



鍛造可持續價值

DELIVERING SUSTAINABLE VALUE GROWTH

2013 Interim Report

(Stock Code: 02601)

中國太平洋保險(集團)股份有限公司
China Pacific Insurance (Group) Co., Ltd.

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

 **中国太平洋保險**
China Pacific Insurance

Operating 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 81 million customers throughout the country.

Unit: RMB million

Key value indicators	As at 30 June 2013/for the period between January and June in 2013	As at 31 December 2012/for the period between January and June in 2012	Changes (%)
Embedded value of the Group	139,723	135,280	3.3
Value of in-force business^{note 1}	55,467	49,043	13.1
Net assets of the Group^{note 2}	96,306	96,177	0.1
New business value of life insurance in the first half of the year	4,254	4,061	4.8
New business margin of life insurance (%)	18.0	15.4	2.6pt
Combined ratio of property and casualty insurance (%)	97.7	94.2	3.5pt
Growth rate of investments' net asset value (annualized) (%)	4.3	5.3	(1.0pt)
Key value indicators			
Net Profit attributable to equity holders of the parent	5,464	2,638	107.1
Life insurance	3,462	1,059	226.9
Property and casualty insurance	1,740	1,568	11.0
Basic earnings per share (RMB per share)^{note 2}	0.60	0.31	93.5
Net assets per share (RMB per share)^{note 2}	10.63	10.61	0.1
Solvency margin ratio (%)			
CPIC Group	282	312	(30pt)
Life insurance	193	211	(18pt)
Property and casualty insurance	157	188	(31pt)

Key value indicators	As at 30 June 2013/for the period between January and June in 2013	As at 31 December 2012/for the period between January and June in 2012	Changes (%)
Gross written premiums	98,662	90,511	9.0
Life insurance	56,270	55,229	1.9
Property and casualty insurance	42,354	35,246	20.2
Market share			
Life insurance (%)	9.0	9.6	(0.6pt)
Property and casualty insurance (%)	12.9	12.5	0.4pt
Number of group customers (in thousand)^{note 3}	81,668	76,207	7.2
Average number of insurance policies per customer (in number)	1.48	1.46	1.4
Monthly average agent number (in thousand)	282	274	2.9
Monthly average first-year gross written premiums per agent (RMB)	4,754	4,427	7.4
Total investment yield (annualized) (%)	4.8	3.9	0.9pt
Net investment yield (annualized) (%)	5.0	4.9	0.1pt
Pension business			
Assets under custody	33,612	31,522	6.6
Assets under investment management	27,563	23,741	16.1

Notes:

1. Based on the value of in-force business of the life insurance business attributable to the Group.

2. Based on the amount attributable to the shareholders of the Company.

3. Number of group customers refers to the number of insurers and policyholders who hold at least one insurance policy issued by one or any of CPIC subsidiaries at the end of the period/year which has an insurance coverage period of not less than 365 days. In the event that the insurer and policyholder is the same person, the person shall be deemed as one customer.

Unit: RMB million

GWP -- Life 56,270

GWP -- P&C 42,354

Group GWP

98,662

Growth rate of new business value of life insurance in 1H2013

4.8%

Net profit -- Life 3,462

Net profit -- P&C 1,740

Group net profit attributable to equity holders of the parent

5,464

P&C combined ratio

97.7%

Solvency margin ratio

Life 193%

P&C 157%

Group

282%

Growth rate of investments' net asset value (annualized)

4.3%

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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 shall be aware of the risks of investment. You are advised to exercise caution.

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Mail



Downloading PDF file

<http://www.cpic.com.cn/cpic/en/investor/companynote/index.shtml>



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About Us

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About Us

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Important Information and Definitions

Important Information and Definitions

1. The 2013 Interim Report of the Company was considered and approved at the 2nd session of the 7th Board of Directors on 23 August 2013, which 14 Directors were required to attend and 14 of them attended in person.
2. The 2013 Interim Financial Report of the Company has not been audited.

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 subsidiary of CPIC Group
“CPIC Property”	China Pacific Property Insurance Co., Ltd., a subsidiary of CPIC Group
“CPIC AMC”	Pacific Asset Management Co., Ltd., a subsidiary of CPIC Group
“CPIC HK”	China Pacific Insurance Co., (H.K.) Limited, a wholly-owned subsidiary of CPIC Group
“Changjiang Pension”	Changjiang Pension Insurance Co., Ltd., a subsidiary of CPIC Group
“CPIC Online”	Pacific Insurance Online Services Technology Co., Ltd., a wholly-owned subsidiary of CPIC Group
“CPIC Investment (H.K.)”	CPIC Investment Management (H.K.) Company Limited, a holding subsidiary of CPIC Group
“CIRC”	China Insurance Regulatory Commission
“CSRC”	China Securities Regulatory Commission
“NSSF”	National Council for Social Security Fund of the PRC
“SSE”	The Shanghai Stock Exchange
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“RMB”	Renminbi
“Company Law”	The Company Law of the PRC
“Insurance Law”	The Insurance Law of the PRC
“Securities Law”	The Securities Law of the PRC
“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
“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)
“pt”	Percentage point

Corporate Information

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: FANG Lin

Securities Representative: YANG Jihong

Contact for Shareholder Inquiries:

Investor Relations Dept. of the Company

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Address:

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Wanchai, Hong Kong

Registered Office:

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190 Central Yincheng Road, Pudong New District, Shanghai,
PRC

Office Address:

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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>

Interim Report Available at:

Investor Relations Dept. of the Company

Stock Exchange for A Share Listing:

The Shanghai Stock Exchange

Stock Name for A Share: CPIC

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

Date of Initial Registration: 13 May 1991

Place of Initial Registration: The State Administration for
Industry & Commerce of the PRC

Registration No. of Business Licence: 100000000011107

Tax Registration No.:

Guo Shui Hu Zi 310043132211707

Di Shui Hu Zi 310043132211707

Organisation Code: 13221170-7

Domestic Accountant:

Ernst & Young Hua Ming LLP

Office of Domestic Accountant:

Level 16, Ernst & Young Tower, Oriental Plaza, No. 1 East
Chang An Avenue, Dongcheng District, Beijing, PRC

International Accountant:

Ernst & Young

Office of International Accountant:

22/F, CITIC Tower, 1 Tim Mei Avenue, Central, Hong Kong

Highlight of Accounting and Operation Data

Highlight of Accounting and Operation Data

I. Key Accounting Data and Financial Indicators

Unit: in RMB million

Key Accounting Data	January to June 2013	January to June 2012	Variance (%)
Total income	103,830	89,912	15.5
Profit before tax	6,928	3,481	99.0
Net profit ^{note}	5,464	2,638	107.1
Net cash flow from operating activities	28,645	33,896	(15.5)
	30 June 2013	31 December 2012	Variance (%)
Total assets	721,207	681,502	5.8
Equity ^{note}	96,306	96,177	0.1

Note: Attributable to equity holders of the parent.

Key Financial Indicators	January to June 2013	January to June 2012	Variance (%)
Basic earnings per share (RMB per share) ^{note}	0.60	0.31	93.5
Diluted earnings per share (RMB per share) ^{note}	0.60	0.31	93.5
Weighted average return on equity (%) ^{note}	5.6	3.3	+2.3pt
Net cash inflow per share from operating activities (RMB per share)	3.16	3.94	(19.8)
	30 June 2013	31 December 2012	Variance (%)
Net assets per share (RMB per share) ^{note}	10.63	10.61	0.1

Note: Attributable to equity holders of the parent.

II. Other Key Financial and Regulatory Indicators

Unit: in RMB million

Indicators	30 June 2013/ January to June 2013	31 December 2012/ January to June 2012
The Group		
Investment assets ^{note 1}	661,939	627,328
Total investment yield (annualized) (%) ^{note 2}	4.8	3.9
Life insurance ^{note 3}		
Net premiums earned	55,121	53,959
Growth rate of net premiums earned (%)	2.2	1.7
Net policyholders' benefits and claims	52,200	49,063
Property and casualty insurance ^{note 3}		
Net premiums earned	32,453	26,792
Growth rate of net premiums earned (%)	21.1	22.2

Indicators	30 June 2013/ January to June 2013	31 December 2012/ January to June 2012
Claims incurred	20,193	16,000
Unearned premium reserves	33,884	29,588
Claim reserves	22,345	21,537
Combined ratio (%) ^{note 4}	97.7	94.2
Comprehensive loss ratio (%) ^{note 5}	62.2	59.7

Notes:

- Investment assets include cash and short-term time deposits.
- Total investment yield (annualized) = (investment income + interest income from cash and short-term time deposits + rental income from investment properties + share of profit of a joint venture – interest expenses from securities sold under agreements to repurchase) / ((investment assets at the beginning of the period + investment assets at the end of the period – securities sold under agreements to repurchase at the beginning of the period – securities sold under agreements to repurchase at the end of the period) / 2), excluding foreign exchange gain or loss. Rental income from investment properties and interest income from fixed income investments of net investment income are annualized.
- The life insurance and property and casualty insurance businesses stated above refer to those businesses of CPIC Life and CPIC Property respectively.
- Combined ratio = (claim incurred + operating and administrative expenses relating to insurance businesses) / net premiums earned.
- Comprehensive loss ratio = claim incurred / net premiums earned.

III. The discrepancy between the financial result prepared under PRC Accounting Standards (“PRC GAAP”) and Hong Kong Financial Reporting Standards (“HKFRS”)

There is no difference on the equity of the Group as at 30 June 2013 and 31 December 2012 and the net profit of the Group for the 6-month periods ended 30 June 2013 and 30 June 2012 as stated in accordance with PRC GAAP and HKFRS.

Operating Results

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Chairman's Statement



GAO Guofu Chairman

I'm glad to report that, in the first half of 2013, CPIC delivered sustained value growth, as measured by a host of key value metrics. Group embedded value reached RMB139.723 billion, representing an increase of 3.3% as compared to that as at the end of the previous year. Value of in-force business (VIF)¹ amounted to RMB55.467 billion, up 13.1% from the end of last year. Group net assets² stood at RMB96.306 billion, representing an increase of 0.1% as compared to that as at the end of last year. Group net profit² hit RMB5.464 billion, representing a YoY increase of 107.1%. The new business value of life insurance increased 4.8% YoY to RMB4.254 billion. The combined ratio of property and casualty insurance rose to 97.7%. The annualized growth rate of investments' net asset value³ of the Group was 4.3%.

To deliver sustainable growth in life new business value, we continued to focus on the agency channel and regular premium business. In the first half of 2013, premiums from new policies through the agency channel amounted to RMB8.042 billion, representing a YoY increase of 10.3%. New business value reached RMB3.417 billion, up 7.1% YoY. Premiums from new regular premium business

amounted to RMB9.643 billion, representing an increase of 1.8% as compared to the same period of last year and regular premiums from new policies as a percentage of total new policies increased from 38.0% in the same period of last year to 43.9%. At the same time, we continued to improve the product mix and sales model of bancassurance, which recorded a 3.1% growth in new business value despite the decline in premiums from new policies.

On the property and casualty insurance (P&C) side, our strategy was to pursue growth with underwriting profits. As market competition intensified and claims costs increased, the P&C sector's underwriting profitability, in particular that of auto insurance, decreased significantly. For the Company, though the P&C combined ratio increased to 97.7%, the business remained profitable. By lines of business, the combined ratio of auto insurance was 99.8% and that of non-auto 87.9%. GWP from our property and casualty insurance amounted to RMB42.354 billion, representing an increase of 20.2% from the same period last year, among which, premiums from auto insurance and non-auto insurance were RMB31.834 billion and RMB10.520 billion respectively, representing a YoY increase

1. Based on the value of in-force business of the life insurance business attributable to the Group.

2. Based on the amount attributable to the shareholders of the Company.

3. Annualized growth rate of investments' net asset value = (Annualized total investment returns + net fair value changes of available-for-sale financial assets included in other comprehensive income of the period) / ((investment assets at the beginning of the period + investment assets at the end of the period - balance of securities sold under repurchase agreement at the beginning of the period - balance of securities sold under repurchase agreement at the end of the period) / 2)



We continued to pursue in reforming ourselves into a company focusing on the needs of customers. Our “Shenxing Taibao” (神行太保), a smart mobile insurance platform, and “3G Claim Management System” and other products have provided our customers with convenient services by leveraging advanced technologies and also improved our operating efficiency.

of 21.4% and 16.6% respectively.

As for asset management business, the Group continued to adhere to asset and liability management, recording an annualized growth rate of investments' net asset value of 4.3%. In the first half of this year, we continued to increase our allocation towards fixed income assets. As a result, fixed income investments (including new investments and re-investments upon maturity) amounted to RMB57.301 billion and the investment yield was 5.5%. We also prudently improved our equity portfolios and focused on shares with high dividend yields. In the first half of this year, dividend income from listed equity investments amounted to RMB1.175 billion, representing an increase of 34.7% as compared to the same period of last year. Debt investment plans were another area of our efforts. We launched 11 infrastructure and real estate debt investment plans with a total value of RMB17.4 billion, with an investment yield of up to 5.9%. In addition to managing the Group's in-house assets, we also actively expanded our third-party asset management business¹. Third-party assets under management by CPIC AMC amounted to RMB40.629 billion. Assets under custody by Changjiang Pension amounted to RMB33.612 billion.

1. Third-party asset management business includes third-party assets under management by CPIC AMC and assets under custody by Changjiang Pension. Third-party assets under management by CPIC AMC refers to the sale of asset management products designed by CPIC to external investors or the entrustment of external investors' assets to CPIC for management.

In 2013, we continued to push forward our “customer demand-oriented” initiative. The 12 projects which we launched last year were making good progress, with some in trial operation and others having their overall plan finalised. The promotion of “Shenxing Taibao” (神行太保), a smart mobile insurance platform for our life insurance business, allowed more customers to enjoy the convenience of new technology and enhanced operating efficiencies. Now, all policies from the agency channel are issued from this smart platform. For P&C business, the “3G Claims Management System” helped to improve claims management, so that a higher proportion of claims could be processed and settled within 24 hours. And the average auto claims turnaround was reduced by 26.5% as compared to the same period of last year. Premiums from telemarketing and internet sales amounted to RMB6.620 billion, representing a rapid YoY growth of 47.4%.

The term of office of the 6th Board of Directors ended in the first half of 2013. In the past three years, the 6th Board of Directors performed its duties with full dedication and diligence. Under its stewardship, the Company has been able to increase its overall strength steadily, ranking securely among the “Fortune Global 500”. Furthermore,

the board of directors contributed greatly to CPIC's key strategic moves, such as the "customer demand-oriented" initiative, the successful private placement of H shares and the decision to establish a health insurance subsidiary. The achievements of the Company could not have been possible without the dedication of all our directors and employees, and I would like to take this opportunity to thank all of them for their dedicated service and contribution.

Chairman:



Board of Directors

China Pacific Insurance (Group) Co., Ltd.

23 August 2013

Awards of the Company

- CPIC continued to be ranked in the "Fortune Global 500" list of the U.S. and its ranking moved up by 21 places to 429th as compared to 2012;
- CPIC continued to be ranked among the "FT Global 500" and the "Forbes Global Top 500 Listed Companies";
- At the ninth session of "Gold Roundtable Forum of the Board of Directors of Listed Companies in China" (第九屆中國上市公司董事會金圓桌論壇) held by The Board of Directors Magazine (《董事會》雜誌), Mr. GAO Guofu, our chairman, received "the Most Insightful Chairman Award" (最具戰略眼光董事長), and the Board of Directors of CPIC was honoured as an "Outstanding Board of Directors";
- At the "6th session of Golden-Shell China Asset Management Award" (第六屆中國資產管理金貝獎) held by 21st Century Asset Management Annual Conference (21世紀資產管理年會), CPIC Property received the "2013 Outstanding Insurance Product" award (2013年優秀保險產品) for its "Hong Fa Nian Nian" (鴻發年年) wealth management plan;
- At the 10th session of Finance Billboard Awards Ceremony (第十屆財經風雲榜頒獎典禮) organized by Hexun.com (和讯網), CPIC Property was named as the "Most Reliable Property Insurance Company" (最受信賴財險公司).

Management Discussion and Analysis

Management Discussion and Analysis



From the left: WU Zongmin, Chairman and General Manager of CPIC Property, GU Yue, Executive Vice President of CPIC Group, HUO Lianhong, Executive Director and President of CPIC Group, XU Jinghui, Executive Vice President of CPIC Group and Chairman and General Manager of CPIC Life and YU Yeming, General Manager of CPIC AMC.

The Company provides a comprehensive range of life insurance and property and casualty insurance products through its subsidiaries, namely CPIC Life¹ and CPIC Property¹, and manages and deploys insurance funds and carries out third-party entrusted assets management business through its subsidiary, CPIC AMC¹. At the same time, the Company carries on pension business through its subsidiary, Changjiang Pension and carries on property and casualty insurance business and asset management business in Hong Kong through CPIC HK and CPIC Investment (H.K.), respectively. It also sells its life insurance products and property and casualty insurance products via the telemarketing and e-commerce platform of CPIC Online (www.epic.com.cn).

I. Summary of operating results

CPIC has adhered to its objective of sustainable value-enhancing growth, further promoted the “customer demand-oriented” transformation and continued to strengthen its capabilities in value creation.

¹, The following analysis of life insurance business, property and casualty insurance business and asset management business only refers to the businesses of CPIC Life, CPIC Property and CPIC AMC, respectively.

Stable growth of value. As at the end of the first half of 2013, the Group’s embedded value amounted to RMB139.723 billion, representing an increase of 3.3% as compared to that as at the end of the previous year. The value of in-force business² amounted to RMB55.467 billion, representing an increase of 13.1% as compared to that as at the end of the previous year.

Continuous increase of income. In the first half of 2013, the Company realized gross written premiums of RMB98.662 billion, representing an increase of 9.0% as compared to the same period of the previous year, among which, life insurance premiums amounted to RMB56.270 billion, representing an increase of 1.9% as compared to the same period of the previous year, and property and casualty insurance premiums amounted to RMB42.354 billion, representing an increase of 20.2% as compared to the same period of the previous year. In the first half of 2013, the Company realized net profit³ of RMB5.464 billion, representing an increase of 107.1% as compared to the same period of the previous year.

², Based on the value of in-force business of the life insurance business attributable to the Group.

³, Based on the amount attributable to the shareholders of the Company.

Increased amount of managed assets. As at the end of the first half of 2013, assets under management of the Group amounted to RMB736.180 billion, representing an increase of 7.1% as compared to the end of the previous year. Among which, Group investment assets and third-party assets under management amounted to RMB661.939 billion and RMB74.241 billion, representing an increase of 5.5% and 24.0% as compared to that as at the end of the previous year, respectively.

Well capitalized. Net assets of the Group¹ amounted to RMB96.306 billion, representing an increase of 0.1% as compared to that as at the end of the previous year. The solvency margin ratio of the Group maintained at a satisfactory level of 282%.

CPIC Life realized sustainable growth in the value of new business.

- The new business value of life insurance amounted to RMB4.254 billion, representing an increase of 4.8% as compared to the same period of the previous year;
- The new business margin² reached 18.0%, representing an increase of 2.6pt as compared to the same period of the previous year;
- The value of new business from the agency channels amounted to RMB3.417 billion and accounted for 80.3% of the total value of new business, representing an increase of 1.8pt as compared to the same period of the previous year;
- Premiums from new policies through the agency channels amounted to RMB8.042 billion, representing an increase of 10.3% as compared to the same period of the previous year;
- Monthly average first-year gross written premiums per agent amounted to RMB4,754, representing an increase of 7.4% as compared to the same period of the previous year;
- Regular premiums from new policies as a percentage of total new policies increased from 38.0% in the first half of 2012 to 43.9%;

- Business with a term of 5 years or above as a proportion to total regular premiums from new policies increased to 93.0%, representing an increase of 2.2pt as compared to the same period of the previous year;
- Premiums from new high value regular premium products through bancassurance channel amounted to RMB948 million, representing an increase of 44.7%³ as compared to the same period of the previous year, which boosted the growth in the value of new business from bancassurance channel by 3.1%.

CPIC Property realized rapid growth in underwriting profitability.

- Premiums derived from property and casualty insurance amounted to RMB42.354 billion, representing an increase of 20.2% as compared to the same period of the previous year;
- The combined ratio of property and casualty insurance was 97.7%, representing an increase of 3.5pt as compared to the same period of the previous year;
- Premiums from auto insurance amounted to RMB31.834 billion, representing an increase of 21.4% as compared to the same period of the previous year. The combined ratio of auto insurance was 99.8%, representing an increase of 4.2pt as compared to the same period of the previous year.
- Premiums from non-auto insurance amounted to RMB10.520 billion, representing an increase of 16.6% as compared to the same period of the previous year. The combined ratio of non-auto insurance was 87.9%, remained at the same level as that at the same period of the previous year;
- The sales from telemarketing, internet sales and cross-selling amounted to RMB8.181 billion, representing an increase of 42.1% as compared to the same period of the previous year, which accounted for 19.3% of the total sales from property and casualty insurance business, representing an increase of 3.0pt as compared to

1、Based on the amount attributable to the shareholders of the Company.
2、New business margin = new business value / annualized premium of new business in the first year.

3、Data of the same period of the previous year was restated.

the same period of the previous year;

- Renewal rate of commercial auto insurance amounted to 63.1%, representing an increase of 1.7pt¹ as compared to the same period of the previous year;
- Premiums from major customers amounted to RMB3.911 billion, representing an increase of 60.9% as compared to the same period of the previous year.

CPIC AMC achieved steady growth in investment yield.

- Annualized growth rate of investments' net asset value reached 4.3%, representing a decrease of 1.0pt as compared to the same period of the previous year;
- Total annualized investment yield reached 4.8%, representing an increase of 0.9pt as compared to the same period of the previous year;
- Net annualized investment yield reached 5.0%, representing an increase of 0.1pt as compared to the same period of the previous year;
- A total of 11 infrastructure and real estate debt investment plans with a total amount of RMB17.4 billion were launched;
- Income from third-party asset management business amounted to RMB46.7413 million, representing an increase of 155.2% as compared to the same period of the previous year.

II. Key operational indicators

Unit: RMB million

Indicators	As at 30 June 2013/for the period between January and June in 2013	As at 31 December 2012/for the period between January and June in 2012	Changes (%)
Key value indicators			
Embedded value of the Group	139,723	135,280	3.3
Value of in-force business ^{note 1}	55,467	49,043	13.1
Net assets of the Group ^{note 2}	96,306	96,177	0.1

1. Data of the same period of the previous year was restated.

Indicators	As at 30 June 2013/for the period between January and June in 2013	As at 31 December 2012/for the period between January and June in 2012	Changes (%)
New business value of life insurance in the first half of the year	4,254	4,061	4.8
New business margin of life insurance (%)	18.0	15.4	2.6pt
Combined ratio of property and casualty insurance (%)	97.7	94.2	3.5pt
Growth rate of investments' net asset value (annualized) (%)	4.3	5.3	(1.0pt)
Key operating indicators			
Gross written premiums	98,662	90,511	9.0
Life insurance	56,270	55,229	1.9
Property and casualty insurance	42,354	35,246	20.2
Market share			
Life insurance (%)	9.0	9.6	(0.6pt)
Property and casualty insurance (%)	12.9	12.5	0.4pt
Number of group customers (in thousand)^{note 3}	81,668	76,207	7.2
Average number of insurance policies per customer (in number)	1.48	1.46	1.4
Monthly average agent number (in thousand)	282	274	2.9
Monthly average first-year gross written premiums per agent (RMB)	4,754	4,427	7.4
Total investment yield (annualized) (%)	4.8	3.9	0.9pt
Net investment yield (annualized) (%)	5.0	4.9	0.1pt
Pension business			
Assets under custody	33,612	31,522	6.6
Assets under investment management	27,563	23,741	16.1
Key financial indicators			
Net Profit attributable to equity holders of the parent	5,464	2,638	107.1
Life insurance	3,462	1,059	226.9
Property and casualty insurance	1,740	1,568	11.0
Solvency margin ratio (%)			
CPIC Group	282	312	(30pt)
Life insurance	193	211	(18pt)
Property and casualty insurance	157	188	(31pt)

Notes:

1. Based on the value of in-force business of the life insurance business attributable to the Group.
2. Based on the amount attributable to the shareholders of the Company.
3. Number of group customers refers to the number of insurers and policyholders who hold at least one insurance policy issued by one or any of CPIC subsidiaries as at the end of the period/year which has an insurance coverage period of not less than 365 days. In the event that the insurer and policyholder is the same person, the person shall be deemed as one customer.

III. Life insurance business

(I) Business analysis

In the first half of 2013, the growth of the life insurance industry remained at a slow pace as a result of the ongoing transformation of this industry. In response to the new trends and changes during the industrial transformation, CPIC Life adhered to the development strategy of focusing on the agency channel and regular premium business and realized continuous growth in new business value. In the first half of this year, the Company recorded gross written premiums of RMB56.270 billion from life insurance business, representing an increase of



The Company put a great emphasis on the healthy development of the agency channel manpower and the continuous improvement of their contributions. We strived to enhance the sales capabilities of the agent team and ensure development in healthy manpower through various measures, including optimizing the agent assessment and taking the initiative to boost the recruitment of agent.

1.9% as compared to the same period of the previous year. Premiums from new policies amounted to RMB21.946 billion, representing a decrease of 12.0% over the same period of the previous year and premiums from renewed policies amounted to RMB34.324 billion, representing an increase of 13.3% over the same period of the previous year.



In the first half of this year, the Company explored innovative sales model for the customer relationship management. “Shenxing Taobao”, a smart mobile insurance platform, was further implemented. Now, all policies from the agency channel are issued from this smart platform, which improved customer experience and the efficiency of customer resources development.

1. Analysis by channels

Unit: RMB million

For six months ended 30 June	2013	2012	Changes (%)
Agency channel			
Gross written premiums	32,852	28,210	16.5
New policies	8,042	7,288	10.3
Regular premium	7,613	6,880	10.7
Single premium	429	408	5.1
Renewed policies	24,810	20,922	18.6
Bancassurance			
Gross written premiums	20,043	21,709	(7.7)
New policies	10,954	12,582	(12.9)
Regular premium	1,777	2,325	(23.6)
Single premium	9,177	10,257	(10.5)
Renewed policies	9,089	9,127	(0.4)
Direct Sales^{note}			
Gross written premiums	3,375	5,310	(36.4)
New policies	2,950	5,072	(41.8)
Regular premium	253	264	(4.2)
Single premium	2,697	4,808	(43.9)
Renewed policies	425	238	78.6
Total	56,270	55,229	1.9

Note: Direct sales include telemarketing and internet sales.

For six months ended 30 June	2013	2012	Changes (%)
Monthly average agent number (in thousand)	282	274	2.9
Monthly average first-year gross written premiums per agent (RMB)	4,754	4,427	7.4
Average number of new life insurance policies per agent per month (in number)	1.35	1.20	12.5

(1) Agency channel

In the first half of this year, the Company recorded premiums from new policies through the agency channel of RMB8.042 billion, representing an increase of 10.3% as compared to the same period of the previous year. Premiums from renewed policies amounted to RMB24.810 billion, representing an increase of 18.6% as compared to the same period of the previous year. The new business value under the agency channel amounted to RMB3.417 billion, representing an increase of 7.1% as compared to the same period of the previous year. The proportion of the new business value was 80.3%, representing an increase of 1.8pt as compared to the same period of the previous year. The profit margin of the new business was 40.0%,

representing a decrease of 2.8pt as compared to the same period of the previous year.

The Company put a great emphasis on the healthy development of the agency channel manpower and the continuous improvement of their contributions. We strived to enhance the sales capabilities of the agent team and ensure development in healthy manpower through various measures, including optimizing the agent assessment and taking the initiative to boost the recruitment of agent. We continued to promote the Company's productivity by promotion of products, promotion of well-performed staff as well as providing customer-oriented service. Management initiatives such as continuous training, attendance management and activity management were optimized and implemented. In the first half of 2013, the portion of outstanding staff continued to increase. The monthly average premiums per agent amounted to RMB4,754, representing an increase of 7.4% as compared to the same period of the previous year.

In the first half of this year, the Company further expanded the regional business by refining specialized market operation management and exploring innovative sales model for the customer relationship management. "Shenxing Taobao", a smart mobile insurance platform, was further implemented. Now, all policies from the agency channel are issued from this smart platform, which improved customer experience and the efficiency of customer resources development.

(2) Bancassurance

In the first half of this year, the overall bancassurance of the industry continued to experience adjustment. The Company recorded gross written premiums from bancassurance of RMB20.043 billion, representing a decrease of 7.7% as compared to the same period of the previous year. Premiums from new policies amounted to RMB10.954 billion, representing a decrease of 12.9% as compared to the same period of the previous year. Premiums from renewed policies amounted to RMB9.089 billion which remained at a similar level as compared to the same period of the previous year. New business value amounted to RMB570 million, representing an increase of 3.1% as compared to the same period of the previous year. New business value of bancassurance channel accounted for 13.4% of the total new business value, representing a

decrease of 0.2pt as compared to the same period of the previous year. Profit margin from the new business reached 5.2%, representing an increase of 0.8pt as compared to the same period of the previous year.

In pursuit of higher values, the Company further carried out the transformation of bancassurance with a focus on regular premium business. In the first half of this year, regular premiums from new policies amounted to RMB1.777 billion, among which premiums from regular premiums with a term of five years or above amounted to RMB1.547 billion, with its proportion to the regular premiums from new policies increasing by 8.0pt. Premiums from new high value regular premium business amounted to RMB948 million, representing an increase of 44.7% as compared to the same period of the previous year. Business structure of bancassurance was further optimized and the new business value recorded positive growth as compared to the same period of the previous year.

In pursuit of higher values, the Company further carried out the transformation of bancassurance with a focus on regular premium business. In the first half of this year, premiums from new high value regular premium business amounted to RMB948 million, representing an increase of 44.7% as compared to the same period of the previous year.

(3) Direct sales

The Company adhered to the balance between long-term value and current profit in respect of direct sales. We actively developed and expanded to new business as well as maintaining the traditional advantages of our accident

insurance business. Premiums from accident insurance business under direct sales amounted to RMB2.049 billion, representing an increase of 10.0% as compared to the same period of the previous year. Moreover, the Company took the initiative to participate in the major diseases medical insurance projects. As of the first half of this year, the Company undertook major disease medical insurance projects in eight regions of five provinces or municipalities with the coverage of 3 million customers. In the first half of this year, gross written premiums from direct sales amounted to RMB3.375 billion, representing a decrease of 36.4% as compared to the same period of the previous year. New business value under direct sales amounted to RMB267 million, representing a decrease of 16.3% as compared to the same period of the previous year. New business value of direct sales accounted for 6.3% of the total new business value, representing a decrease of 1.6pt as compared to the same period of the previous year. Profit margin from the new business reached 6.5%, representing an increase of 1.5pt as compared to the same period of the previous year.

2. Analysis by insurance category

Unit: RMB million

For six months ended 30 June	2013	2012	Changes (%)
Gross written premiums	56,270	55,229	1.9
Traditional	8,408	8,305	1.2
Participating	44,872	44,180	1.6
Universal	29	30	(3.3)
Short-term accident and health	2,961	2,714	9.1
Gross written premiums	56,270	55,229	1.9
Individual business	54,910	51,589	6.4
Group business	1,360	3,640	(62.6)

The Company continued to develop risk prevention and long-term savings insurance businesses. In the first half of this year, premiums from traditional insurance policies amounted to RMB8.408 billion, representing an increase of 1.2% as compared to the same period of the previous year. Premiums from participating insurance policies amounted to RMB44.872 billion, representing an increase of 1.6% as compared to the same period of the previous year. The short-term accident and health insurance policies recorded premiums of RMB2.961 billion, representing an increase of 9.1% as compared to the same period of the previous

year. From the perspective of customer types, premiums from individual business accounted for 97.6% of the total premiums, representing an increase of 4.2pt as compared to the same period of the previous year.



The Company continued to develop risk prevention and long-term savings insurance businesses. In the first half of this year, the Company recorded gross written premiums of RMB56.270 billion from life insurance business, representing an increase of 1.9% as compared to the same period of the previous year.

3. Persistency ratio of policies

For six months ended 30 June	2013	2012	Changes (%)
Individual life insurance customer 13-month persistency ratio (%) ^{note 1}	90.4	91.6	(1.2pt)
Individual life insurance customer 25-month persistency ratio (%) ^{note 2}	88.3	90.6	(2.3pt)

Notes:

1. 13-month persistency ratio: Premiums under in-force life insurance policies 13 months after their issuance as a percentage of premiums under life insurance policies becoming in-force during the same period of issuance.

2. 25-month persistency ratio: Premiums under in-force life insurance policies 25 months after their issuance as a percentage of premiums under life insurance policies becoming in-force during the same period of issuance.

Despite the adjustment of the banking insurance business and the increase in surrender rates, the individual life insurance customers' 13-month persistency ratio and 25-month persistency ratio maintained at favourable levels.

4. Gross written premiums from top ten geographical areas

In the first half of the year, the Company's gross written premiums from life insurance business were mainly derived from economically developed or more densely populated provinces or cities. The Company will continue to optimize resources allocation and investment portfolios in line with the urban development to consolidate its competitive advantages in county areas. The Company will also seek to expand the business coverage and proportion in urban areas.

Unit: RMB million

For six months ended 30 June	2013	2012	Changes (%)
Gross written premiums	56,270	55,229	1.9
Jiangsu	6,169	5,488	12.4
Henan	5,090	4,803	6.0
Shandong	4,220	4,217	0.1
Zhejiang	4,039	3,347	20.7
Guangdong	3,964	3,887	2.0
Hebei	3,533	3,460	2.1
Sichuan	2,701	2,594	4.1
Shanxi	2,641	2,350	12.4
Hubei	2,513	2,380	5.6
Beijing	2,256	2,635	(14.4)
Sub-total	37,126	35,161	5.6
Others	19,144	20,068	(4.6)

(II) Financial Analysis

Unit: RMB million

For six months ended 30 June	2013	2012	Changes (%)
Net premiums earned	55,121	53,959	2.2
Investment income ^{note}	13,149	7,575	73.6
Other operating income	417	358	16.5
Total income	68,687	61,892	11.0
Net policyholders' benefits and claims	(52,200)	(49,063)	6.4
Finance costs	(1,234)	(978)	26.2
Interest credited to investment contracts	(895)	(969)	(7.6)
Other operating and administrative expenses	(10,289)	(9,697)	6.1
Total benefits, claims and expenses	(64,618)	(60,707)	6.4
Profit before tax	4,069	1,185	243.4
Income tax	(607)	(126)	381.7
Net profit	3,462	1,059	226.9

Note: Investment income includes investment income and shares of losses of associates in the financial statements.

Investment income. Investment income amounted to RMB13.149 billion in the first half of this year, representing an increase of 73.6% over the same period of the previous year. The increase was mainly attributable to the increase in interest income of fixed income investment, gains in securities trading spread and decrease in provision for the impairment loss of financial assets.

Net policyholders' benefits and claims. Net policyholders' benefits and claims amounted to RMB52.200 billion in the first half of this year, representing an increase of 6.4% as compared to the same period of the previous year. The increase was mainly attributable to the increase in life insurance death and other benefits paid.

Unit: RMB million

For six months ended 30 June	2013	2012	Changes (%)
Net policyholders' benefits and claims	52,200	49,063	6.4
Life insurance death and other benefits paid	14,214	10,485	35.6
Claims incurred	776	401	93.5
Changes in long-term insurance contract liabilities	35,398	36,394	(2.7)
Policyholder dividends	1,812	1,783	1.6

Other operating and administrative expenses. Other operating and administrative expenses amounted to RMB10.289 billion, representing an increase of 6.1% over the same period of the previous year. The increase was mainly attributable to the increase in commission expenses of traditional products through agency channels and relevant expenses of investment contracts.

As a result of the above reasons, the life insurance business of the Company recorded a net profit of RMB3.462 billion for the first half of this year.

IV. Property and Casualty Insurance Business

(I) Business Analysis

In the first half of 2013, affected by various factors such as market competition and the increase in claim costs, the underwriting profit showed a tendency of decreasing. Adhering to the growth strategy of underwriting profit, CPIC Property strengthened the professional channel

management and optimized the resource allocation and consequently achieved a rapid growth of the underwriting profit. In the first half of this year, the gross written premiums from the property and casualty insurance business amounted to RMB42.354 billion, representing an increase of 20.2% as compared to the same period of the previous year. The market share of the property and casualty insurance business also grew steadily. The combined ratio of the property and casualty insurance business was 97.7%, representing an increase of 3.5pt as compared to the same period of the previous year. The underwriting profit amounted to RMB761 million. In the second half of this year, the Company will further enhance claims quality management and optimize cost management to maintain the combined ratio at a healthy level over the year.

1. Analysis by insurance category

Unit: RMB million

For six months ended 30 June	2013	2012	Changes (%)
Gross written premiums from insurance business	42,354	35,246	20.2
Auto insurance	31,834	26,226	21.4
Compulsory motor insurance	7,456	6,371	17.0
Commercial auto insurance	24,378	19,855	22.8
Non-auto insurance	10,520	9,020	16.6
Commercial property insurance	3,486	3,051	14.3
Liability insurance	1,610	1,328	21.2
Accident insurance	1,325	970	36.6
Cargo insurance	993	951	4.4
Others	3,106	2,720	14.2

(1) Auto insurance

In the first half of this year, the Company strengthened the market analysis of auto insurance industry and adhered to the development strategy of increasing insurance renewal, stabilizing new insurance business and encouraging insurance transformation. We strived to expand the new insurance business and optimize insurance renewal management, which result in remarkable outcome and ensured continuous rapid growth of the auto insurance. Gross written premiums from auto insurance in the first half of this year amounted to RMB31.834 billion,



The Company continued to streamline the management of automobile insurance. The implementation of “3G Claim Management System” improved the management of claims, as such, higher proportion of claims could be processed and settled within 24 hours. And the average auto claims turnaround was reduced by 26.5% as compared to the same period of last year.

representing an increase of 21.4% compared to the same period of the previous year. The Company continued to streamline the management of automobile insurance. The implementation of “3G Claim Management System” improved the management of policy claims, as such, higher proportion of claims was processed and settled within 24 hours. Consequently, the average time for settling auto insurance claims decreased by 26.5% as compared to the same period of the previous year. As such, the customer adherence was enhanced. The renewal rate of commercial auto insurance reached to 63.1%, representing an increase of 1.7pt as compared to the same period of the previous year.

In the face of the impacts brought by factors such as the competitive and ever-changing environment and the increase in the claim costs, the combined ratio of auto insurance reached to 99.8% for the first half of this year, representing an increase of 4.2pt as compared to the same period of the previous year.

(2) Non-auto insurance

In the first half of this year, the Company strengthened

the resource integration and further enhanced the speciality of its channels. In the first half of this year, the Company recorded gross written premiums from non-auto insurance of RMB10.520 billion, representing an increase of 16.6% over the same period of the previous year. In the first half of this year, the Company continued to exert efforts in developing traditional insurance. The commercial property insurance, liability insurance and accident insurance recorded a rapid growth. In addition, the Company also take the initiative to develop new businesses such as agricultural insurance and credit insurance to boost business growth. In the first half of this year, premiums from the major customers amounted to RMB3.911 billion, representing an increase of 60.9% over the same period of the previous year. The Company launched a series of non-auto insurance pilot packages tailored for MSE customers of different industries, the premiums from which increased by over 40%. The combined ratio of non-auto insurance maintained at a satisfactory level of 87.9%, which was similar to that as at the same period of previous year. As such, the underwriting profit of the Company’s insurance business remained stable.



In the first half of this year, the Company strengthened the market analysis of auto insurance industry, strived to expand the new insurance business and optimize insurance renewal management. Gross written premiums from auto insurance in the first half of this year amounted to RMB31.834 billion, representing an increase of 21.4% compared to the same period of the previous year.

(3) Information of major insurance businesses

Unit: RMB million

For six months ended 30 June 2013

Name of insurance	Premiums	Amounts Insured	Claims paid	Reserves	Under-writing profit	Combined ratio
Automobile insurance	31,834	4,350,125	18,506	37,360	51	99.8
Commercial property insurance	3,473	5,765,445	1,111	2,754	203	87.7
Liability insurance	1,607	2,851,879	627	1,705	60	93.9
Accident insurance	1,325	8,158,454	435	1,614	(81)	107.3
Cargo insurance	986	2,440,298	423	442	114	82.5



The Company expanded its efforts in service innovation of non-auto insurance business. The "Third Party Safety Assessment of the Shanghai Railway Transportation System" project was awarded the First Prize of 2012 Shanghai Financial Innovation Award issued by Shanghai Municipal People's Government.

2. Analysis by channels

Unit: RMB million

For six months ended 30 June	2013	2012	Changes (%)
Gross written premiums	42,354	35,246	20.2
Direct sales	7,271	6,849	6.2
Insurance agents	23,075	19,540	18.1
Insurance brokers	3,827	3,101	23.4
Telemarketing, internet sales and cross-selling	8,181	5,756	42.1

In the first half of the year, the Company developed its business through multiple channels and aimed to enhance the specialty of all channels.

The Company continued to enhance the development of telemarketing and internet sales by improving its production capacity and value contribution, as such, we recorded premiums from telemarketing and internet sales of RMB6.620 billion, representing an increase of 47.4% over the same period of the previous year. By optimizing cross-selling system and promoting sharing of resources, premiums from cross-selling amounted to RMB1.561 billion, representing an increase of 23.5% as compared to the same period of the previous year. Premiums from telemarketing, internet sales and cross-selling accounted for 19.3% of the gross premiums from the property and casualty insurance business, representing an increase of 3.0pt over the same period of the previous year.

3. Gross written premiums from top ten geographical areas

In the first half of this year, the Company's gross written premiums from property and casualty insurance business were mainly derived from coastal areas in eastern China and more economically developed areas in inland provinces. The Company will leverage on its nationwide distribution network and implement differentiated regional development strategies by taking into account the relevant factors including market potential and operational efficiency.

Unit: RMB million

For 6 months ended 30 June	2013	2012	Changes (%)
Gross written premiums	42,354	35,246	20.2
Guangdong	5,765	4,780	20.6
Jiangsu	4,957	4,050	22.4
Zhejiang	3,654	3,124	17.0
Shanghai	3,445	2,889	19.2

For 6 months ended 30 June	2013	2012	Changes (%)
Shandong	3,154	2,630	19.9
Beijing	2,265	1,888	20.0
Sichuan	1,404	1,088	29.0
Fujian	1,279	1,064	20.2
Hebei	1,252	1,092	14.7
Guangxi	1,212	964	25.7
Sub-total	28,387	23,569	20.4
Others	13,967	11,677	19.6



The Company continued to enhance the development of telemarketing channel by improving its production capacity and value contribution, as such, we recorded premiums from telemarketing and internet sales of RMB6.620 billion, representing an increase of 47.4% over the same period of the previous year.

(II) Financial analysis

Unit: RMB million

For 6 months ended 30 June	2013	2012	Changes (%)
Net premiums earned	32,453	26,792	21.1
Investment income	1,648	684	140.9
Other operating income	117	96	21.9
Total income	34,218	27,572	24.1
Claims incurred	(20,193)	(16,000)	26.2
Finance costs	(27)	(83)	(67.5)
Other operating and administrative expenses	(11,604)	(9,294)	24.9
Total claims and expenses	(31,824)	(25,377)	25.4
Profit before tax	2,394	2,195	9.1
Income tax	(654)	(627)	4.3
Net profit	1,740	1,568	11.0

Investment income. Investment income amounted to RMB1.648 billion in the first half of the year, representing an increase of 140.9% as compared to the same period of the previous year. The increase was mainly attributable to the increase in dividend income, gains in trading of securities and the decrease in provision for the impairment

loss of financial assets.

Claims incurred. Claims incurred amounted to RMB20.193 billion in the first half of this year, representing an increase of 26.2% as compared to the same period of the previous year. The increase was mainly attributable to the increase in claim costs.

Other operating and administrative expenses. Other operating and administrative expenses amounted to RMB11.604 billion in the first half of this year, representing an increase of 24.9% as compared to the same period of previous year. The increase was mainly attributable to the increase in investment in new technologies and online channels, and the increase in the cost of social security for staff.

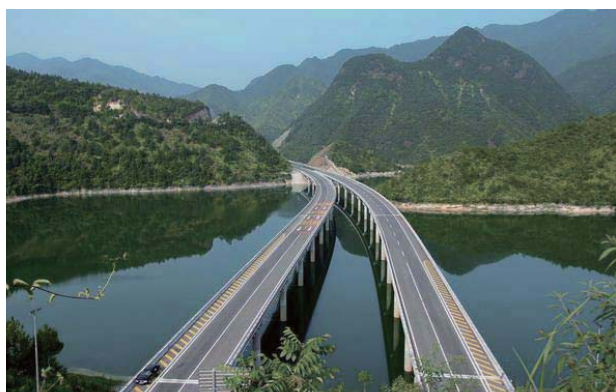
As a result of the above reasons, property and casualty insurance business recorded a net profit of RMB1.740 billion for the first half of this year.

V. Asset Management Business

In terms of asset management business, the Company focused on the growth of investments' net asset value and strived to ensure its development in line with the Company's main insurance businesses by strengthening market-oriented investment management capabilities. As at the end of the first half of 2013, assets under management of the Group amounted to RMB736.180 billion, representing an increase of 7.1% compared to that as at the end of the previous year. Group investment assets and assets managed for third parties amounted to RMB661.939 billion and RMB74.241 billion, representing increases of 5.5% and 24.0% as compared to that as at the end of the previous year, respectively.

Unit: RMB million

	30 June 2013	31 December 2012	Changes (%)
Assets under management of the Group	736,180	687,205	7.1
Group investment assets	661,939	627,328	5.5
Third-party assets under management	74,241	59,877	24.0
Third-party assets under management by CPIC AMC	40,629	28,355	43.3
Assets under custody by Changjiang Pension	33,612	31,522	6.6



The Company expanded its exposure to debt investment plans, with a total value of RMB17.4 billion in 11 infrastructure and real estate projects during the first half of 2013.

(I) Group investment assets

In the first half of 2013, yields of debt securities assets and monetary capital fluctuated widely and the stock market experienced a certain amount of decrease in June. Based on the study and analysis into the market trends, the Company increased investment in debt securities with better credit and higher yield at favourable timing and managed to stabilize the proportion and yield level of assets with fixed interest rate. The Company also closely monitored the fluctuations in the equity market and restructured its equity investment flexibly with an emphasis on stocks with high dividend yields. In the first half of this year, the Company further enhanced the launch of debt investment plans and achieved remarkable outcome.

1. Investment portfolio

Unit: RMB million

	30 June 2013	31 December 2012	Changes (%)
Group investment assets (Total)	661,939	627,328	5.5
By investment category			
Fixed income investments	557,985	533,274	4.6
– Debt securities	360,655	331,006	9.0
– Term deposits	153,992	164,297	(6.3)
– Debt investment plans	32,315	28,341	14.0
– Other fixed income investments ^{note 1}	11,023	9,630	14.5
Equity investment	68,467	62,715	9.2
– Investment Funds ^{note 2}	29,394	28,516	3.1
– Equity securities	28,474	27,058	5.2
– Wealth management products	2,100	-	/
– Other equity investments ^{note 3}	8,499	7,141	19.0

	30 June 2013	31 December 2012	Changes (%)
Investment properties	6,888	6,349	8.5
Cash and cash equivalents	28,599	24,990	14.4
By investment purpose			
Financial assets at fair value through profit or loss of the period	1,954	1,714	14.0
Available-for-sale financial assets	161,520	135,815	18.9
Held-to-maturity financial assets	260,057	248,766	4.5
Investment in a joint venture	11	-	/
Loan and other investments ^{note 4}	238,397	241,033	(1.1)

Notes:

1. Other fixed income investments include restricted statutory deposits, policy loans and wealth management products, etc.

2. The aggregate amount of bond funds and money market funds as at 30 June 2013 and 31 December 2012 were RMB14.942 billion and RMB11.822 billion, respectively.

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.

In the first half of this year, the Company's total investment assets were RMB661.939 billion, representing an increase of 5.5% as compared to that as at the end of the previous year. The Company's fixed income investments accounted for 84.3% of the total investment assets, representing a decrease of 0.7pt as compared to the end of the previous year. The Company's equity investments, investment properties, and cash and cash equivalents accounted for 10.3%, 1.1% and 4.3% of the total investment assets, representing increases of 0.3pt, 0.1pt and 0.3pt as compared to that as at the end of the previous year, respectively.

Additional fixed income assets of the Company amounted to RMB24.711 billion. The Company mainly invested in high-grade debt securities investments with high yields. The total debt securities investment increased by 9.0% as compared to that as at the end of the previous year.

Equity investment assets of the Company accounted for 10.3% of the total investment assets, representing an increase of 0.3pt as compared to the end of the previous year. The increase was mainly attributable to the additional investment of over RMB3.0 billion in bond funds and the share investment in PetroChina West Pipeline Projects (中石油西部管道) of RMB1.5 billion made by the Company

according to its judgement on the debt securities market trend. In the first half of 2013, the Company continued to restructure its equity investments by focusing on stocks with high dividend yields.

The Company actively seized opportunities arising from policy and market by investing in new areas such as infrastructure and real estate. The total amount of debt investment plans increased by 14.0% as compared to that as at the end of the previous year. The Company also strengthened its investment into debt investment plans. We launched debt investment plans of a total value of RMB17.4 billion in 11 infrastructure and real estate projects during the first half of 2013.

The Company's investment assets were mainly allocated to three categories, namely, available-for-sale financial assets, held-to-maturity investments as well as loans and other investments. The amount of available-for-sale financial assets increased by 18.9% compared to that as at the end of the previous year, primarily due to the increase in debt investment and equity investment.

2. Investment income

In the first half of this year, the Company recorded a total investment income of RMB15.641 billion, representing an increase of 80.8% as compared to the same period of the previous year. The annualized total investment yield was 4.8%, representing an increase of 0.9pt as compared to the same period of the previous year. The increase was mainly attributable to the increase in net investment income, gains in trading of equity investment as well as the decrease in the provision for impairment loss on investment assets.

Net investment income amounted to RMB15.864 billion, representing an increase of 20.7% as compared to the same period of the previous year. This was mainly due to the increases in interest income from fixed income investments and dividend income from equity asset investment. Interest income from fixed income investments recorded an increase of 14.7% as compared to the same period of the previous year. Dividend income from equity asset investment was over RMB2.0 billion, representing an increase of 87.3% as compared to the same period of the previous year. The annualized net investment yield was 5.0%, representing an increase of 0.1pt compared to the same period of the previous year.

The annualized growth rate of investments' net asset value was 4.3%, representing a decrease of 1.0pt as compared with the same period of the previous year. This was mainly due to the significant increase in unrealized losses of available-for-sale financial asset caused by the downturn of the stock market.

Unit: RMB million

For six months ended 30 June	2013	2012	Changes (%)
Interest income from fixed income investments	13,631	11,887	14.7
Dividend income from equity securities	2,015	1,076	87.3
Rental income from investment properties	218	183	19.1
Net investment income	15,864	13,146	20.7
Realized gains/(losses)	207	(2,239)	(109.2)
Unrealized (losses)/gains	(72)	77	(193.5)
Charge of impairment losses on investment assets	(488)	(2,432)	(79.9)
Other income ^{note}	130	100	30.0
Total investment income	15,641	8,652	80.8
Net investment yield (annualized) (%)	5.0	4.9	0.1pt
Total investment yield (annualized) (%)	4.8	3.9	0.9pt
Growth rate of investments' net asset value (annualized) (%)	4.3	5.3	(1.0pt)

Note: Other income includes interest income from cash and short-term time deposits, securities purchased under agreements to resell and share of profits of a joint venture.

3. Total investment yield (annualized)

Unit: %

For six months ended 30 June	2013	2012	Changes
Total investment yield (annualized)	4.8	3.9	0.9pt
Fixed income investments ^{note}	5.0	5.1	(0.1pt)
Equity investment ^{note}	2.4	(6.1)	8.5pt
Investment properties ^{note}	6.7	5.6	1.1pt
Cash and cash equivalents ^{note}	0.5	0.5	-

Note: The impact of securities sold under agreements to repurchase was not considered.

(II) Third-party assets under management

1. Third-party assets under management by CPIC AMC

The Company actively developed the third-party asset

management business by nurturing and enhancing the market-oriented investment management capabilities. In the first half of this year, the Company realized income from the third-party asset management of RMB46.7413 million, representing an increase of 155.2% compared to the same period of the previous year.

2. Assets under custody by Changjiang Pension

Changjiang Pension further enhanced its capability of business expansion by consolidating regional leading positions and strengthening the development of customers in key industries in China. As at the end of the first half of this year, entrusted assets managed by Changjiang Pension amounted to RMB33.612 billion, representing an increase of 6.6% as compared to that as at the end of the previous year. Assets under its investment management amounted to RMB27.563 billion, representing an increase of 16.1% as compared to that as at the end of the previous year.

VI. Analysis of specific items

(I) Items at fair value

Unit: RMB million

	30 June 2013	31 December 2012	Changes during the period	Impact of fair value changes on profit of the period ^{note}
Financial assets at fair value through profit or loss	1,954	1,714	240	(72)
Available-for-sale financial assets	161,520	135,815	25,705	(488)
Total	163,474	137,529	25,945	(560)

Note: Impact of fair value changes of available-for-sale financial assets on profit of the period was provided for as impairment losses.

(II) Solvency

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

Unit: RMB million

	30 June 2013	31 December 2012	Reasons for changes
CPIC Group			
Actual solvency margin	90,887	92,254	Profit for the period, profit distribution to shareholders and changes of the fair value of investment assets
Minimum solvency margin	32,208	29,600	Development of property and casualty insurance and life insurance businesses
Solvency margin ratio (%)	282	312	
Life insurance			
Actual solvency margin	42,993	43,478	Profit for the period, profit distribution to shareholders and changes of the fair value of investment assets
Minimum solvency margin	22,235	20,654	Growth of insurance business
Solvency margin ratio (%)	193	211	
Property and casualty insurance			
Actual solvency margin	15,560	16,739	Profit for the period, profit distribution to shareholders and changes of the fair value of investment assets
Minimum solvency margin	9,914	8,891	Growth of insurance business
Solvency margin ratio (%)	157	188	

(III) Sensitivity Analysis

1. Sensitivity analysis of solvency

(1) Life insurance

As at 30 June 2013, actual solvency margin, minimum solvency margin and solvency margin ratio of CPIC Life amounted to RMB42.993 billion, RMB22.235 billion and 193%, respectively. Given that the minimum solvency margin and other market conditions remained unchanged, and assuming that changes in interest rates or equity securities prices were within the range of 50 basis points or 10% respectively (assuming that the changes in equity assets^{note 1} and equity securities prices were in proportion),

solvency margin ratio^{note 2} as at 30 June 2013 was tested.

30 June 2013	Changes in interest rates		Changes in equity securities prices	
	+50bp	-50bp	+10%	-10%
Solvency margin ratio (%)	191	196	203	183

Notes:

- Equity assets do not include bond funds, money market funds and wealth management products.
- After policyholder participation, without considering the impact of changes in interest rate on the discount rate for reserves.

(2) Property and casualty insurance

As at 30 June 2013, actual solvency margin, minimum solvency margin and solvency margin ratio of CPIC Property amounted to RMB15.560 billion, RMB9.914 billion and 157%, respectively. Given that the minimum solvency margin and other market conditions remained unchanged, and assuming that changes in interest rates or equity securities prices were within the range of 50 basis points or 10% respectively (assuming that the changes in equity assets^{note 1} and equity securities prices were in proportion), solvency margin ratio^{note 2} as at 30 June 2013 was tested.

30 June 2013	Changes in interest rates		Changes in equity securities prices	
	+50bp	-50bp	+10%	-10%
Solvency margin ratio (%)	155	159	161	153

Notes:

- Equity assets do not include bond investment funds, money market investment funds and wealth management products.
- Without considering the impact of changes in interest rate on the discount rate for reserves.

2. Sensitivity analysis of price risk

The following table shows the sensitivity analysis of price risk, which reflects the impact^{note 2} of changes of all equity assets^{note 1} investments of the Group within the range of 10% of equity securities prices as at the end of each reporting period on total profit and shareholders' equity of the Group (assuming that the changes in equity assets and equity securities prices were in proportion), assuming that other variables remained unchanged.

Unit: RMB million

Market value	30 June 2013	
	Impact on profit	Impact on equity
+10%	62	2,836
-10%	(62)	(2,836)

Notes:

- Equity assets do not include bond funds, money market funds and wealth management products.
- After policyholder participation.

(IV) Insurance contract liabilities

Insurance contract liabilities of the Company include unearned premium reserves, claim reserves and long-term life insurance contract liabilities. Among which, all the three types of reserves above shall be set aside in respect of the life insurance business, while only the first two types of reserves shall be set aside in respect of the property insurance business.

As at 30 June 2013, the Company's insurance contract liabilities from the life insurance business amounted to RMB424.311 billion, representing an increase of 9.5% as compared to that as at the end of the previous year. Insurance contract liabilities from the property insurance business amounted to RMB56.229 billion, representing an increase of 10.0% as compared to that as at the end of the previous year. The increase of insurance contract liabilities was mainly due to business expansion and accumulation of insurance liabilities.

In addition, the Company tested the sufficiency of reserves set aside for each type of insurance contract liabilities at the balance sheet date. The test results show that reserves set aside for each type of insurance contracts was sufficient and no additional provision was required.

Unit: RMB million

	30 June 2013	31 December 2012	Changes (%)
Life Insurance			
Unearned premiums	1,988	1,654	20.2
Claim reserves	798	737	8.3
Long-term life insurance contract liabilities	421,525	385,283	9.4
Property Insurance			
Unearned premiums	33,884	29,588	14.5
Claim reserves	22,345	21,537	3.8

(V) Investment contract liabilities

Investment contract liabilities mainly represent liabilities with regard to the non-insurance portion of related contracts, and those contracts did not pass the testing of significant insurance risk.

Unit: RMB million

	31 December 2012	Increase for the period			Decrease for the period		30 June 2013
		Deposit received	Interest credited	Others	Deposits withdrawn	Fees deducted	
Investment							
contract liabilities	41,754	2,316	895	106	(8,840)	(115)	36,116

(VI) Reinsurance business

In the first half of 2013, the Company's premiums ceded to reinsurers were as shown below:

Unit: RMB million

For six months ended 30 June	2013	2012	Changes (%)
Life Insurance	812	881	(7.8)
Traditional insurance	573	571	0.4
Participating insurance	137	158	(13.3)
Universal insurance	3	5	(40.0)
Short-term accident and health insurance	99	147	(32.7)
Property Insurance	6,197	5,869	5.6
Automobile insurance	2,632	2,599	1.3
Non-automobile insurance	3,565	3,270	9.0

The decrease in the premiums of life insurance ceded to reinsurers was due to the decrease in reinsurance proportion whereas the increase in the premiums of property insurance ceded to reinsurers was due to business growth.

As at the end of the first half of 2013, the assets under reinsurance of the Company are set out below:

Unit: RMB million

	30 June 2013	31 December 2012	Changes (%)
Life Insurance			
Reinsurers' share of insurance			
contract liabilities			
Unearned premiums	54	57	(5.3)
Claim reserves	54	96	(43.8)
Long-term life insurance contract liabilities	6,079	5,706	6.5
Property Insurance			
Reinsurers' share of insurance			
contract liabilities			
Unearned premiums	4,329	3,739	15.8
Claim reserves	4,486	4,640	(3.3)

The Company has determined its retention amount at risk and reinsurance proportion according to insurance regulations and its business development needs. To lower the concentration risk of reinsurance, the Company has also entered into reinsurance agreements with various leading international reinsurance companies of the industry. The criteria for the Company to select reinsurance companies include financial strength, service level, insurance clauses, claims settlement efficiency and price. Generally, only domestic reinsurance companies with proven records or international reinsurance companies of grade A- or above could become reinsurance partners of the Company. Besides China Reinsurance (Group) Corporation and its subsidiaries, China Life Reinsurance Company Ltd., and China Property & Casualty Reinsurance Company Ltd., the international reinsurance partners selected by the Company include Munich Reinsurance Company (慕尼黑再保險公司), Swiss Reinsurance Company (瑞士再保險公司) and CNOOC Insurance Limited.

(VII) Gearing Ratio

	30 June 2013	31 December 2012	Changes
Gearing ratio (%)	86.6	85.9	0.7pt

Note: Gearing Ratio = (total liabilities + minority interests) / total assets.

Embedded Value

Embedded Value

To The Directors China Pacific Insurance (Group) Company Limited

Independent actuaries review opinion report on embedded value

Towers Watson Management (Shenzhen) Consulting Co. Ltd Beijing Branch, trading as Towers Watson, ("Towers Watson" or "we") has been engaged by China Pacific Insurance (Group) Company Limited ("CPIC Group") to review the embedded value information of CPIC Group as at 30 June 2013.

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

Towers Watson'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 at 30 June 2013, 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 at 30 June 2013;
- 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 at 30 June 2013 and the value of half year's sales of CPIC Life prepared by CPIC Group, Towers Watson 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;
- 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.

Towers Watson has performed reasonableness checks and analysis of CPIC Group's embedded value and value of one year's sales of CPIC Life as at 30 June 2013, and Towers Watson 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 2013 Interim report and that the aggregate results are reasonable in this context.

Towers Watson confirms that the results shown in the Embedded Value section of CPIC Group's 2013 interim report are consistent with those reviewed by Towers Watson.

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 Towers Watson

Adrian Liu, FIAA, FCAA

18th August 2013

2013 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 2013 in accordance with the disclosure rules set by the China Securities Regulatory Commission (“CSRC”) for publicly listed insurer and the embedded value guidelines issued by China Insurance Regulatory Commission (“CIRC”) and have disclosed information relating to our group embedded value in this section. We have engaged 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 2013 Interim report.

The Group Embedded Value is defined as the sum of the Group Adjusted Net Worth determined on the PRC statutory basis, 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 PRC statutory 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 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 2013 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 current PRC statutory policy 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 2013, and the value of half year’s sales of CPIC Life in the 6 month to 30 June 2013 at risk discount rate of 11.5%.

Unit: RMB Million

Valuation Date	30 June 2013	31 December 2012
Group Adjusted Net Worth	84,257	86,237
Adjusted Net Worth of CPIC Life	35,090	35,371
Value of In Force Business of CPIC Life Before Cost of Solvency Margin Held for policies written prior to June 1999	(4,083)	(3,080)
Value of In Force Business of CPIC Life Before Cost of Solvency Margin Held for policies written since June 1999	73,314	65,129
Cost of Solvency Margin Held for CPIC Life	(12,801)	(12,153)
Value of In Force Business of CPIC Life After Cost of Solvency Margin Held	56,430	49,895
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	55,467	49,043
Group Embedded Value	139,723	135,280
Life Embedded Value	91,520	85,266
Valuation Date	30 June 2013	30 June 2012
Value of Half Year's Sales of CPIC Life Before Cost of Solvency Margin Held	4,993	4,933
Cost of Solvency Margin	(739)	(872)
Value of Half Year's Sales of CPIC Life After Cost of Solvency Margin Held	4,254	4,061

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 PRC statutory 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 one 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 2013, we have assumed the Company continues to operate on a going concern basis under the current economic and regulatory environment, and that the current method for determining statutory policy reserves and statutory minimum solvency margin levels remain unchanged. 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 2013:

1. 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 11.5%.

2. Investment Returns

The investment returns for long term business are assumed to increase from 5.1% in 2013 to 5.2% in 2014, and remaining at 5.2% thereafter. The investment return for short term business is based on the recent one-year bank deposit interest rate as published by the People's Bank of China. 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.

3. Mortality

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

- The majority of life products: 80% 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: 90%

of China Life Table (2000 to 2003) for annuitants, together with an allowance for future mortality improvements.

4. 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 75%.

5. 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.

6. Expense

Unit cost assumptions have been developed based on the recent results of an analysis of CPIC Life's 2012 non-commission related expenses. Future inflation of 2.5% pa in respect of per policy expenses is also assumed.

7. Policyholder Dividend

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

8. Tax

Tax has been assumed to be payable at 25% of profits. The investment income assumed to be exempt from income tax is 14% in 2013, and rising to 16.5% in 2014 and remain level 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, a 5.5% business tax has been applied to gross premium of the short term accident business.

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 in the first half of year 2013 and 2012 at risk discount rate of 11.5%.

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	
	2013	2012	2013	2012
Agency channel	8,533	7,449	3,417	3,189
Bancassurance	10,955	12,590	570	553
Direct sales ^{note 1}	4,126	6,394	267	319
Total	23,613	26,432	4,254	4,061

Notes:

- (1) Direct sales include telemarketing and internet sales.
 (2) 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 2013 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	56,430	4,254
Risk Discount Rate "11%"	59,150	4,518
Risk Discount Rate "12%"	53,876	4,008
Investment Return "+25 basis points"	61,284	4,469
Investment Return "-25 basis points"	51,543	4,045
Mortality "-10%"	56,679	4,269
Morbidity "-10%"	56,870	4,302
Lapse and Surrender Rates "-10%"	56,224	4,265
Expenses "-10%"	57,604	4,642
Participating "+5% Distribution"	53,996	4,070
Short Term Claim Ratio "-10 %"	56,505	4,319
150% Solvency Margin	50,030	3,885

Note that figures may not be additive due to rounding.

Corporate Governance

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Corporate Governance

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Changes in the Share Capital, Shareholders' Profile and Disclosure of Interests

Changes in the Share Capital, Shareholders' Profile and Disclosure of Interests

I. Table of changes in the share capital

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	78,412,727	0.87	-	-	-	-	-	78,412,727	0.87
held by									
legal entities	78,412,727	0.87	-	-	-	-	-	78,412,727	0.87
natural persons	-	-	-	-	-	-	-	-	-
(4) Foreign shares	-	-	-	-	-	-	-	-	-
held by									
legal entities	-	-	-	-	-	-	-	-	-
natural persons	-	-	-	-	-	-	-	-	-
Total	78,412,727	0.87	-	-	-	-	-	78,412,727	0.87
2. Shares without selling restrictions									
(1) Ordinary shares denominated in RMB	6,208,287,273	68.51	-	-	-	-	-	6,208,287,273	68.51
(2) Domestically listed foreign shares	-	-	-	-	-	-	-	-	-
(3) Overseas listed foreign shares (H share)	2,775,300,000	30.62	-	-	-	-	-	2,775,300,000	30.62
(4) Others	-	-	-	-	-	-	-	-	-
Total	8,983,587,273	99.13	-	-	-	-	-	8,983,587,273	99.13
3. Total number of shares	9,062,000,000	100.00	-	-	-	-	-	9,062,000,000	100.00

II. Shareholders

(I) Number of shareholders and their shareholdings

unit: share

A total number of 169,167 shareholders (including 162,040 A shareholders and 7,127 H shareholders) at the end of the reporting period

Shares held by top ten shareholders

Name of the shareholders	Percentage of the shareholding	Total number of shares held	Increase or decrease (+ or -) of shareholding during the reporting period	Number of shares held with selling restriction	Number of shares subject to pledge or lock-up period	Type of shares
HKSCC Nominees Limited	30.57%	2,770,416,026	+203,900,027	-	-	H Share
Fortune Investment Co., Ltd.	14.17%	1,284,277,846	-	-	189,717,800	A Share
Shenergy Group Co., Ltd.	13.69%	1,240,963,027	+5,671,246	-	-	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

Changes in the Share Capital, Shareholders' Profile and Disclosure of Interests

Name of the shareholders	Percentage of the shareholding	Total number of shares held	Increase or decrease (+ or -) of shareholding during the reporting period	Number of shares held with selling restriction	Number of shares subject to pledge or lock-up period	Type of shares
Shanghai Jiushi Corporation	2.77%	250,949,460	-	-	-	A Share
Yunnan Hongta Group Co., Ltd.	1.92%	174,339,390	-	-	-	A Share
Account No. 1 of the NSSF	0.87%	78,412,727	-	78,412,727	-	A Share
Baosteel Group Corporation	0.76%	68,818,407	-	-	-	A Share
National Social Security Fund 102 Portfolio	0.49%	44,581,020	+10,651,485	-	-	A Share

Shares held by top ten shareholders without selling restrictions

Name of the shareholders	Number of shares held without selling restrictions	Type of shares
HKSCC Nominees Limited	2,770,416,026	H Share
Fortune Investment Co., Ltd.	1,284,277,846	A Share
Shenergy Group Co., Ltd.	1,240,963,027	A Share
Shanghai Haiyan Investment Management Company Limited	468,828,104	A Share
Shanghai State-Owned Assets Operation Co., Ltd.	424,099,214	A Share
Shanghai Jiushi Corporation	250,949,460	A Share
Yunnan Hongta Group Co., Ltd.	174,339,390	A Share
Baosteel Group Corporation	68,818,407	A Share
National Social Security Fund 102 Portfolio	44,581,020	A Share
China Construction Bank – Boshi Main Industry Securities Investment Fund	42,753,776	A Share

Description of connected relations or concerted action among the aforesaid shareholders:

- Fortune Investment Co., Ltd. and Baosteel Group Corporation are connected as Fortune Investment Co., Ltd. is the wholly-owned subsidiary of Baosteel Group Corporation.
- The Company is not aware of any other top ten shareholders without selling restrictions having connection or acting in concert.

Note: The shares held by HKSCC Nominees Limited are held on behalf of a number of its clients. As Hong Kong Stock Exchange does not require such shareholders to disclose 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 as, the number of such shares subject to pledge or lock-up period.

(II) Number of shares held by top ten shareholders with selling restrictions and their selling restrictions

unit: share

Name of shareholders	Number of shares held with selling restrictions	Date on which trading of shares with selling restrictions is permitted	Changes (+ or -) in number of shares with selling restrictions	Selling restrictions
Account No. 1 of the NSSF	78,412,727	See note	-	See Note

Note: Pursuant to the Implementation Measure for the Transfer of Part of the State-owned Shares to the National Social Security Fund in Domestic Securities Market (《境內證券市場轉持部分國有股充實全國社會保障基金實施辦法》) (Cai Qi No. [2009] 94), some state-owned shares in the Company were transferred into NSSF in late December 2009. In addition to the selling restrictions which the former holders of such state-owned shares are subject to statutorily and voluntarily, NSSF shall be subject to a further three-year lock-up period.

(III) Changes in controlling shareholders and de facto controllers

The ownership structure of the Company is diversified and there are no controlling shareholders or de facto controllers.

III. Disclosure of interests

(I) Directors' and Supervisors' Interests and Short Positions in Shares

As at 30 June 2013, 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 Hong Kong Stock Exchange pursuant to the Model Code for Securities Transactions.

The directors' and the supervisors' shareholdings in A Shares are set out in the Section "Directors, Supervisors and Senior Management".

(II) 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 2013, the following persons (excluding the directors and the supervisors 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:

Names of substantial shareholders	Capacity	Types of shares	Number of shares	Percentage of shareholdings in the class of shares issued (%)	Percentage of the total shares issued (%)
JPMorgan Chase & Co. ^{Note 1}	Beneficial owner, investment manager and custodian – corporation/approved lending agent	H shares	360,495,552 (L) 1,739,869 (S) 340,514,878 (P)	12.99 (L) 0.06 (S) 12.27 (P)	3.98 (L) 0.02 (S) 3.76 (P)
Government of Singapore Investment Corporation Pte Ltd.	Investment manager	H shares	293,830,400 (L)	10.59 (L)	3.24 (L)
Allianz SE ^{Note 2}	Interest of corporation controlled by Allianz SE	H shares	243,223,600 (L)	8.76 (L)	2.68 (L)
Norges Bank (Central Bank of Norway)	Beneficial owner	H shares	231,734,200 (L)	8.35 (L)	2.56 (L)
Schroders Plc ^{Note 3}	Investment manager	H shares	195,775,418 (L)	7.05 (L)	2.16 (L)
Blackrock, Inc. ^{Note 4}	Interest of corporation controlled by Blackrock, Inc.	H shares	195,171,939 (L) 4,026,000 (S)	7.03 (L) 0.14 (S)	2.15 (L) 0.04 (S)

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

Notes:

1. Pursuant to Part XV of the SFO, JPMorgan Chase & Co. is deemed or taken to be interested in a total of 360,495,552 H shares (long position) and 1,739,869 H shares (short position) of the Company. Included in the 360,495,552 H shares are 340,514,878 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
JPMorgan Chase Bank, N.A.	340,514,878 (L)
J.P. Morgan Whitefriars Inc.	7,861,151 (L) 1,319,421 (S)
J.P. Morgan Overseas Capital Corporation	7,861,151 (L) 1,706,869 (S)
J.P. Morgan International Finance Limited	9,665,462 (L) 1,739,869 (S)
Bank One International Holdings Corporation	9,665,462 (L) 1,739,869 (S)
J.P. Morgan International Inc.	9,665,462 (L) 1,739,869 (S)
JPMorgan Chase Bank, N.A.	9,665,462 (L) 1,739,869 (S)
JF Asset Management Limited	9,444,000 (L)
JPMorgan Asset Management (Asia) Inc.	10,315,200 (L)
JPMorgan Asset Management Holdings Inc.	10,315,200 (L)
J.P. Morgan Securities plc	1,804,311 (L) 33,000 (S)
J.P. Morgan Chase International Holdings	1,804,311 (L) 33,000 (S)
J.P. Morgan Chase (UK) Holdings Limited	1,804,311 (L) 33,000 (S)

Changes in the Share Capital, Shareholders' Profile and Disclosure of Interests

Name of controlled subsidiary	Number of shares
J.P. Morgan Capital Holdings Limited	1,804,311 (L) 33,000 (S)
JPMorgan Asset Management (Taiwan) Limited	713,000 (L)
JF International Management Inc.	158,200 (L)
J.P. Morgan Clearing Corp	12 (L)
J.P. Morgan Securities LLC	12 (L)
J.P. Morgan Broker-Dealer Holdings Inc	12 (L)
J.P. Morgan Whitefriars (UK)	387,448 (S)
J.P. Morgan Whitefriars Inc.	387,448 (S)

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

2. Pursuant to Part XV of the SFO, Allianz SE is deemed or taken to be interested in a total of 243,223,600 H shares of the Company. The details of the shareholding interests of the subsidiaries directly or indirectly controlled by Allianz SE are set out below:

Name of controlled subsidiary	Number of shares
Allianz Deutschland AG	233,458,103 (L)
Allianz Lebensversicherungs-AG	233,458,103 (L)
AZ Euro Investments S.a.r.l.	191,940,303 (L)
Allianz Finance II Luxembourg S.A.	41,517,800 (L)
YAO Investment S.a.r.l.	6,541,897 (L)
Allianz Asset Management AG	3,058,800 (L)
Allianz Global Investors Holding GmbH	3,058,800 (L)
Allianz Global Investors Taiwan Ltd.	220,000 (L)
RCM Asia Pacific Ltd.	2,821,600 (L)
Allianz Global Investors Europe GmbH	17,200 (L)
Allianz Holding eins GmbH	6,706,697 (L)
Allianz Elementar Versicherungs-AG	6,706,697 (L)
Allianz Investmentbank AG	164,800 (L)
Allianz Invest Kapitalanlagegesellschaft mbH	164,800 (L)

(L) denotes a long position

3. Pursuant to Part XV of the SFO, Schroders Plc is deemed or taken to be interested in a total of 195,775,418 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	195,775,418 (L)
Schroder International Holdings Limited	76,740,418 (L)
Schroder Holdings (Bermuda) Limited	76,740,418 (L)
Schroder International Holdings (Bermuda) Limited	76,740,418 (L)
Schroder & Co Limited	24,800 (L)
Schroder Investment Management Limited	97,237,200 (L) (direct interest)
Schroder Investment Management Limited	21,773,000 (L) (indirect interest)
Schroder Investment Management North America Limited	21,773,000 (L)
Schroder Investment Management (Singapore) Limited	3,458,800 (L)
Schroder Investment Management (Hong Kong) Limited	73,281,618 (L)

(L) denotes a long position

4. Pursuant to Part XV of the SFO, Blackrock, Inc. is deemed or taken to be interested in a total of 195,171,939 H shares (long position) and 4,026,000 H shares (short 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	1,631,761 (L)
BlackRock Investment Management, LLC.	1,631,761 (L)

Changes in the Share Capital, Shareholders' Profile and Disclosure of Interests

Name of controlled subsidiary	Number of shares
BlackRock Holdco 2 Inc.	193,540,178 (L) 4,026,000 (S)
BlackRock Financial Management, Inc.	193,540,178 (L) 4,026,000 (S)
BlackRock Holdco 4 LLC	121,937,200 (L) 1,196,800 (S)
BlackRock Holdco 6 LLC	121,937,200 (L) 1,196,800 (S)
BlackRock Delaware Holdings, Inc.	121,937,200 (L) 1,196,800 (S)
BlackRock Institutional Trust Company, N.A.	35,388,600 (L) 1,196,800 (S)
BlackRock Fund Advisors	86,548,600 (L)
BlackRock Advisors Holdings Inc.	71,170,378 (L) 2,829,200 (S)
BlackRock Capital Holdings, Inc.	38,800 (L) 2,829,200 (S)
BlackRock Advisors, LLC.	38,800 (L) 2,829,200 (S)
BlackRock International Holdings Inc.	71,131,578 (L)
BR Jersey International LP	71,131,578 (L)
BlackRock Cayco Ltd.	27,400 (L)
BlackRock Trident Holding Company Limited	27,400 (L)
BlackRock Japan Holdings GK	27,400 (L)
BlackRock Japan Co. Ltd.	27,400 (L)
BlackRock (Institutional) Canada Ltd.	344,000 (L)
BlackRock Holdings Canada Limited	344,000 (L)
BlackRock Asset Management Canada Limited	344,000 (L)
BlackRock Australia Holdco Pty Ltd.	169,200 (L)
BlackRock Asset Management Australia Limited	169,200 (L)
BlackRock HK Holdco Limited	8,730,590 (L)
BlackRock Asset Management North Asia Limited	8,730,590 (L)
BlackRock Group Limited	61,860,388 (L)
BlackRock (Netherlands) B.V.	223,000 (L)
Blackrock Advisors (UK) Limited	22,437,488 (L)
BlackRock International Limited	2,655,300 (L)
BlackRock Luxembourg Holdco S.a.r.l.	34,220,600 (L)
BlackRock Investment Management Ireland Holdings Ltd.	19,897,200 (L)
BlackRock Asset Management Ireland Limited	19,897,200 (L)
BlackRock (Luxembourg) S.A.	14,323,400 (L)
BlackRock Investment Management (UK) Ltd.	2,324,000 (L)
BlackRock Holdings Deutschland GmbH	220,400 (L)
BlackRock Asset Management Deutschland AG	220,400 (L)
BlackRock Fund Managers Ltd.	413,200 (L)

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

Save as disclosed above, as at 30 June 2013, the Company was not aware that there was any other person (other than the directors or the President 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.

IV. Purchase, Redemption or Sale of the Listed Securities of the Company

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

Directors, Supervisors and Senior Management

Directors, Supervisors and Senior Management



The 7th Board of Directors of CPIC (front from the left): LAM Chi Kuen, ZHOU Zhonghui, GAO Guofu, YANG Xianghai, FOK Kwong Man; (back from the left) ZHENG Anguo, WU Junhao, CHENG Feng, WANG Chengran, WU Jumin, SUN Xiaoning, ZHANG Yansheng, BAI Wei, HUO Lianhong

I. Changes in Directors, Supervisors and Senior Management of the Company

(I) Changes in Board of Directors

At the 2012 Annual General Meeting of the Company held on 31 May 2013, the members of the 7th Board of Directors were elected. The 7th Board of Directors of the Company currently comprises of 14 Directors. The two executive Directors of the Company are Mr. GAO Guofu and Mr. HUO Lianhong. The seven non-executive Directors of the Company are Mr. WANG Chengran, Ms. SUN Xiaoning, Mr. YANG Xianghai, Mr. WU Junhao, Mr. WU Jumin, Mr. ZHENG Anguo and Mr. CHENG Feng. The five independent non-executive Directors of the Company are Mr. BAI Wei, Mr. ZHANG Yansheng, Mr. LAM Chi Keun, Mr. ZHOU Zhonghui and Mr. FOK Kwong Man. The term of office for each Director is three years. At the 1st Session of the 7th Board of Directors held on 3 July 2013, Mr. GAO Guofu and Mr. YANG Xianghai were elected as the Chairman and Vice-Chairman respectively.

The biographies of the members of the 7th Board of Directors are as follow:

1. Executive Directors

Mr. GAO Guofu currently serves as the Chairman and an executive Director of the Company, a member of the National Committee of Chinese People's Political Consultative Conference (CPPCC) and a member of the Advisory Council for China of the City of London. Mr. GAO previously served as the general manager of Shanghai Waigaoqiao Free Trade Zone Development (Holding) Company, the deputy director of the Administration Committee of Shanghai Waigaoqiao Free Trade Zone, the acting president of Shanghai Wanguo Securities Company, the deputy general manager and the general manager of Shanghai Jiushi Corporation, and the general manager of Shanghai Urban Construction Investment and Development Corporation. Mr. GAO has postgraduate qualifications and a doctorate degree, and has received the title of senior economist.

Mr. HUO Lianhong currently serves as an executive Director and the President of the Company, and is also the chairman of CPIC AMC, a director of CPIC Life and a director of CPIC Property. Mr. HUO previously served as the chairman of CPIC Property, the deputy general manager

and the general manager of the Hainan Branch and the Beijing Branch of China Pacific Insurance Company. Prior to that, Mr. HUO was a deputy office supervisor of the Chongqing Branch, and the head and the deputy manager of the Insurance Department of the Hainan Branch of Bank of Communications. Mr. HUO is a university graduate with a bachelor's degree, and has received the title of senior economist.

2. Non-executive Directors

Mr. WANG Chengran currently serves as assistant to the general manager of Baosteel Group Corporation, a non-executive Director of the Company, a director of CPIC Life and a director of CPIC Property. Mr. WANG held various positions such as the director of the Asset Operation Office of the Planning and Finance Department and the head of the Asset Operation Department of Shanghai Baosteel Group Corporation, the business director and the head of the Asset Operation Department of Baosteel Group Corporation, and, the chairman of Fortune Investment Co., Ltd, and the president assistant and the head of the Audit Department of Baosteel Group Corporation. Currently, Mr. WANG also serves various directorships, including a director of Huatai Property Insurance Co., Ltd., Xinhua Asset Management Co., Ltd., China Bohai Bank Co., Ltd., New China Life Insurance Co., Ltd., a company listed on the SSE and the Hong Kong Stock Exchange, and China State Shipbuilding Co., Ltd. Mr. WANG is a university graduate with a bachelor's degree and has received the title of economist.

Ms. SUN Xiaoning currently serves as the senior vice president and also is in charge of the PRC direct investment business of the Government of Singapore Investment Corporation. Ms. SUN was a senior investment officer of the International Finance Corporation and also worked at McKinsey & Company. Prior to that, she served as a project executive at the People's Bank of China. Ms. SUN was previously a non-executive director of Far East Horizon Limited, a company listed on the Hong Kong Stock Exchange. Ms. SUN holds a master's degree in business administration.

Mr. YANG Xianghai currently serves as the chairman of Shenergy (Group) Co., Ltd., and the Vice-Chairman and a non-executive Director of the Company. Mr. YANG was the deputy director and the director of the Economic Regulation Office and the General Office of Shanghai Planning Commission, the assistant to the chief

commissioner and the deputy chief commissioner of Shanghai Planning Commission, the director of Shanghai Securities Administration Office, the general manager of the SSE, the vice-chairman and the general manager of Shenergy (Group) Co., Ltd., the chairman of Shanghai Gas (Group) Co., Ltd, and the chairman of Shenergy Company Limited. Mr. YANG holds a master's degree in economics, and has received the title of senior economist.

Mr. WU Junhao currently serves as the manager of the Financial Management Department of Shenergy Group Co., Ltd., a non-executive Director of the Company, a director of CPIC Life and a director of CPIC Property. Mr. WU formerly worked as the head of the Teaching & Research Center of the Business Management Department of Changzhou University, the executive deputy general manager of Shanghai New Resources Investment Consulting Company, the deputy general manager of Shanghai Bailitong Investment Company, deputy chief of Shanghai Shenergy Assets Management Co., Ltd., the deputy chief, chief and senior chief of the Assets Management Department, and the deputy manager of the Financial Management Department, of Shenergy Group Co., Ltd. Mr. WU was also the supervisor of Shanghai Pharmaceuticals Holding Co., Ltd., a company listed on the SSE and on the Hong Kong Stock Exchange. Currently, Mr. WU also serves as a director of Shanghai Chenyi New Energy Venture Capital Co., Ltd., a director of Orient Securities Company Limited, a director of Chengdu Xinshen Venture Company, a director of Shanghai Jiulian Group Co., Ltd., a supervisor of Shanghai ICY Capital Limited and a supervisor of China Everbright Bank Co., Ltd., a company listed on the SSE. Mr. WU is a postgraduate with a master's degree, and has received the title of economist.

Mr. WU Jumin currently serves as a counsel, director, and the deputy general manager of Shanghai Tobacco (Group) Corporation, and a non-executive Director of the Company. Mr. WU previously served as the deputy factory manager and factory manager of Shanghai Tobacco Factory, deputy general manager of Shanghai Gao Yang International Tobacco Co., Ltd. When Mr. WU worked with Shanghai Tobacco Factory, he also served as the deputy head of the Organization Section, the head of the Education Section and the principal of the Factory-affiliated School, the head of the Cadre Section, and the deputy officer and officer of the Personnel and Educational Department. Mr. WU is a postgraduate and has received the title of senior economist.

Mr. ZHENG Anguo currently serves as the general manager of Fortune Investment Co., Ltd., the chairman of Fortune Trust Co., Ltd., the chairman of Fortune SGAM Fund Management Co., Ltd., a member of the Shanghai Committee of the National Committee of the CPPCC and a non-executive Director of the Company. Mr. ZHENG held various positions, manager of the Issuance Department and the Investment Department of the Shenzhen Branch of Nanfang Securities Co., Ltd, the assistant to the general manager of the Investment Banking Department of Nanfang Securities Co., Ltd., the deputy general manager of the Shanghai Branch and the Deputy Head of the Research Office of Nanfang Securities Co., Ltd., and the vice president and president of Fortune Trust Co., Ltd. Mr. ZHENG is a postgraduate with a doctorate degree, and has received the title of senior economist.

Mr. CHENG Feng currently serves as the chairman of Shanghai State-owned Assets Operation Co., Ltd. and a non-executive Director of the Company. Mr. CHENG held various positions, including the general manager of the Administration and Management Headquarters of Shanghai International Group, and the chairman and general manager of Shanghai International Group Financial Services Co., Ltd. Mr. CHENG is a postgraduate with a master's degree in business administration and has received the title of economist.

3. Independent Non-executive Directors

Mr. BAI Wei currently serves as a founding partner and lawyer at Jingtian & Gongcheng and an independent non-executive Director of the Company. Mr. BAI previously worked as a lawyer at China Global Law Office and as an associate at Sullivan & Cromwell LLP. Mr. BAI is also an independent non-executive director of Huatai Securities Co., Ltd., a company listed on the SSE, and of Ningxia Orient Tantalum Industry Co., Ltd., a company listed on the Shenzhen Stock Exchange. Mr. Bai holds a master degree and is admitted to practice law in the PRC and New York, USA.

Mr. ZHANG Yansheng currently serves as the Secretary-General of the Academic Committee of National Development and Reform Commission, and an independent non-executive Director of the Company. Mr. ZHANG was formerly an associate professor of the Central University of Finance and Economics, and the research fellow and director of the Institute for International Economic Research of National Development and Reform Commission. Mr.

ZHANG also serves as an independent non-executive director of Hankou Bank Co., Ltd. and an independent non-executive director of China Zhengtong Auto Services Holdings Limited, a company listed on the Hong Kong Stock Exchange. Mr. ZHANG is a postgraduate with a master's degree in economics, and is an expert entitled to special government subsidy from the State Council of the PRC.

Mr. LAM Chi Kuen currently serves as an independent non-executive Director of the Company. Mr. LAM was formerly a senior adviser and a partner of Ernst & Young. Mr. LAM was awarded the Higher Diploma in Accounting and is also qualified as a member of Hong Kong Institute of Certified Public Accountants and a fellow of the Association of Chartered Certified Accountants.

Mr. ZHOU Zhonghui, currently serves as an independent non-executive Director of the Company, a member of the International Advisory Committee of the CSRC, a member of the Audit Regulation Committee of Chinese Institution of Certified Public Accountant, the managing director of China Association of Chief Financial Officers, and a member of the Advisory Committee of the China Appraisal Society (中國評估師協會). Mr. ZHOU was formerly a lecturer, associate professor and professor of Shanghai University of Finance and Economics, the chief financial officer of Xinlong Hong Kong Co., Ltd., the general manager and the chief accountant of PricewaterhouseCoopers Zhong Tian CPAs Limited Company, senior partner of the PricewaterhouseCoopers, and the chief accountant of the China Securities Regulatory Commission. Mr. ZHOU is currently an independent non-executive director of BesTV New Media Co., Ltd., a company listed on the SSE, an independent non-executive director of Juneyao Airlines Co., Ltd., and an independent non-executive director of Shanghai Fudan-Zhangjiang Bio-Pharmaceutical Co., Ltd., a company listed on the Hong Kong Stock Exchange. Mr. ZHOU holds a master qualifications and a doctorate degree, and is a certified accountant.

Mr. FOK Kwong Man currently serves as an independent non-executive Director of the Company. Mr. FOK formerly worked as the chief executive, and executive director of Listing Division, of the Hong Kong Stock Exchange, and the Deputy Chief Operating Officer and Chief Marketing Officer of the Hong Kong Stock Exchange. Prior to that, he also worked at the Office of the Commissioner of Securities and Futures in Hong Kong (香港政府證券及期貨事務專員辦事處), Hambro Pacific Limited and the

Securities and Futures Commission of Hong Kong. Mr. FOK currently holds various positions, including an independent non-executive director of Bank of Shanghai Co., Ltd., an independent non-executive director of Luk Fook Holdings (International) Limited (a company listed on the Hong Kong Stock Exchange) and an independent non-executive director of Nine Dragons Paper (Holdings) Limited (a company listed on the Hong Kong Stock Exchange), and a member of the Tracker Fund Supervisory Committee. Mr. Fok holds master qualifications.

(II) Changes in Board of Supervisors

At the staff representatives meeting of the Company held on 8 May 2013, the employee representative supervisors of the 7th Board of Supervisors were elected. At the Annual General Meeting of the Company held on 31 May 2013, the shareholder representative supervisors of the 7th Board of Supervisors were elected. The 7th Board of Supervisors of the Company comprises of five supervisors. The three shareholder representative supervisors of the Company are Mr. ZHANG Jianwei, Ms. LIN Lichun, and Mr. DAI Zhihao. The two employee representative supervisors are Mr. SONG Junxiang and Mr. YUAN Songwen. The term of office for each Supervisor is three years. At the 1st

Session of the 7th Board of Supervisors held on 3 July 2013, Mr. DAI Zhihao was elected as the Chairman of the Board of Supervisors.

The biographies of the members of the 7th Board of Supervisors are as follow:

Mr. DAI Zhihao currently serves as the deputy general manager of Baosteel Group Corporation, the chairman of Fortune Investment Co., Ltd., the chairman of Baosteel Resources Co., Ltd., the chairman of Bao-Island Enterprise Limited, and the Chairman of the Board of Supervisors of the Company. Mr. DAI was formerly the assistant to the general manager and the head of Marketing Department of Baosteel Group Corporation, as well as the assistant to the general manager and deputy general manager of Baoshan Iron & Steel Co., Ltd. and the President of Shanghai Baosteel International Economic & Trading Co., Ltd. Mr. DAI also served as a director of Baoshan Iron & Steel Co., Ltd., a company listed on the SSE. Mr. DAI holds a master's degree and has received the title of a senior engineer.

Mr. ZHANG Jianwei currently serves as the deputy general manager of Shanghai Jiushi Corporation and a supervisor of the Company and a supervisor of CPIC Life. Mr. ZHANG previously worked as the deputy factory director of Shanghai Xinhua Glass Factory and the deputy



The 7th Board of Supervisors of CPIC (from the left): YUAN Songwen, ZHANG Jianwei, DAI Zhihao, LIN Lichun, SONG Junxiang

general manager of Shanghai Optic Communications Equipment Co., Ltd. He also worked for Shanghai Jiushi Corporation, serving as the deputy manager and manager of the Operation Department, the general manager of the Operation Management Department, the manager of Development Planning Department and the Asset Operation Department, and assistant to the general manager. Mr. ZHANG was also previously a Director of the Company, a supervisor of CPIC Property, a director of Shenyin & Wanguo Securities Co., Ltd., and served as a director of Shanghai Highly (Group) Co., Ltd., a company listed on the SSE. Mr. ZHANG currently serves as a director of Shanghai International Trust Co., Ltd., a director of Haitong Securities Company Limited, a company listed on the SSE, and a director of Shenergy Company Limited, a company listed on the SSE. Mr. ZHANG holds a master's degree in business administration, and has received the title of senior economist.

Ms. LIN Lichun currently serves as the head of Shanghai Office of Hongta Tobacco Co., Ltd., a director and the general manager of Shanghai Hongta Hotel Co., Ltd., a supervisor of the Company and a supervisor of CPIC Property. Ms. LIN previously served as the chief financial

officer and the executive deputy general manager of Shanghai Hongta Hotel Co., Ltd., and a supervisor of CPIC Life. Ms. LIN holds a master's degree and is a Certified Public Accountant in the PRC.

Mr. SONG Junxiang currently serves as the employee representative supervisor of the Company. Mr. SONG was previously the chairman of the trade union of the Company. Prior to joining the Company, Mr. SONG worked in the Organization Department of the Committee of the Communist Party of China of Shanghai Municipality.

Mr. YUAN Songwen currently serves as the general manager for the north China region of the audit department of the Company. Previously, Mr. YUAN had worked as the deputy general manager of the audit department of the Company, the deputy general manager of the First Division of the Audit Department, the commissioner of the Tianjin commissioner office of the audit center and an employee representative supervisor of the 4th and 5th Board of Supervisors. Mr. YUAN has a master's degree in business administration and is a qualified economist and an assistant auditor in the PRC.

(III) There is no change in senior management of the Company during the reporting period.

II. Changes in Shareholdings of Directors, Supervisors and Senior Management

unit: share

Name	Position	Shareholding at the beginning of the period	Increase in the shareholding during the period	Decrease in the shareholding during the period	Shareholding at the end of the period	Type of shares	Reason for the change
GAO Guofu	Chairman and Executive Director	67,700	-	-	67,700	A Share	-
HUO Lianhong	Executive Director and President	73,100	30,000	-	103,100	A Share	Secondary market purchase
SONG Junxiang	Employee Representative Supervisor	44,000	20,000	-	64,000	A Share	Secondary market purchase
XU Jinghui	Executive Vice President	60,000	-	-	60,000	A Share	-
GU Yue	Executive Vice President and the Financial Officer	56,000	33,000	-	89,000	A Share	Secondary market purchase
SUN Peijian	Vice President	58,925	27,200	-	86,125	A Share	Secondary market purchase
CHEN Wei	Chief Internal Auditor	20,000	20,000	-	40,000	A Share	Secondary market purchase
YU Bin	Assistant President	3,800	-	-	3,800	A Share	-
FANG Lin	Board Secretary	-	88,100	-	88,100	A Share	Secondary market purchase
LI Jieqing	Chief Risk & Compliance Officer and Compliance Officer	-	10,000	-	10,000	A Share	Secondary market purchase

Corporate Governance Report

I. 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, Securities Law, Insurance Law 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, 3 board meetings and 2 meetings of supervisors. The resolutions approved at the relevant meetings were published on the websites of the SSE and 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.

During the reporting period, the Company was in compliance with all code provisions and substantially all of the recommended best practices of the Corporate Governance Code throughout the six months ended 30 June 2013, except a deviation with the code provision A.6.7 with the reasons below:

All Directors (including independent non-executive Directors) attended the annual general meeting of the Company held on 31 May 2013 except 2 non-executive Directors who were not able to attend the annual general meeting as they were not in Shenzhen.

The Company has adopted and implemented the Model Code for Securities Transactions to govern the directors' and supervisors' securities transactions. Upon

specific enquiry by the Company, all of the directors and the supervisors confirmed that they had 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 the supervisors that were not in 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.

In the first half of 2013, the Strategic and Investment Decision-Making Committee of the Board held 2 meetings and proposed recommendations and advice on such significant issues as the profit distribution of the Company.

In the first half of 2013, the Audit Committee of the Board held 5 meetings to review the annual report for 2012 and the first quarter report for 2013 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 2012 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.

In the first half of 2013, the Nomination and Remuneration Committee of the Board held 3 meetings to review the performance appraisals of the senior management of the Company and the nomination of independent directors for the new board of directors.

In the first half of 2013, 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.

II. Investor Relations

The Company further enhanced the communication with investors by providing routine investor relations services and committed to establishing various communication channels with the capital market, so as to transmit the information of the Company to investors fully and effectively. In the first half of this year, the Company organized one annual results presentation, two open-day campaigns and 31 seminars in relation to capital markets. The Company attended to nine meetings regarding the strategic planning held by the securities institutions such as Deutsche Bank, UBS and Morgan Stanley. The Company also utilized innovative communication means such as SMS, Weibo, WeChat, Capital Market Communications magazine and Investor Communications magazine to provide disclosed information, which includes the Company's financial and business data over the years, to the public for downloading. These communication means were well-received by the capital market. Moreover, the Company engaged certain third parties to research and keep track of the feedback on its investor relations management. The Company also adopted follow-up measures based on such feedbacks.

III. Information Disclosure

The Company has strictly complied with the relevant regulatory rules of all the stock exchanges. During the reporting period, a total of 36 reports of the Company were published on a regular basis, including the annual report for 2012 and the first quarter report for 2013 as well as announcements for A share and H share, all of them were in compliance with the statutory disclosure requirements. Subject to the laws and regulations and with reference to the standards of the international leading counterparts, the Company explored diversified disclosure methods and improved the quality of disclosure. In the interim report for 2013, the Company took initiatives to update the content and method of the disclosure to ensure the investors' thorough understanding of the operation strategy and financial results of the Company. In the first half of this year, the Company received the "Gold Award for

the Annual Report of the Insurance Industry" (保險業年報金獎) issued by the League of American Communications Professionals LLC ("LACP") in an annual report competition among listing companies worldwide.



As part of its initiatives to improve investor relations, CPIC hosted "Capital Markets Day" event to keep the market informed of its development and business strategies

Significant Events

I. Implementation of Profit Distribution Plan during the Reporting Period

The Company distributed a cash dividend of RMB0.35 per share (including tax) in accordance with the “Resolution on Profit Distribution Plan for the year 2012” approved at the 2012 Annual General Meeting. The implementation of this distribution plan was completed recently.

II. 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 2013.

III. 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.

IV. Significant Connected Transactions during the Reporting Period

During the reporting period, the Company did not enter into any connected transactions or continuing connected transactions subject to the reporting, announcement and independent shareholders’ approval requirements under Chapter 14A ‘Connected Transactions’ of the Hong Kong Listing Rules.

V. Acquisition or Disposal of Material Assets and Corporate Merger

During the reporting period, the Company did not carry out any acquisition or disposal of material assets or corporate merger which was required to be disclosed.

VI. Share Option Scheme

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

VII. Material Contracts

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

VIII. The Fulfillment of the Undertakings Made by the Company and the Shareholders Holding More than 5% of Shares during the Reporting Period

During the reporting period, the Company and the shareholders holding more than 5% of shares did not enter into any undertaking which was required to be disclosed.

IX. Penalty on and Rectification on the Listed Company, Its Directors, Supervisors and Senior Management and the Shareholders Holding More than 5% of Shares

During the reporting period, neither the Company nor its Directors, Supervisors, senior management or the shareholders holding more than 5% of shares were subject to any investigation, administrative penalty or official censure by CSRC, or public reprimand by any stock exchange.

X. Review of Accounts

The audit committee of the Company has reviewed the principal accounting policies of the Company and the financial statements for the 6 months ended 30 June 2013 in the presence of internal and external auditors.

XI. 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	CB	113001	BOC CB	724.51	7.16	716.55	42.44	48.62
2	CB	110003	Xingang CB	80.61	0.78	80.87	4.79	0.22
3	Share	601006	Daqin Railway	60.86	8.37	49.72	2.95	(8.13)
4	CB	110023	Minsheng CB	59.32	0.58	59.84	3.54	0.52
5	Share	601288	ABC	46.01	16.10	39.61	2.35	(3.94)
6	Share	601668	CSCEC	24.45	6.93	21.93	1.30	(4.04)
7	CB	113002	ICBC CB	36.16	0.34	36.68	2.17	0.51
8	CB	110015	SINOPEC CB	34.19	0.30	29.93	1.77	(4.26)
9	Share	000423	Dong-E E-Jiao	28.73	0.61	23.36	1.38	(4.86)
10	Share	601318	Ping An Insurance	26.75	0.64	22.13	1.31	(4.45)
Other security investment held at the end of the period				678.99	77.11	607.82	36.00	(65.39)
Profit or loss of disposed investment securities during the reporting period				/	/	/	/	48.15
Total				1,800.58	118.92	1,688.44	100.00	2.95

Notes:

1. The table above reflects the shares, warrants and convertible bonds (top ten) 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 in the reporting period includes dividend payment and gain or loss from the change in fair value of the investment.

(II) Shareholdings in Other Listed Companies (included in available-for-sale financial assets)

Unit: RMB million

No.	Stock Code	Abbreviated stock name	Amount of initial investment	Percentage of shareholding in the company (%)	Carrying amount at the end of the period	Profit or loss in the reporting period	Change in shareholder's equity during the reporting period	Source of shares
1	601006	Daqin Railway	4,446	3.97	3,502	208	(478)	Purchase from the market
2	601398	ICBC	2,179	0.15	2,037	114	(46)	Purchase from the market
	HK01398		146		115	6	(17)	
3	600036	CMB	1,959	0.73	1,773	132	(339)	Purchase from the market
	HK03968		62		43	2	(15)	

Significant Events

No.	Stock Code	Abbreviated stock name	Amount of initial investment	Percentage of shareholding in the company (%)	Carrying amount at the end of the period	Profit or loss in the reporting period	Change in shareholder's equity during the reporting period	Source of shares
4	600000	SPD Bank	1,795	1.10	1,706	367	(477)	Purchase from the market
5	601288	ABC	1,760	0.20	1,613	104	(201)	Purchase from the market
	HK01288		-		-	1	-	
6	601939	CCB	1,738	0.15	1,481	96	(149)	Purchase from the market
	HK00939		68		55	3	(8)	
7	601668	CSCEC	1,384	1.31	1,241	40	(255)	Purchase from the market
8	600900	Yangtze Power	1,134	0.91	995	49	(67)	Purchase from the market
9	601328	BOCOM	907	0.27	760	51	(142)	Purchase from the market
10	000402	Financial Street	781	3.71	562	11	(193)	Purchase from the market

Notes:

- The above table reflects the shareholding of the Company in other listed companies (top ten), which is included in available-for-sale financial assets.
- Profit or loss in the reporting period represents the dividend payment and trading gains or losses of the investment during the reporting period.
- Percentage of shareholding in the company is calculated based on the investment of total number of shares denominated in different currencies.

(III) Shareholdings in Non-listed Financial Institutions

Unit: RMB million

Name of institution	Amount of initial investment	Number of shares held at the beginning of the period (million shares)	Percentage of shareholding in the company at the beginning of the period (%)	Number of shares held at the end of the period (million shares)	Percentage of shareholding in the company at the end of the period (%)	Carrying amount at the end of the period	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	100	5.98	100	5.98	1,071	20	(153)	Available-for-sale financial assets	Private placement
Shanghai Rural Commercial Bank	2,117	350	7.00	350	7.00	1,915	46	-	Available-for-sale financial assets	Private placement and equity transfer

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

XII. 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 2013, 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 2013 by approximately RMB1,934 million and a decrease in profit before tax for the six months ended 30 June 2013 by approximately RMB1,934 million.

The above change in accounting estimates has been approved by the board of directors of the Company on 23 August 2013.

Other Information

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Other Information

64 Documents Available for Inspection

Documents Available for Inspection

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

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

Unaudited Interim Condensed Consolidated
Financial Statements
30 June 2013

Independent Review Report

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 accompanying interim condensed consolidated financial statements set out on pages 2 to 33 which comprise the interim consolidated balance sheet of China Pacific Insurance (Group) Co., Ltd. and its subsidiaries (the "Group") as at 30 June 2013 and the related interim consolidated income statement, statement of comprehensive income, statement of changes in equity and cash flow statement 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" ("HKAS 34") issued by the Hong Kong Institute of Certified Public Accountants. The directors are responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with HKAS 34. Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review. Our report is made 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 accompanying interim condensed consolidated financial statements are not prepared, in all material respects, in accordance with HKAS 34.

Ernst & Young

Certified Public Accountants

Hong Kong

23 August 2013

Interim Consolidated Income Statement

For the six months ended 30 June 2013

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

	Notes	Six months ended 30 June	
		2013 (unaudited)	2012 (unaudited)
Gross written premiums	6(a)	98,662	90,511
Less: Premiums ceded to reinsurers	6(b)	(6,864)	(6,625)
Net written premiums	6	91,798	83,886
Net change in unearned premium reserves		(4,053)	(2,983)
Net premiums earned		87,745	80,903
Investment income	7	15,348	8,419
Other operating income		737	590
Other income		16,085	9,009
Total income		103,830	89,912
Net policyholders' benefits and claims:			
Life insurance death and other benefits paid	8	(14,214)	(10,485)
Claims incurred	8	(21,073)	(16,480)
Changes in long-term life insurance contract liabilities	8	(35,398)	(36,394)
Policyholder dividends	8	(1,812)	(1,783)
Finance costs		(1,271)	(1,072)
Interest credited to investment contracts		(895)	(969)
Other operating and administrative expenses		(22,239)	(19,248)
Total benefits, claims and expenses		(96,902)	(86,431)
Profit before tax	9	6,928	3,481
Income tax	10	(1,382)	(813)
Net profit for the period		5,546	2,668
Attributable to:			
Equity holders of the parent		5,464	2,638
Minority interests		82	30
		5,546	2,668
Basic earnings per share	11	RMB0.60	RMB0.31
Diluted earnings per share	11	RMB0.60	RMB0.31

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

Interim Consolidated Statement of Comprehensive Income

For the six months ended 30 June 2013

(All amounts expressed in RMB million unless otherwise specified)

	Note	Six months ended 30 June	
		2013 (unaudited)	2012 (unaudited)
Net profit for the period		5,546	2,668
Other comprehensive income			
Other comprehensive income to be reclassified to profit or loss in subsequent periods:			
Exchange differences on translation of foreign operations		(5)	2
Available-for-sale financial assets		(2,917)	7,202
Income tax relating to available-for-sale financial assets		724	(1,789)
Other comprehensive (loss)/income to be reclassified to profit or loss in subsequent periods		(2,198)	5,415
Other comprehensive (loss)/income for the period	12	(2,198)	5,415
Total comprehensive income for the period		3,348	8,083
Attributable to:			
Equity holders of the parent		3,301	7,962
Minority interests		47	121
		3,348	8,083

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

Interim Consolidated Balance Sheet

30 June 2013

(All amounts expressed in RMB million unless otherwise specified)

	Notes	30 June 2013 (unaudited)	31 December 2012 (audited)
ASSETS			
Property and equipment		9,410	9,364
Investment properties		6,888	6,349
Goodwill		962	962
Other intangible assets		710	738
Prepaid land lease payments		60	60
Investment in a joint venture	13	11	-
Financial assets at fair value through profit or loss	14	1,954	1,714
Held-to-maturity financial assets	15	260,057	248,766
Available-for-sale financial assets	16	161,520	135,815
Investments classified as loans and receivables	17	38,532	36,097
Securities purchased under agreements to resell		1,574	1,115
Term deposits	18	153,992	164,297
Restricted statutory deposits		3,600	3,600
Policy loans		6,873	5,700
Interest receivables		15,478	13,659
Reinsurance assets	19	14,868	14,121
Deferred income tax assets	20	2,723	2,067
Insurance receivables		9,067	8,177
Other assets	21	5,990	5,026
Cash and short-term time deposits	22	26,938	23,875
Total assets		721,207	681,502

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

Financial Report

	Notes	30 June 2013 (unaudited)	31 December 2012 (audited)
EQUITY AND LIABILITIES			
Equity			
Issued capital	23	9,062	9,062
Reserves	24	65,356	67,519
Retained profits	24	21,888	19,596
Equity attributable to equity holders of the parent		96,306	96,177
Minority interests		1,382	1,392
Total equity		97,688	97,569
Liabilities			
Long-term borrowings		188	-
Insurance contract liabilities	25	480,626	438,887
Investment contract liabilities	26	36,116	41,754
Policyholders' deposits		79	79
Subordinated debt	27	15,500	15,500
Securities sold under agreements to repurchase		47,298	50,143
Deferred income tax liabilities	20	1,006	958
Income tax payable		853	487
Premium received in advance		3,219	4,376
Policyholder dividend payable		12,529	11,711
Payables to reinsurers		3,376	3,514
Other liabilities		22,729	16,524
Total liabilities		623,519	583,933
Total equity and liabilities		721,207	681,502

GAO Guofu
Director

HUO Lianhong
Director

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

Interim Consolidated Statement of Changes in Equity

For the six months ended 30 June 2013

(All amounts expressed in RMB million unless otherwise specified)

For the six months ended 30 June 2013 (unaudited)										
	Attributable to equity holders of the parent									
	Reserves									
	Issued capital	Capital reserve	Surplus reserves	Foreign currency translation reserve	Available-for-sale investment revaluation reserve	Retained profits	Total	Minority interests	Total equity	
At 1 January 2013	9,062	66,742	2,698	(55)	(1,866)	19,596	96,177	1,392	97,569	
Total comprehensive income	-	-	-	(5)	(2,158)	5,464	3,301	47	3,348	
Dividends declared ¹	-	-	-	-	-	(3,172)	(3,172)	-	(3,172)	
Dividends paid to minority shareholders	-	-	-	-	-	-	-	(57)	(57)	
At 30 June 2013	9,062	66,742	2,698	(60)	(4,024)	21,888	96,306	1,382	97,688	

¹ Dividends declared represent final dividend on ordinary shares declared for the year ended 31 December 2012, amounting to RMB3,172 million (RMB0.35 per share).

For the six months ended 30 June 2012 (unaudited)										
	Attributable to equity holders of the parent									
	Reserves									
	Issued capital	Capital reserve	Surplus reserves	Foreign currency translation reserve	Available-for-sale investment revaluation reserve	Retained profits	Total	Minority interests	Total equity	
At 1 January 2012	8,600	58,907	2,234	(55)	(10,883)	17,993	76,796	1,259	78,055	
Total comprehensive income	-	-	-	2	5,322	2,638	7,962	121	8,083	
Dividends declared ¹	-	-	-	-	-	(3,010)	(3,010)	-	(3,010)	
Dividends paid to minority shareholders	-	-	-	-	-	-	-	(71)	(71)	
At 30 June 2012	8,600	58,907	2,234	(53)	(5,561)	17,621	81,748	1,309	83,057	

¹ Dividends declared represent final dividend on ordinary shares declared for the year ended 31 December 2011, amounting to RMB3,010 million (RMB0.35 per share).

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

Interim Consolidated Cash Flow Statement

For the six months ended 30 June 2013

(All amounts expressed in RMB million unless otherwise specified)

	Note	Six months ended 30 June	
		2013 (unaudited)	2012 (unaudited)
OPERATING ACTIVITIES			
Cash generated from operating activities	28	29,586	34,704
Income tax paid		(941)	(808)
Net cash inflow from operating activities		28,645	33,896
INVESTING ACTIVITIES			
Purchases of property and equipment, intangible assets and other assets		(1,832)	(986)
Proceeds from sale of items of property and equipment, intangible assets and other assets		4	39
Purchases of investments, net		(33,267)	(47,682)
Acquisition of a subsidiary and interest in a joint venture		(382)	-
Interest received		11,730	9,882
Dividends received from investments		1,297	534
Net cash outflow from investing activities		(22,450)	(38,213)
FINANCING ACTIVITIES			
Securities sold under agreements to repurchase, net		(1,689)	20,955
Repayment of borrowings		(1)	-
Interest paid		(747)	(691)
Dividends paid		(24)	(3,013)
Net cash (outflow)/inflow from financing activities		(2,461)	17,251
Effects of exchange rate changes on cash and cash equivalents		(125)	4
Net increase in cash and cash equivalents		3,609	12,938
Cash and cash equivalents at beginning of period		24,990	14,966
Cash and cash equivalents at end of period		28,599	27,904
Analysis of balances of cash and cash equivalents			
Cash at banks and on hand		9,035	9,755
Time deposits with original maturity of no more than three months		16,463	10,446
Other monetary assets		1,440	802
Investments with original maturity of no more than three months		1,661	6,901
Cash and cash equivalents at end of period		28,599	27,904

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

Notes to the Interim Condensed Consolidated Financial Statements

30 June 2013

(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 Accounting Policies

2.1 Basis of preparation

These interim condensed consolidated financial statements for the six months ended 30 June 2013 have 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”).

These interim condensed consolidated financial statements do 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 2012.

2. Basis of Preparation and Accounting Policies (continued)

2.2 Significant accounting policies

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2012, except for the adoption of new and revised standards and interpretations as of 1 January 2013, as described below:

- **HKAS 1 Amendments: Presentation of Items of Other Comprehensive Income**
The amendments change the grouping of items presented in other comprehensive income. Items that could be reclassified (or recycled) to profit or loss at a future point in time (for example, net gain on hedge of a net investment, exchange differences on translation of foreign operations, net movement on cash flow hedges and net loss or gain on available-for-sale financial assets) would be presented separately from items which will never be reclassified (for example, actuarial gains and losses on defined benefit plans and revaluation of land and buildings). Currently, the amendment affected presentation only and had no impact on the Group's financial position or performance.
- **HKAS 19 (2011): Employee Benefits**
The revised standard introduces significant changes in the accounting for defined benefit pension plans including removing the choice to defer the recognition of actuarial gains and losses. Other changes include modifications to the timing of recognition for termination benefits, the classification of short-term employee benefits and disclosures of defined benefit plans. Currently, the revised standard did not have any significant impact on the Group's financial statements.
- **HKFRS 1 Amendments: Government Loans**
The amendments require a first-time adopter to apply the requirements of HKAS 20 Accounting for Government Grants and Disclosure of Government Assistance prospectively to government loans existing at the date of transition to HKFRSs. Entities may choose to apply the requirements of HKFRS 9 Financial Instruments (or HKAS 39 Financial Instruments: Recognition and Measurement, as applicable) and HKAS 20 to government loans retrospectively if the information needed to do so had been obtained at the time of initially accounting for that loan. Currently, the amendments did not have any impact on the Group's financial statements.
- **HKFRS 7 Amendments: Offsetting Financial Assets and Financial Liabilities**
Together with the amendments to HKAS 32, the HKICPA issued Amendments to HKFRS 7, which require an entity to disclose information about rights to set-off and related arrangements (e.g., collateral agreements). The disclosures would provide users with information that is useful in evaluating the effect of netting arrangements on an entity's financial position. The new disclosures are required for all recognised financial instruments that are set off in accordance with HKAS 32 Financial Instruments: Presentation. The disclosures also apply to recognised financial instruments that are subject to an enforceable master netting arrangement or similar agreement, irrespective of whether they are set off in accordance with HKAS 32. Currently, the amendments did not have any significant impact on the Group's financial statements.

2. Basis of Preparation and Accounting Policies (continued)

2.2 Significant accounting policies (continued)

- HKFRS 10: Consolidated Financial Statements and HKAS 27: Separate Financial Statements

It includes a new definition of control which is used to determine which entities are consolidated. The changes introduced by HKFRS 10 require management of the Group to exercise significant judgement to determine which entities are controlled, compared with the requirements in HKAS 27 Consolidated and Separate Financial Statements and HK (SIC)-Int 12 Consolidation - Special Purpose Entities. HKFRS 10 replaces the portion of HKAS 27 that addresses the accounting for consolidated financial statements. It also addresses the issues raised in HK(SIC)-Int 12. Currently, the new standard did not have any significant impact on the Group's financial position and performance.

- HKFRS 11: Joint Arrangements and HKAS 28: Investment in Associates and Joint Ventures

This new standard replaces HKAS 31 Interests in Joint Ventures and HK (SIC)-Int 13 Jointly Controlled Entities-Non-Monetary Contributions by Ventures. It describes the accounting for joint arrangements with joint control. It addresses only two forms of joint arrangements, i.e., joint operations and joint ventures, and removes the option to account for joint ventures using proportionate consolidation. Currently, the new standard did not have any significant impact on the Group's financial statements.

- HKFRS 12: Disclosure of Interests in Other Entities

This new standard includes the disclosure requirements for subsidiaries, joint arrangements, associates and structured entities that are previously included in HKAS 27 Consolidated and Separate Financial Statements, HKAS 31 Interests in Joint Ventures and HKAS 28 Investments in Associates. It also introduces a number of new disclosure requirements for these entities. None of these disclosure requirements are applicable for interim condensed consolidated financial statements, unless significant events and transactions in the interim period require that they are provided. Accordingly, the Group has not made such disclosures.

- HKFRS 13: Fair Value Measurement

The standard does not change the circumstances in which the Group is required to use fair value, but provides guidance on how fair value should be applied where its use is already required or permitted under other HKFRSs. Currently, the new standard did not have any significant impact on the Group's financial statements.

- HK(IFRIC)-Int 20: Stripping Costs in the Production Phase of a Surface Mine

HK (IFRIC)-Int 20 addresses the recognition of waste removal costs that are incurred in surface mining activity during the production phase of a mine as an asset, as well as the initial measurement and subsequent measurement of the stripping activity asset. Currently this new interpretation did not have any impact on the Group's financial statements.

- Annual Improvements 2009-2011 Cycle: Amendments to a number of HKFRSs issued in June 2012

The Annual Improvements to HKFRSs 2009-2011 Cycle issued in June 2012 set out amendments to a number of HKFRSs. There are separate transitional provisions for each standard. While the adoption of some of the amendments resulted in changes in accounting policies, none of these amendments had a significant financial impact on the Group currently.

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

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 2013, 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 2013 by approximately RMB1,934 million and a decrease in profit before tax for the six months ended 30 June 2013 by approximately RMB1,934 million.

The above change in accounting estimates has been approved by the board of directors of the Company on 23 August 2013.

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 offers a wide range of RMB life insurance;
- The property and casualty insurance segment provides a wide range of RMB and foreign-currency property and casualty insurance; and
- 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 2013, gross written premiums from transactions with the top five external customers amounted to 0.6% (during the six months ended 30 June 2012: 0.5%) of the Group's total gross written premiums.

4. Segment Information (continued)

Segment income statement for the six months ended 30 June 2013

	Property and casualty insurance							Total
	Life insurance	Mainland China	Hong Kong	Eliminations	Sub-total	Others	Eliminations	
Gross written premiums	56,270	42,354	205	(167)	42,392	-	-	98,662
Less: Premiums ceded to reinsurers	(812)	(6,196)	(23)	167	(6,052)	-	-	(6,864)
Net written premiums	55,458	36,158	182	-	36,340	-	-	91,798
Net change in unearned premium reserves	(337)	(3,705)	(11)	-	(3,716)	-	-	(4,053)
Net premiums earned	55,121	32,453	171	-	32,624	-	-	87,745
Investment income	13,152	1,648	12	-	1,660	542	(6)	15,348
Other operating income	417	117	-	-	117	969	(766)	737
Other income	13,569	1,765	12	-	1,777	1,511	(772)	16,085
Segment income	68,690	34,218	183	-	34,401	1,511	(772)	103,830
Net policyholders' benefits and claims:								
Life insurance death and other benefits paid	(14,214)	-	-	-	-	-	-	(14,214)
Claims incurred	(776)	(20,193)	(104)	-	(20,297)	-	-	(21,073)
Changes in long-term life insurance contract liabilities	(35,398)	-	-	-	-	-	-	(35,398)
Policyholder dividends	(1,812)	-	-	-	-	-	-	(1,812)
Finance costs	(1,234)	(27)	-	-	(27)	(10)	-	(1,271)
Interest credited to investment contracts	(895)	-	-	-	-	-	-	(895)
Other operating and administrative expenses	(10,289)	(11,604)	(62)	-	(11,666)	(1,119)	835	(22,239)
Segment benefits, claims and expenses	(64,618)	(31,824)	(166)	-	(31,990)	(1,129)	835	(96,902)
Segment results	4,072	2,394	17	-	2,411	382	63	6,928
Share of losses of associates	(3)	-	-	-	-	-	3	-
Profit before tax	4,069	2,394	17	-	2,411	382	66	6,928
Income tax	(607)	(654)	-	-	(654)	(92)	(29)	(1,382)
Net profit for the period	3,462	1,740	17	-	1,757	290	37	5,546

4. Segment Information (continued)

Segment income statement for the six months ended 30 June 2012

	Life insurance	Property and casualty insurance				Sub-total	Others	Eliminations	Total
		Mainland China	Hong Kong	Eliminations					
Gross written premiums	55,229	35,246	182	(146)	35,282	-	-	90,511	
Less: Premiums ceded to reinsurers	(881)	(5,870)	(20)	146	(5,744)	-	-	(6,625)	
Net written premiums	54,348	29,376	162	-	29,538	-	-	83,886	
Net change in unearned premium reserves	(389)	(2,584)	(10)	-	(2,594)	-	-	(2,983)	
Net premiums earned	53,959	26,792	152	-	26,944	-	-	80,903	
Investment income	7,585	684	(10)	-	674	180	(20)	8,419	
Other operating income	358	96	-	-	96	579	(443)	590	
Other income	7,943	780	(10)	-	770	759	(463)	9,009	
Segment income	61,902	27,572	142	-	27,714	759	(463)	89,912	
Net policyholders' benefits and claims:									
Life insurance death and other benefits paid	(10,485)	-	-	-	-	-	-	(10,485)	
Claims incurred	(401)	(16,000)	(79)	-	(16,079)	-	-	(16,480)	
Changes in long-term life insurance contract liabilities	(36,394)	-	-	-	-	-	-	(36,394)	
Policyholder dividends	(1,783)	-	-	-	-	-	-	(1,783)	
Finance costs	(978)	(83)	-	-	(83)	(11)	-	(1,072)	
Interest credited to investment contracts	(969)	-	-	-	-	-	-	(969)	
Other operating and administrative expenses	(9,697)	(9,294)	(63)	2	(9,355)	(684)	488	(19,248)	
Segment benefits, claims and expenses	(60,707)	(25,377)	(142)	2	(25,517)	(695)	488	(86,431)	
Segment results	1,195	2,195	-	2	2,197	64	25	3,481	
Share of losses of associates	(10)	-	-	-	-	-	10	-	
Profit before tax	1,185	2,195	-	2	2,197	64	35	3,481	
Income tax	(126)	(627)	-	-	(627)	(45)	(15)	(813)	
Net profit for the period	1,059	1,568	-	2	1,570	19	20	2,668	

5. Scope of Consolidation

Particulars of the Company's incorporated subsidiaries as at 30 June 2013 are as follows:

Name	Business scope and principal activities	Place of incorporation/ registration	Place of operations	Organization code	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")	Property and casualty insurance	Shanghai	The PRC	73337320-X	9,500,000	9,500,000	98.50	-	98.50	
China Pacific Life Insurance Co., Ltd. ("CPIC Life")	Life insurance	Shanghai	The PRC	73337090-6	7,600,000	7,600,000	98.29	-	98.29	
Pacific Asset Management Co., Ltd.	Investment management	Shanghai	Shanghai	78954956-9	500,000	500,000	80.00	19.67	100.00	
China Pacific Insurance Co., (H.K.) Ltd.	Property and casualty insurance	Hong Kong	Hong Kong	Not applicable	HK\$250,000 thousand	HK\$250,000 thousand	100.00	-	100.00	
Shanghai Pacific Real Estate Co., Ltd.	Management of properties	Shanghai	Shanghai	13370078-0	115,000	115,000	100.00	-	100.00	
Fenghua Xikou Garden Hotel	Hotel operations	Zhejiang	Zhejiang	72639899-4	8,000	8,000	-	98.39	100.00	
Changjiang Pension Insurance Co., Ltd.	Pension fund management business	Shanghai	Shanghai	66246731-2	787,610	787,610	-	51.00	51.75	
CPIC Investment Management (H.K.) Company Limited	Investment management	Hong Kong	Hong Kong	Not applicable	HK\$50,000 thousand	HK\$50,000 thousand	49.00	50.83	100.00	
City Island Developments Limited ("City Island")	Investment holding	The British Virgin Islands	The British Virgin Islands	Not applicable	US\$50,000	US\$1,000	-	98.29	100.00	
Great Winwick Limited *	Investment holding	The British Virgin Islands	The British Virgin Islands	Not applicable	US\$50,000	US\$100	-	98.29	100.00	
Great Winwick (Hong Kong) Limited *	Investment holding	Hong Kong	Hong Kong	Not applicable	HK\$10,000	HK\$1	-	98.29	100.00	
Newscott Investments Limited *	Investment holding	The British Virgin Islands	The British Virgin Islands	Not applicable	US\$50,000	US\$100	-	98.29	100.00	
Newscott (Hong Kong) Investments Limited *	Investment holding	Hong Kong	Hong Kong	Not applicable	HK\$10,000	HK\$1	-	98.29	100.00	
Shanghai Xinhui Real Estate Development Co., Ltd. *	Real estate	Shanghai	Shanghai	60720379-5	US\$15,600 thousand	US\$15,600 thousand	-	98.29	100.00	
Shanghai Hehui Real Estate Development Co., Ltd. *	Real estate	Shanghai	Shanghai	60732576-8	US\$46,330 thousand	US\$46,330 thousand	-	98.29	100.00	
Pacific Insurance Online Services Technology Co., Ltd.	Consulting services	Shandong	The PRC	58877325-7	50,000	50,000	100.00	-	100.00	
Tianjin Trophy Real Estate Co., Ltd. ("Tianjin Trophy")	Real estate	Tianjin	Tianjin	66306432-0	353,690	353,690	-	98.29	100.00	(1)

* Subsidiaries of City Island

5. Scope of Consolidation (continued)

(1) Acquisition of Tianjin Trophy

In May 2013, CPIC Life acquired the entire 100% equity interest of Tianjin Trophy with a total consideration of approximately RMB414 million in cash. The Group gained control of Tianjin Trophy on 31 May 2013, which was regarded as the acquisition date.

The fair value of the identifiable assets and liabilities acquired as at the acquisition date is set out below:

Assets:	
Investment properties	623
Cash and cash equivalents	27
Other assets	20
	670
Liabilities:	
Long-term borrowings	(188)
Deferred income tax liabilities	(42)
Other liabilities	(16)
	(246)
Total identifiable net assets at fair value	424
Gain on bargain purchase recognised in other operating income in the consolidated income statement	(10)
Total consideration in cash	414

An analysis of the net cash flows in respect of the acquisition is as follows:

Cash and bank balances acquired	10
Cash equivalents acquired	17
Consideration to be paid	16
Total consideration in cash	(414)
Net cash outflow	(371)

From the date of acquisition, Tianjin Trophy has contributed approximately total income of RMB3 million, net loss of RMB1 million and net cash inflow of RMB189 thousand to the Group's consolidated financial statement for the six months ended 30 June 2013.

From the date of acquisition to 30 June 2013, the Group did not dispose of nor has it any intention to dispose of any significant assets or liabilities of Tianjin Trophy.

6. Net Written Premiums

(a) Gross written premiums

	Six months ended 30 June	
	2013	2012
Long-term life insurance premiums	53,309	52,515
Short-term life insurance premiums	2,961	2,714
Property and casualty insurance premiums	42,392	35,282
	98,662	90,511

(b) Premiums ceded to reinsurers

	Six months ended 30 June	
	2013	2012
Long-term life insurance premiums ceded to reinsurers	(713)	(734)
Short-term life insurance premiums ceded to reinsurers	(99)	(147)
Property and casualty insurance premiums ceded to reinsurers	(6,052)	(5,744)
	(6,864)	(6,625)

(c) Net written premiums

	Six months ended 30 June	
	2013	2012
Net written premiums	91,798	83,886

7. Investment Income

	Six months ended 30 June	
	2013	2012
Interest and dividend income (a)	15,701	13,013
Realized gains/(losses) (b)	207	(2,239)
Unrealized (losses)/gains (c)	(72)	77
Charge of impairment losses on financial assets	(488)	(2,432)
	15,348	8,419

7. Investment Income (continued)

(a) Interest and dividend income

	Six months ended 30 June	
	2013	2012
Financial assets at fair value through profit or loss		
- Fixed maturity investments	6	9
- Investment funds	13	3
- Equity securities	22	1
	41	13
Held-to-maturity financial assets		
- Fixed maturity investments	6,048	4,882
Loans and receivables		
- Fixed maturity investments	5,606	5,483
Available-for-sale financial assets		
- Fixed maturity investments	2,026	1,563
- Investment funds	761	157
- Equity securities	1,219	915
	4,006	2,635
	15,701	13,013

(b) Realized gains/(losses)

	Six months ended 30 June	
	2013	2012
Financial assets at fair value through profit or loss		
- Fixed maturity investments	31	(15)
- Investment funds	2	28
- Equity securities	18	-
	51	13
Available-for-sale financial assets		
- Fixed maturity investments	5	(55)
- Investment funds	388	(813)
- Equity securities	(237)	(1,384)
	156	(2,252)
	207	(2,239)

(c) Unrealized (losses)/gains

	Six months ended 30 June	
	2013	2012
Financial assets at fair value through profit or loss		
- Fixed maturity investments	46	92
- Investment funds	(4)	(17)
- Equity securities	(114)	2
	(72)	77

8. Net Policyholders' Benefits and Claims

	Six months ended 30 June 2013		
	Gross	Ceded	Net
Life insurance death and other benefits paid	14,439	(225)	14,214
Claims incurred			
- Short-term life insurance	775	1	776
- Property and casualty insurance	22,977	(2,680)	20,297
Changes in long-term life insurance contract liabilities	35,771	(373)	35,398
Policyholder dividends	1,812	-	1,812
	75,774	(3,277)	72,497
	Six months ended 30 June 2012		
	Gross	Ceded	Net
Life insurance death and other benefits paid	10,597	(112)	10,485
Claims incurred			
- Short-term life insurance	744	(343)	401
- Property and casualty insurance	18,676	(2,597)	16,079
Changes in long-term life insurance contract liabilities	36,678	(284)	36,394
Policyholder dividends	1,783	-	1,783
	68,478	(3,336)	65,142

9. Profit Before Tax

The Group's profit before tax is arrived at after charging/ (crediting):

	Six months ended 30 June	
	2013	2012
Employee benefit expense (including directors' and supervisors' emoluments)	5,743	5,233
Auditors' remuneration	8	8
Operating lease payments in respect of land and buildings	399	364
Depreciation of investment properties	105	101
Depreciation of property and equipment	506	438
Amortization of other intangible assets	132	96
Amortization of prepaid land lease payments	-	1
Amortization of other assets	10	10
Gain on disposal of items of property and equipment, intangible assets and other long-term assets	(1)	(15)
Charge of impairment loss on insurance receivables	137	146
Charge of impairment loss on financial assets (note 7)	488	2,432
Foreign exchange loss/(gain), net	190	(2)

10. Income Tax

(a) Income tax

	Six months ended 30 June	
	2013	2012
Current income tax	1,308	946
Deferred income tax (note 20)	74	(133)
	1,382	813

(b) Tax recorded in other comprehensive income

	Six months ended 30 June	
	2013	2012
Deferred income tax (note 20)	724	(1,789)

(c) Reconciliation of income tax

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.

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

	Six months ended 30 June	
	2013	2012
Profit before tax	6,928	3,481
Tax computed at the statutory tax rate	1,732	870
Adjustments to income tax in respect of previous periods	(38)	12
Income not subject to tax	(640)	(291)
Expenses not deductible for tax	302	172
Others	26	50
Income tax at the Group's effective rate	1,382	813

11. Earnings Per Share

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

	Six months ended 30 June	
	2013	2012
Consolidated net profit for the period attributable to equity holders of the parent	5,464	2,638
Weighted average number of ordinary shares in issue (million)	9,062	8,600
Basic earnings per share	RMB0.60	RMB0.31
Diluted earnings per share	RMB0.60	RMB0.31

The Company had no dilutive potential ordinary shares for the six months ended 30 June 2013 and 30 June 2012.

12. Other Comprehensive (Loss)/Income

	Six months ended 30 June	
	2013	2012
Exchange differences on translation of foreign operations	(5)	2
Available-for-sale financial assets		
(Loss)/gain arising during the period	(3,263)	2,550
Reclassification adjustments for (gain)/loss included in profit or loss	(156)	2,252
Fair value change on available-for-sale financial assets attributable to policyholders	14	(32)
Impairment charges reclassified to the income statement	488	2,432
	(2,917)	7,202
Income tax relating to available-for-sale financial assets	724	(1,789)
	(2,193)	5,413
Other comprehensive (loss)/income	(2,198)	5,415

13. Investment in a Joint Venture

	30 June 2013
Share of net assets	11

In November 2012, the joint purchasers which comprised of CPIC Property and a third party won the bid for the land use right to a parcel of land located in Huangpu District, Shanghai. In February 2013, the aforementioned two 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 as well as the developer for this parcel of land. Binjiang-Xiangrui obtained its business license in March 2013.

Particulars of the joint venture as at 30 June 2013 are as follow:

Name	Place of incorporation	Percentage of ownership interest		Percentage of voting power	Registered and paid-up capital (RMB thousand)	Principal activity
		Direct	Indirect			
Binjiang-Xiangrui	Shanghai	-	35.16%	35.70%	30,000	Real estate

The following table illustrates the financial information of the Group’s joint venture:

	30 June 2013
Share of the joint venture’s assets and liabilities:	
Current assets	1,020
Current liabilities	(1,009)
Net assets	11

During the six months ended 30 June 2013, Binjiang-Xiangrui was engaged in property development and did not generate any income. The share of the net loss attributable to Binjiang-Xiangrui by the Group for the six months ended 30 June 2013 is approximately RMB6 thousand.

14. 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 2013	31 December 2012
Listed		
Equity securities	741	194
Investment funds	111	97
Debt securities		
- Government bonds	32	32
- Finance bonds	813	1,098
- Corporate bonds	140	44
	1,837	1,465
Unlisted		
Investment funds	117	249
	1,954	1,714

15. Held-to-maturity Financial Assets

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

	30 June 2013	31 December 2012
Listed		
Debt securities		
- Government bonds	2,190	2,187
- Finance bonds	4,599	60
- Corporate bonds	10,231	9,234
	17,020	11,481
Unlisted		
Debt securities		
- Government bonds	50,220	50,220
- Finance bonds	108,817	112,053
- Corporate bonds	84,000	75,012
	243,037	237,285
	260,057	248,766

16. Available-for-sale Financial Assets

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

	30 June 2013	31 December 2012
Listed		
Equity securities	27,733	26,864
Investment funds	8,166	9,073
Debt securities		
- Government bonds	17	46
- Finance bonds	993	992
- Corporate bonds	21,262	20,804
	58,171	57,779
Unlisted		
Other equity investments	8,488	7,141
Wealth management products	2,100	-
Investment funds	21,000	19,097
Debt securities		
- Government bonds	200	2
- Finance bonds	16,110	19,160
- Corporate bonds	55,451	32,636
	103,349	78,036
	161,520	135,815

17. Investments Classified as Loans and Receivables

	30 June 2013	31 December 2012
Debt securities		
-Finance	5,580	7,426
-Debt investment scheme	32,315	28,341
Wealth management products	637	330
	38,532	36,097

18. Term Deposits

	30 June 2013	31 December 2012
1 month to 3 months (including 3 months)	5,803	1,564
3 months to 1 year (including 1 year)	14,709	41,923
1 to 2 years (including 2 years)	5,880	1,030
2 to 3 years (including 3 years)	52,460	25,910
3 to 4 years (including 4 years)	56,050	47,980
4 to 5 years (including 5 years)	18,950	45,000
More than 5 years	140	890
	153,992	164,297

19. Reinsurance Assets

	30 June 2013	31 December 2012
Reinsurers' share of insurance contract liabilities (note 25)	14,868	14,121

20. 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 2013	31 December 2012
Net deferred income tax assets, at beginning of period/year	1,109	4,020
Acquisition of a subsidiary	(42)	-
Recognized in profit or loss (note 10(a))	(74)	123
Recognized in other comprehensive income (note 10(b))	724	(3,034)
Net deferred income tax assets, at end of period/year	1,717	1,109
Represented by:		
Deferred tax assets	2,723	2,067
Deferred tax liabilities	(1,006)	(958)

21. Other Assets

	30 June 2013	31 December 2012
Tax receivable other than income tax	1,908	2,830
Due from a related-party ⁽¹⁾	1,024	-
Dividend receivable	718	-
Due from agents	523	136
Receivable from securities clearance	510	767
Co-insurance receivable	90	69
Others	1,217	1,224
	5,990	5,026

(1) As at 30 June 2013, the payments made by the Group on behalf of Binjiang-Xiangrui for the purchase of land and related taxes and expenses amounted to approximately RMB1,024 million.

22. Cash and Short-Term Time Deposits

	30 June 2013	31 December 2012
Cash at banks and on hand	9,035	6,817
Time deposits with original maturity of no more than three months	16,463	16,794
Other monetary assets	1,440	264
	26,938	23,875

The Group's bank balances denominated in RMB amounted to RMB20,470 million as at 30 June 2013 (31 December 2012: RMB16,349 million). RMB is not freely convertible into other currencies; however, under PRC's foreign exchange regulations, the Group is permitted to exchange RMB for other currencies through banks authorized to conduct foreign exchange business.

Cash at banks earn 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.

23. Issued Capital

	30 June 2013	31 December 2012
Number of shares issued and fully paid at RMB1 each (million)	9,062	9,062

24. Reserves and Retained Profits

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

(a) Capital reserve

Capital reserve mainly represents share premiums from issuance of shares and the deemed disposal of an equity interest in CPIC Life, the Company's life insurance subsidiary, 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.

(b) Surplus reserves

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

(i) Statutory surplus reserve (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 generally accepted accounting principles in the PRC ("PRC GAAP"), to 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, RMB3,707 million as at 30 June 2013 (31 December 2012: RMB3,707 million) represents the Company's share of its subsidiaries' surplus reserve fund.

(ii) Discretionary surplus reserve (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 reserve

In accordance with the relevant regulations, general reserve 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 to capital.

Of the Group's retained profits, RMB3,675 million as at 30 June 2013 (31 December 2012: RMB3,675 million) represents the Company's share of its subsidiaries' general reserve.

24. Reserves and Retained Profits (continued)

(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 6th term of board of directors held on 22 March 2013, a final dividend of approximately RMB3,172 million (equivalent to RMB0.35 per share (including tax)) was proposed after the appropriation of statutory surplus reserve. The dividend distribution was approved by the annual general meeting held on 31 May 2013.

25. Insurance Contract Liabilities

30 June 2013			
	Insurance contract liabilities	Reinsurers' share of insurance contract liabilities (note 19)	Net
Long-term life insurance contracts	421,525	(6,079)	415,446
Short-term life insurance contracts			
- Unearned premiums	1,988	(54)	1,934
- Claim reserves	798	(54)	744
	2,786	(108)	2,678
Property and casualty insurance contracts			
- Unearned premiums	33,906	(4,220)	29,686
- Claim reserves	22,409	(4,461)	17,948
	56,315	(8,681)	47,634
	480,626	(14,868)	465,758
Incurred but not reported claim reserves	3,647	(673)	2,974
31 December 2012			
	Insurance contract liabilities	Reinsurers' share of insurance contract liabilities (note 19)	Net
Long-term life insurance contracts	385,283	(5,706)	379,577
Short-term life insurance contracts			
- Unearned premiums	1,654	(57)	1,597
- Claim reserves	737	(96)	641
	2,391	(153)	2,238
Property and casualty insurance contracts			
- Unearned premiums	29,610	(3,637)	25,973
- Claim reserves	21,603	(4,625)	16,978
	51,213	(8,262)	42,951
	438,887	(14,121)	424,766
Incurred but not reported claim reserves	3,479	(736)	2,743

26. Investment Contract Liabilities

	30 June 2013	31 December 2012
At beginning of period/year	41,754	47,182
Deposits received	2,316	3,259
Deposits withdrawn	(8,840)	(10,288)
Fees deducted	(115)	(186)
Interest credited	895	1,715
Others	106	72
At end of period/year	36,116	41,754

27. Subordinated Debt

On 21 December 2011, CPIC Life issued a 10-year subordinated debt with a total face value of RMB8,000 million. 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 RMB7,500 million. 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.

28. Note to Interim Consolidated Cash Flow Statement

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

	Six months ended 30 June	
	2013	2012
Profit before tax	6,928	3,481
Investment income	(15,348)	(8,419)
Foreign currency losses/(gains), net	190	(2)
Finance costs	1,083	934
Charge of impairment losses on insurance receivables and other assets, net	140	144
Depreciation of investment properties	105	101
Depreciation of property and equipment	506	438
Amortization of other intangible assets	132	96
Amortization of prepaid land lease payments	-	1
Amortization of other assets	10	10
Gain on disposal of items of property and equipment, intangible assets and other long-term assets	(1)	(15)
Reversal of provision for lawsuits	(4)	(5)
	(6,259)	(3,236)
Increase in reinsurance assets	(747)	(129)
Increase in insurance receivables	(1,027)	(3,609)
Decrease/(increase) in other assets	356	(1,354)
Increase in insurance contract liabilities	41,266	40,449
(Decrease)/Increase in other operating liabilities	(4,003)	2,583
Cash generated from operating activities	29,586	34,704

29. Related Party Transactions

The Group had the following major transactions with related parties:

(a) Sale of insurance contracts

	Six months ended 30 June	
	2013	2012
Equity holders who individually own more than 5% of equity interests of the Company and the equity holders' parent company	26	9

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

(b) Claims paid

	Six months ended 30 June	
	2013	2012
Equity holders who individually own more than 5% of equity interests of the Company and the equity holders' parent company	1	-

(c) Compensation of key management personnel of the Group

	Six months ended 30 June	
	2013	2012
Salaries, allowances and other short-term benefits	12	10
Long-term incentive paid ⁽¹⁾	5	4
Total compensation of key management personnel	17	14

(1) This represents amount paid under the Group's long-term incentive plans. Amounts accrued for all eligible participants under the plan as a whole but not yet allocated to individual personnel are not included above because such amounts are not yet fully vested

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

	Six months ended 30 June	
	2013	2012
Payments made on behalf of Binjiang-Xiangrui for the purchase of land and related taxes and expenses	1,024	-

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

(e) 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.

During the six-month periods ended 30 June 2012 and 2013, 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.

30. Commitments

(a) Capital commitments

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

	30 June 2013	31 December 2012
Contracted, but not provided for ⁽¹⁾	1,833	3,139
Authorized, but not contracted for ⁽¹⁾	804	1,425
	2,637	4,564

(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 RMB2,000 million. As at 30 June 2013, the cumulative amount incurred by the Company amounted to RMB201 million. Of the balance, RMB995 million was disclosed as a capital commitment contracted but not provided for and RMB804 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 2013	31 December 2012
Within 1 year (including 1 year)	530	536
1 to 2 years (including 2 years)	392	376
2 to 3 years (including 3 years)	270	274
3 to 5 years (including 5 years)	233	297
More than 5 years	445	369
	1,870	1,852

(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 2013	31 December 2012
Within 1 year (including 1 year)	430	411
1 to 2 years (including 2 years)	242	287
2 to 3 years (including 3 years)	117	145
3 to 5 years (including 5 years)	29	40
More than 5 years	1	1
	819	884

31. Contingent Liabilities

Owing to the nature of 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 2013, 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.

32. Maturity Profile of Financial Instruments

The table below summarizes the maturity profiles of major financial assets and financial liabilities of the Group based on remaining undiscounted contractual cash flows.

As at 30 June 2013						
	On demand	Within 1 year	1 to 5 years	Over 5 years	Undated	Total
Assets:						
Financial assets at fair value through profit or loss	-	117	847	59	969	1,992
Held-to-maturity financial assets	-	20,345	79,808	367,244	-	467,397
Available-for-sale financial assets	-	24,625	56,079	36,603	67,487	184,794
Investments classified as loans and receivables	-	3,691	19,956	26,636	-	50,283
Securities purchased under agreements to resell	-	1,576	-	-	-	1,576
Term deposits	-	32,123	153,150	164	-	185,437
Restricted statutory deposits	-	683	3,822	-	-	4,505
Insurance receivables	1,940	7,028	481	27	-	9,476
Cash and short-term time deposits	10,475	16,463	-	-	-	26,938
Others	376	11,572	1,040	-	-	12,988
Liabilities:						
Long-term borrowings	-	14	207	-	-	221
Insurance contract liabilities	-	52,718	80,434	347,474	-	480,626
Investment contract liabilities	-	2,753	2,784	30,579	-	36,116
Policyholders' deposits	68	11	-	-	-	79
Subordinated debt	-	784	18,194	-	-	18,978
Securities sold under agreements to repurchase	-	47,465	-	-	-	47,465
Others	22,498	13,012	455	29	-	35,994
As at 31 December 2012						
	On demand	Within 1 year	1 to 5 years	Over 5 years	Undated	Total
Assets:						
Financial assets at fair value through profit or loss	-	58	1,230	2	540	1,830
Held-to-maturity financial assets	-	23,150	74,816	354,141	-	452,107
Available-for-sale financial assets	-	17,110	44,399	30,095	62,175	153,779
Investments classified as loans and receivables	-	4,655	18,465	24,009	-	47,129
Securities purchased under agreements to resell	-	1,115	-	-	-	1,115
Term deposits	-	55,269	141,134	947	-	197,350
Restricted statutory deposits	-	1,263	3,068	-	-	4,331
Insurance receivables	853	7,107	470	19	-	8,449
Cash and short-term time deposits	7,081	16,794	-	-	-	23,875
Others	641	10,165	21	-	-	10,827
Liabilities:						
Insurance contract liabilities	-	45,404	57,133	336,350	-	438,887
Investment contract liabilities	-	2,372	2,910	36,472	-	41,754
Policyholders' deposits	69	10	-	-	-	79
Subordinated debt	-	784	18,194	-	-	18,978
Securities sold under agreements to repurchase	-	50,400	-	-	-	50,400
Others	19,742	8,660	597	26	-	29,025

33. 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 the various 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 or when current market prices are not available, fair value is determined using valuation techniques.

The Group's financial assets mainly include cash and short-term time deposits, policy loans, insurance receivables, securities purchased under agreements to resell, statutory deposits, investments and other assets. The Group's financial liabilities mainly include securities sold under agreements to repurchase, investment contract liabilities, policyholders' deposits, subordinated debt issued, long-term borrowings and other liabilities.

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 2013	
	Carrying amounts	Estimated fair values
Financial assets:		
Held-to-maturity financial assets	260,057	259,687
Investments classified as loans and receivables	38,532	38,249
Financial liabilities:		
Subordinated debt	15,500	15,771
	As at 31 December 2012	
	Carrying amounts	Estimated fair values
Financial assets:		
Held-to-maturity financial assets	248,766	246,178
Investments classified as loans and receivables	36,097	35,737
Financial liabilities:		
Subordinated debt	15,500	15,714

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.

33. Fair Value of Financial Assets and Liabilities (continued)

Determination of fair value and fair value hierarchy

The Group establishes a framework that includes a hierarchy used to classify the inputs used in measuring fair value for financial assets. 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”).

For financial instruments 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 shows an analysis of financial assets recorded at fair value by level of the fair value hierarchy:

	As at 30 June 2013			
	Level 1	Level 2	Level 3	Total fair value
Financial assets at fair value through profit or loss				
- Equity securities	741	-	-	741
- Investment funds	228	-	-	228
- Debt securities	985	-	-	985
	1,954	-	-	1,954
Available-for-sale financial assets				
- Equity securities	27,733	-	-	27,733
- Investment funds	29,166	-	-	29,166
- Wealth management products	-	2,100	-	2,100
- Other equity investments	-	1,500	6,988	8,488
- Debt securities	19,949	74,084	-	94,033
	76,848	77,684	6,988	161,520
Total	78,802	77,684	6,988	163,474

33. Fair Value of Financial Assets and Liabilities (continued)

Determination of fair value and fair value hierarchy (continued)

As at 31 December 2012				
	Level 1	Level 2	Level 3	Total fair value
Financial assets at fair value through profit or loss				
- Equity securities	194	-	-	194
- Investment funds	346	-	-	346
- Debt securities	1,174	-	-	1,174
	1,714	-	-	1,714
Available-for-sale financial assets				
- Equity securities	26,864	-	-	26,864
- Investment funds	28,170	-	-	28,170
- Other equity investments	-	-	7,141	7,141
- Debt securities	20,164	53,476	-	73,640
	75,198	53,476	7,141	135,815
Total	76,912	53,476	7,141	137,529

During the six months ended 30 June 2013, the Group transferred certain debt securities from Level 1 to Level 2 as there were no available quoted prices (unadjusted) in active markets. As at 30 June 2013, the carrying amount of these debt securities approximated RMB636 million. In 2012, the Group also transferred certain debt securities from Level 1 to Level 2 with a carrying amount of approximately RMB300 million as at 31 December 2012.

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

As at 30 June 2013				
	Beginning of period	Purchases	Net unrealised loss recognized in other comprehensive income	End of period
Available-for-sale financial assets				
- Other equity investments	7,141	-	(153)	6,988

As at 31 December 2012				
	Beginning of year	Purchases	Net unrealised gain recognized in other comprehensive income	End of year
Available-for-sale financial assets				
- Other equity investments	6,164	821	156	7,141

Valuation techniques

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, credit spread 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.

34. Post Balance Sheet Event

The Group does not have significant post balance sheet events.

35. Approval of the Interim Condensed Consolidated Financial Statements

The interim condensed consolidated financial statements have been approved and authorized for issue by the Company's directors on 23 August 2013.



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