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)

(Stock Code：02601)

ANNOUNCEMENT OF UNAUDITED INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2010

Chairman's Statement

During the first half of 2010, China's insurance market maintained a healthy growth momentum, having benefited from such positive changes in its internal and external environment as the further improvement of the fundamentals of China's economy. However, the industry was inevitably affected by the volatile capital markets in the face of complicated and dynamic international and domestic economic and financial conditions. Facing both opportunities and challenges, CPIC rationally tackled the difficulties and problems arising during the course of its operations. With the objective of sustainable value-enhancing growth, CPIC persevered in transforming its approach to development and optimizing its business profile. By also implementing prudent investment policies, effectively managing risk and accelerating enhancement of its operational support capabilities, CPIC maintained a trend of sound development.

I. Fast growth of insurance business and continued enhancement of operating efficiencies

During the first half of 2010, CPIC realized the continued fast growth of gross written premiums by capturing growth opportunities, executing proactive marketing strategies and strengthening its sales capabilities. For the first half of the year, the Group's gross written premiums amounted to RMB76.066 billion, representing an increase of 50.2% compared to the same period last year. Of such gross written premiums, life insurance premiums amounted to RMB48.959 billion, representing an increase of 53.1% compared to the same period last year, and property and casualty insurance premiums amounted to RMB27.078 billion, representing an increase of 45.1% compared to the same period last year. The Group's investment assets amounted to RMB395.896 billion, while pension business custodian assets reached RMB25.072 billion.

The Company has persevered with the promotion and realization of the business philosophy of sustainable value-enhancing growth. It has continued to enhance its underwriting profitability while managing the downward risks of the capital markets, thereby realizing continued enhancement of operating efficiencies and stable growth of our corporate values. Net profit attributable to equity holders of the parent for the first half of the year amounted to RMB4.019 billion, representing an increase of 66.8% compared to the same period last year; and the Company's embedded value amounted to RMB104.724 billion, representing an increase of 6.5% as compared with that as at the end of last year.

II. Continued growth of regular premium life insurance business and development of sales capability

Substantial efforts were made by the Company in relation to its life insurance business to promote faster growth of its personal traditional and participating regular premium insurance business, as well as short-term accident insurance business. First year regular premiums for business underwritten through sales agents achieved steady growth and first year regular premiums for business underwritten through bancassurance continued to grow rapidly. Meanwhile, the growth of the Company's businesses in major developed provinces and cities accelerated, showing a strong growth momentum. First year regular gross written premiums for the first half of 2010 amounted to RMB9.263 billion, representing an increase of 36.5% compared to the same period last year. Of such first year regular gross written premiums, those underwritten through sales agents and those underwritten through bancassurance increased by 20.0% and 59.4% compared to the same period last year, respectively. The value of new sales for the first half of the year reached RMB3.238 billion, representing an increase of 18.1% compared to the same period last year.

During the first half of the year, our life insurance business achieved stable improvement of productivity by focusing on accelerating the growth of our sales force, striving to enhance the profitability of bancassurance, improving the organizational structure and performance appraisal system, and enhancing the fundamental management mechanisms and informatization system. As at the end of June 2010, we had a total of approximately 252,000 sales agents, representing a 2.4% increase from the same time last year, with average first year gross written premiums per agent of RMB3,305 per month, representing a growth of 9.8% compared to the same period last year.

III. Steady increase in market share and improved profitability of property and casualty insurance business

The Company's property and casualty insurance business achieved a growth rate higher than the industry average and a steady increase in market share as a result of its proactive transformation of its approach to development and its successful capturing of opportunities arising from improving market conditions. These accelerated the pace of its business development. The Company also continued to enhance cost control, greatly improved the underwriting profitability of this line of business and continued to remain ahead in the industry in terms of combined ratio. During the first half of the year, the Company's share of the property and casualty insurance market was 13.0%, representing an increase of 1.6 pt as compared to that as at the end of last year. The combined ratio for the first half of the year dropped 3 pt compared to the same period last year to 94.5%. Net profit increased 136.5% compared to the same period last year to RMB1.521 billion.

With regard to our automobile insurance business, the Company substantially improved the quality of its business and its operating efficiency through a series of management measures such as business profile optimization, effective cost control and improved management of claims settlement. With regard to our non-automobile insurance business, the Company achieved rapid growth of such high quality business segments as cargo insurance, liability insurance, short-term accident insurance and homeowners insurance through its implementation of proactive marketing strategies, its effective business policy communication and execution mechanisms and performance assessment system, and improved coverage of major accounts and process management.

IV. Adherence to the principle of Asset-Liability Management (ALM) and prudent handling of capital market volatility

During the first half of 2010, the Company continued to adopt prudent investment strategies. For fixed-income assets, we increased allocation to long-term assets, and recorded a 15.7% increase in interest income. For equity investments, we diligently analyzed the changes in market conditions and adjusted our asset allocation accordingly to effectively cope with market volatility. Meanwhile, we increased investments in debt-equity hybrid instruments such as convertible bonds issued by commercial banks. We continued to explore investment opportunities in alternative areas, with the total amount of investment in infrastructure projects representing 4.6% of our investment portfolio, ahead of our industry peers. For the first half of the year, total investment income amounted to RMB9.259 billion, total investment yield was 4.3%, net investment income amounted to RMB8.966 billion, and net investment yield was 4.2%.

V. Acceleration of the development of information technology platforms to support centralized management

The Company made significant progress in its continued enhancement of its centralized and professional business management and in its substantial efforts to advance construction of its information technology platforms. The commencement of operations of the Company's new data center in Shanghai has not only significantly improved the stability and security of its IT systems but has also provided an advanced and stable platform for the consolidation of such business processes as product development, sales management, underwriting and claims adjustment, and customer services. Meanwhile, the Company set up an advanced corporate database and data analysis platform to provide strong support for the identification of high quality customer resources, the acceleration of the establishment of new sales channels and the provision of customized services.

VI. Significant enhancement of brand value

The Company has continued to adhere to its core corporate values of "business integrity, prudence and sustainability, pursuit of performance excellence", and its mission to "be a responsible insurance company". In 2010, CPIC received various honours for its comprehensive strengths and corporate governance, significantly enhancing the value of its brand:

- CPIC ranked 10th among the "Best Chinese Brands 2010" published by Forbeschina and Interbrand;
- CPIC ranked 208th in the UK's "FT Global 500" list for 2010;
- CPIC ranked among the top 20 listed companies and among the top 10 listed financial companies in the "Corporate Governance Assessment of the Top 100 Chinese Listed Companies" organized by Protiviti and the Corporate Governance Research Center of the Institute of World Economy and Politics of the Chinese Academy of Social Sciences;
- CPIC ranked 18th among the "Top 100 Publicly Listed Companies in the PRC for 2009" by Wharton Econometric Forecasting Associates (華頓經濟研究院), People's Daily Online and the magazine Shanghai Economy.

At present, the development of the Chinese economy is in the critical phase of transitioning from recovery to stable growth. At the same time, the domestic and international environment for economic growth remains challenging. In the second half of the year, it is expected that China will continue to implement an active fiscal policy and a moderately loose monetary policy to maintain stable and relatively faster economic growth, per capita income will continue to increase, and insurance investment channels will further broaden. All these factors will be beneficial to the sustainable growth of the insurance industry. However, uncertainties over China's economy are expected to further intensify under the influence of various domestic and external factors.

In the face of opportunities and challenges brought about by the changes in its external environment, CPIC will continue to promote and realize its objective of sustainable value-enhancing growth and to actively promote the sustainable and healthy growth of its insurance business with its pulse on insurance industry development trends. For our life insurance business, we will pursue the enhancement of the Company's embedded value by optimizing resource allocation and product strategies, and improving organizational structure and operation mechanisms. We will also focus on accelerating the business growth from sales agents. For our property and casualty insurance business, we are ready to capture opportunities arising from improving market conditions to increase our market share and maintain our superior underwriting profitability in the market. For our asset management business, we will adhere to our prudent investment strategies, optimize asset allocation and capitalize on the broadening of insurance investment channels. By doing so, we aim to accelerate the development and improvement of our competitiveness and innovation capabilities in new investment areas, effectively manage market risk and realize sustainable investment returns that consistently exceed the cost of liabilities. With the support of all our shareholders and the public, CPIC will continue to work hard towards its goal of being a first-class insurance financial services group that rewards its shareholders and contributes to society with continually outstanding results.

Management Discussion and Analysis

The Company provides a comprehensive range of life insurance and property and casualty insurance products through our subsidiaries, namely CPIC Life and CPIC Property, and manages insurance investments through our subsidiary, CPIC Asset Management. At the same time, the Company engages in pension business through its subsidiary, Changjiang Pension and engages in property and casualty insurance business in Hong Kong through CPIC HK.

The following analysis of life insurance and property and casualty insurance business only refers to the businesses of CPIC Life and CPIC Property respectively, as the businesses of Changjiang Pension and CPIC HK accounted for a relatively small portion of the results of the Company.

In the analysis below, the comparative figures of 2009 interim period were restated in accordance with the retrospective application of the changes in accounting policies.

(I) Key operational indicators

For 6 months ended 30 June (in RMB million)	2010	2009
Gross written premiums	**76,066**	**50,651**
Life insurance	48,959	31,969
Property and casualty insurance	27,078	18,656

Net profit attributable to equity holders of the parent	**4,019**	**2,410**
Life insurance	2,174	1,557
Property and casualty insurance	1,521	643
Combined ratio of property and casualty insurance (%)	**94.5**	**97.5**

(II) Key Business Analysis

1. Life insurance business analysis

During the first half of 2010, the Company actively enhanced the organizational structure of its sales agents and improved its performance appraisal system, with its prime focus on the growth of business underwritten through sales agents. Meanwhile, the Company expanded its regular premium business through the bancassurance channel, and sales capability has steadily improved. As a result, traditional and participating regular premium business and accident insurance have enjoyed rapid growth.

For 6 months ended 30 June (in RMB million)	2010	2009
Gross written premiums	**48,959**	**31,969**
Traditional	7,485	7,537
Participating	39,254	22,678
Universal	47	48
Short-term accident and health	2,173	1,706
Gross written premiums	**48,959**	**31,969**
New policies	32,091	20,036
Regular premium	9,263	6,785
Single premium	22,828	13,251
Renewed policies	16,868	11,933
Gross written premiums	**48,959**	**31,969**
Sales agents	18,713	15,712
Bancassurance	28,385	14,787
Direct sales	1,861	1,470

(1) New policies

The Company recorded gross written premiums of RMB32.091 billion from new policies during the first half of 2010, representing an increase of 60.2% over the same period last year. Of these, premiums from regular premium policies amounted to RMB9.263 billion, representing an increase of 36.5%, while as a result of fluctuation of market demand, the gross written premiums of traditional and participating new regular policies with paying periods of 10 years or above amounted to RMB2.531 billion, representing a decrease of 18.4%. The business of single premium policies experienced rapid growth during the first half of the year, with gross written premiums of RMB22.828 billion recorded, mainly driven by market demand of bancassurance business and banks' substantial efforts to promote intermediary business.

(2) Structure of channels

For the first half of the year, the Company's gross written premiums underwritten through sales agents amounted to RMB18.713 billion, representing an increase of 19.1% over the same period last year. Of such business, our new traditional and participating regular premium policies business experienced faster growth, with gross written premiums amounting to RMB4.563 billion, representing an increase of 20.0%, establishing the fast and stable development of our sales force. The bancassurance channel business recorded gross written premiums of RMB28.385 billion, representing an increase of 92.0% over the same period last year, of which new traditional and participating regular premium policies recorded gross written premiums of RMB4.699 billion, representing an increase of 59.4%, maintaining a fast growth pace. The gross written premiums of the direct sales channel amounted to RMB1.861 billion, representing an increase of 26.6% over the same period last year. This was mainly due to the continued fast growth of the short-term accident insurance business, which increased 32.9% over the same period last year.

(3) Structure of insurance categories

For the first half of the year, premiums from traditional insurance policies of the Company amounted to RMB7.485 billion, about the same level of that of last year. Premiums from participating insurance policies amounted to RMB39.254 billion, representing an increase of 73.1% over the same period last year. Premiums from traditional and participating insurance policies in aggregate accounted for 95.5% of the gross written premiums, representing an increase of 1.0 pt over the same period last year. Premiums from universal insurance policies amounted to RMB47 million, representing a decrease of 2.1% over the same period last year. Premiums from short-term accident and health policies amounted to RMB2.173 billion, representing an increase of 27.4% over the same period last year.

(4) Persistency ratio of individual life insurance policy

For the first half of 2010, through such measures as reinforcing the management of renewal premiums and customer services, the Company recorded an increase of 6.8 pt for 13-month persistency ratio in respect of individual life insurance over the same period last year, while the persistency ratio continued to grow at a stable pace.

For 6 months ended 30 June	**2010**	**2009**
Individual life insurance customer 13-month persistency ratio (%)[1]	92.0	85.2
Individual life insurance customer 25-month persistency ratio (%)[2]	82.0	83.1

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.

2. Property and casualty insurance business

For the first half of 2010, the Company successfully capitalized on improved stability in the property insurance market to accelerate its all-round development and to enhance its competitiveness. The Company achieved rapid business expansion while enhancing its underwriting profitability, and recorded gross written premiums amounting to RMB27.078 billion, representing an increase of 45.1% over the same period last year.

For 6 months ended 30 June (in RMB million)	2010	2009
Gross written premiums	**27,078**	**18,656**
Automobile insurance	20,242	13,441
Non-automobile insurance	6,836	5,215

(1) Automobile insurance

For the first half of 2010, gross written premiums from automobile insurance amounted to RMB20.242 billion, representing an increase of 50.6% over the same period last year. The Company further enhanced its management of automobile insurance business by taking a differentiated approach to regions, products and customers. It also focused on more profitable business segments, continued to optimize the business profile of its automobile insurance business and improved its management of claims settlement. As a result, we achieved improvements in both business scale and underwriting profitability.

(2) Non-automobile insurance

For the first half of 2010, gross written premiums of non-automobile insurance amounted to RMB6.836 billion, representing an increase of 31.1% over the same period last year. The Company further improved its process management and accountability system in relation to non-automobile insurance, and strengthened its efforts to develop profitable businesses, key customers and key deals. During the period, the profitable businesses such as liability insurance, cargo insurance and short-term accident insurance achieved higher growth.

For 6 months ended 30 June (in RMB million)	2010	2009
Gross written premiums	**6,836**	**5,215**
Commercial property and engineering insurance	3,610	2,791
Short-term accident and health insurance	1,044	825
Cargo insurance	643	475
Liability insurance	719	494
Others	820	630

Note: "Commercial property and engineering insurance" consists of commercial property insurance, special risk insurance and engineering insurance.

3. Asset management business

The Company conducts its investment business based on the Asset-Liability Management (ALM) principle. The Company makes strategic arrangements for long-term asset allocation by taking into account the specific characteristics of insurance liabilities and has increased allocation to long-term bonds. Based on in-depth market analysis, the Company formulates and implements prudent and flexible equity investment strategies, and has a firm grasp of industry allocation and stock selection. We continue to strengthen our efforts on alternative investments, and continue to focus our efforts on investment in infrastructure projects to maintain our leading position in the industry.

(1) Investment portfolio

As at 30 June 2010, the Company's total investment assets were RMB395.896 billion, representing an increase of 8.2% over that at the end of last year. Of such investment assets, fixed-income investment increased by RMB39.598 billion when compared with that at the end of last year, representing an increase of 4.4 pt in the share of total assets. This was mainly attributable to the Company's increase of its allocation to long-term bonds with the purchase of over RMB7.0 billion of newly issued 50-year treasury bonds. The Company's equity investments accounted for 10.9% of our total investment assets, representing a decrease of 1.4 pt over the end of last year. This was mainly due to our asset allocation adjustments in response to market movements. During the first half of the year, we newly invested RMB914 million in infrastructure projects. However, as one of the debt investment plans matured during the period, the amount of total infrastructure investment was slightly lower than that at the end of last year.

(in RMB million)	As of 30 June 2010	As of 31 December 2009
Investment assets (Total)	**395,896**	**366,018**
By investment category		
Fixed income investments	312,067	272,469
—Debt securities	214,224	182,778
—Term deposits	93,832	86,371
—Other fixed income investments(1)	4,011	3,320
Equity investment	42,982	44,915
—Investment Funds	18,117	18,959
—Equity securities	23,114	24,190
—Other equity investments(2)	1,751	1,766
Investments in infrastructure	18,340	18,396
Cash and cash equivalents	22,507	30,238
By investment purpose		
Financial assets at fair value through profit or loss	2,138	333
Available-for-sale financial assets	111,508	118,475
Held-to-maturity financial assets	140,327	104,618
Long term equity investments	449	464
Other investments(3)	141,474	142,128

Notes:

（1） Other fixed income investments include restricted statutory deposits and policy loans.

（2） Other equity investments include investment in a jointly-controlled entity.

（3） 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, etc.

(2) Investment income

During the first half of 2010, the Company recorded total investment income of RMB9.259 billion, representing an increase of 3.5% compared to the same period last year. Total investment yield was 4.3%, representing a decrease of 0.7 pt over the same period last year. This was mainly due to the significant decline in the stock market, resulting in a decrease in realized gains.

For the first half of 2010, the Company recorded net investment income of RMB8.966 billion, representing an increase of 40.9% compared to the same period last year. Net investment yield was 4.2%, 0.1 pt higher than the same period last year. Interest income from fixed-income assets amounted to RMB6.748 billion, representing an increase of 15.7% over the same period last year. Dividend income from equity assets amounted to RMB2.218 billion, representing an increase of 319.3% over the same period last year. This was mainly attributable to the significant increase in dividend income from closed-end investment funds.

For 6 months ended 30 June (in RMB million)	**2010**	**2009**
Interest income from fixed investment assets	6,748	5,833
Dividend income from equity securities	2,218	529
Net investment income	**8,966**	**6,362**
Realized gains	150	2,521
Unrealized gains	1	127
Charge of impairment losses on financial assets	-	(128)
Other income[note]	142	61
Total investment income	**9,259**	**8,943**
Net investment yield (%)	4.2	4.1
Total investment yield (%)	4.3	5.0

Note: Other income includes interest income from cash and short-term time deposits and from securities purchased under agreements to resell and share of profits of a jointly-controlled entity and an associate.

(3) Alternative investments

The longer investment terms of infrastructure projects can more closely match the long-term nature of insurance funds. At the same time, direct investment in industry entities and projects can reduce the Company's exposure to the fluctuating equity market, facilitating the sustainability and stability of investment income. Maintaining its insurance industry leading position in alternative investments, the Company invested a total of RMB914 million in this area during the first half of the year. The main investment project was:

● HECIC New Energy Wind Farm Project Debt Investment Plan

During the first half of 2010, the Company established the "HECIC New Energy Wind Farm Project Debt Investment Plan", involving a total investment amount of RMB1.3 billion for a term of 7 years. The Company invested RMB780 million in the plan.

(III) Segment information

1. Life insurance

The Company operates life insurance business primarily through CPIC Life, a 98.29%-owned subsidiary. Detailed analysis on the results is as follows:

For 6 months ended 30 June (in RMB million)	2010	2009
Net premiums earned	46,918	30,427
Investment income[note]	7,484	7,889
Other operating income	282	330
Total income	**54,684**	**38,646**
Net policyholders' benefits and claims	(43,724)	(29,783)
Finance costs	(198)	(135)
Interest credited to investment contracts	(1,109)	(1,012)
Other operating and administrative expenses	(7,058)	(5,775)
Total benefits, claims and expenses	**(52,089)**	**(36,705)**
Profit before tax	2,595	1,941
Income tax	(421)	(384)
Net profit	**2,174**	**1,557**

Note: Investment income includes investment income and share of losses of a jointly-controlled entity / an associate.

(1) The Company recorded net premiums earned of RMB46.918 billion, representing an increase of 54.2% over the same period last year. This was mainly attributable to the success of the Company in capturing market opportunities to accelerate overall business growth.

(2) The Company recorded investment income of RMB7.484 billion, representing a decrease of 5.1% over the same period last year. Investment income was mainly affected by the downward adjustment of the capital markets and the decrease in realized gains offset the increase in fixed income.

(3) Net policyholders' benefits and claims amounted to RMB43.724 billion, representing an increase of 46.8% over that of the same period last year. Of these, claims incurred increased 69.0% when compared with the same period last year, which was in line with the short-term business growth. The changes in long-term insurance contract liabilities recorded an increase of 65.3%, compared to the same period last year, mainly as a result of the growth in business. Policyholder dividends recorded an increase of 56.4% compared to the same period last year, mainly attributable to the growth in participating business and increase in policyholder dividends.

For 6 months ended 30 June (in RMB million)	2010	2009
Net policyholders' benefits and claims	43,724	29,783
Life insurance death and other benefits paid	8,643	8,516
Claims incurred	316	187
Changes in long-term insurance contract liabilities	33,339	20,168
Policyholder dividends	1,426	912

(4) Other operating and administrative expenses for life insurance business amounted to RMB7.058 billion, representing an increase of 22.2% as compared to the same period last year, which was in line with the Company's business growth. The increase was mainly attributable to rapid business growth and an increase in marketing expenses.

(5) As a result of the above reasons, life insurance business of the Company recorded net profits of RMB2.174 billion in the first half of 2010.

2. Property and casualty insurance

The Company operates property and casualty insurance business primarily through CPIC Property, a 98.41%-owned subsidiary. Detailed analysis of the results is as follows:

For 6 months ended 30 June (in RMB million)	2010	2009
Net premiums earned	16,175	11,850
Investment income	1,035	566
Other operating income	56	49
Total income	**17,266**	**12,465**
Claims incurred	(8,823)	(7,165)
Finance costs	(2)	(3)
Other operating and administrative expenses	(6,507)	(4,462)
Total claims and expenses	**(15,332)**	**(11,630)**
Profit before tax	1,934	835
Income tax	(413)	(192)
Net profit	**1,521**	**643**

(1) Net premiums earned by the Company amounted to RMB16.175 billion as a result of growth in the business, representing an increase of 36.5% as compared to that of the same period last year.

(2) The Company recorded investment income of RMB1.035 billion, representing an increase of 82.9% as compared to the same period last year, mainly attributable to the significant increase in interest income and dividend income.

(3) Claims incurred amounted to RMB8.823 billion, representing an increase of 23.1% as compared to the same period last year, being lower than the growth of the business. This was mainly attributable to the continued enhancement of the Company's refinement management system and an improvement in the competitive market conditions.

(4) Other operating and administrative expenses amounted to RMB6.507 billion, representing an increase of 45.8% as compared to the same period last year, mainly attributable to the growth of the business.

(5) As a result of the above factors, property and casualty insurance business recorded a net profit of RMB1.521 billion in the first half of 2010.

3. CPIC Asset Management

The Company manages its insurance investment business through CPIC Asset Management, a 99.66%-owned (directly and indirectly) subsidiary. As at 30 June 2010, the total assets of CPIC Asset Management amounted to RMB724 million and net assets amounted to RMB579 million. Net profit amounted to RMB17 million for the first half of 2010.

4. CPIC HK

The Company conducts overseas operations primarily through its wholly-owned subsidiary, CPIC HK. As at 30 June 2010, the total assets of CPIC HK amounted to RMB535 million, net assets amounted to RMB324 million while gross written premiums amounted to RMB124 million and net profit amounted to RMB24 million for the first half of 2010.

5. Changjiang Pension

The Company acquired Changjiang Pension in 2009 and holds 51.75% of its interests. As at 30 June 2010, the total assets of Changjiang Pension amounted to RMB875 million, net assets amounted to RMB839 million, and total entrusted assets under management reached RMB 25.072 billion. Net loss amounted to RMB23 million for the first half of 2010.

(4) Analysis on Specific Items

1. 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 as issued by the CIRC. According to the requirements of the CIRC, the solvency margin ratio of domestic insurance companies in China shall reach the required level.

(in RMB million)	As of 30 June 2010	As of 31 December 2009	Reasons for change
Life insurance			
Actual solvency margin	32,964	25,702	Profit for the first half of the year, capital injection from shareholders, profit distribution to the shareholders and change of the fair value of investment assets
Minimum solvency margin	13,967	12,361	Growth of insurance business
Solvency margin ratio (%)	236	208	
Property and casualty insurance			
Actual solvency margin	8,497	7,023	Profit for the first half of the year, profit distribution to the shareholders and change of the fair value of investment assets
Minimum solvency margin	5,086	4,049	Growth of insurance business
Solvency margin ratio (%)	167	173	

2. Gearing Ratio

	As at 30 June 2010	As at 31 December 2009
Gearing ratio	83.0%	81.2%

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

Operating Results

The Company announces the unaudited interim results of the Company and its subsidiaries for the six months ended 30 June 2010 (the "Reporting Period") together with the comparative figures for the previous year:

INTERIM CONSOLIDATED INCOME STATEMENT
For the six months ended 30 June 2010

(All amounts expressed in RMB million unless otherwise specified)

	Notes	Six months ended 30 June 2010 (unaudited)	Six months ended 30 June 2009 (unaudited / restated)
Gross written premiums	1(a)	76,066	50,651
Less: Premiums ceded to reinsurers	1(b)	(7,500)	(5,538)
Net written premiums	1	68,566	45,113
Net change in unearned premium reserves		(5,379)	(2,757)
Net premiums earned		63,187	42,356
Investment income	2	9,131	8,878
Other operating income		460	412
Other income		9,591	9,290
Total income		72,778	51,646
Net policyholders' benefits and claims:			
Life insurance death and other benefits paid	3	(8,643)	(8,516)
Claims incurred	3	(9,184)	(7,400)
Changes in long-term life insurance contract liabilities	3	(33,339)	(20,168)
Policyholder dividends	3	(1,426)	(912)
Finance costs		(205)	(138)
Interest credited to investment contracts		(1,109)	(1,012)
Other operating and administrative expenses		(13,813)	(10,380)
Total benefits, claims and expenses		(67,719)	(48,526)
Share of loss of a jointly-controlled entity		(22)	(18)
Profit before tax		5,037	3,102
Income tax	4	(967)	(655)
Net profit for the period		4,070	2,447
Attributable to:			
Equity holders of the parent		4,019	2,410
Minority interests		51	37
		4,070	2,447
Basic earnings per share	5	RMB0.47	RMB0.31
Diluted earnings per share	5	RMB0.47	Not applicable

INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the six months ended 30 June 2010

(All amounts expressed in RMB million unless otherwise specified)

	Note	Six months ended 30 June 2010 (unaudited)	Six months ended 30 June 2009 (unaudited / restated)
Net profit for the period		4,070	2,447
Other comprehensive (loss)/income			
Exchange differences on translation of foreign operations		(3)	(2)
Available-for-sale financial assets		(6,360)	4,024
Income tax relating to available-for-sale financial assets		1,588	(1,002)
Other comprehensive (loss)/income for the period		(4,775)	3,020
Total comprehensive (loss)/income for the period		(705)	5,467
Attributable to:			
Equity holders of the parent		(670)	5,377
Minority interests		(35)	90
		(705)	5,467

INTERIM CONSOLIDATED BALANCE SHEET
30 June 2010

(All amounts expressed in RMB million unless otherwise specified)

	Notes	30 June 2010 (unaudited)	31 December 2009 (audited)
ASSETS			
Property and equipment		8,217	8,145
Goodwill		149	149
Other intangible assets		336	376
Prepaid land lease payments		205	208
Investment in a jointly-controlled entity		449	464
Financial assets at fair value through profit or loss		2,138	333
Held-to-maturity financial assets		140,327	104,618
Available-for-sale financial assets		111,508	118,475
Investments classified as loans and receivables		21,124	22,199
Securities purchased under agreements to resell		67	115
Term deposits		93,832	86,371
Restricted statutory deposits		2,272	1,968
Policy loans		1,739	1,352
Interest receivable		8,581	6,679
Reinsurance assets		11,639	9,147
Deferred income tax assets		2,219	839
Insurance receivables		5,267	3,864
Other assets		2,961	1,762
Cash and short-term time deposits		22,440	30,123
Total assets		435,470	397,187

INTERIM CONSOLIDATED BALANCE SHEET (continued)
30 June 2010

(All amounts expressed in RMB million unless otherwise specified)

	Notes	30 June 2010	31 December 2009
		(unaudited)	(audited)
EQUITY AND LIABILITIES			
Equity			
Issued capital		8,600	8,483
Reserves	6	56,619	58,616
Retained profits	6	8,991	7,552
Equity attributable to equity holders of the parent		74,210	74,651
Minority interests		1,164	1,022
Total equity		75,374	75,673
Liabilities			
Insurance contract liabilities	7	276,671	236,152
Investment contract liabilities	8	52,690	52,090
Policyholders' deposits		87	89
Subordinated debt		2,301	2,263
Securities sold under agreements to repurchase		4,410	9,800
Deferred income tax liabilities		6	195
Income tax payable		775	272
Premium received in advance		1,972	4,269
Policyholder dividend payable		5,851	5,113
Payables to reinsurers		4,141	2,208
Other liabilities		11,192	9,063
Total liabilities		360,096	321,514
Total equity and liabilities		435,470	397,187

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the six months ended 30 June 2010

(All amounts expressed in RMB million unless otherwise specified)

	For the six months ended 30 June 2010 (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 2010	8,483	56,216	1,395	(26)	1,031	7,552	74,651	1,022	75,673
Total comprehensive loss	-	-	-	(3)	(4,686)	4,019	(670)	(35)	(705)
Dividends declared	-	-	-	-	-	(2,580)	(2,580)	-	(2,580)
Dividends paid to minority shareholders	-	-	-	-	-	-	-	(44)	(44)
Issue of shares	117	2,688	-	-	-	-	2,805	-	2,805
Capital injection into subsidiaries	-	4	-	-	-	-	4	221	225
At 30 June 2010	8,600	58,908	1,395	(29)	(3,655)	8,991	74,210	1,164	75,374

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (continued)
For the six months ended 30 June 2010

(All amounts expressed in RMB million unless otherwise specified)

	For the six months ended 30 June 2009 (unaudited / restated)								
	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 2009	7,700	38,318	1,006	(24)	(1,260)	2,898	48,638	482	49,120
Total comprehensive income	-	-	-	(2)	2,969	2,410	5,377	90	5,467
Dividends declared	-	-	-	-	-	(2,310)	(2,310)	-	(2,310)
Dividends paid to minority shareholders	-	-	-	-	-	-	-	(58)	(58)
At 30 June 2009	7,700	38,318	1,006	(26)	1,709	2,998	51,705	514	52,219

INTERIM CONSOLIDATED CASH FLOW STATEMENT
For the six months ended 30 June 2010

(All amounts expressed in RMB million unless otherwise specified)

	Note	Six months ended 30 June	
		2010	**2009**
		(unaudited)	(audited)
OPERATING ACTIVITIES			
Cash generated from operating activities		38,054	18,903
Income tax (paid)/refund		(450)	377
Net cash inflow from operating activities		37,604	19,280
INVESTING ACTIVITIES			
Purchases of property and equipment, intangible assets and other assets		(797)	(719)
Proceeds from sale of items of property and equipment, intangible assets and other assets		24	15
Purchases of investments, net		(46,812)	(35,509)
Interest received		4,748	3,714
Dividends received from investments		2,130	485
Net cash outflow from investing activities		(40,707)	(32,014)
FINANCING ACTIVITIES			
Securities sold under agreements to repurchase, net		(5,390)	15,931
Capital contribution from minority shareholders of subsidiaries		225	-
Proceeds from issuance of shares		2,796	-
Interest paid		(79)	(53)
Dividends paid		(125)	(1,982)
Others		(1,939)	-
Net cash (outflow)/inflow from financing activities		(4,512)	13,896
Effects of exchange rate changes on cash and cash equivalents		(116)	(1)
Net (decrease)/increase in cash and cash equivalents		(7,731)	1,161
Cash and cash equivalents at beginning of period		30,238	17,573
Cash and cash equivalents at end of period		22,507	18,734
Analysis of balances of cash and cash equivalents			
Cash at banks and on hand		9,185	5,771
Time deposits with original maturity of no more than three months		12,686	12,387
Other monetary assets		569	576
Securities purchased under agreements to resell with original maturity of no more than three months		67	-
Cash and cash equivalents at end of period		22,507	18,734

Notes (Amounts expressed in RMB million unless otherwise specified)

1. NET WRITTEN PREMIUMS

(a) Gross written premiums

	Six months ended 30 June	
	2010	**2009**
		(restated)
Long-term life insurance premiums	46,786	30,263
Short-term life insurance premiums	2,173	1,706
Property and casualty insurance premiums	27,107	18,682
	76,066	50,651

(b) Premiums ceded to reinsurers

	Six months ended 30 June	
	2010	**2009**
Long-term life insurance premiums ceded to reinsurers	(1,280)	(925)
Short-term life insurance premiums ceded to reinsurers	(559)	(444)
Property and casualty insurance premiums ceded to reinsurers	(5,661)	(4,169)
	(7,500)	(5,538)

(c) Net written premiums

	Six months ended 30 June	
	2010	**2009**
		(restated)
Net written premiums	68,566	45,113

2. INVESTMENT INCOME

	Six months ended 30 June	
	2010	**2009**
Interest and dividend income (a)	8,984	6,362
Realized gains (b)	150	2,521
Unrealized gains (c)	1	127
Charge of impairment losses on financial assets	-	(128)
Others	(4)	(4)
	9,131	8,878

2. INVESTMENT INCOME (CONTINUED)

(a) Interest and dividend income

	Six months ended 30 June	
	2010	2009
Financial assets at fair value through profit or loss		
- Fixed maturity investments	3	1
- Investment funds	-	1
	3	2
Held-to-maturity financial assets		
- Fixed maturity investments	2,732	1,752
Loans and receivables		
- Fixed maturity investments	2,490	2,329
Available-for-sale financial assets		
- Fixed maturity investments	1,541	1,751
- Investment funds	1,989	355
- Equity securities	229	173
	3,759	2,279
	8,984	6,362

(b) Realized gains

	Six months ended 30 June	
	2010	2009
Financial assets at fair value through profit or loss		
- Fixed maturity investments	-	11
- Investment funds	-	46
- Equity securities	-	2
	-	59
Available-for-sale financial assets		
- Fixed maturity investments	80	643
- Investment funds	(107)	198
- Equity securities	177	1,621
	150	2,462
	150	2,521

(c) Unrealized gains

	Six months ended 30 June	
	2010	2009
Financial assets at fair value through profit or loss		
- Fixed maturity investments	18	7
- Investment funds	(17)	121
- Equity securities	-	(1)
	1	127

3. NET POLICYHOLDERS' BENEFITS AND CLAIMS

	Six months ended 30 June 2010		
	Gross	Ceded	Net
Life insurance death and other benefits paid	8,711	(68)	8,643
Claims incurred			
- Short-term life insurance	493	(177)	316
- Property and casualty insurance	10,913	(2,045)	8,868
Changes in long-term life insurance contract liabilities	34,278	(939)	33,339
Policyholder dividends	1,426	-	1,426
	55,821	(3,229)	52,592

	Six months ended 30 June 2009 (restated)		
	Gross	Ceded	Net
Life insurance death and other benefits paid	8,557	(41)	8,516
Claims incurred			
- Short-term life insurance	399	(212)	187
- Property and casualty insurance	8,757	(1,544)	7,213
Changes in long-term life insurance contract liabilities	20,877	(709)	20,168
Policyholder dividends	912	-	912
	39,502	(2,506)	36,996

4. INCOME TAX

(a) Income tax

	Six months ended 30 June	
	2010	**2009**
		(restated)
Current income tax	948	111
Deferred income tax	19	544
	967	655

(b) Tax recorded in other comprehensive income

	Six months ended 30 June	
	2010	**2009**
Deferred income tax	1,588	(1,002)

4. INCOME TAX (CONTINUED)

(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	
	2010	**2009**
		(restated)
Profit before tax	5,037	3,102
Tax computed at the statutory tax rate	1,259	776
Adjustments to income tax in respect of previous periods	15	(83)
Income not subject to tax	(372)	(174)
Expenses not deductible for tax	53	132
Attributable to a jointly-controlled entity	6	4
Unrecognized deferred income tax	6	-
Income tax at the Group's effective rate	967	655

There was no share of income tax attributable to a jointly-controlled entity as it has been included in "Share of loss of a jointly-controlled entity" on the face of the interim consolidated income statement.

5. EARNINGS PER SHARE

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

	Six months ended 30 June	
	2010	**2009**
		(restated)
Consolidated net profit for the period attributable to equity holders of the parent	4,019	2,410
Weighted average number of ordinary shares in issue (million)	8,581	7,700
Basic earnings per share	0.47	0.31
Diluted earnings per share	0.47	Not applicable

5. EARNINGS PER SHARE (CONTINUED)

The Company’s dilutive potential ordinary shares for the six months ended 30 June 2010 relate to the H share over-allotment option. The Company had no dilutive potential ordinary shares for the six months ended 30 June 2009, hence no diluted earnings per share amount is presented.

6. 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 China Pacific Life Insurance Co., Ltd., 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 (“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, 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 capitalization is not less than 25% of the registered capital.

Of the Group’s retained profits, RMB1,692 million as at 30 June 2010 (31 December 2009: RMB1,692 million) represents the Company’s share of its subsidiaries’ surplus reserve fund.

(ii) Discretionary surplus reserve (“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 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, RMB1,686 million as at 30 June 2010 (31 December 2009: RMB1,686 million) represents the Company’s share of its subsidiaries’ general reserve.

(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 approval of the annual general meeting on 3 June 2010, a final dividend of approximately RMB2,580 million (equivalent to RMB0.3 per share) was declared for the year ended 31 December 2009.

7. INSURANCE CONTRACT LIABILITIES

	As at 30 June 2010		
	Insurance contract liabilities	Reinsurers' share of insurance contract liabilities	Net
Long-term life insurance contracts	241,038	(4,643)	236,395
Short-term life insurance contracts			
- Unearned premiums	1,490	(285)	1,205
- Claim reserves	485	(123)	362
	1,975	(408)	1,567
Property and casualty insurance contracts			
- Unearned premiums	20,958	(3,519)	17,439
- Claim reserves	12,700	(3,069)	9,631
	33,658	(6,588)	27,070
	276,671	(11,639)	265,032
IBNR included in claim reserves	2,060	(513)	1,547

7. INSURANCE CONTRACT LIABILITIES (CONTINUED)

	As at 31 December 2009		
	Insurance contract liabilities	Reinsurers' share of insurance contract liabilities	Net
Long-term life insurance contracts	208,810	(3,704)	205,106
Short-term life insurance contracts			
- Unearned premiums	1,229	(226)	1,003
- Claim reserves	470	(136)	334
	1,699	(362)	1,337
Property and casualty insurance contracts			
- Unearned premiums	14,634	(2,372)	12,262
- Claim reserves	11,009	(2,709)	8,300
	25,643	(5,081)	20,562
	236,152	(9,147)	227,005
IBNR included in claim reserves	1,821	(474)	1,347

8. INVESTMENT CONTRACT LIABILITIES

	30 June 2010	31 December 2009
At beginning of period/year	52,090	50,339
Deposits received	3,854	6,328
Deposits withdrawn	(3,536)	(5,440)
Fees deducted	(171)	(384)
Interest credited	1,109	1,870
Others	(656)	(623)
At end of period/year	52,690	52,090

EMBEDDED VALUE

Summary of Embedded Value and Value of New Sales

The table below shows the Group Embedded Value of CPIC Group as at 30 June 2010, and the value of one year's sales of CPIC Life in the 12 month to 30 June 2010 as well as the value of first half year's sales of CPIC Life in 2010 and 2009 respectively, at risk discount rate of 11.5%.

Unit: RMB Million

Valuation Date	30 June 2010	31 December 2009
Group Adjusted Net Worth	**74,321**	**72,368**
Adjusted Net Worth of CPIC Life	**35,111**	**24,150**
Value of In Force Business of CPIC Life Before Cost of Solvency Margin Held for policies written prior to June 1999	(2,424)	(2,505)
Value of In Force Business of CPIC Life Before Cost of Solvency Margin Held for policies written since June 1999	41,724	36,476
Cost of Solvency Margin Held for CPIC Life	(8,369)	(7,516)
Value of In Force Business of CPIC Life After Cost of Solvency Margin Held	30,930	26,454
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	**30,402**	**26,003**
Group Embedded Value	**104,724**	**98,371**
Life Embedded Value	**66,042**	**50,605**
Value of One Year's Sales of CPIC Life Before Cost of Solvency Margin Held	6,799	6,218
Cost of Solvency Margin	(1,302)	(1,219)
Value of One Year's Sales of CPIC Life After Cost of Solvency Margin Held	**5,497**	**5,000**
Valuation Date	**30 June 2010**	**30 June 2009**
Value of Half Year's Sales of CPIC Life Before Cost of Solvency Margin Held	4,077	3,497
Cost of Solvency Margin	(839)	(756)
Value of Half Year's Sales of CPIC Life After Cost of Solvency Margin Held	**3,238**	**2,741**

Note that figures may not be additive due to rounding.

The Group Adjusted Net Worth represents the shareholder net equity of the Company measured on the statutory basis, 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.

IMPLEMENTATION OF PROFIT DISTRIBUTION PLAN DURING THE REPORTING PERIOD

The Company distributed a cash dividend of RMB 0.3 per share in accordance with the Resolution on Profit Distribution Plan for the year 2009 approved at the 2009 Annual General Meeting. The implementation of this distribution plan was completed in July 2010.

PROFIT DISTRIBUTION

The company did not propose to distribute any profit, nor did it transfer any capital reserves to share capital for the first half of 2010.

COMPLIANCE OF THE CODE ON CORPORATE GOVERNANCE PRACTICES AS SET OUT IN APPENDIX 14 OF THE LISTING RULES

The Board is in view that the Company has basically complied with the provisions and most of the recommended best practices of the Code on Corporate Governance Practices as set out in Appendix 14 of the Rules Governing the Listing of Securities ("the Listing Rules") on Hong Kong Stock Exchange throughout the Reporting Period.

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

During the six months ended 30 June 2010, neither the Company nor its subsidiaries purchased, sold or redeemed any listed securities of the Company.

REVIEW OF ACCOUNTS

The audit committee of the Company has reviewed the principal accounting policies of the Company and the unaudited financial statements for the period ended 30 June 2010 in the presence of internal and external auditors.

PUBLICATION OF RESULTS ON THE WEBSITE OF THE HONG KONG STOCK EXCHANGE AND THE COMPANY

The interim report of the Company for the period ended 30 June 2010 will be dispatched to the shareholders of the Company in due course and will be published on the website of the Hong Kong Stock Exchange (www.hkexnews.hk) and the Company's website (www.cpic.com.cn).

DEFINITIONS

"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 Asset Management"	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
"CIRC"	China Insurance Regulatory Commission
"Hong Kong Stock Exchange"	The Stock Exchange of Hong Kong Limited
"RMB"	Renminbi

By Order of the Board
China Pacific Insurance (Group) Co., Ltd.
Gao Guofu
Chairman

Hong Kong, 30 August 2010

As of the date of this announcement, the executive Directors of the Company are Mr. GAO Guofu and Mr. HUO Lianhong; the non-executive Directors of the Company are Mr. YANG Xianghai, Mr. ZHOU Ciming, Mr. YANG Xiangdong, Ms. FENG Junyuan, Janine, Mr. WANG Chengran, Mr. WU Jumin, Mr. ZHENG Anguo and Ms. XU Fei; and the independent non-executive Directors of the Company are Mr. XU Shanda, Mr. CHANG Tso Tung Stephen, Mr. LI Ruoshan, Mr. YUEN Tin Fan and Mr. XIAO Wei.