). Excluding the above, the financial assets at fair value through profit or loss are held for trading without limited.

20. REINSURANCE ASSETS

	30 June 2016	31 December 2015
Reinsurers' share of insurance contracts (note 26)	19,300	18,257

21. DEFERRED INCOME TAX ASSETS AND LIABILITIES

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes, if any, to be levied by the same tax authority and the same taxable entity.

	30 June 2016	31 December 2015
Net deferred income tax assets, at beginning of period	(2,419)	(1,480)
Recognized in profit or loss (note 10(a))	468	97
Recognized in other comprehensive income (note 10(b))	1,201	(1,036)
Net deferred income tax (liabilities), at end of the period	(750)	(2,419)
Net deferred income tax (liabilities)	(750)	(2,419)
Represented by:		
Deferred tax assets	208	80
Deferred tax liabilities	(958)	(2,499)

22. OTHER ASSETS

	30 June 2016	31 December 2015
Due from a related-party (1)	1,206	1,206
Tax receivable other than income tax	220	580
Receivable from securities clearance	4,333	5,953
Due from agents	572	712
Co-insurance receivable	66	106
Others	3,167	2,278
	9,564	10,835

(1) As at 31 June 2016, the payments made by the Group on behalf of Binjiang-Xiangrui for the purchase of land and related taxes and expenses amounted to approximately RMB1,206 million (31 December 2015, RMB1,206million).

23. CASH AND SHORT-TERM TIME DEPOSITS

	30 June 2016	31 December 2015
Cash at banks and on hand	8,825	8,124
Time deposits with original maturity of no more than three months	719	439
Other monetary assets	1,038	938
	10,582	9,501

The Group's bank balances denominated in RMB amounted to RMB8,759 million as at 30 June 2016 (31 December 2015: RMB8,395 million). Under PRC's foreign exchange regulations, the Group is permitted to exchange RMB for other currencies through banks authorized to conduct foreign exchange business after obtaining approval from foreign exchange regulatory authorities.

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short-term time deposits are made for varying periods of between one day and three months depending on the immediate cash requirements of the Group, and earn interest at the respective short-term time deposit rates. The bank balances and deposits are deposited with creditworthy banks with no recent history of default. The carrying amounts of the cash and short-term time deposits approximate their fair values.

As at 30 June 2016, RMB956 million in the Group's other monetary assets are restricted to meet the regulation requirement of the minimum settlement deposits (31 December 2015, RMB823 million).

24. ISSUED CAPITAL

	30 June 2016	31 December 2015
Number of shares issued and fully paid at RMB1 each (million)	9,062	9,062

25. RESERVES AND RETAINED PROFITS

The amounts of the Group's reserves and the movements therein during the year are presented in the consolidated statement of changes in equity.

(a) Capital reserves

Capital reserves mainly represents share premiums from issuance of shares and the deemed disposal of an equity interest in CPIC Life to certain foreign investors in December 2005, and the subsequent repurchase of the said interest in the same subsidiary by the Company in April 2007.

25. RESERVES AND RETAINED PROFITS (continued)

(b) Surplus reserves

Surplus reserves consist of the statutory surplus reserve and the discretionary surplus reserve.

(i) Statutory surplus reserves (the “SSR”)

According to the PRC Company Law and the articles of association of the Company and its subsidiaries in the PRC, the Company and its subsidiaries are required to set aside 10% of their net profit (after offsetting the accumulated losses incurred in previous years) determined under PRC GAAP, to the SSR until the balance reaches 50% of the respective registered capital.

Subject to the approval of shareholders, the SSR may be used to offset the accumulated losses, if any, and may also be converted into capital, provided that the balance of the SSR after such capitalisation is not less than 25% of the registered capital.

Of the Group’s retained profits, RMB 6,584 million as at 30 June 2016 (31 December 2015, RMB6,584 million) represents the Company’s share of its subsidiaries’ surplus reserve fund.

(ii) Discretionary surplus reserves (the “DSR”)

After making necessary appropriations to the SSR, the Company and its subsidiaries in the PRC may also appropriate a portion of their net profit to the DSR upon the approval of the shareholders in general meetings.

Subject to the approval of the shareholders, the DSR may be used to offset accumulated losses, if any, and may be converted into capital.

(c) General reserves

In accordance with the relevant regulations, general reserves should be set aside to cover catastrophic losses as incurred by companies operating in the insurance business. The Company’s insurance subsidiaries in the PRC would need to make appropriations for such reserve based on their respective year end net profit determined in accordance with PRC GAAP, and based on the applicable PRC financial regulations, in the annual financial statements. Such reserve is not available for profit distribution or transfer as capital injection.

Of the Group’s reserves, RMB 7,105 million as at 30 June 2016 (31 December 2015, RMB 7,105 million) represents the Company’s share of its subsidiaries’ general reserves.

(d) Other reserves

The investment revaluation reserve records the fair value changes of available-for-sale financial assets. The foreign currency translation reserve is used to record exchange differences arising from the translation of the financial statements of the subsidiaries incorporated outside the PRC.

(e) Distributable profits

According to the Articles of Association of the Company, the amount of retained profits available for distribution of the Company should be the lower of the amount determined under PRC GAAP and the amount determined under HKFRSs. Pursuant to the resolution of the 12th meeting of the Company’s 7th term of board of directors held on 25 March 2016, a final dividend of approximately RMB 9,062 million (equivalent to RMB 1.0 per share (including tax)) was proposed after the appropriation of statutory surplus reserves. The profit distribution plan was approved during shareholders meeting on 18 June 2016.

26. INSURANCE CONTRACT LIABILITIES

	30 June 2016		
	Insurance contract liabilities	Reinsurers' share of insurance contract liabilities (note 20)	Net
Long-term life insurance contracts	588,903	(8,478)	580,425
Short-term life insurance contracts			
- Unearned premiums	3,318	(43)	3,275
- Claim reserves	2,076	(61)	2,015
	5,394	(104)	5,290
Property and casualty insurance contracts			
- Unearned premiums	38,843	(4,602)	34,241
- Claim reserves	34,326	(6,116)	28,210
	73,169	(10,718)	62,451
	667,466	(19,300)	648,166
Incurred but not reported claim reserves	6,299	(899)	5,400

	31 December 2015		
	Insurance contract liabilities	Reinsurers' share of insurance contract liabilities (note 20)	Net
Long-term life insurance contracts	545,127	(7,743)	537,384
Short-term life insurance contracts			
- Unearned premiums	2,118	(2)	2,116
- Claim reserves	1,615	(16)	1,599
	3,733	(18)	3,715
Property and casualty insurance contracts			
- Unearned premiums	37,618	(4,155)	33,463
- Claim reserves	34,601	(6,341)	28,260
	72,219	(10,496)	61,723
	621,079	(18,257)	602,822
Incurred but not reported claim reserves	6,086	(885)	5,201

Claim development tables

The following tables reflect the cumulative incurred claims, including both claims notified and IBNR for each successive accident year at each balance sheet date, together with cumulative payments to date.

26. INSURANCE CONTRACT LIABILITIES (continued)

Claim development tables (continued)

Gross property and casualty insurance claim reserves:

	Property and casualty insurance (Accident year)					Total
	2012	2013	2014	2015	30 June 2016	
Estimate of ultimate claim cost as of:						
End of current year	39,674	49,007	55,276	58,229	28,285	
One year later	41,169	51,154	54,811	57,268		
Two years later	41,592	51,753	54,747			
Three years later	41,627	51,674				
Four years later	41,698					
Current estimate of cumulative claims	41,698	51,674	54,747	57,268	28,285	233,672
Cumulative payments to date	(41,153)	(50,366)	(50,769)	(44,454)	(13,586)	(200,328)
Liability in respect of prior years, unallocated						
loss adjustment expenses, assumed						982
business, discount and risk adjustment margin						
Total gross claim reserves included in the consolidated balance sheet						34,326

Net property and casualty insurance claim reserves:

	Property and casualty insurance (Accident year)					Total
	2012	2013	2014	2015	30 June 2016	
Estimate of ultimate claim cost as of:						
End of current year	33,427	41,726	46,272	50,751	24,992	
One year later	34,653	43,646	46,216	50,053		
Two years later	35,378	44,111	46,246			
Three years later	35,580	44,111				
Four years later	35,618					
Current estimate of cumulative claims	35,618	44,111	46,246	50,053	24,992	201,020
Cumulative payments to date	(35,280)	(43,164)	(43,264)	(39,627)	(12,345)	(173,680)
Liability in respect of prior years, unallocated						
loss adjustment expenses, assumed business, discount and risk adjustment margin						870
Total net claim reserves included in the consolidated balance sheet						28,210

27. INVESTMENT CONTRACT LIABILITIES

At 1 January 2015	35,662
Deposits received	7,365
Deposits withdrawn	(5,276)
Fees deducted	(151)
Interest credited	1,436
Others	997
At 31 December 2015	40,033
Deposits received	8,870
Deposits withdrawn	(3,685)
Fees deducted	(125)
Interest credited	1,024
Others	41
At 30 June 2016	46,158

28. SUBORDINATED DEBTS

On 21 December 2011, CPIC Life issued a 10-year subordinated debt with a total face value of RMB8 billion. CPIC Life has the option to redeem the debt at the end of the fifth year. The coupon rate of the debt is 5.5% per annum, payable annually in arrears. If CPIC Life does not exercise the early redemption option, the annual coupon rate for the next five years would increase to 7.5% and would remain unchanged for the remaining term.

On 20 August 2012, CPIC Life issued a 10-year subordinated debt with a total face value of RMB7.5 billion. CPIC Life has the option to redeem the debt at the end of the fifth year. The coupon rate of the debt is 4.58% per annum, payable annually in arrears. If CPIC Life does not exercise the early redemption option, the annual coupon rate for the next five years would increase to 6.58% and would remain unchanged for the remaining term.

On 5 March 2014, CPIC Property issued a 10-year subordinated debt with a total face value of RMB4 billion. CPIC Property has the option to redeem the debt at the end of the fifth year. The coupon rate of the debt is 5.9% per annum, payable annually in arrears. If CPIC property does not exercise the early redemption option, the annual coupon rate for the next five years would increase to 7.9% and would remain unchanged for the remaining term.

	31 December 2015	Issuance	Premium amortization	Redemption	30 June 2016
CPIC Life	15,500	-	-	-	15,500
CPIC Property	3,997	-	-	-	3,997
	19,497	-	-	-	19,497

29. NOTE TO CONSOLIDATED CASH FLOW STATEMENT

Reconciliation from profit before tax to cash generated from operating activities:

	Six months ended 30 June	
	2016	2015
Profit before tax	8,922	15,581
Investment income	(21,343)	(31,490)
Foreign currency exchange losses/(gains)	(48)	3
Finance costs	850	1,193
Charge of impairment losses on insurance receivables and other assets, net	266	137
Depreciation of property and equipment	559	533
Depreciation of investment properties	109	109
Amortization of other intangible assets	181	162
Amortization of other assets	13	11
Amortization of prepaid land lease payments	1	-
Gain on disposal of items of property and equipment, intangible assets and other long-term assets, net	(1)	(5)
	(10,491)	(13,766)
Increase in reinsurance assets	(1,043)	(402)
Increase in insurance receivables	(5,667)	(3,879)
Decrease/(Increase) in other assets	1,271	(3,385)
Increase in insurance contract liabilities	47,015	30,774
(Decrease)/ Increase in other operating liabilities	(2,325)	6,444
Cash generated from operating activities	28,760	15,786

30. RELATED PARTY TRANSACTIONS

The Group had the following major transactions with related parties:

(a) Sale of insurance contracts

	Six months ended 30 June	
	2016	2015
Equity holders who individually own more than 5% of equity interests of the Company and the equity holders' parent company	6	27

The Group's above related party transactions were entered into based on normal commercial terms during the normal course of insurance business.

(b) Transactions of asset management products

	Six months ended 30 June	
	2016	2015
Associates of the Company	10	20

30. RELATED PARTY TRANSACTIONS (continued)

(c) Dividends paid

	Six months ended 30 June	
	2016	2015
Share holders who individually own more than 5% of equity interests of the Company	3,073	1,535

(d) Compensation of key management personnel

	Six months ended 30 June	
	2016	2015
Salaries, allowances and other short-term benefits	7	10
Deferred bonus (1)	-	-
Total compensation of key management personnel	7	10

(1) This represents the amount under the Group's deferred bonus plans which in order to motivate senior management and certain key employees.

(e) The Company had the following major transactions with the joint venture:

	Six months ended 30 June	
	2016	2015
Payments made on behalf of Binjiang-Xiangrui for the purchase of land, construction fees and etc	-	39

The receivable due from Binjiang-Xiangrui is interest free with no determined maturity date.

(f) The Company had the following major transactions with the associates:

	Six months ended 30 June	
	2016	2015
Premium income from Anxin	1	1

(g) Transactions with other government-related entities in the PRC

The Group mainly operates in an economic environment predominated by enterprises that are controlled, jointly controlled or significantly influenced by the PRC government through its authorities, affiliates or other organizations (collectively "government-related entities"). The Company is also a government-related entity.

In 2015 and 2016, the Group had certain transactions with some government-related entities primarily related to insurance, investment and other activities (including, but not limited to, issuing insurance policies, provision of asset management or other services, and the sale, purchase, issuance and redemption of bonds or equity instruments).

Management considers that those transactions with other government-related entities are activities conducted in the ordinary course of business, and that the dealings of the Group have not been significantly or unduly affected by the fact that the Group and those government-related entities are controlled, jointly controlled or significantly influenced by the PRC government. The Group has also established pricing policies for products and services and such pricing policies do not depend on whether or not the customers are government-related entities.

31. COMMITMENTS

(a) Capital commitments

The Group had the following capital commitments at the balance sheet date:

		30 June 2016	31 December 2015
Contracted, but not provided for	(1)(2)	1,174	918
Authorized, but not contracted for	(1)(2)	1,142	944
		2,316	1,862

Major projects with capital commitments are as follows:

- (1) The Company resolved to establish IT Backup Center and Customer Support Center in Chengdu High-tech Zone and the expected total capital expenditure is approximately RMB2 billion. As at 30 June 2016, the cumulative amount incurred by the Company amounted to RMB1,380 million. Of the balance, RMB256 million was disclosed as a capital commitment contracted but not provided for and RMB363 million was disclosed as a capital commitment authorized but not contracted for.
- (2) In November 2012, CPIC Property and a third party bid for the use right of the land located at Huangpu District, Shanghai. And in February 2013, both parties set up a project company named Shanghai Binjiang-Xiangrui Investment and Construction Co., Ltd. ("Binjiang-Xiangrui") as the owner of the land use right to this parcel of land and construction development subject. Total investment of this project approximated RMB2.09 billion. As at 30 June 2016, the cumulative amount incurred by the Company amounted to RMB1,207 million. Of the balance, RMB246 million was disclosed as a capital commitment contracted but not provided for and RMB637 million was disclosed as a capital commitment authorized but not contracted for.

(b) Operating lease commitments

The Group leases office premises and staff quarters under various operating lease agreements as the lessee. Future minimum lease payments under non-cancellable operating leases are as follows:

	30 June 2016	31 December 2015
Within 1 year (including 1 year)	788	718
1 to 2 years (including 2 years)	602	493
2 to 3 years (including 3 years)	451	355
3 to 5 years (including 5 years)	597	359
More than 5 years	441	335
	2,879	2,260

(c) Operating lease rental receivables

The Group leases its investment properties under various rental agreements. Future minimum lease receivables under non-cancellable operating leases are as follows:

	30 June 2016	31 December 2015
Within 1 year (including 1 year)	533	543
1 to 2 years (including 2 years)	315	363
2 to 3 years (including 3 years)	194	131
3 to 5 years (including 5 years)	148	82
More than 5 years	92	2
	1,282	1,121

32. CONTINGENT LIABILITIES

Owing to the nature of the insurance business, the Group is involved in the making of estimates for contingencies and legal proceedings in the ordinary course of business, both in the capacity as plaintiff or defendant in litigation and arbitration. Legal proceedings mostly involve claims on the Group's insurance policies. Provision has been made for the probable losses to the Group, including those claims where directors can reasonably estimate the outcome of the litigations taking into account the related legal advice, if any. No provision is made for contingencies and legal proceedings when the result cannot be reasonably estimated or the probability of loss is so low.

In addition to the above legal proceedings, as at 30 June 2016, the Group was the defendant in certain pending litigation and disputes. Provisions have been made for the possible loss based on best estimate by the directors and the Group would only be contingently liable for any claim that is in excess of what had been provided.

33. MATURITY PROFILE OF FINANCIAL INSTRUMENTS

The tables below summarize the maturity profiles of the financial assets and financial liabilities of the Group based on remaining undiscounted cash flows and expected cash flows.

	As at 30 June 2016					Total
	On demand	Within 1 year	1 to 5 years	Over 5 years	Undated	
Assets:						
Held-to-maturity financial assets	-	25,001	115,406	403,758	-	544,165
Investments classified as loans and receivables	-	11,120	94,156	68,834	-	174,110
Restricted statutory deposits	-	2,067	4,715	-	-	6,782
Term deposits	-	62,200	92,219	-	-	154,419
Available-for-sale financial assets	-	52,118	66,777	100,804	78,403	298,102
Financial assets at fair value through profit or loss	-	3,419	10,518	2,989	7,893	24,819
Securities purchased under agreements to resell	-	7,181	-	-	-	7,181
Insurance receivables	3,489	10,547	269	49	-	14,354
Cash and short-term time deposits	9,862	720	-	-	-	10,582
Others	1,203	29,825	1,207	-	-	32,235
Total	14,554	204,198	385,267	576,434	86,296	1,266,749
Liabilities:						
Insurance contract liabilities	-	89,715	117,564	460,187	-	667,466
Investment contract liabilities	65	2,878	2,093	41,122	-	46,158
Policyholders' deposits	-	75	-	-	-	75
Subordinated debts	-	8,789	12,020	-	-	20,809
Securities sold under agreements to repurchase	-	41,626	-	-	-	41,626
Others	37,551	25,394	157	14	-	63,116
Total	37,616	168,477	131,834	501,323	-	839,250

33. MATURITY PROFILE OF FINANCIAL INSTRUMENTS (continued)

	As at 31 December 2015					Total
	On demand	Within 1 year	1 to 5 years	Over 5 years	Undated	
Assets:						
Held-to-maturity financial assets	-	20,532	117,944	414,686	-	553,162
Investments classified as loans and receivables	-	10,404	72,656	37,670	-	120,730
Restricted statutory deposits	-	3,088	3,410	-	-	6,498
Term deposits	-	51,610	82,812	29,689	-	164,111
Available-for-sale financial assets	-	35,011	60,687	78,280	82,748	256,726
Financial assets at fair value through profit or loss	-	2,704	8,517	4,917	8,731	24,869
Securities purchased under agreements to resell	-	14,695	-	-	-	14,695
Insurance receivables	1,786	6,422	242	-	-	8,450
Cash and short-term time deposits	9,051	451	-	-	-	9,502
Others	907	28,539	1,226	-	-	30,672
Total	11,744	173,456	347,494	565,242	91,479	1,189,415
Liabilities:						
Insurance contract liabilities	-	92,271	118,608	410,200	-	621,079
Investment contract liabilities	65	3,554	2,034	34,380	-	40,033
Policyholders' deposits	-	76	-	-	-	76
Subordinated debts	-	9,020	12,659	-	-	21,679
Securities sold under agreements to repurchase	-	28,993	-	-	-	28,993
Others	35,389	14,176	205	-	35	49,805
Total	35,454	148,090	133,506	444,580	35	761,665

34. FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

Fair value estimates are made at a specific point in time based on relevant market information and information about financial instruments. When an active market exists, such as an authorized securities exchange, the market value is the best reflection of the fair values of financial instruments. For financial instruments where there is no active market, fair value is determined using valuation techniques.

The Group's financial assets mainly include cash and short-term time deposits, financial assets at fair value through profit or loss, securities purchased under agreements to resell, policy loans, term deposits, available-for-sale financial assets, held-to-maturity financial assets, investments classified as loans and receivables, statutory deposits, etc.

The Group's financial liabilities mainly include securities sold under agreements to repurchase, policyholders' deposits, investment contract liabilities, subordinated debt, long-term borrowings, etc.

34. FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES (continued)

Fair value of financial assets and liabilities not carried at fair value

The following table summarizes the carrying values and the fair values of held-to-maturity debt securities, investments classified as loans and receivables, and subordinated debt whose fair values are not presented in the consolidated balance sheet.

	As at 30 June 2016	
	Carrying amounts	Fair values
Financial assets:		
Held-to-maturity financial assets	309,100	340,949
Investments classified as loans and receivables	130,223	130,300
Financial liabilities:		
Subordinated debt	19,497	20,549

	As at 31 December 2015	
	Carrying amounts	Fair values
Financial assets:		
Held-to-maturity financial assets	310,343	343,030
Investments classified as loans and receivables	93,033	93,328
Financial liabilities:		
Subordinated debt	19,497	20,361

As permitted by HKFRS 7, the Group has not disclosed fair values for certain investment contract liabilities with discretionary participation features ("DPF") because fair values or fair value ranges for the DPF cannot be reliably estimated. There is no active market for these instruments which will be settled with policyholders in the normal course of business.

The carrying amounts of other financial assets and financial liabilities approximate their fair values.

35. FAIR VALUE MEASUREMENT

Determination of fair value and fair value hierarchy

All assets and liabilities for which fair value is measured or disclosed in the financial information are categorised within the fair value hierarchy. The fair value hierarchy prioritizes the inputs to valuation techniques used to measure fair value into three broad levels. The level in the fair value hierarchy within which the fair value measurement is categorized in its entirety is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety.

The levels of the fair value hierarchy are as follows:

- (a) Fair value is based on quoted prices (unadjusted) in active markets for identical assets or liabilities ("Level 1");
- (b) Fair value is based on inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices) ("Level 2"); and
- (c) Fair value is based on inputs for the asset or liability that are not based on observable market data (unobservable inputs) ("Level 3").

The level of fair value calculation is determined by the lowest level input with material significant in the overall calculation. As such, the significance of the input should be considered from an overall perspective in the calculation of fair value.

35. FAIR VALUE MEASUREMENT (continued)

Determination of fair value and fair value hierarchy (continued)

For Level 2 financial instruments, valuations are generally obtained from third party pricing services for identical or comparable assets, or through the use of valuation methodologies using observable market inputs, or recent quoted market prices. Valuation service providers typically gather, analyze and interpret information related to market transactions and other key valuation model inputs from multiple sources, and through the use of widely accepted internal valuation models, provide a theoretical quote on various securities. Debt securities are classified as Level 2 when they are valued at recent quoted price from Chinese interbank market or from valuation service providers.

For Level 3 financial instruments, prices are determined using valuation methodologies such as discounted cash flow models and other similar techniques. Determinations to classify fair value measures within Level 3 of the valuation hierarchy are generally based on the significance of the unobservable factors to the overall fair value measurement, and valuation methodologies such as discounted cash flow models and other similar techniques. The Group's valuation team may choose to apply internally developed valuation method to the assets or liabilities being measured, determine the main inputs for valuation, and analyse the change of the valuation and report it to management. Key inputs involved in internal valuation services are not based on observable market data. They reflect assumptions made by management based on judgements and experiences. The assets or liabilities valued by this method are generally classified as Level 3.

For assets and liabilities that are recognized at fair value on a recurring basis, the Group determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The following table provides the fair value measurement hierarchy of the Group's assets and liabilities:

	As at 30 June 2016			Total fair value
	Level 1	Level 2	Level 3	
Assets measured at fair value				
Financial assets at fair value through profit or loss				
- Equity securities	3,021	285	-	3,306
- Investment funds	4,587	-	-	4,587
- Debt securities	4,751	8,296	-	13,047
- Others	-	1,608	8	1,616
	12,359	10,189	8	22,556
Available-for-sale financial assets				
- Equity securities	24,557	1,284	-	25,841
- Investment funds	38,896	306	-	39,202
- Debt securities	21,281	103,109	-	124,390
- Others	-	46,189	17,368	63,557
	84,734	150,888	17,368	252,990
Assets for which fair values are disclosed				
Investments classified as loans and receivables	-	3,622	126,678	130,300
Held-to-maturity financial assets	11,806	329,143	-	340,949
Investment properties	-	-	8,714	8,714
Liabilities for which fair values are disclosed				
Subordinated debt	-	-	20,549	20,549

35. FAIR VALUE MEASUREMENT (continued)

Determination of fair value and fair value hierarchy (continued)

	As at 31 December 2015			Total fair value
	Level 1	Level 2	Level 3	
Assets measured at fair value				
Financial assets at fair value through profit or loss				
- Equity securities	4,148	205	-	4,353
- Investment funds	4,379	-	-	4,379
- Debt securities	5,520	7,772	-	13,292
- Others	-	219	8	227
	14,047	8,196	8	22,251
Available-for-sale financial assets				
- Equity securities	25,357	3,935	-	29,292
- Investment funds	41,398	180	-	41,578
- Debt securities	16,190	87,407	-	103,597
- Others	-	28,576	15,019	43,595
	82,945	120,098	15,019	218,062
Assets for which fair values are disclosed				
Investments classified as loans and receivables	-	3,959	89,369	93,328
Held-to-maturity financial assets	10,057	332,973	-	343,030
Investment properties	-	-	8,542	8,542
Liabilities for which fair values are disclosed				
Subordinated debts	-	-	20,361	20,361

During the six months ended 30 June 2016, due to changes in availability of quoted prices (unadjusted) in active markets, the Group transferred certain debt securities between Level 1 and Level 2. As at 30 June 2016, the Group transferred the debt securities with a carrying amount of RMB3,082 million from Level 1 to Level 2 and RMB6,177 million from Level 2 to Level 1. As at 31 December 2015, the Group also transferred the debt securities with a carrying amount of RMB11,632 million from Level 1 to Level 2 and RMB696 million from Level 2 to Level 1.

Reconciliation of recurring fair value measurements categorized within Level 3 of the fair value hierarchy:

	As at 30 June 2016			
	Beginning of period	Purchases	Net unrealised gain recognized in other comprehensive income	End of period
Financial assets at fair value through profit or loss				
- Wealth management products	8	-	-	8
Available-for-sale financial assets				
- Other equity investments	15,019	1,685	664	17,368

35. FAIR VALUE MEASUREMENT (continued)

Determination of fair value and fair value hierarchy (continued)

	As at 31 December 2015			
	Beginning of year	Purchases	Net unrealised gain recognized in other comprehensive income	End of year
Financial assets at fair value through profit or loss				
- Wealth management products	-	8	-	8
Available-for-sale financial assets				
- Other equity investments	10,354	4,363	302	15,019

Valuation techniques

The fair value of the unquoted debt investments is estimated by discounting future cash flows using rates currently available for debt on similar terms, credit risk and remaining maturities, with appropriate adjustment where applicable.

The fair value of the unquoted equity investments has been determined using valuation techniques such as comparable company valuation multiples, recent transaction prices of the same or similar instruments, with appropriate adjustments have been made where applicable, for example, for lack of liquidity using option pricing models. The valuation requires management to make certain assumptions about unobservable inputs to the model, which mainly include historical volatility and estimated time period prior to the listing of the unquoted equity instruments, etc. The fair value of the unquoted equity investments is not significantly sensitive to a reasonable change in these unobservable inputs.

The fair value of investment properties is determined using discounted cash flow method with unobservable inputs including estimated rental value per square meters per month and discount rate, etc. This method involves the projection of a series of cash flows from valuation date to economic life maturity date. To this projected cash flow series, a market-derived discount rate is applied to establish the present value of the income stream associated with the asset.

36. POST BALANCE SHEET EVENT

On 28 April 2016, CPIC Property, the Group's subsidiary, signed a capital increase agreement with AAIC, whereby CPIC Property acquired approximately 193.23 million shares of common stocks at RMB2.06 per share issued by AAIC. After this capital injection, CPIC Property's ownership in AAIC will be 52.13% while the Company will hold 51.348% of AAIC's ownership indirectly through CPIC Property. On 15 August 2016, the CIRC officially approved this capital injection.

Other than as mentioned in other notes, the Group does not have other significant post balance sheet events.

37. APPROVAL OF THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

The interim condensed consolidated financial information have been approved and authorized for issue by the Company's directors on 26 August 2016.



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