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 2012

Chairman's Statement

In the first half of 2012, CPIC realized gross written premiums of RMB90.511 billion, representing an increase of 4.2% as compared to the same period of the previous year, among which, life insurance premiums amounted to RMB55.229 billion, representing an increase of 1.2% as compared to the same period of the previous year, and property and casualty insurance premiums amounted to RMB35.246 billion, representing an increase of 9.2% as compared to the same period of the previous year. The value of sales of life insurance amounted to RMB4.061 billion, representing an increase of 6.0% as compared to the same period of the previous year, and the combined ratio of property and casualty insurance was 94.2%, representing an increase of 3.1pt as compared to the same period of the previous year. Affected by factors such as reduced investment gains and slowdown of business growth, net profit attributable to equity holders of the parent company amounted to RMB2.638 billion in the first half of the year, representing a decrease of 54.6% as compared to the same period of the previous year. As at 30 June 2012, the Group's embedded value amounted to RMB121.833 billion, representing an increase of 7.3% as compared to the end of the previous year. The solvency margin rate of the Group, CPIC Life and CPIC Property maintained at a relatively satisfactory level of 271%, 183% and 194%, respectively.

In the face of the challenging market environment, CPIC continued its strategies of developing insurance as its core business and maximizing its value. It expanded its business in a prudent manner, facilitated business transformation into a customer demand-oriented approach, optimized process management and strengthened cost control through innovative ideas and mechanisms to maintain robust growth and enhance its value.

I. Persisted on the agency channel and regular premium business, and continued growth in the new business value of life insurance

In the first half of the year, CPIC Life realized gross written premiums of RMB55.229 billion, representing an increase of 1.2% as compared to the same period of the previous year, among which, gross written premiums of new insurance policies amounted to RMB24.942 billion, representing a decrease of 17.8% as compared to the same period of the previous year. New business value reached RMB4.061 billion, representing an increase of 6.0% as compared to the same period of the previous year. Profit margin of new business reached 15.4%, representing an increase of 3.5pt as compared to the same period of the previous year.

Focused on the sound development of manpower and enhancement of productivity, and maintained rapid growth of agency channel business. Gross written premiums from the agency channel for the first half of the year amounted to RMB28.210 billion, representing an increase of 21.5% as compared to the same period of the previous year, among which, gross written premiums of new insurance policies amounted to RMB7.288 billion, representing an increase of 13.6% as compared to the same period of the previous year, which continued to take the lead among the major counterparts in terms of growth rate. Average monthly agent productivity was RMB4,427, representing an increase of 17.3% as compared to the same period of the previous year. Average monthly workforce with good attendance and outstanding performances continued to increase and also showed an increased proportion to the total manpower. In addition, the regional strategy of "consolidating county business and expanding to urban areas" has achieved initial success and the growth of major urban area businesses was faster than that of the overall business on average. Gross written premiums from the agency channel accounted for 51.1%, representing an increase of 8.6pt as compared to the same period of the previous year and the contribution of the agency channel business continued to enhance.

Focused on the regular premium business and improved business structure and quality. In the first half of the year, premiums from new regular premium policies and renewed policies of CPIC Life reached RMB39.756 billion, which accounted for 72.0% of the current total life premiums, representing an increase of 9.2pt as compared to the same period of the previous year. Premiums from new regular premium policies amounted to RMB9.469 billion, accounted for 38.0% of premiums from new premium policies, representing an increase of 5.0pt as compared to the same period of the previous year. 10-year and above insurance businesses accounted for 47.7% of new regular premium policies, representing an increase of 5.9pt as compared to the same period of the previous year. From the perspective of distribution channels, premiums from new regular premium policies of existing agency channels amounted to RMB6.880 billion, representing an increase of 14.1% as compared to the same period of the previous year. With the promotion of the transformation and the development of regular premium businesses of bancassurance, the proportion of sales of 5-year and above insurance businesses increased by 21.4pt as compared to the same period of the previous year. New high value regular premium products for bancassurance business launched in the second half of 2011 maintained its growth momentum. Premiums amounted to RMB576 million in the first half of the year. Gross written premiums of new regular premium policies from such new channels as telemarketing reached RMB236 million, representing an increase of 126.9% as compared to the same period of the previous year. The persistency ratio of life insurance policies for the first half of the year was satisfactory, and the 13-month persistency ratio and 25-month persistency ratio were 91.6% and 90.6%, respectively.

II. Accelerated development of new channels, enhanced retention rate of target customers and maintained relatively high profitability of property and casualty insurance

In the first half of the year, income from property and casualty insurance of CPIC Property amounted to RMB35.246 billion, representing an increase of 9.2% as compared to the same period of the previous year. Affected by factors such as increase in claims, the combined ratio for the first half of the year reached 94.2%, representing an increase of 3.1pt as compared to the same period of the previous year.

Strengthened the establishment of professional channels and rapidly expanded new channels. In the first half of the year, premiums from new channels of property and casualty insurance amounted to RMB5.756 billion, representing an increase of 94.5% as compared to the same period of the previous year. Premiums from new channels accounted for 16.3% of income from property and casualty insurance, representing an increase of 7.1pt as compared to the same period of the previous year. Of which, premiums from telemarketing and internet-marketing amounted to RMB4.492 billion, representing an increase of 128.4% as compared to the same period of the previous year, and premiums from cross-selling amounted to RMB1.264 billion, representing an increase of 27.3% as compared to the same period of the previous year. In the first half of the year, traditional channels recorded stable growth. Premiums for car dealership and bancassurance increased by 22.3% and 32.4%, respectively, as compared to the same period of the previous year.

Enhanced policy renewal and customer service to improve retainment rate of target customers. In the first half of the year, the renewal rate of commercial vehicle insurance reached 59.1%, representing an increase of 3.5pt as compared to the same period of the previous year, and the growth of vehicle insurance renewal reached 26.7%. We have 384 major customers, representing an increase of 106 as compared to the same period of the previous year. Premiums from major customers amounted to RMB2.430 billion, representing an increase of 30.8% as compared to the same period of the previous year.

III. Increased allocation towards fixed-interest assets for continuous increase in net investment yield

As at 30 June 2012, the total investment assets were RMB586.607 billion, representing an increase of 12.3% over that of the end of the previous year. In the first half of the year, due to the fluctuation of the capital markets, the Company recorded total investment gains of RMB8.652 billion, representing a decrease of 20.1% as compared to the same period of the previous year. Total investment yield was 3.9%, representing a decrease of 0.5pt as compared to the same period of the previous year. Net investment income amounted to RMB13.146 billion, representing an increase of 22.2% as compared to the same period of the previous year. Net investment yield was 4.9%, representing an increase of 0.5pt as compared to the same period of the previous year. Net asset value growth rate of investment assets reached 5.3%, representing an increase of 2.1pt as compared to the same period of the previous year.

In the first half of the year, CPIC Property grasped the opportunity of the relatively high interest rate of fixed interest assets and increased the allocation of fixed-interest assets with high yields, focusing on negotiated deposit and subordinated debentures of commercial banks. Interest income from fixed interest assets reached RMB11.887 billion, representing an increase of 37.4% as compared to the same period of the previous year. Through significant adjustment to the structure of equity assets and increase of investments in blue chips with potential for long-term investment and dividends distribution, dividend income from equity investments increased by 56.0% as compared to the same period of the previous year. CPIC continued to promote several debt investment plans and enhanced its investments in debts, equities and real estate.

IV. Increased the scale of Changjiang Pension’s assets through active market expansion and professional investment capability

In the first half of the year, Changjiang Pension maintained its leading market position in Shanghai. Through cooperation of the various channels, significant breakthrough was achieved in sales for major industries and enterprises. In addition, Changjiang Pension commenced the cooperation with CPIC Life and CPIC Property in enterprise annuity business by leveraging Group synergies. With the increasing sophistication of its professional and stable investment management concepts and methodology, Changjiang Pension recorded excellent performance in entrusted assets management and internal investments for enterprise annuity. As at 30 June 2012, assets entrusted under management of Changjiang Pension amounted to RMB29.438 billion, representing an increase of 8.0% as compared to that at the end of the previous year. Investment assets amounted to RMB20.915 billion, representing an increase of 15.5% as compared to that at the end of the previous year.

V. Carried out "customer demand-oriented" transformation through concept and mechanism innovation

CPIC proactively carried out "customer demand-oriented" innovative reform to focus on customers' needs, improve customers' communication and enhance customers' experience. The current precise marketing implemented by CPIC Life, the "Shen Xing Tai Bao" (神行太保) mobile sales and service system and new technologies developed by CPIC Property such as its "3G Claim Management System" were measures and initiatives implemented towards the goal of such transformation. For the next stage of transformation, the Company will implement a series of major projects including focus on customer insight, cross-selling and online services providing diversified insurance solutions to its potential customers.

Awards of the Company

- CPIC continued to rank among the "Fortune Global 500" list in the U.S. and its ranking climbed by 17 to the 450th as compared to the previous year;
- CPIC was ranked 87th in the "China's Top 500 Brands of 2012" by World Brand Laboratory, moving up by 6 ranks as compared to the previous year;
- CPIC Life was awarded four awards, namely "Customer Relationship Excellence – Outstanding Achievement", "Contact Center of the Year", "Innovative Technology of the Year (Insurance)" and "Best Use of Technology of the Year (Insurance)" by Asia Pacific Customer Service Consortium in 2011. Of which, "Customer Relationship Excellence – Outstanding Achievement" was the top award granted by such consortium; and
- The "Shenxing Auto Insurance" ("神行車保") product under CPIC Property was graded as "2011 Best Motor Vehicle Insurance Product" in the insurance grading campaign in 2011.

At present, under the harsh and complex domestic and international economic conditions, the development of the insurance industry was greatly affected by the slower economic growth and depression in the capital markets. In addition, factors including the increase in operating cost and slowdown of business growth brought pressures to the operation of the Company. We will persevere with our focus on developing core insurance business, promoting and implementing operation strategies to achieve sustainable growth. By proactively responding to challenges, we will continue to promote customer demand-oriented transformation and maintain stable and healthy development of our businesses.

Management Discussion and Analysis

The Company provides a comprehensive range of life insurance and property and casualty insurance products and services mainly through CPIC Life and CPIC Property, and manages and deploys insurance funds through CPIC Asset Management. The Company also engages in pension business through Changjiang Pension and engages in property and casualty insurance and asset management businesses in Hong Kong through CPIC HK and CPIC Investment (H.K.), respectively. It also sells life insurance and property and casualty insurance products via the e-commerce platform of CPIC Online (www.ecpic.com.cn).

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 Asset Management, respectively, as the businesses of Changjiang Pension, CPIC HK, CPIC Investment (H.K.) and CPIC Online only account for a relatively small portion in the Company.

I. Key operational indicators

Unit: RMB million

For 6 months ended 30 June	2012	2011	YoY changes (%)
Gross written premiums	90,511	86,875	4.2
Life insurance	55,229	54,574	1.2
Property and casualty insurance	35,246	32,267	9.2
Net Profit attributable to equity holders of the parent	2,638	5,816	(54.6)
Life insurance	1,059	2,793	(62.1)
Property and casualty insurance	1,568	2,342	(33.0)
New business value of life insurance for the first half of the year	4,061	3,830	6.0
Combined ratio of property and casualty insurance (%)	94.2	91.1	3.1pt
	30 June 2012	**31 December 2011**	**YoY changes (%)**
Market shares			
Life insurance (%) note 1	9.6	9.7	(0.1pt)
Property and casualty insurance (%)	12.5	12.9	(0.4pt)
Embedded value of the Group	121,833	113,564	7.3
Number of group customers (in thousand) note 2	76,191	69,995	8.9
Average number of insurance policies per customer (in number)	1.42	1.41	0.7
Pension business			
Assets entrusted	29,438	27,258	8.0
Assets under investment management	20,915	18,104	15.5

Notes:

1. Based on the total written premiums of life insurance companies published by CIRC.
2. 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 reporting period/year which remains valid and 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.

II. Life insurance business

(I) Business analysis

Hindered by the changes in macroeconomic environment, the increased labor costs, the structural adjustments of bancassurance business and other factors, the growth of the life insurance market remained sluggish in the first half of 2012. During the first half of the year, gross written premiums of life insurance of the Company amounted to RMB55.229 billion, representing an increase of 1.2% as compared to the same period of the previous year. Premiums from new policies amounted to RMB24.942 billion, representing a decrease of 17.8%

as compared to the same period of the previous year. Premiums from renewed policies amounted to RMB30.287 billion, representing an increase of 25.0% as compared to the same period of the previous year.

1. Analysis by channels

Unit: RMB million

For 6 months ended 30 June	**2012**	**2011**	**YoY changes (%)**
Agency channel			
Gross written premiums	28,210	23,212	21.5
New policies	7,288	6,417	13.6
Regular premium	6,880	6,030	14.1
Single premium	408	387	5.4
Renewed policies	20,922	16,795	24.6
Bancassurance			
Gross written premiums	21,709	28,006	(22.5)
New policies	12,582	20,718	(39.3)
Regular premium	2,325	3,881	(40.1)
Single premium	10,257	16,837	(39.1)
Renewed policies	9,127	7,288	25.2
Direct sales			
Gross written premiums	4,906	3,178	54.4
New policies	4,836	3,112	55.4
Regular premium	28	7	300.0
Single premium	4,808	3,105	54.8
Renewed policies	70	66	6.1
New channels			
Gross written premiums	404	178	127.0
New policies	236	106	122.6
Regular premium	236	104	126.9
Single premium	-	2	(100.0)
Renewed policies	168	72	133.3
Total	**55,229**	**54,574**	**1.2**

For 6 months ended/as at 30 June	**2012**	**2011**	**YoY changes (%)**
Insurance sale agents (in thousand)	270	282	(4.3)
Average monthly first-year gross written premiums per agent (RMB)	4,427	3,773	17.3
Average number of new life insurance policies per agent per month (in number)	1.20	1.29	(7.0)

(1) Agency channel

In the first half of the year, the Company recorded premiums from new polices through the agency channel of RMB7.288 billion, representing an increase of 13.6% as compared to the same period of the previous year. Premiums from renewed policies amounted to RMB20.922 billion, representing an increase of 24.6% as compared to the same period of the previous year.

The Company put a great emphasis on the healthy development of manpower of the agency channel and adopted differentiated recruitment strategy to increase proportion of sales agents in urban areas and enhance quality of new sales agents. The Company enhanced the sales capability of the sales team and increased the proportion of agents with excellent performance through management measures, such as strict performance assessments, attendance management and effective trainings. The average monthly productivity per sales agent continued to improve, amounting to RMB4,427 in the first half of the year, representing an increase of 17.3% as compared to the same period of the previous year.

The Company continued to upgrade customer service level by enhancing the capability to attract new customers and the proportion of existing customers joining additional insurance plans through data analysis, studies on customer preferences and developing customized products. The Company promoted precise marketing and adopted customer service concept into traditional marketing to enhance the team performance, customer value and sales capabilities. "Shen Xing Tai Bao" (神行太保), a mobile sales channel, was rolled out officially, which improved customer experience and underwriting efficiency effectively.

(2) Bancassurance

In the first half of the year, the overall bancassurance of the industry was mired. The gross written premium from bancassurance of the Company was RMB21.709 billion, representing a decrease of 22.5% as compared to the same period of the previous year. Premiums from new policies amounted to RMB12.582 billion, representing a decrease of 39.3% as compared to the same period of the previous year.

In the face of serious challenges, the Company carried out business transformation with a focus on regular premium business. In the first half of the year, regular premiums from new policies amounted to RMB2.325 billion, of which premiums from 5-year and above insurance businesses amounted to RMB1.840 billion, representing an increase of 21.4% as compared to the previous year. Premiums from new high value regular premium business amounted to RMB576 million, which helped to maintain stable contribution from banassurance business. Premiums from renewed policies amounted to RMB9.127 billion, representing an increase of 25.2% as compared to the same period of the previous year.

(3) Direct sales

In the first half of the year, the direct sales of the Company adhered to customer segmentation and integrated expansion to further enhance the market competitiveness of its major products including "An Dai Bao" (安貸寶) and passenger accident insurance. The Company also focused on project management to explore new source of growth by co-ordinating the deployment and management of 13 types of products including micro insurance and travelling insurance. The Company expanded the application of "Jiangyin Model" (江陰模式) to maintain its leading position in the new rural cooperative medical insurance market in terms of technology. In the first half of 2012, gross written premiums from direct sales amounted to RMB4.906 billion, representing an increase of 54.4% as compared to the same period of the previous year.

(4) New channels

During the first half of the year, the Company accelerated the development of new channels such as telemarketing, and focused on the development of high value regular premium business. The gross written premiums from new channels amounted to RMB404 million, representing an increase of 127.0% as compared to the same period of the previous year. Premiums from new policies amounted to RMB236 million, representing an increase of 122.6% as compared to the same period of the previous year, whereas premiums from renewed policies amounted to RMB168 million, representing an increase of 133.3% over the same period of the previous year.

2. Analysis by insurance category

Unit: RMB million

For 6 months ended 30 June	**2012**	**2011**	**YoY changes (%)**
Gross written premiums	**55,229**	**54,574**	**1.2**
Traditional	8,305	7,899	5.1

Participating	44,180	44,177	-
Universal	30	38	(21.1)
Short-term accident and health	2,714	2,460	10.3
Gross written premiums	**55,229**	**54,574**	**1.2**
Individual business	51,589	52,432	(1.6)
Group business	3,640	2,142	69.9

The Company continued to develop risk prevention and long-term savings insurance business. In the first half of the year, premiums from traditional insurance policies amounted to RMB8.305 billion, representing an increase of 5.1% as compared to the same period of the previous year, and its proportion increased by 0.5pt. Premiums from participating insurance policies amounted to RMB44.180 billion, which were similar to the same period of the previous year. The short-term accident and health insurance policies recorded premiums of RMB2.714 billion, representing an increase of 10.3% as compared to the same period of the previous year. From the perspective of customer types, premiums from individual business accounted for 93.4% of total premiums.

3. Persistency ratio of policies

For 6 months ended 30 June	2012	2011	YoY changes (%)
Individual life insurance customer 13-month persistency ratio (%) [note 1]	91.6	93.1	(1.5pt)
Individual life insurance customer 25-month persistency ratio (%) [note 2]	90.6	89.9	0.7pt

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.

In the first half of the year, the Company strived to enhance its customer service and management of policy renewal premium. The individual life insurance customer 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 more 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 in urban areas to increase the proportion of urban area businesses.

Unit: RMB million

For 6 months ended 30 June	2012	2011	YoY changes (%)
Gross written premiums	**55,229**	**54,574**	**1.2**
Jiangsu	5,488	5,465	0.4
Henan	4,803	5,509	(12.8)
Shandong	4,217	4,118	2.4
Guangdong	3,887	4,288	(9.4)
Shanghai	3,538	2,570	37.7
Hebei	3,460	3,345	3.4
Zhejiang	3,347	3,215	4.1
Beijing	2,635	2,429	8.5
Sichuan	2,594	3,118	(16.8)
Hubei	2,380	2,527	(5.8)

Sub-total	36,349	36,584	(0.6)
Other areas	18,880	17,990	4.9

(II) Financial Analysis

Unit: RMB million

For 6 months ended 30 June	**2012**	**2011**	**YoY changes (%)**
Net premiums earned	53,959	53,080	1.7
Investment income note	7,575	8,414	(10.0)
Other operating income	358	344	4.1
Total income	**61,892**	**61,838**	**0.1**
Net policyholders' benefits and claims	(49,063)	(48,185)	1.8
Finance costs	(978)	(286)	242.0
Interest credited to investment contracts	(969)	(1,185)	(18.2)
Other operating and administrative expenses	(9,697)	(8,760)	10.7
Total benefits, claims and expenses	**(60,707)**	**(58,416)**	**3.9**
Profit before tax	1,185	3,422	(65.4)
Income tax	(126)	(629)	(80.0)
Net profit	**1,059**	**2,793**	**(62.1)**

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

Investment income Investment income amounted to RMB7.575 billion in the first half of the year, representing a decrease of 10.0% as compared to the same period of the previous year. The decrease was mainly due to the combining effect of the trading losses of equity assets and the increase in provision for the impairment loss of financial assets as a result of the weak stock market.

Net policyholders' benefits and claims Net policyholders' benefits and claims amounted to RMB49.063 billion in the first half of the year, representing an increase of 1.8% as compared to the same period of the previous year. Life insurance death and other benefits paid decreased by 1.3% as compared to the same period of the previous year. The decrease in benefits and claims was mainly due to an increase of 58.4% in surrendered policies and a decrease of 55.5% in maturity benefits.

Unit: RMB million

For 6 months ended 30 June	**2012**	**2011**	**YoY changes (%)**
Net policyholders' benefits and claims	49,063	48,185	1.8
Life insurance death and other benefits paid	10,485	10,618	(1.3)
Claims incurred	401	310	29.4
Changes in long-term insurance contract liabilities	36,394	35,514	2.5
Policyholder dividends	1,783	1,743	2.3

Other operating and administrative expenses Other operating and administrative expenses amounted to RMB9.697 billion in the first half of the year, representing an increase of 10.7% as compared to the same period of the previous year. The increase was mainly attributable to the increase in investment in agency channels and new channels as well as the increase in labor costs and office expenses due to inflation.

As a result of the above reasons, the life insurance business of the Company recorded a net profit of RMB1.059 billion for the first half of the year.

III. Property and Casualty Insurance Business

(I) Business Analysis

To cope with the challenges brought by the slowdown of macroeconomic growth and changes in market competition landscape, the Company exerted efforts in business development and transformation in the first half of 2012 and adjusted its strategies timely in response to the changes in the market. The gross written premiums from the property and casualty insurance business amounted to RMB35.246 billion, representing an increase of 9.2% over the same period of the previous year. The combined ratio increased by 3.1pt from the same period of the previous year to 94.2%.

1. Analysis by insurance category

Unit:RMB million

For 6 months ended 30 June	2012	2011	YoY changes (%)
Gross written premiums	35,246	32,267	9.2
Automobile insurance	26,226	23,812	10.1
Traffic insurance	6,371	5,782	10.2
Commercial automobile insurance	19,855	18,030	10.1
Non-automobile insurance	9,020	8,455	6.7
Commercial property insurance	3,051	2,864	6.5
Liability insurance	1,328	1,165	14.0
Accident insurance	970	826	17.4
Cargo insurace	951	891	6.7
Others	2,720	2,709	0.4

(1) Automobile insurance

The Company continued to consolidate the advantage of its traditional channels and enhanced the renewal management and new channel development of the automobile insurance business. The Company created new technologies for handling claims, such as the “3G Claim Management System”, to improve customer experience with its unique competitive edges so as to realize steady growth of its automobile insurance business. Gross written premiums from automobile insurance amounted to RMB26.226 billion in the first half of the year, representing an increase of 10.1% over the same period of the previous year.

(2) Non-automobile insurance

The Company strengthened the integration of resources and continued to enhance the speciality of its channels. In addition, the Company improved the categorization management of customers and established a management system for major customers. The Company carried out differentiated development strategies for different types of insurance and exerted efforts in developing traditional insurance. Agricultural insurance, credit insurance and guarantee insurance were launched effectively and specialized and centralized operation was adopted for shipping insurance. In the first half of 2012, the Company recorded gross written premiums from non-automobile insurance of RMB9.020 billion, representing an increase of 6.7% over the same period of the previous year.

2. Analysis by channels

Unit:RMB million

For 6 months ended 30 June	2012	2011	YoY changes (%)
Gross written premiums	35,246	32,267	9.2
Direct sales	6,849	7,571	(9.5)
Insurance agents	19,540	18,924	3.3
Insurance brokers	3,101	2,812	10.3
New channels	5,756	2,960	94.5

Note: New channels include cross-selling, telemarketing and internet sales.

In the first half of the year, the Company developed its business through multiple channels and aimed to enhance the speciality of all channels. For new channels, the Company established and improved the production capacity of the telemarketing channel, which recorded premiums of

RMB4.477 billion, representing an increase of 129.0% over the same period of the previous year. By optimizing cross-selling system and strengthening the selling activities and capacity of insurance agents, premiums from cross-selling increased by 27.3% from the same period of the previous year to RMB1.264 billion. Premiums from telemarketing, internet sales and cross-selling accounted for 16.3% of the gross premiums from the property and casualty insurance business, representing an increase of 7.1pt over the same period of the previous year. As for traditional channels, the Company consolidated its leading position in insurance agency business for, among others, car dealership and bancassurance and explored new cooperation model. Premiums from the agency business for car dealership and bancassurance increased by 22.3% and 32.4%, respectively, from the same period of the previous year.

3. Gross written premiums from top ten geographical areas

In the first half of the 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	2012	2011	YoY changes (%)
Gross written premiums	35,246	32,267	9.2
Guangdong	4,780	4,598	4.0
Jiangsu	4,050	3,645	11.1
Zhejiang	3,124	2,783	12.3
Shanghai	2,889	2,556	13.0
Shandong	2,630	2,410	9.1
Beijing	1,888	1,520	24.2
Liaoning	1,096	1,047	4.7
Hebei	1,092	1,038	5.2
Sichuan	1,088	1,012	7.5
Fujian	1,064	966	10.1
Sub-total	23,701	21,575	9.9
Other areas	11,545	10,692	8.0

(II) Financial analysis

Unit: RMB million

For 6 months ended 30 June	2012	2011	YoY changes (%)
Net premiums earned	26,792	21,921	22.2
Investment income	684	1,138	(39.9)
Other operating income	96	75	28.0
Total income	**27,572**	**23,134**	**19.2**
Claims incurred	(16,000)	(12,416)	28.9
Finance costs	(83)	(22)	277.3
Other operating and administrative expenses	(9,294)	(7,600)	22.3
Total claims and expenses	**(25,377)**	**(20,038)**	**26.6**
Profit before tax	2,195	3,096	(29.1)
Income tax	(627)	(754)	(16.8)
Net profit	**1,568**	**2,342**	**(33.0)**

Investment income Investment income amounted to RMB684 million in the first half of the year, representing a decrease of 39.9% as compared to the same period of the previous year. The decrease was mainly attributable to the combining effect of the trading losses of equity assets and the increase in provision for the impairment loss of financial assets as a result of the weak stock market.

Claims incurred Claims incurred amounted to RMB16.000 billion in the first half of the year, representing an increase of 28.9% as compared to the same period of the previous year. The increase was mainly due to the increases in claims and claim costs as a result of the growth of business as well as the rapid growth in premium in the previous year.

Other operating and administrative expenses Other operating and administrative expenses amounted to RMB9.294 billion in the first half of the year, representing an increase of 22.3% as compared to the same period of previous year. The increase was mainly attributable to the increase of expenses for the application of new technology and promotion of new 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 RMB1.568billion for the first half of the year.

IV. Asset Management Business

In terms of asset management business, the Company strived to maintain stability and sustainability of investment income by adopting prudent investment strategies, enhancing asset allocation and strengthening investment management capabilities.

In the first half of 2012, the capital market performance was sluggish, and the market interest rate continued to decrease after People's Bank of China lowered the mandatory reserve ratio on RMB deposits and the benchmark RMB deposit and lending rates of deposit-taking financial institutions. The Company conducted research and study on the market trends, and invested in fixed income assets with higher yield rate in advance at the beginning of the year. It also closely monitored the fluctuations in the equity market in order to maintain prudent operation.

(I) Investment portfolio

Unit: RMB million

	30 June 2012	31 December 2011	YoY changes (%)
Investment assets (Total)	586,607	522,530	12.3
By investment category			
Fixed income investments	489,898	447,418	9.5
- Debt securities	287,666	276,688	4.0
- Term deposits	168,816	137,373	22.9
- Debt investment plans	24,963	25,563	(2.3)
- Other fixed income investments [note 1]	8,453	7,794	8.5
Equity investment	62,354	53,573	16.4
- Investment Funds	28,661	20,547	39.5
- Equity securities	27,589	26,862	2.7
- Other equity investments [note 2]	6,104	6,164	(1.0)
Investment properties	6,451	6,573	(1.9)
Cash and cash equivalents	27,904	14,966	86.4
By investment purpose			
Financial assets at fair value through profit or loss of the period	1,944	2,907	(33.1)
Available-for-sale financial assets	126,119	117,592	7.3
Held-to-maturity financial assets	214,730	202,536	6.0
Loan and other investments [note 3]	243,814	199,495	22.2

Notes:

1. Other fixed income investments include restricted statutory deposits, policy loans and wealth management products, etc.
2. Other equity investments include unlisted equities, etc.
3. 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 the year, the Company's total investment assets were RMB586.607 billion, representing an increase of 12.3% over the end of the previous year. The Company's fixed income investments accounted for 83.5% of the total investment assets, representing a decrease of 2.1pt over the end of the previous year. An additional RMB42.480 billion was invested in fixed income assets, with allocation focused towards negotiated deposits, and the total term deposits increased by 22.9% over the end of the previous year. The Company's equity investments accounted for 10.6% of the total investment assets, representing an increase of 0.3pt over the end of the previous year, mainly due to the allocation of over RMB7 billion of bond funds and money market funds by the Company in accordance with its judgement towards bond market trend and on the basis of liquidity management demand.

From the prospective of investment purpose, 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. Loans and other investments increased by 22.2% as compared to the same period of previous year, mainly attributable to the increase in negotiated deposits.

(II) Investment income

In the first half of the year, the Company recorded total investment income of RMB8.652 billion, representing a decrease of 20.1% as compared to the same period of previous year. Total investment yield was 3.9%, representing a decrease of 0.5pt as compared to the same period of previous year. This was mainly due to the trading loss of equity investments and the provisions for impairment loss of financial assets.

Net investment income amounted to RMB13.146 billion, representing an increase of 22.2% as compared to the same period of previous year. This was mainly due to the increase of total investment in fixed income assets and the increase in investment yield. Interest income from fixed income investments increased by 37.4% as compared to the same period of previous year. Net investment yield reached 4.9%, representing an increase of 0.5pt as compared to the same period of previous year.

Unit: RMB million

For 6 months ended 30 June	**2012**	**2011**	**YoY changes (%)**
Interest income from fixed income investments	11,887	8,650	37.4
Dividend income from equity securities	1,076	2,025	(46.9)
Rental income from investment properties	183	87	110.3
Net investment income	**13,146**	**10,762**	**22.2**
Realized (losses)/gains	(2,239)	547	(509.3)
Unrealized gains/ (losses)	77	(87)	(188.5)
Provisions for impairment losses on financial assets	(2,432)	(1,004)	142.2
Net gain on disposal of a jointly-controlled entity	-	479	(100.0)
Other income [note]	100	131	(23.7)
Total investment income	**8,652**	**10,828**	**(20.1)**
Net investment yield (annualized) (%)	4.9	4.4	0.5pt
Total investment yield (annualized) (%)	3.9	4.4	(0.5pt)

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

V. Others

CPIC Asset Management. The Company manages and deploys insurance funds through CPIC Asset Management, a 99.67% owned subsidiary. As at 30 June 2012, the total assets of CPIC Asset Management amounted to RMB750 million and net assets amounted to RMB572 million. Net profit for the first half of 2012 amounted to RMB23 million.

Changjiang Pension. The Company holds 51.00% of the equity interest in Changjiang Pension. As at 30 June 2012, the total assets of Changjiang Pension amounted to RMB810 million, net assets amounted to RMB726 million, and total assets entrusted reached RMB29.438 billion. Net loss for the first half of 2012 amounted to RMB25 million.

CPIC HK. The Company conducts overseas operations primarily through its wholly-owned subsidiary, CPIC HK. As at 30 June 2012, the total assets of CPIC HK amounted to RMB674 million and net assets amounted to RMB228 million. Gross written premiums for the first half of 2012 amounted to RMB183 million and net profit amounted to RMB237,800.

CPIC Investment (H.K.). The Company conducts overseas asset management operations primarily through CPIC Investment (H.K.), a 99.83% owned subsidiary. As at 30 June 2012, the total assets of CPIC Investment (H.K.) amounted to RMB48 million and net assets amounted to RMB45 million. Net profit for the first half of 2012 amounted to RMB2 million.

CPIC Online. The Company conducts e-commerce platform sales through its wholly-owned subsidiary, CPIC Online. As at 30 June 2012, the total assets of CPIC Online amounted to RMB99 million and net assets amounted to RMB50 million. Net profit for the first half of 2012 amounted to RMB51,100.

VI. Analysis of specific items

(I) 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 meet the required level.

Unit: RMB million

	30 June 2012	31 December 2011	Reasons for changes
CPIC Group			
Actual solvency margin	75,348	73,556	Profit for the period, dividend distribution to shareholders and changes of the fair value of investment assets
Minimum solvency margin	27,823	25,884	Development of property and casualty insurance and life insurance businesses
Solvency margin ratio (%)	271	284	
Life insurance			
Actual solvency margin	36,144	34,213	Profit for the period, dividend distribution to shareholders and changes of the fair value of investment assets
Minimum solvency margin	19,709	18,267	Growth of insurance business
Solvency margin ratio (%)	183	187	

Property and casualty insurance			
Actual solvency margin	15,638	17,644	Profit for the period, dividend distribution to shareholders and changes of the fair value of investment assets
Minimum solvency margin	8,063	7,568	Growth of insurance business
Solvency margin ratio (%)	194	233	

(II) Gearing Ratio

	30 June 2012	December 2011	YoY changes
Gearing ratio (%)	87.2	86.5	0.7pt

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 2012 (the "Reporting Period") together with the comparative figures for the previous year:

INTERIM CONSOLIDATED INCOME STATEMENT
For the six months ended 30 June 2012

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

	Notes	Six months ended 30 June 2012 (unaudited)	Six months ended 30 June 2011 (unaudited)
Gross written premiums	1(a)	90,511	86,875
Less: Premiums ceded to reinsurers	1(b)	(6,625)	(7,306)
Net written premiums	1	83,886	79,569
Net change in unearned premium reserves		(2,983)	(4,447)
Net premiums earned		80,903	75,122
Investment income	2	8,419	10,187
Other operating income		590	496
Other income		9,009	10,683
Total income		89,912	85,805
Net policyholders' benefits and claims:			
Life insurance death and other benefits paid	3	(10,485)	(10,618)
Claims incurred	3	(16,480)	(12,781)
Changes in long-term life insurance contract liabilities	3	(36,394)	(35,514)
Policyholder dividends	3	(1,783)	(1,743)
Finance costs		(1,072)	(311)
Interest credited to investment contracts		(969)	(1,185)
Other operating and administrative expenses		(19,248)	(16,629)
Total benefits, claims and expenses		(86,431)	(78,781)
Gain from disposal of a jointly-controlled entity		-	479
Share of profit of a jointly-controlled entity		-	16
Profit before tax		3,481	7,519
Income tax	4	(813)	(1,636)
Net profit for the period		2,668	5,883
Attributable to:			
Equity holders of the parent		2,638	5,816
Minority interests		30	67
		2,668	5,883
Basic earnings per share	5	RMB0.31	RMB0.68
Diluted earnings per share	5	RMB0.31	RMB0.68

INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the six months ended 30 June 2012

(All amounts expressed in RMB million unless otherwise specified)

	Notes	Six months ended 30 June	
		2012	**2011**
		(unaudited)	(unaudited)
Net profit for the period		2,668	5,883
Other comprehensive income			
Exchange differences on translation of foreign operations		2	(8)
Available-for-sale financial assets		7,202	(4,454)
Income tax relating to available-for-sale financial assets		(1,789)	1,111
Other comprehensive income/(loss) for the period		5,415	(3,351)
Total comprehensive income for the period		8,083	2,532
Attributable to:			
Equity holders of the parent		7,962	2,523
Minority interests		121	9
		8,083	2,532

INTERIM CONSOLIDATED BALANCE SHEET
30 June 2012

(All amounts expressed in RMB million unless otherwise specified)

	Notes	30 June 2012	31 December 2011
		(unaudited)	(audited)
ASSETS			
Property and equipment		7,987	7,833
Investment properties		6,451	6,573
Goodwill		962	962
Other intangible assets		502	533
Prepaid land lease payments		59	24
Financial assets at fair value through profit or loss		1,944	2,907
Held-to-maturity financial assets		214,730	202,536
Available-for-sale financial assets		126,119	117,592
Investments classified as loans and receivables		32,280	32,929
Securities purchased under agreements to resell		6,901	43
Term deposits		168,816	137,373
Restricted statutory deposits		3,580	3,580
Policy loans		4,783	4,094
Interest receivable		12,920	11,006
Reinsurance assets		14,247	14,118
Deferred income tax assets		3,330	4,980
Insurance receivables		9,716	6,252
Other assets		4,187	2,374
Cash and short-term time deposits		21,003	14,903
Total assets		640,517	570,612

INTERIM CONSOLIDATED BALANCE SHEET (continued)
30 June 2012

(All amounts expressed in RMB million unless otherwise specified)

	Notes	30 June 2012	31 December 2011
		(unaudited)	(audited)
EQUITY AND LIABILITIES			
Equity			
Issued capital		8,600	8,600
Reserves	6	55,527	50,203
Retained profits	6	17,621	17,993
Equity attributable to equity holders of the parent		81,748	76,796
Minority interests		1,309	1,259
Total equity		83,057	78,055
Liabilities			
Insurance contract liabilities	7	415,728	374,931
Investment contract liabilities	8	44,914	47,182
Policyholders' deposits		80	80
Subordinated debt		8,231	8,000
Securities sold under agreements to repurchase		52,010	32,105
Deferred income tax liabilities		966	960
Income tax payable		762	624
Premium received in advance		3,113	4,711
Policyholder dividend payable		10,203	9,132
Payables to reinsurers		5,128	3,235
Other liabilities		16,325	11,597
Total liabilities		557,460	492,557
Total equity and liabilities		640,517	570,612

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the six months ended 30 June 2012

(All amounts expressed in RMB million unless otherwise specified)

	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).

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (continued)
For the six months ended 30 June 2012

(All amounts expressed in RMB million unless otherwise specified)

	For the six months ended 30 June 2011 (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 2011	8,600	58,908	1,703	(37)	(2,098)	13,221	80,297	1,254	81,551
Total comprehensive income	-	-	-	(8)	(3,285)	5,816	2,523	9	2,532
Dividends declared [1]	-	-	-	-	-	(3,010)	(3,010)	-	(3,010)
Dividends paid to minority shareholders	-	-	-	-	-	-	-	(65)	(65)
Capital injection into subsidiaries	-	(1)	-	-	-	-	(1)	53	52
At 30 June 2011	8,600	58,907	1,703	(45)	(5,383)	16,027	79,809	1,251	81,060

[1] Dividends declared represent final dividend on ordinary shares declared for the year ended 31 December 2010, amounting to RMB3,010 million (RMB0.35 per share).

INTERIM CONSOLIDATED CASH FLOW STATEMENT
For the six months ended 30 June 2012

(All amounts expressed in RMB million unless otherwise specified)

	Notes	Six months ended 30 June	
		2012	2011
		(unaudited)	(unaudited)
OPERATING ACTIVITIES			
Cash generated from operating activities		34,704	37,309
Income tax paid		(808)	(2,172)
Net cash inflow from operating activities		33,896	35,137
INVESTING ACTIVITIES			
Purchases of property and equipment, intangible assets and other assets		(986)	(525)
Proceeds from sale of items of property and equipment, intangible assets and other assets		39	625
Proceeds from disposal of a jointly-controlled entity		-	571
Purchases of investments, net		(47,682)	(55,037)
Acquisition of subsidiaries		-	(4,125)
Interest received		9,882	7,509
Dividends received from investments		534	1,730
Net cash outflow from investing activities		(38,213)	(49,252)
FINANCING ACTIVITIES			
Securities sold under agreements to repurchase, net		20,955	16,603
Capital contribution from minority shareholders of subsidiaries		-	53
Interest paid		(691)	(154)
Dividends paid		(3,013)	(3,063)
Net cash inflow from financing activities		17,251	13,439
Effects of exchange rate changes on cash and cash equivalents		4	(56)
Net increase/(decrease) in cash and cash equivalents		12,938	(732)
Cash and cash equivalents at beginning of period		14,966	17,560
Cash and cash equivalents at end of period		27,904	16,828
Analysis of balances of cash and cash equivalents			
Cash at banks and on hand		9,755	10,791
Time deposits with original maturity of no more than three months		10,446	4,743
Other monetary assets		802	414
Investments with original maturity of no more than three months		6,901	880
Cash and cash equivalents at end of period		27,904	16,828

Notes (Amounts expressed in RMB million unless otherwise specified)

1. NET WRITTEN PREMIUMS

(a) Gross written premiums

	Six months ended 30 June	
	2012	2011
Long-term life insurance premiums	52,515	52,114
Short-term life insurance premiums	2,714	2,460
Property and casualty insurance premiums	35,282	32,301
	90,511	86,875

(b) Premiums ceded to reinsurers

	Six months ended 30 June	
	2012	2011
Long-term life insurance premiums ceded to reinsurers	(734)	(721)
Short-term life insurance premiums ceded to reinsurers	(147)	(555)
Property and casualty insurance premiums ceded to reinsurers	(5,744)	(6,030)
	(6,625)	(7,306)

(c) Net written premiums

	Six months ended 30 June	
	2012	2011
Net written premiums	83,886	79,569

2. INVESTMENT INCOME

	Six months ended 30 June	
	2012	2011
Interest and dividend income (a)	13,013	10,731
Realized (losses)/gains (b)	(2,239)	547
Unrealized gains/(losses) (c)	77	(87)
Charge of impairment losses on financial assets	(2,432)	(1,004)
	8,419	10,187

2. INVESTMENT INCOME (continued)

(a) Interest and dividend income

	Six months ended 30 June	
	2012	**2011**
Financial assets at fair value through profit or loss		
- Fixed maturity investments	9	16
- Investment funds	3	1
- Equity securities	1	-
	13	17
Held-to-maturity financial assets		
- Fixed maturity investments	4,882	3,600
Loans and receivables		
- Fixed maturity investments	5,483	3,612
Available-for-sale financial assets		
- Fixed maturity investments	1,563	1,478
- Investment funds	157	1,437
- Equity securities	915	587
	2,635	3,502
	13,013	10,731

(b) Realized (losses)/gains

	Six months ended 30 June	
	2012	**2011**
Financial assets at fair value through profit or loss		
- Fixed maturity investments	(15)	65
- Investment funds	28	-
- Equity securities	-	1
	13	66
Available-for-sale financial assets		
- Fixed maturity investments	(55)	4
- Investment funds	(813)	(92)
- Equity securities	(1,384)	569
	(2,252)	481
	(2,239)	547

(c) Unrealized gains/(losses)

	Six months ended 30 June	
	2012	**2011**
Financial assets at fair value through profit or loss		
- Fixed maturity investments	92	(85)
- Investment funds	(17)	(2)
- Equity securities	2	-
	77	(87)

3. NET POLICY HOLDERS' BENEFITS AND CLAIMS

	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

	Six months ended 30 June 2011		
	Gross	Ceded	Net
Life insurance death and other benefits paid	10,738	(120)	10,618
Claims incurred			
- Short-term life insurance	647	(337)	310
- Property and casualty insurance	15,100	(2,629)	12,471
Changes in long-term life insurance contract liabilities	35,744	(230)	35,514
Policyholder dividends	1,743	-	1,743
	63,972	(3,316)	60,656

4. INCOME TAX

(a) Income tax

	Six months ended 30 June	
	2012	**2011**
Current income tax	946	2,078
Deferred income tax	(133)	(442)
	813	1,636

(b) Tax recorded in other comprehensive income

	Six months ended 30 June	
	2012	**2011**
Deferred income tax	(1,789)	1,111

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	
	2012	**2011**
Profit before tax	3,481	7,519
Tax computed at the statutory tax rate	870	1,880
Adjustments to income tax in respect of previous periods	12	80
Income not subject to tax	(291)	(424)
Expenses not deductible for tax	172	76
Attributable to a jointly-controlled entity	-	(4)
Others	50	28
Income tax at the Group's effective rate	813	1,636

There was no share of income tax attributable to a jointly-controlled entity as it has been included in "Share of profit 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	
	2012	**2011**
Consolidated net profit for the period attributable to equity holders of the parent	2,638	5,816
Weighted average number of ordinary shares in issue (million)	8,600	8,600
Basic earnings per share	RMB0.31	RMB0.68
Diluted earnings per share	RMB0.31	RMB0.68

The Company had no dilutive potential ordinary shares for the six months ended 30 June 2012 and 30 June 2011.

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 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, RMB3,181 million as at 30 June 2012 (31 December 2011: RMB3,181 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 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, RMB3,168 million as at 30 June 2012 (31 December 2011: RMB3,168 million) represents the Company's share of its subsidiaries' general reserve.

6. 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 8th meeting of the Company's 6th term of board of directors held on 23 March 2012, a final dividend of approximately RMB3,010 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 11 May 2012.

7. INSURANCE CONTRACT LIABILITIES

	As at 30 June 2012		
	Insurance contract liabilities	Reinsurers' share of insurance contract liabilities	Net
Long-term life insurance contracts	362,584	(5,464)	357,120
Short-term life insurance contracts			
- Unearned premiums	1,852	(126)	1,726
- Claim reserves	712	(138)	574
	2,564	(264)	2,300
Property and casualty insurance contracts			
- Unearned premiums	29,394	(4,161)	25,233
- Claim reserves	21,186	(4,358)	16,828
	50,580	(8,519)	42,061
	415,728	(14,247)	401,481
Incurred but not reported claim reserves	3,386	(726)	2,660

7. INSURANCE CONTRACT LIABILITIES (CONTINUED)

	As at 31 December 2011		
	Insurance contract liabilities	Reinsurers' share of insurance contract liabilities	Net
Long-term life insurance contracts	325,558	(5,180)	320,378
Short-term life insurance contracts			
- Unearned premiums	1,621	(285)	1,336
- Claim reserves	631	(144)	487
	2,252	(429)	1,823
Property and casualty insurance contracts			
- Unearned premiums	26,556	(3,916)	22,640
- Claim reserves	20,565	(4,593)	15,972
	47,121	(8,509)	38,612
	374,931	(14,118)	360,813
Incurred but not reported claim reserves	3,237	(746)	2,491

8. INVESTMENT CONTRACT LIABILITIES

	30 June 2012	31 December 2011
At beginning of period/year	47,182	51,272
Deposits received	1,904	3,366
Deposits withdrawn	(4,991)	(9,335)
Fees deducted	(104)	(295)
Interest credited	969	2,257
Others	(46)	(83)
At end of period/year	44,914	47,182

Change in Accounting Estimates

When measuring the insurance contract 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 2012, 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 a decrease in long-term life insurance contract liabilities as at 30 June 2012 by approximately RMB258 million and an increase in profit before tax for the six months ended 30 June 2012 by approximately RMB258 million.

The above change in accounting estimates has been approved by the board of directors of the Company on 17 August 2012.

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 2012, and the value of one year's sales of CPIC Life in the 12 month to 30 June 2012 as well as the value of first half year's sales of CPIC Life in 2012 and 2011 respectively, at risk discount rate of 11.5%.

Unit: RMB Million

Valuation Date	**30 June 2012**	**31 December 2011**
Group Adjusted Net Worth	**76,824**	**72,664**
Adjusted Net Worth of CPIC Life	34,992	31,381
Value of In Force Business of CPIC Life Before Cost of Solvency Margin Held for policies written prior to June 1999	(3,050)	(3,085)
Value of In Force Business of CPIC Life Before Cost of Solvency Margin Held for policies written since June 1999	60,435	55,755
Cost of Solvency Margin Held for CPIC Life	(11,595)	(11,059)
Value of In Force Business of CPIC Life After Cost of Solvency Margin Held	45,790	41,611
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	**45,008**	**40,900**
Group Embedded Value	**121,833**	**113,564**
Life Embedded Value	80,782	72,992
Value of One Year's Sales of CPIC Life Before Cost of Solvency Margin Held	8,119	8,184
Cost of Solvency Margin	(1,348)	(1,470)
Value of One Year's Sales of CPIC Life After Cost of Solvency Margin Held	**6,771**	**6,714**
Valuation Date	**30 June 2012**	**30 June 2011**
Value of Half Year's Sales of CPIC Life Before Cost of Solvency Margin Held	4,933	4,787
Cost of Solvency Margin	(872)	(957)
Value of Half Year's Sales of CPIC Life After Cost of Solvency Margin Held	**4,061**	**3,830**

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 RMB0.35 per share in accordance with the Resolution on Profit Distribution Plan for the year 2011 approved at the 2011 Annual General Meeting. The implementation of this distribution plan was completed recently.

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 2012.

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

The Board is in view that the Company was in compliance with all code provisions and substantially all of the recommended best practices of the Corporate Governance Code as set out in Appendix 14 of the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange (the "Listing Rules") throughout the six months ended 30 June 2012, except a deviation with the code provision A.6.7 with the reasons below:

All non-executive Directors (including independent non-executive Directors) attended the annual general meeting of the Company held on 11 May 2012 other than seven non-executive Directors (including two independent non-executive Directors) who were not able to attend the annual general meeting as they were not in Shenzhen.

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

During the six months ended 30 June 2012, 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 six months ended 30 June 2012 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 2012 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 Investment (H.K.)"	CPIC Investment Management (H.K.) Company Limited, a holding

	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
"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, 20 August 2012

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. WANG Chengran, Ms. FENG Junyuan, Janine; Mr. WU Jumin, Mr. WU Junhao, Mr. YANG Xiangdong, 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. XIAO Wei and Mr. YUEN Tin Fan.