



Operation overview

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

Unit: RMB million

<p>Group total income</p> <p>177,358</p> <p>GWP – CPIC Life 110,551 GWP – CPIC P/C 52,485</p>	<p>Group embedded value</p> <p>271,454</p>	<p>NBV/NBV growth rate of life business</p> <p>19,746 +59.0%</p>
	<p>New business margin of life business</p> <p>40.6%</p>	<p>Combined ratio of property and casualty business</p> <p>98.7%</p>
<p>Total investment yield (annualized)</p> <p>4.7%</p>	<p>Group comprehensive solvency margin ratio</p> <p>297% CPIC Life 257% CPIC P/C 272%</p>	<p>Group net profit attributable to equity holders of the parent</p> <p>6,509</p> <p>Net profit – CPIC Life 4,381 Net profit – CPIC P/C 2,049</p>
<p>Group total assets</p> <p>1,118,393</p>	<p>Group customers</p> <p>113,575 thousand</p>	

Key indicators

Unit: RMB million

Indicators	As at 30 June 2017/ for the period between January and June in 2017	As at 31 December 2016/ for the period between January and June in 2016	Changes (%)
Key value indicators			
Group embedded value	271,454	245,939	10.4
Value of in-force business ^{note 1}	124,436	101,288	22.9
Group net assets ^{note 2}	131,514	131,764	(0.2)
NBV of CPIC Life ^{note 4}	19,746	12,419	59.0
New business margin of CPIC Life (%) ^{note 4}	40.6	33.0	7.6pt
Combined ratio of CPIC P/C (%)	98.7	99.4	(0.7pt)
Annualized growth rate of investments' net asset value (%)	4.5	3.9	0.6pt
Key operating indicators			
GWPs	163,785	131,537	24.5
CPIC Life	110,551	82,234	34.4
CPIC P/C	52,485	49,224	6.6
Number of Group customers (in thousand) ^{note 3}	113,575	104,435	8.8
Average number of insurance policies per customer	1.69	1.64	3.0
Monthly average agent number (in thousand)	870	582	49.5
Monthly average FYPs per agent (RMB)	7,189	7,403	(2.9)
Surrender rate of CPIC Life (%)	0.8	1.2	(0.4pt)
Annualized total investment yield (%)	4.7	4.7	-
Annualized net investment yield (%)	5.1	4.6	0.5pt
Third-party AuM	307,910	293,612	4.9
Third-party AuM by CPIC AMC	135,053	167,837	(19.5)
Assets under investment management by Changjiang Pension	172,857	125,775	37.4
Key financial indicators			
Net profit attributable to equity holders of the parent	6,509	6,142	6.0
CPIC Life	4,381	4,246	3.2
CPIC P/C	2,049	2,156	(5.0)
Basic earnings per share (RMB) ^{note 2}	0.72	0.68	6.0
Net assets per share (RMB) ^{note 2}	14.51	14.54	(0.2)
Comprehensive solvency margin ratio (%)			
CPIC Group	297	294	3pt
CPIC Life	257	257	-
CPIC P/C	272	296	(24pt)

Notes:

1. Based on the Group's share of CPIC Life's value of in-force business after solvency.
2. Attributable to equity holders of the parent.
3. The number of Group customers refers to the number of applicants and insureds who hold at least one insurance policy within the insurance period issued by one or any of CPIC subsidiaries as at the end of the reporting period. In the event that the applicants and insureds are the same person, they shall be deemed as one customer.
4. Figures for the same period of the previous year have been restated.

CONTENTS

Important information

Letter from chairman to shareholders P01

Operating results

Highlights of accounting and operation data	P07
Review and analysis of operating results	P09
Embedded value	P31

06

38

Corporate governance

Report of the board of directors and significant events	P39
Changes in the share capital and shareholders' profile	P49
Directors, supervisors and senior management	P53
Corporate governance	P59

Other information

Documents available for inspection	P63
Corporate information and definitions	P65

62

68

Financial report

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

Cautionary Statements:

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

Important information

- I. The 2017 Interim Report of the Company was considered and approved at the 3rd session of the 8th Board of Directors on 25 August 2017, which 14 Directors were required to attend and 14 of them attended in person.
- II. The 2017 Interim Financial Report of the Company has not been audited.

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

Contact us

IR team

Tel: +86-21-58767282

Fax: +86-21-68870791

Email: ir@cpic.com.cn

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



WeChat Public
Account for
Investor Relations





Letter from chairman
to shareholders





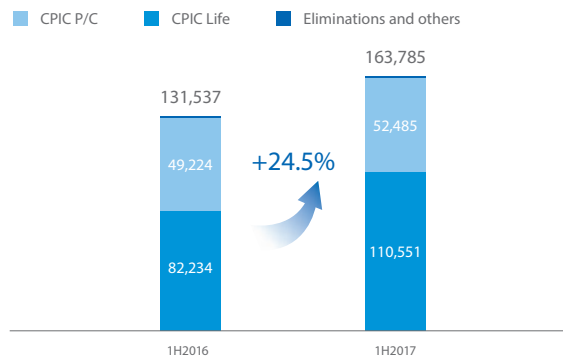
25 August 2017

Dear Shareholders:

The first half of 2017 saw steady growth of China's macro economy and further progress of the structural reform on the supply side. "Risk prevention" and "focus on protection" have recently become the top priorities of the insurance industry. Against the backdrop of the smooth succession of the Board of Directors, CPIC achieved solid business results with improved quality and profitability as well as the fastest growth in recent years. In the first half of 2017, gross written premiums (GWPs) reached RMB163.785 billion, up 24.5% compared with the same period of 2016, the highest in seven years. Group operating revenues^{note 1} amounted to RMB177.556 billion, an increase of 22.7%; Group net profits^{note 2} reached RMB6.509 billion, up 6.0%. As of the end of the first half of 2017, the Group's embedded value reached RMB271.454 billion, a growth of 10.4% from the end of the previous year. Of this, the Group's value of in-force business^{note 3} was RMB124.436 billion, up 22.9% over the end of the previous year. With solid financials, the Group's comprehensive solvency margin ratio was 297% under C-ROSS. The Group customers totaled 113.58 million.

Rapid growth of GWPs

(unit: RMB million)

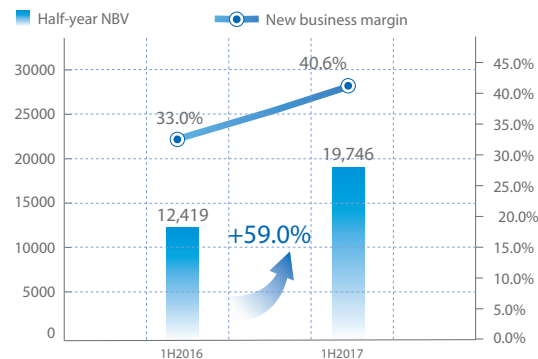


On the life side, we remain focused on protection, with rapid growth of long-term protection business and record value growth. Over the last few years, CPIC Life's shift from low-margin business toward sustainable high-margin individual business has produced remarkable results. With the individual business playing a central role in our life insurance, we continued to promote product innovation based on insights into customer needs. Risk protection products such as *Jinyou Rensheng*, *Anxingbao*, *Yinfa Ankang*, *Aiwuyou*, and *Shao'er Chaonengbao* were well-received by customers and helped a lot with customer acquisition. Annualized new premiums from long-

term protection products^{note 4} for the first half of 2017 increased by 73.8% year on year. At the same time, driven by rapid growth of new and renewal business from agency channel, GWPs exceeded RMB100 billion for the first time in our history. Thanks to high-quality and fast business growth, we realized RMB19.746 billion of new business value^{note 5} (NBV) for the first half of 2017, up 59.0% year on year and higher than the total of 2016, and the NBV margin^{note 5} reached 40.6%, up by 7.6pt, both hitting a record high.

Record high value growth of life business

(unit: RMB million)



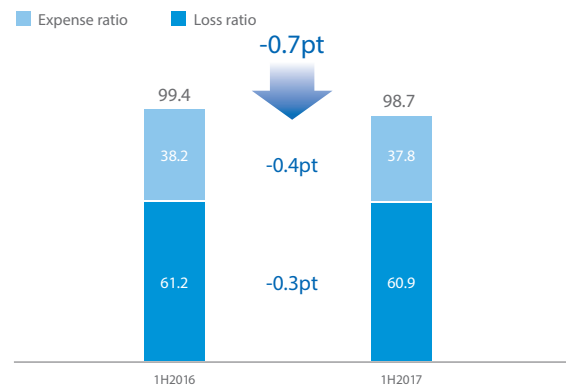


By putting quality first, our property and casualty business continued to improve its combined ratio with a rapid growth of agricultural insurance. Given the strategy of “controlling business quality, enhancing foundation and boosting long-term growth potential”, CPIC P/C continued to improve its capability to serve high-quality customers. Through continuous efforts, we achieved underwriting profitability in 2015. In 2016, our combined ratio was better than the industry average. In the first half of 2017, our combined ratio dropped further to 98.7%. Moreover, both the loss ratio and expense ratio improved in the first half of 2017, with underwriting profits for both automobile and non-auto business. For automobile business, we promoted various service initiatives for high-quality customers, offering branded services including *Jin Yao Shi*, and *Tai Hao Pei* to address the pain points in auto insurance claims and improve customer experience. The number of high-quality automobile business customers (e.g. low-claims, female customers) continued to grow. On the non-auto side, we expanded agricultural insurance to more geographical areas, promoted the use of “e-agricultural insurance” technology and strengthened innovation of agricultural insurance products. In the first six months of 2017, the primary insurance premiums from agricultural insurance reached RMB1.942 billion^{note 6}, 119.7% higher than that of the same period last year, with market share increasing steadily. This is no time for complacency. We still face challenges in our effort to further improve the combined ratio, given the second round of commercial auto insurance de-regulation, and frequent

occurrence of natural disasters (typhoon, flood) in the third quarter. Going forward, we will continue to uphold the “quality first” principle, promote the service initiatives for high-quality customers, further increase the share of our core automobile business channels, in order to enhance our competitiveness in the context of further reform of commercial automobile insurance; we will also strengthen quality control for non-auto business and speed up the development of emerging business such as agricultural insurance.

Continuous improvement of combined ratio of CPIC P/C

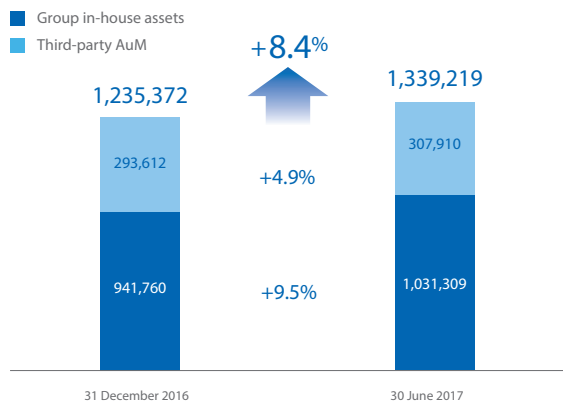
(unit: %)



For asset management, we worked hard to prevent and mitigate investment risks while maintaining stable total investment returns. Persisting in prudent, value and long-term investment and following the basic principles of asset-liability management (ALM), we seized the opportunity of rising market interest rates in the first half of 2017 and proactively increased allocation into fixed income assets to stabilize portfolio yields. We also captured the market opportunities of A Share blue chip and Hong Kong Stock Connect Program. As a result, the annualized total investment yield stayed flat, at 4.7%; the annualized net investment yield was 5.1%, up 0.5pt; and the annualized growth rate of investments’ net asset value 4.5%, up 0.6pt. As of the end of the first half of 2017, Group assets under management (AuM) totaled RMB1,339.219 billion, rising 8.4% from the end of 2016. With a prudent ALM model, we effectively constrained the cost of liabilities and avoided reckless behaviors and systemic risks. We continued to strengthen the management of credit risks, with an increased share of non-standard assets (NSAs) with AAA external credit rating. Therefore, our overall credit risk was well under control.

Solid increase in AuM

(unit: RMB million)



We stayed focused on insurance, with continued improvement in Group-wide synergy and business model innovation. We also continued to optimize the resource sharing mechanism to help our life agents cross-sell automobile insurance products, with GWPs from cross-sell amounting to RMB3.471 billion, up 36.3%. Committed to developing specialized health insurance capabilities, CPIC Allianz Health utilized the Group's existing sales networks to sell its products, which not only helped life agents in customer acquisition but also contributed to its own growth. Further integrated into CPIC Group, Anxin Agricultural collaborated with CPIC P/C in agricultural insurance products to deliver solid business results including good underwriting profitability. Focusing on pension management business, Changjiang Pension pushed forward the establishment of the "CPIC-Changjiang Pension Collaboration Centers", stepped up intra-Group collaboration, while actively participating in the development of the 3-pillar pension system to consolidate its business development foundation.

We stepped up efforts to strengthen risk prevention and control, and ensure compliance through various remedial actions. We regard risk management and compliance as the foundation of the Company's healthy and stable development. In compliance with CIRC requirements, we identified potential risks and weaknesses in risk control, focusing on 9 key areas: illegal fund-raising, new business management, data authenticity, reputational risk, "five frauds", mis-selling, reluctance to make claims payment, and external credit risks, aiming to ensure detection, early reporting, and early handling of risks. We increased the accountability, established the "naming and shaming" mechanism for violations. Internal accountability inquiries were conducted for all the 12 administrative penalties issued by the regulators. To ensure long-term effect, we focused on building a comprehensive risk management and internal control system which covers all employees and processes, fully embedded into the Company's operation. In the first half of the year, the Company boasted strong solvency, stable profitability

and good liquidity, without any occurrence of major risks. Our key compliance indicators stayed at comfortable levels.

We made efforts to fully honor our corporate social responsibility (CSR) to deliver value to both the Company and society. We are fully committed to CSR. Given our unique value proposition in long-term risk management, we continued to play an important role in serving the real economy, contributing to social governance innovation, and promoting people's well-being. The Company provides a variety of risk protection products to support strategic emerging industries such as high-end manufacturing, environmental protection, new energy and new materials, and biotechnology. We supported the development of the real economy by investing in key national infrastructure projects (expressway, energy projects, and tunnel & bridge projects), urban renovation, land reserve and public rental housing. We are also involved in national strategies including the "Belt and Road" initiative, the Yangtze River Economic Zone, the Beijing-Tianjin-Hebei coordinated development initiative, and the Shanghai FTZ. We also provided innovative solutions to social governance, improving service efficiency and the lot of the Chinese people. In the first half of 2017, we undertook 98 government-sponsored health insurance projects across China (terminal illness schemes, basic medical insurance, supplementary medical insurance, and long-term care insurance), covering more than 70 million people. By leveraging our professional expertise, we were involved in poverty alleviation in a number of ways. We continued to carry out charitable activities such as donating to financially-underprivileged students, caring for orphans, and taking part in disaster relief efforts. We have been running the "Love for Orphans" program for 22 consecutive years. These activities helped to empower the underprivileged communities and promoted our branding as a responsible company.

2017 is a crucial year for CPIC. Ten years ago, we got listed on the A-share market, a key step in the history of our development. The listing helped us build up a sound and market-oriented corporate governance. Under the leadership of successive Board of Directors, and through the joint efforts of all our employees, CPIC has grown into a comprehensive insurance group with solid capital position, and strong value-creating and risk control capabilities. In particular, since the implementation of the strategic transformation in 2011, the Company has achieved initial success in understanding customer needs, improving customer interface, and enhancing customer experience, which prepared us for a new round of strategic opportunities arising from the industry's return to protection as its core value proposition.

Ten years on, CPIC is about to embark on a new journey. In the first half of this year, we lected a new board. As the new chairman of the board, I keenly feel the responsibility on my shoulders. We have been thinking about how to seize the strategic opportunity of the insurance industry, adapt to market changes, and deliver value to our shareholders, customers, employees and the society. Our answer is to be both "consistent" and "different".

Honors and Awards

CPIC was listed among Fortune Global 500 for the 7th consecutive year, at the 252nd place.

CPIC Life's fast handling of the hailstorm disaster in Yancheng on June 23rd was voted by China Insurance Daily as one of the 10 "Most Influential Insurance Claims in 2016", and its "By Your Side for 25 Years" special mobile service won the Annual Service Innovation of the Year Award for 2016.

CPIC P/C's fast claims settlement of the sugar cane price index insurance in Guangxi Province in 2016 was ranked by China Insurance Daily as one of the 10 "Most Influential Insurance Claims in 2016". And Tai Hao Pei, CPIC P/C's fast and convenient claims settlement service for automobile insurance customers, won the 2016 Annual Service Innovation of the Year Award at the 2016 Annual Competition of Service Innovations of China's Insurance Industry held by China Insurance Daily.

CPIC AMC won the Most Trust-worthy Insurance Asset Manager of the Year Award, and the its investment research team won the Insurance Investment Research Team of the Year Award, at the 2017 Annual Competition of China's Insurance Industry co-hosted by The Securities Daily and China's Insurance Asset Management Association.

"Consistent" means to stay true to our original mission. There was a divergence of development strategies among insurers in recent years. Given the long-term nature of insurance business across economic cycles, we decided to take matters into our own stride, and have never wavered in our pursuit of the original value-oriented business philosophy. We believe this was indispensable to the sustainable value growth we have delivered in an environment of intense market competition. Our understanding of insurance business will continue to form the basis of our future strategies. Going forward, we will stay the course, committed to the core business of insurance, and be good at it, striving to be a leader in promoting the healthy development of China's insurance industry.

"Different" means to deepen the reform and upgrade the transformation. Building on the achievements of previous transformation, the new board will launch "Transformation 2.0", which would focus on 5 central tasks, **"talent development", "digitalization", "enhancing synergy", "improving strategic control"** and **"diversifying insurance-based business portfolios"**. To be more specific, we will enhance our capabilities in the following key areas:

- Organizational restructuring for more efficiency and flexibility, and in particular, building a strategic talent pool with accommodating human resource management mechanism to attract and retain talented people, enhance employees' engagement, and foster higher productivity;
- Implementing "digitalization" for breakthroughs in customer experience, digital decision-making, collaborative sharing of digital tools, and digital talent and leadership;
- Deepening collaboration between CPIC subsidiaries in terms of customers, channels and resources for integrated development;

- Redefining the positioning and management processes of the Group, its subsidiaries and branches to strengthen centralized strategic control, streamlining the decision-making process to improve efficiency;
- Diversifying the insurance-based portfolio, optimizing resource allocation by giving priority to major cities, and stepping up investments in health and pension business.

Looking ahead, the new board is confident that with the hard work of all CPIC employees and unstinting support of our investors, we can continue to upgrade "Transformation 2.0", enhance quality and profitability, and deliver sustainable value for all stakeholders.

Notes:

1. Based on PRC GAAP.
2. Attributable to equity holders of the parent.
3. Based on Group's share of life's value of in-force business after solvency.
4. Long-term risk protection business includes whole life insurance, term life insurance, long-term health insurance and long-term accident insurance, etc.
5. Figures for the same period of the previous year have been restated.
6. Consolidated data of CPIC P/C and Anxin Agricultural.



KONG Qingwei
Chairman of the Board of Directors
CPIC Group

Operating results





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

Unit: RMB million

Key Accounting Data	January to June 2017	January to June 2016	Variance (%)
Total income	177,358	144,668	22.6
Profit before tax	9,598	8,922	7.6
Net profit ^{note}	6,509	6,142	6.0
Net cash inflow from operating activities	41,166	25,409	62.0
	30 June 2017	31 December 2016	Variance (%)
Total assets	1,118,393	1,020,692	9.6
Equity ^{note}	131,514	131,764	(0.2)

Note: Attributable to equity holders of the parent.

Unit: RMB

Key Accounting Indicators	January to June 2017	January to June 2016	Variance (%)
Basic earnings per share ^{note}	0.72	0.68	6.0
Diluted earnings per share ^{note}	0.72	0.68	6.0
Weighted average return on equity (%) ^{note}	4.8	4.6	0.2pt
Net cash inflow per share from operating activities	4.54	2.80	62.0
	30 June 2017	31 December 2016	Variance (%)
Net assets per share ^{note}	14.51	14.54	(0.2)

Note: Attributable to equity holders of the parent.

2 Other key financial and regulatory indicators

Unit: RMB million

Indicators	30 June 2017/ January to June 2017	31 December 2016/January to June 2016
The Group		
Investment assets ^{note 1}	1,031,309	941,760
Investment yield (%) ^{note 2}	4.7	4.7
CPIC Life		
Net premiums earned	107,739	80,074
Growth rate of net premiums earned (%)	34.5	31.0
Net policyholders' benefits and claims	93,650	72,887
CPIC P/C		
Net premiums earned	42,762	41,628
Growth rate of net premiums earned (%)	2.7	2.2
Claims incurred	25,998	25,440
Unearned premium reserves	41,231	38,207
Claim reserves	35,225	33,936
Combined ratio (%) ^{note 3}	98.7	99.4
Loss ratio (%) ^{note 4}	60.9	61.2

Notes:

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

3

The discrepancy between the financial results prepared under PRC GAAP and HKFRS

There is no difference on the net profit of the Group for the 6-month periods ended 30 June 2017 and 30 June 2016 and the equity of the Group as at 30 June 2017 and 31 December 2016 as stated in accordance with PRC GAAP and HKFRS.



Review and analysis of
operating results

1

Business overview

I. Key businesses

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

In particular, we provide life/health insurance products & services through CPIC Life, property and casualty insurance products & services through CPIC P/C and Anxin Agricultural, and specialized health insurance products & services through CPIC Allianz Health. We manage insurance funds, including third-party assets, through our investment arm, CPIC AMC. We conduct pension business and other related asset management business via Changjiang Pension.

In the first half of 2017, China's insurance market realized a premium income of RMB2.31 trillion, a growth of 23.0%. Of this, premium from life/health insurance companies amounted to RMB1,786.424 billion, up 26.0% compared with the same period of 2016, and that from property and casualty insurance companies RMB527.586 billion, up 13.9%. CPIC Life and CPIC P/C are China's 3rd largest listed insurer for life and property and casualty insurance, respectively.

II. Core competitiveness

We are a leading integrated insurance group in China, ranking 252nd among Fortune Global 500. We persist in customer-orientation and focus on insurance to be a "specialist" in the business. We pursue innovation of insurance products and services, and commit ourselves to enhancing customer experience, creating sustainable value and generating stable returns for our shareholders.

- > We persist in the focus on insurance, and have obtained a full range of insurance-related licenses covering life insurance, property and casualty insurance, pension, health insurance, agricultural insurance and asset management.
- > With a leading insurance franchise, we have put in place a distribution network across China, with 113.58 million customers.
- > The customer-oriented transformation begins to pay dividends, building capabilities in Customer Profile Delineation, with enhanced product innovation capabilities for life business based on customer segmentation and improved abilities to serve high quality customers for property and casualty insurance.
- > We put in place ALM mechanisms, persisting in prudent investment, value investment and long-term investment, which served to curb the cost of liabilities, and generating an investment return consistently in excess of the cost of liabilities.
- > With state-of-the-art and reliable IT systems and investment in enterprise-level applications, we have fostered market-leading capabilities in operational support and new technology application.
- > We boast an experienced management team and a Group-centralized platform of management, coupled with sound corporate governance featuring a clear definition of responsibilities, checks and balances and well co-ordinated mechanisms.
- > We established a leading system for risk management and internal control, which ensures healthy and sustainable development of the Company.

2

Performance overview

We persisted in customer-orientation, stayed focused on insurance to achieve excellence, and delivered sustained value growth and solid business results for the reporting period.

I. Performance highlights

During the reporting period, Group operating revenues^{note 1} amounted to RMB177.556 billion, of which, GWPs reached RMB163.785 billion, a growth of 24.5%. Group net profits^{note 2} reached RMB6.509 billion, up 6.0%. CPIC Life delivered RMB19.746 billion in half-year NBV, up 59.0%. CPIC P/C recorded a combined ratio of 98.7%, down by 0.7pt compared with the same period of 2016. Annualized net investment yield on Group in-house assets stood at 5.1%, up 0.5pt. Group embedded value amounted to RMB271.454 billion, an increase of 10.4% from the end of 2016. Of this, value of in-force business^{note 3} reached RMB124.436 billion, up 22.9% from the end of 2016.

Life business picked up in top-line growth, with new records in both NBV growth and margin.

- > CPIC Life realized half-year NBV of RMB19.746 billion, up 59.0% and an NBV margin of 40.6%, up by 7.6pt, both setting records.
- > CPIC Life delivered RMB110.551 billion in GWPs, up 34.4% and for the first time exceeding the mark of one hundred billion for half year premium. The strong growth was driven by both new policies and renewal policies, growing by 35.8% and 33.6%, respectively.
- > Annualized first year premiums (FYPs) from long-term protection business^{note 4} amounted RMB20.621 billion, a growth of 73.8%, which underpinned a 25.0% growth of residual margin of life business versus the end of 2016, at RMB215.749 billion.
- > CPIC Allianz Health, committed to fostering specialized health insurance capabilities, realized RMB567 million in GWPs and management fees, a growth of 97.6%.

Property and casualty business achieved continued improvement in combined ratio, with non-automobile business reporting underwriting profits for the first time in 3 years, and rapid growth of agricultural insurance.

- > CPIC P/C reported a combined ratio of 98.7%, an improvement of 0.7pt from the first half of 2016. Of this, the loss ratio and expense ratio both went down, by 0.3pt and 0.4pt, respectively.
- > The combined ratio of non-automobile business improved considerably by 6.3pt to 99.3%. Automobile business

maintained underwriting profitability, with a combined ratio of 98.6%.

- > Agricultural insurance realized RMB1.942 billion in primary insurance premiums^{note 5}, with a fast increase in market share. Of this, CPIC P/C promoted its "e-agricultural insurance" system, continued to expand the geographical scope for business, stepped up product innovation and recorded primary insurance premiums of RMB1.552 billion, up 75.6%. Anxin Agricultural vigorously pushed for closer co-operation with CPIC P/C, realizing primary insurance premiums of RMB390 million, up 6.8%.

Steady growth of AuM, with stable total investment yield.

- > Group AuM amounted to RMB1,339.219 billion, an increase of 8.4% from the end of 2016. Of this, Group in-house assets reached RMB1,031.309 billion, up 9.5% and exceeding 1 trillion for the first time.
- > Group annualized total investment yield was 4.7%, the same as that for the first half of 2016, with annualized net investment yield of 5.1%, up 0.5pt, and annualized growth rate of investments' net asset value of 4.5%, up 0.6pt.
- > Third-party AuM amounted to RMB307.910 billion, an increase of 4.9% from the end of 2016, with a fee income of RMB460 million, up 27.8%.

Notes:

1. Based on PRC GAAP.
2. Attributable to shareholders of the Company.
3. Based on the Group's share of CPIC Life's value of in-force business after solvency.
4. Long-term risk protection business includes whole life insurance, term life insurance, long-term health insurance and long-term accident insurance, etc.
5. Based on primary insurance premiums, excluding premium income ceded-in.

II. Key performance indicators

Unit: RMB million

Indicators	As at 30 June 2017/ for the period between January and June in 2017	As at 31 December 2016/ for the period between January and June in 2016	Changes (%)
Key value indicators			
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NBV of CPIC Life ^{note 4}	19,746	12,419	59.0
New business margin of CPIC Life (%) ^{note 4}	40.6	33.0	7.6pt
Combined ratio of CPIC P/C (%)	98.7	99.4	(0.7pt)
Annualized growth rate of investments' net asset value (%)	4.5	3.9	0.6pt
Key operating indicators			
GWPs	163,785	131,537	24.5
CPIC Life	110,551	82,234	34.4
CPIC P/C	52,485	49,224	6.6
Number of Group customers (in thousand) ^{note 3}	113,575	104,435	8.8
Average number of insurance policies per customer	1.69	1.64	3.0
Monthly average agent number (in thousand)	870	582	49.5
Monthly average FYPs per agent (RMB)	7,189	7,403	(2.9)
Surrender rate of CPIC Life (%)	0.8	1.2	(0.4pt)
Annualized total investment yield (%)	4.7	4.7	-
Annualized net investment yield (%)	5.1	4.6	0.5pt
Third-party AuM	307,910	293,612	4.9
Third-party AuM by CPIC AMC	135,053	167,837	(19.5)
Assets under investment management by Changjiang Pension	172,857	125,775	37.4
Key financial indicators			
Net profit attributable to equity holders of the parent	6,509	6,142	6.0
CPIC Life	4,381	4,246	3.2
CPIC P/C	2,049	2,156	(5.0)
Comprehensive solvency margin ratio (%)			
CPIC Group	297	294	3pt
CPIC Life	257	257	-
CPIC P/C	272	296	(24pt)

Notes:

1. Based on the Group's share of CPIC Life's value of in-force business after solvency.
2. Attributable to equity holders of the parent.
3. The number of Group customers refers to the number of applicants and insureds who hold at least one insurance policy within the insurance period issued by one or any of CPIC subsidiaries as at the end of the reporting period. In the event that the applicants and insureds are the same person, they shall be deemed as one customer.
4. Figures for the same period of the previous year have been restated.

3

Life/health insurance business

In the first half of 2017, CPIC Life continued to strengthen its capabilities in “customer operation”, i.e., acquisition of new customers and up-sell to existing ones, stepped up innovation of protection products, and delivered rapid growth of long-term protection business, with NBV growth and margin both setting records. CPIC Allianz Health, committed to fostering specialized health insurance capabilities, stepped up product innovation to help with customer acquisition by CPIC Life’s agents, and delivered rapid business growth.

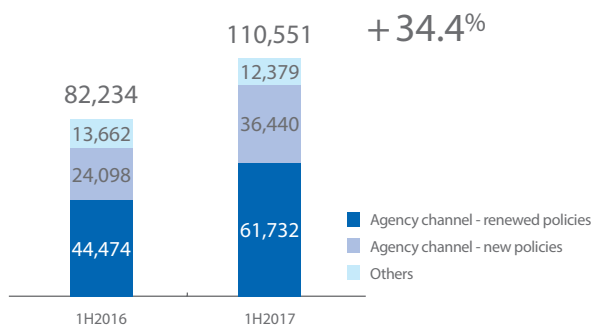
I. CPIC Life

(I) Business analysis

In the first half of 2017, CPIC Life persisted in customer-orientation, upheld protection as the basic value proposition of insurance, deepened product and service innovations to enhance its capabilities in “customer operation”. As a result, for the reporting period, it reported GWPs of RMB110.551 billion, up 34.4%. Half-year NBV amounted to RMB19.746 billion, up 59.0%, with an NBV margin of 40.6%, up by 7.6pt.

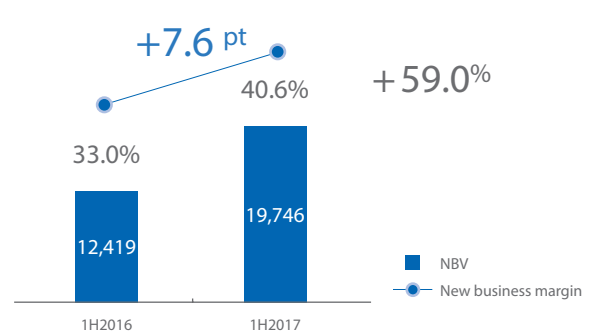
GWPs of CPIC Life

(unit: RMB million)



NBV and new business margin of CPIC Life

(unit: RMB million)



1. Analysis by channels

Unit: RMB million

For 6 months ended 30 June	2017	2016	Changes (%)
Individual customers	106,950	79,388	34.7
Agency channel	98,172	68,572	43.2
New policies	36,440	24,098	51.2
Regular premium business	35,239	23,293	51.3
Renewed policies	61,732	44,474	38.8
Other channels	8,778	10,816	(18.8)
Group clients	3,601	2,846	26.5
Total GWPs	110,551	82,234	34.4

(1) Business from individual customers

For the reporting period, we realized RMB106.950 billion in GWPs from individual customers, up 34.7%. Of this, new policies from the agency channel amounted to RMB36.440 billion, up 51.2%, and renewal business RMB61.732 billion, an increase of 38.8%. New business from the agency channel accounted for 85.8% of total FYPs, up 8.7pt compared with the same period of 2016.

We persisted in the “dual-driver” model, namely, focusing on both the quality of new recruits and productivity gains to improve the mix of the sales force. We introduced new agency management rules, followed the principle of “improving recruitment, stabilizing promotion, promoting advancement, enhancing management and strengthening support” so that agent performance evaluation can play an even better part in sales force quality enhancement. We intensified efforts in basic management, granted more autonomy to manager-level agents and promoted differentiated training for new agents and managers to drive the growth of active and high-performing agents. Monthly average number of agents for the reporting period stood at 870,000, an increase of 49.5% year-on-year. FYP per agent per month reached RMB7,189, of which, that from long-term protection business reached RMB3,582, up 19.5%. Monthly average number of active and high-performing agents reached 326,000 and 191,000, up 44.9% and 49.2%, respectively.

For 6 months ended 30 June	2017	2016	Changes (%)
Monthly average agent number (in thousand)	870	582	49.5
Monthly average first-year GWPs per agent (RMB)	7,189	7,403	(2.9)
Average number of new long-term life insurance policies per agent per month	2.54	2.31	10.0

We implemented customer segmentation via enhanced customer insights and upgraded “customer operation” through product customization. For example, we expanded the scope of protection coverage and launched Shao'er Chaonengbao 2.0, a critical illness product tailor-made for children, offering minor illnesses protection. For mid- and high-end customers, we launched Lexiang Baiwan, a medical insurance product with high levels of sum assured. Such products, with increased protection, helped agents acquire new customers. In the meantime, the Targeted Marketing Initiative boosted our capabilities in up-sell to target customer segments.

(2) Business from group clients

In the first half of 2017, we persisted in transformation development, optimized the organizational structure of health and pension business units, rolled out the project-based management model, and enhanced the role of government-sponsored programs and employee benefits business in public administration and the development of real economy. As a result, the segment realized RMB3.601 billion in GWPs, up by 26.5%.

2. Analysis by product types

We focus on risk protection and long-term savings products. For the reporting period, traditional business generated RMB32.702 billion in GWPs, up 35.0%. Of this, long-term health insurance contributed RMB12.409 billion, up 73.2%. Participating business delivered RMB71.439 billion in GWPs, up 35.7%.

Unit: RMB million

For 6 months ended 30 June	2017	2016	Changes (%)
GWPs	110,551	82,234	34.4
Traditional	32,702	24,217	35.0
Long-term health insurance	12,409	7,165	73.2
Participating	71,439	52,631	35.7
Universal	23	19	21.1
Short-term accident and health	6,387	5,367	19.0

3. Policy persistency ratio

For 6 months ended 30 June	2017	2016	Changes
Individual life insurance customer 13-month persistency ratio (%) ^{note 1}	94.1	91.8	2.3pt
Individual life insurance customer 25-month persistency ratio (%) ^{note 2}	88.9	87.5	1.4pt

Notes:

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

The company's policy persistency maintained an overall healthy level, with 13-month and 25-month persistency ratios up by 2.3pt and 1.4pt respectively year-on-year.

4. Top 10 regions for GWPs

The company's GWPs mainly came from economically developed regions or populous areas.

Unit: RMB million

For 6 months ended 30 June	2017	2016	Changes (%)
GWPs	110,551	82,234	34.4
Henan	11,885	8,306	43.1
Jiangsu	11,787	8,901	32.4
Shandong	9,488	7,265	30.6
Zhejiang	7,974	5,722	39.4
Hebei	6,654	4,986	33.5
Guangdong	6,638	5,211	27.4
Shanxi	5,087	4,025	26.4
Hubei	4,692	3,573	31.3
Heilongjiang	4,373	2,862	52.8
Xinjiang	3,527	2,584	36.5
Subtotal	72,105	53,435	34.9
Others	38,446	28,799	33.5

(II) Financial analysis

Unit: RMB million

For 6 months ended 30 June	2017	2016	Changes (%)
Net premiums earned	107,739	80,074	34.5
Investment income ^{note}	21,961	19,951	10.1
Other operating income	1,157	845	36.9
Total income	130,857	100,870	29.7
Net policyholders' benefits and claims	(93,650)	(72,887)	28.5
Finance costs	(1,435)	(974)	47.3
Interest credited to investment contracts	(1,179)	(1,024)	15.1
Other operating and administrative expenses	(28,265)	(19,468)	45.2
Total benefits, claims and expenses	(124,529)	(94,353)	32.0
Profit before tax	6,328	6,517	(2.9)
Income tax	(1,947)	(2,271)	(14.3)
Net profit	4,381	4,246	3.2

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

Investment income for the reporting period was RMB21.961 billion, up by 10.1%, due to higher interest income from fixed income investments and increased dividends income from equity investments.

Net policyholders' benefits and claims amounted to RMB93.650 billion, up 28.5%, largely due to higher death and other benefit pay-outs.

Unit: RMB million

For 6 months ended 30 June	2017	2016	Changes (%)
Net policyholders' benefits and claims	93,650	72,887	28.5
Life insurance death and other benefits paid	23,426	22,749	3.0
Claims incurred	2,567	2,049	25.3
Changes in long-term insurance contract liabilities	63,375	44,418	42.7
Policyholder dividends	4,282	3,671	16.6

Other operating and administrative expenses for the reporting period amounted to RMB28.265 billion, up 45.2%. The increase was mainly caused by fast business growth.

As a result, CPIC Life recorded a net profit of RMB4.381 billion for the first half of 2017, up 3.2%.

II. CPIC Allianz Health

The company is positioned as a specialized health insurance entity within the Group, and is committed to building capabilities in professional health insurance management. At the same time, it seeks to expand co-operation with the Group's distributional networks in order to promote resource-sharing and collaboration.

In the first half of 2017, CPIC Allianz Health continued to promote product innovation based on customer segmentation, and contributed to customer value growth for its partnership channels within the Group. It increased the use of new technologies to improve customer service interface such as self-service claims management and insurance application, which helped to enhance customer experience. The subsidiary continued to strengthen capabilities in health management, expanded and put in place a global network of health-care providers which supported direct payment. During the reporting period, it delivered RMB567 million in GWPs and management fees, a growth of 97.6%.

4

Property and casualty insurance

In the first half of 2017, the property and casualty business^{note 1} reported RMB53.145 billion in GWPs^{note 2}, up 7.9%, with the combined ratio at 98.7%, down by 0.6pt from the same period of 2016. CPIC P/C^{note 3} persisted in the development strategy of “improving quality, enhancing foundation and boosting long-term growth potential”, and delivered continued improvement in its combined ratio. Automobile insurance maintained underwriting profitability, while non-auto business realized underwriting profit, with rapid growth of emerging business such as agricultural insurance. Anxin Agricultural focused on product innovation, deepened collaboration with CPIC P/C and reported solid business results.

Notes:

1. Property and casualty business here includes CPIC P/C, Anxin Agricultural and CPIC HK.
2. GWPs include income from both primary business and reinsurance.
3. References to CPIC P/C in this report do not include Anxin Agricultural.

I. CPIC P/C

(I) Business analysis

During the reporting period, CPIC P/C strived to consolidate progress in the improvement of business performance, while deepening transformation to meet challenges. It reported GWPs of RMB52.485 billion, up 6.6%, with a combined ratio of 98.7%, down by 0.7pt.

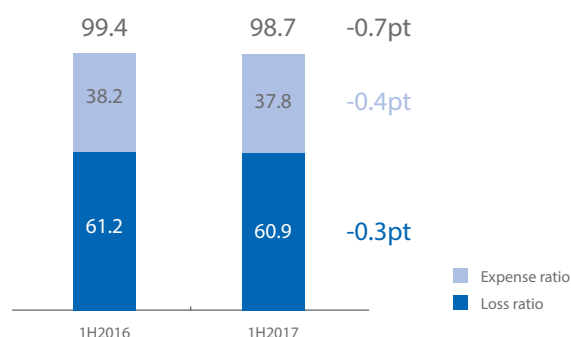
1. Analysis by lines of business

Unit: RMB million

For 6 months ended 30 June	2017	2016	Changes (%)
GWPs	52,485	49,224	6.6
Automobile insurance	39,843	37,655	5.8
Compulsory automobile insurance	8,418	8,182	2.9
Commercial automobile insurance	31,425	29,473	6.6
Non-automobile insurance	12,642	11,569	9.3
Commercial property insurance	2,774	3,107	(10.7)
Liability insurance	2,223	2,159	3.0
Agricultural insurance	1,564	904	73.0
Health insurance	1,251	992	26.1
Others	4,830	4,407	9.6

Combined ratio of CPIC P/C

(unit: %)



(1) Automobile insurance

For the reporting period, we reported GWPs of RMB39.843 billion from automobile business, up 5.8%, with a combined ratio of 98.6%, an increase of 0.4pt from the first half of 2016. Of this, the loss ratio stood at 61.1%, up 0.4pt while the expense ratio staying flat, at 37.5%.

We persisted in the core channel priority strategy. The core channels as a share of the automobile business, measured by primary insurance premiums, grew by 0.4pt and reached 63.7%. Of this, cross-selling recorded RMB3.471 billion in premium, a growth of 36.3%. At the same time, we linked resource-allocation with business quality, and delivered

Operating results

Review and analysis of operating results

continued quality improvement. Efforts were also intensified to enhance claims reserves management, strengthen claims cost control and improve capabilities in serving high-quality customers to drive profitable business growth.

Unit: RMB million

For 6 months ended 30 June	2017	2016	Changes (%)
GWPs	39,843	37,655	5.8
Primary insurance premiums	39,448	37,655	4.8
Core channels ^{notes 1,2}	25,148	23,855	5.4
Non-core channels ^{note 2}	14,300	13,800	3.6

Notes:

1. Core channels include telemarketing & internet, cross-selling and car dealerships.
2. Figures for the same period of the previous year have been restated.

Next, in response to further deregulation of automobile insurance, we'll continue to roll out channel management strategies so as to ensure sustainable business development; improve resource allocation and risk selection to optimize business mix; press ahead with tool innovation to increase centralized operation; focus on the building of service capabilities and step up customer relation management to improve the renewal ratio and the overall management capabilities.

(2) Non-automobile insurance

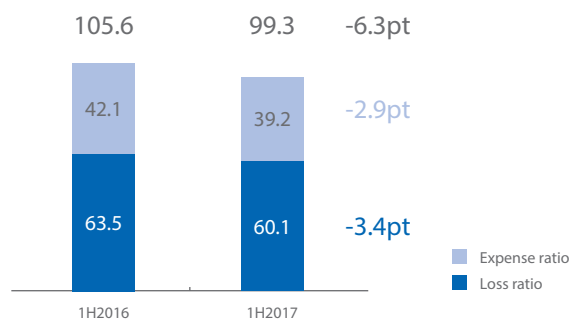
For the reporting period, we strived to promote the shift towards "customer-orientation", and at the same time stepped up business quality control with continued efforts to eliminate high loss-ratio business. GWPs from non-automobile business amounted to RMB12.642 billion, up by 9.3%, with a combined ratio of 99.3%, down by 6.3pt and reporting underwriting profits for the first time in 3 years. Of this, the loss ratio went

down by 3.4pt to 60.1% and the expense ratio 2.9pt to 39.2%. Major non-auto business lines such as property, liability, accident and cargo all turned underwriting profits. Agricultural insurance continued to expand the geographical scope of business, beefed up product innovation, rolled out the "e-agricultural insurance" system, and delivered rapid growth while ensuring healthy business quality. It reported RMB1.564 billion in GWPs, up 73.0%, with a combined ratio of 95.3%, down by 3.6pt.

Next, we will deepen risk pricing to improve premium adequacy, set up a business management system centering on resource-allocation, and put in place a customer-oriented business operational model. We will make continuous efforts to increase product and technology innovation to drive rapid development of agricultural insurance. Given opportunities arising from the "Belt and Road" Initiative, Shanghai Pilot Free Trade Zone and other government-sponsored business, we will also step up innovation and foster capabilities in emerging business lines and new market niches.

Combined ratio of non-automobile insurance of CPIC P/C

(unit: %)



(3) Key financials of major business lines

Unit: RMB million

For 6 months ended 30 June 2017						
Name of insurance	GWPs	Amounts insured	Claims paid	Reserves	Underwriting profit	Combined ratio (%)
Automobile insurance	39,843	8,097,774	22,284	52,052	515	98.6
Commercial property insurance	2,774	6,521,990	1,476	5,789	14	99.0
Liability insurance	2,223	33,325,540	1,072	4,563	78	94.9
Agricultural insurance	1,564	61,923	433	1,703	30	95.3
Health insurance	1,251	8,758,446	635	1,514	(71)	108.1

2. Top 10 regions for GWPs

We rely on our nationwide distribution network and implement differentiated regional development strategies based on factors like market potential and business profitability.

Unit: RMB million

For 6 months ended 30 June	2017	2016	Changes (%)
GWPs	52,485	49,224	6.6
Jiangsu	6,252	6,026	3.8
Guangdong	6,013	5,935	1.3
Zhejiang	5,002	4,867	2.8
Shanghai	4,045	4,002	1.1
Shandong	2,908	2,831	2.7
Beijing	2,856	2,688	6.3
Chongqing	1,955	1,842	6.1
Sichuan	1,876	1,557	20.5
Hebei	1,676	1,384	21.1
Guizhou	1,634	1,543	5.9
Subtotal	34,217	32,675	4.7
Others	18,268	16,549	10.4

(II) Financial analysis

Unit: RMB million

For 6 months ended 30 June	2017	2016	Changes (%)
Net premiums earned	42,762	41,628	2.7
Investment income ^{note}	2,549	2,759	(7.6)
Other operating income	207	160	29.4
Total income	45,518	44,547	2.2
Claims incurred	(25,998)	(25,440)	2.2
Finance costs	(176)	(143)	23.1
Other operating and administrative expenses	(16,403)	(16,061)	2.1
Total benefits, claims and expenses	(42,577)	(41,644)	2.2
Profit before tax	2,941	2,903	1.3
Income tax	(892)	(747)	19.4
Net profit	2,049	2,156	(5.0)

Note: Investment income includes investment income on the financial statements and share of profit/(loss) in equity accounted investees.

Investment income for the reporting period amounted to RMB2.549 billion, down by 7.6%, mainly attributable to decrease in interest income from fixed income investment and decrease in securities trading gains.

Other operating and administrative expenses amounted to RMB16.403 billion, up 2.1%, mainly due to business growth and market competitions.

Hence, a net profit of RMB2.049 billion was booked for CPIC P/C for the first half of 2017, down by 5.0% from the same period of 2016.

II. Anxin Agricultural

In the first half 2017, the subsidiary focused on the core business of agricultural insurance, with intensified efforts in product innovation and collaboration. For the reporting period, it delivered RMB607 million in GWPs, up 9.4%, of which, agricultural insurance RMB404 million, up 10.7%. Its combined ratio stood at 95.2%, maintaining healthy underwriting profitability with net profits of RMB41 million.

III. CPIC HK

We conduct overseas business via CPIC HK, a wholly-owned subsidiary. As at 30 June 2017, its total assets stood at RMB1.199 billion, with net assets of RMB445 million. GWPs for the reporting period amounted to RMB254 million, with a combined ratio of 95.3%, and a net profit of RMB18 million.

5

Asset management

We persisted in ALM, continued to optimize strategic asset allocation (SAA), while seizing market opportunities with effective measures to forestall major risks. As at the end of the first half of 2017, Group AuM totaled RMB1,339.219 billion, rising 8.4% from the end of 2016. Of this, Group in-house assets reached RMB1,031.309 billion, a growth of 9.5% from the end of 2016, with total investment yield of 4.7%, net investment yield of 5.1% and growth rate of investments' net asset value of 4.5%, all on an annualized basis.

I. Group AuM

As of the end of the first half of 2017, Group AuM totaled RMB1,339.219 billion, rising 8.4% from the end of 2016. Of this, third-party AuM totaled RMB307.910 billion, up 4.9%, with a fee income of RMB460 million, up 27.8%.

Unit: RMB million

	30 June 2017	31 December 2016	Changes (%)
Group AuM	1,339,219	1,235,372	8.4
Group in-house assets	1,031,309	941,760	9.5
Third-party AuM	307,910	293,612	4.9
Third-party AuM by CPIC AMC	135,053	167,837	(19.5)
Assets under investment management by Changjiang Pension	172,857	125,775	37.4

II. Group in-house assets

During the reporting period, China's economy performed steadily. The supply-side structural reform deepened. Government enhanced financial regulation and its co-ordination in a bid to fend off and mitigate financial risks. In terms of market conditions, the fixed income market experienced volatility, given the spikes in market rates. The stock market was polarized, with blue chips experiencing a "structural rally". We persisted in ALM, proactively increased allocation into fixed income assets in the context of rising rates so as to stabilize the portfolio yield. Meanwhile, we adhered to the principle of long-term and prudent investment, and seized opportunities of A-share blue chips and Hong Kong Stock Connect.

(I) Consolidated investment portfolios

Unit: RMB million

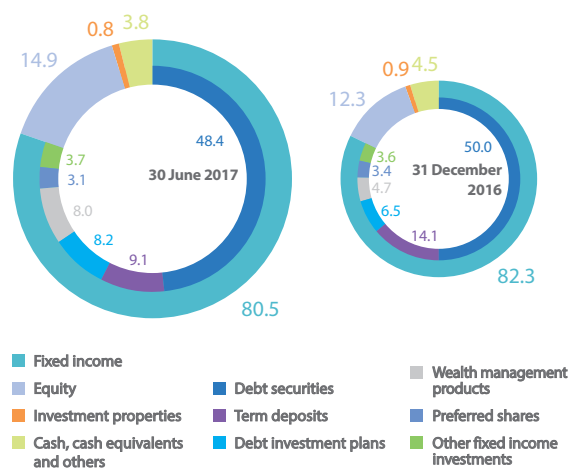
	30 June 2017	Share (%)	Share change from the end of 2016 (pt)	Change (%)
Group investment assets (Total)	1,031,309	100.0	-	9.5
By investment category				
Fixed income investments	829,074	80.5	(1.8)	7.0
- Debt securities	498,979	48.4	(1.6)	5.9
- Term deposits	93,473	9.1	(5.0)	(29.3)
- Debt investment plans	84,235	8.2	1.7	37.2
- Wealth management products ^{note 1}	82,248	8.0	3.3	87.1
- Preferred shares	32,000	3.1	(0.3)	-
- Other fixed income investments ^{note 2}	38,139	3.7	0.1	12.4
Equity investments	154,098	14.9	2.6	33.0
- Equity funds	20,283	2.0	-	8.0
- Bond funds	21,288	2.1	-	9.7
- Equity securities	44,248	4.3	1.0	41.9
- Wealth management products ^{note 1}	37,586	3.6	1.2	64.8
- Preferred shares	4,632	0.4	(0.1)	1.9
- Other equity investments ^{note 3}	26,061	2.5	0.5	35.9
Investment properties	8,496	0.8	(0.1)	(1.9)
Cash, cash equivalents and others	39,641	3.8	(0.7)	(7.0)
By investment purpose				
Financial assets at fair value through profit or loss	16,686	1.6	(1.3)	(38.6)
AFS financial assets	339,474	32.9	5.4	31.2
HTM financial assets	298,988	29.0	(3.4)	(1.9)
Interests in associates	2,534	0.3	0.3	2,103.5
Investment in joint ventures	34	-	-	(5.6)
Loans and other investments ^{note 4}	373,593	36.2	(1.0)	6.5

Notes:

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

Group consolidated investment portfolios

(unit: %)



1. By investment category

In the reporting period, we proactively increased allocation in fixed income assets in the context of rising market rates, including long-dated assets such as treasury bonds as well as high-yield NSAs. Allocation in equity investments was on a par with SAA, with vigorous efforts to explore structural opportunities. Based on this strategy, in addition to bonds and equities, new money and re-investments were mainly allocated in NSAs such as debt investment plans, collective trust plans by trust firms and wealth management products issued by commercial banks.

As of the end of the reporting period, the share of debt securities was 48.4%, a drop of 1.6pt from the end of 2016. Moreover, 99.8% of enterprise bonds and financial bonds issued by non-government-sponsored banks had an issuer/debt rating of AA/A-1 or above. Of this, the share of AAA reached 92.8%. We adhered to prudent investment, and exercised stringent control of credit risk. Our corporate/enterprise bond holdings were concentrated in transport infrastructure, power utilities, construction & engineering and composite industrial groups, with relatively strong balance sheets and competitiveness as well as resilience across economic cycles. As a result, the default risk would have limited impact on us. In compliance with CIRC regulations, we have put in place a comprehensive investment management system with risk control mechanisms for corporate/enterprise bond investment, which are reviewed and adjusted as we learned more from our practice. We have set up credit risk control mechanisms pre- and post-investment, with internal credit-rating before the investments and tracking of credit-rating changes regularly afterwards. On the one hand, we would pay more attention to high-risk sectors or bonds, increasing the frequency of monitoring. There was also a risk labeling system based on the severity of risk to give early warning of bonds' or issuers' credit risk. On the other hand, we have put in place disposal procedures for high-risk bonds for early warning and timely handling of bonds with expected deterioration of their credit-worthiness.

The share of equity investments stood at 14.9%, up by 2.6pt from the end of 2016. Of this, equity securities and equity funds accounted for 6.3%, up 1.0pt.

As of the end of the reporting period, NSAs totaled RMB202.083 billion, accounting for 19.6% of total Group in-house assets, rising 6.4pt from the end of 2016. NSAs mainly include wealth management products issued by commercial banks, credit assets backed securities by banking institutions, collective trust plans by trust firms, special asset management plans by securities firms, infrastructure/property investment plans and project asset-backed plans issued by insurance AMCs. The infrastructure investment plans covered about 20 provinces/municipalities/autonomous regions, spanning transport, municipal infrastructure, energy, environment protection, commercial property, land reserve, resettlement of slums, water conservancy and affordable housing, contributing to the development of China's real economy. Our investments in wealth management products are all issued by major state-owned commercial banks or national joint-stock commercial banks, with strong credit-worthiness. Our holdings of trust plans mainly provide financing for major state-owned non-bank financial institutions. Except for issuers which are exempt from credit-worthiness enhancement requirements under regulatory regulations, the vast majority of our debt NSA holdings are covered by guarantees or repurchase agreements by companies with AAA ratings or pledge of assets. Overall, the credit risk is under control. As of the end of the reporting period, all the NSAs with an external credit-rating had a rating of AA+ or above, and of this, 95.0% AAA.

2. By investment purpose

By investment purpose, our in-house assets are mainly in three categories, namely, available-for-sale (AFS) financial assets, held-to-maturity (HTM) financial assets as well as loans and other investments. Of this, financial assets at fair value through profit or loss dropped 38.6% from the end of 2016, mainly because of decreased allocation in debt securities. AFS financial assets grew by 31.2%, primarily due to increased investment in debt securities, wealth management products and equity securities.

(II) Group consolidated investment income

For the reporting period, net investment income totaled RMB28.478 billion, up by 37.3%. This stemmed mainly from higher interest income from fixed income investments and increased dividends income from equity investments. Annualized net investment yield reached 5.1%, up 0.5pt.

Total investment income amounted to RMB24.751 billion, up 14.4%, with annualized total investment yield at 4.7%, the same as that for the first half of 2016.

The annualized growth rate of investments' net asset value rose by 0.6pt to 4.5%, as a result of equity market rally.

Unit: RMB million

For 6 months ended 30 June	2017	2016	Changes (%)
Interest income from fixed income investments	20,184	18,474	9.3
Dividend income from equity investments	7,972	1,990	300.6
Rental income from investment properties	322	281	14.6
Net investment income	28,478	20,745	37.3
Realized (losses)/gains	(4,577)	1,266	(461.5)
Unrealized gains/(losses)	767	(582)	(231.8)
Charge of impairment losses on investment assets	(297)	(28)	960.7
Other income ^{note 1}	380	240	58.3
Total investment income	24,751	21,641	14.4
Net investment yield (annualized) (%) ^{note 2}	5.1	4.6	0.5pt
Total investment yield (annualized) (%) ^{note 2}	4.7	4.7	-
Growth rate of investments' net asset value (annualized) (%) ^{notes 2,3}	4.5	3.9	0.6pt

Notes:

1. Other income includes interest income on cash and short-term time deposits, securities purchased under agreements to resell and share of profit/(loss) in equity accounted investees, etc.
2. The impact of securities sold under agreements to repurchase is considered in the calculation of net investment yield. Average investment assets as the denominator in the calculation of net/total investment yield and growth rate of investments' net asset value are computed based on the Modified Dietz method.
3. Growth rate of investments' net asset value = total investment yield + net of fair value changes of AFS booked as other comprehensive income/(loss)/average investment assets.

(III) Total investment yield on a consolidated basis

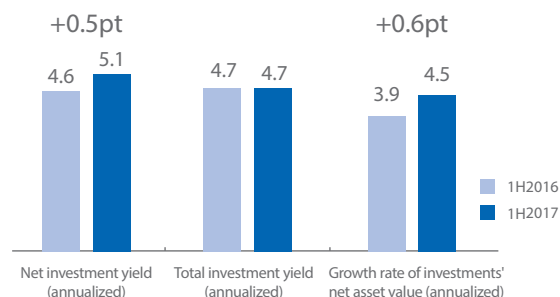
Unit: %

For 6 months ended 30 June	2017	2016	Changes
Total investment yield (annualized)	4.7	4.7	-
Fixed income investments ^{note}	5.0	5.2	(0.2pt)
Equity investments ^{note}	3.1	2.1	1.0pt
Investment properties ^{note}	7.6	9.1	(1.5pt)
Cash, cash equivalents and others ^{note}	1.2	0.8	0.4pt

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

Group consolidated investment yields

(unit: %)



III. Third-party AuM

(I) Third-party AuM by CPIC AMC

In the first half of 2017, the environment for China's asset management industry experienced profound changes against the backdrop of intensified financial regulation, de-leveraging and risk prevention. CPIC AMC, in response to these changes, adjusted its expectations and focused on safeguarding the interests of its clients and risk prevention, with stable performance for its third-party business. As of the end of the reporting period, its third-party AuM stood at RMB135.053 billion, down by 19.5% from the end of 2016, due to changes to market conditions. Its third-party business generated a fee income of RMB196 million, up 1.0% compared with the same period of 2016.

CPIC AMC vigorously explored opportunities in alternative investments, given tightened liquidity and interest rate spikes. To serve China's real economy, it focused on government-sponsored projects such as transport, community resettlement and high-tech parks. It also closely looked at business opportunities of leading firms in sectors with stabilized fundamentals and outlook. In the first half of 2017, it registered a total of 7 debt investment plans, raising RMB16 billion. Meanwhile, in response to changing market trends and customers' needs, it leveraged its own investment capabilities and launched products based on Hong Kong Stock Connect, and used interest rate swap derivatives for fixed income investments.

(II) Assets under investment management by Changjiang Pension

In the first half of 2017, Changjiang Pension focused on its core business of pension management, and participated, in an all-around way, in the development of the third-pillar of China's pension system to enhance foundation for sustainable growth.

It seized opportunities arising from the market-based outsourcing of China's social security pension system, gave first priority to the management of long-term pension funds and delivered sustained growth and increased diversity of AuM. In the first pillar, funds under management from the social security pension system continued to grow steadily, with investment performance leading among comparable portfolios. As for the second pillar, it continued to deepen collaboration with sister companies within the Group and stepped up market development of occupational annuity business. It made greater efforts in the new business development of enterprise annuity, and successfully qualified as the enterprise annuity manager for a number of medium- and large-sized SOEs. It delivered innovations in group retirement plans to serve the needs of SOE reform. In the third pillar, the Company diversified its on-line and off-line channels, optimized individual retirement plans, and readily took up outsourced management of individual retirement accounts from insurance companies and banks to pave the way for further penetration of the individual pension market.

In the supply of assets, given the long-term nature of pension funds, the Company strived to serve as a bridge connecting needs of the real economy and pension money. During the reporting period, the total sum raised on newly-registered alternative investment plans reached RMB27.8 billion. Of this, the total sum on the 12 debt investment plans was RMB20.33 billion.

As of the end of the reporting period, Changjiang Pension's third-party assets under investment management reached RMB172.857 billion, rising by 37.4% from the end of 2016, with assets under custody of RMB75.664 billion, up 7.6% from the end of 2016.

6

Analysis of specific items

I. Items concerning fair value accounting

Unit: RMB million

	30 June 2017	31 December 2016	Changes	Impact of fair value changes on profits ^{note}
Financial assets at fair value through profit or loss	16,686	27,190	(10,504)	767
AFS financial assets	339,474	258,711	80,763	(297)
Total	356,160	285,901	70,259	470

Note: Impact on profits of change of fair value for AFS financial assets refers to charges for impairment losses.

II. Solvency

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

Unit: RMB million

	30 June 2017	31 December 2016	Reasons of change
CPIC Group			
Core capital	310,260	280,012	
Actual capital	315,760	285,512	Profit for the period, profit distribution to shareholders, and change of fair value of investment assets
Minimum required capital	106,348	97,247	Growth of insurance business
Core solvency margin ratio (%)	292	288	
Comprehensive solvency margin ratio (%)	297	294	
CPIC Life			
Core capital	235,000	213,017	
Actual capital	236,500	214,517	Profit for the period, profit distribution to the shareholders, and change of fair value of investment assets
Minimum required capital	91,965	83,516	Growth of insurance business
Core solvency margin ratio (%)	256	255	
Comprehensive solvency margin ratio (%)	257	257	
CPIC P/C			
Core capital	33,159	34,702	
Actual capital	37,159	38,702	Profit for the period, profit distribution to the shareholders, and change of fair value of investment assets
Minimum required capital	13,644	13,069	Growth of insurance business
Core solvency margin ratio (%)	243	266	
Comprehensive solvency margin ratio (%)	272	296	

CPIC Allianz Health			
Core capital	598	741	
Actual capital	598	741	
Minimum required capital	179	122	Growth of insurance business
Core solvency margin ratio (%)	333	607	
Comprehensive solvency margin ratio (%)	333	607	
Anxin Agricultural			
Core capital	1,403	1,389	
Actual capital	1,403	1,389	Profit for the period, profit distribution to the shareholders, and change of fair value of investment assets
Minimum required capital	491	469	Growth of insurance business
Core solvency margin ratio (%)	286	296	
Comprehensive solvency margin ratio (%)	286	296	

Please refer to the summaries of solvency reports published on the websites of SSE (www.sse.com.cn), SEHK (www.hkexnews.hk) and the Company (www.cpic.com.cn) for information about the half-year solvency of 2017 of CPIC Group, and the second quarter solvency of 2017 of CPIC Life, CPIC P/C, Anxin Agricultural and CPIC Allianz Health.

III. Price sensitivity analysis

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

Unit: RMB million

From January to June 2017 / 30 June 2017		
Market value	Impact on profit before tax	Impact on equity
+10%	573	4,495
-10%	(573)	(4,495)

Notes:

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

IV. Insurance contract liabilities

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

As at 30 June 2017, insurance contract liabilities of CPIC Life amounted to RMB687.096 billion, representing an increase of 10.7% from the end of 2016. Those of CPIC P/C amounted to RMB76.456 billion, an increase of 6.0%. The rise was mainly caused by business expansion and accumulation of insurance liabilities.

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

Unit: RMB million

	30 June 2017	31 December 2016	Changes (%)
CPIC Life			
Unearned premiums	4,111	2,469	66.5
Claim reserves	2,608	2,067	26.2
Long-term life insurance contract liabilities	680,377	616,047	10.4
CPIC P/C			
Unearned premiums	41,231	38,207	7.9
Claim reserves	35,225	33,936	3.8

V. Investment contract liabilities

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

Unit: RMB million

	31 December 2016	Increase for the period			Decrease for the period		30 June 2017
		Deposit received	Interest credited	Others	Deposits withdrawn	Fees deducted	
Investment contract liabilities	48,796	9,318	1,179	279	(4,333)	(102)	55,137

VI. Reinsurance business

In the first half of 2017, premiums ceded to reinsurers are shown below:

Unit: RMB million

For 6 months ended 30 June	2017	2016	Changes (%)
CPIC Life	1,232	1,086	13.4
Traditional insurance	838	776	8.0
Long-term health insurance	561	509	10.2
Participating insurance	89	119	(25.2)
Universal insurance	5	1	400.0
Short-term accident and health insurance	300	190	57.9
CPIC P/C	7,683	6,775	13.4
Automobile insurance	3,648	2,998	21.7
Non-automobile insurance	4,035	3,777	6.8

Operating results

Review and analysis of operating results

In the first half of 2017, premiums ceded inwardly are set out below:

Unit: RMB million

For 6 months ended 30 June	2017	2016	Changes (%)
CPIC P/C	521	60	768.3
Automobile insurance	395	-	/
Non-automobile insurance	126	60	110.0

As at the end of the first half of 2017, assets under reinsurance are set out below:

Unit: RMB million

	30 June 2017	31 December 2016	Changes (%)
CPIC Life			
Reinsurers' share of insurance contract liabilities			
Unearned premiums	179	118	51.7
Claim reserves	76	72	5.6
Long-term life insurance contract liabilities	9,841	9,173	7.3
CPIC P/C			
Reinsurers' share of insurance contract liabilities			
Unearned premiums	5,466	4,481	22.0
Claim reserves	6,368	6,579	(3.2)

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

VII. Main subsidiaries & associates and equity participation

Unit: RMB million

Company	Main business scope	Registered capital	Group shareholding ^{note 2}	Total assets	Net assets	Net profit
China Pacific Life Insurance Co., Ltd.	Personal insurance including life insurance, health insurance, accident insurance, etc. denominated in RMB or foreign currencies; reinsurance of the above said insurance; statutory life insurance; agency and business relationships with domestic and overseas insurers and organizations, loss adjustment, claims and other business entrusted from overseas insurance organizations; insurance funds investment as prescribed by Insurance Law of the PRC and relevant laws and regulation; international insurance activities as approved; other business as approved by the CIRC.	8,420	98.292%	933,622	57,956	4,381

China Pacific Property Insurance Co., Ltd.	Property insurance; liability insurance; credit and guarantee insurance; short-term health insurance and casualty insurance; reinsurance of the above said insurance; insurance funds investment as approved by relevant laws and regulations; other business as approved by the CIRC.	19,470	98.501%	142,885	33,634	2,049
Pacific Asset Management Co., Ltd.	Management of capital and insurance funds, outsourcing of asset management, consulting services relating to asset management, and other asset management business as allowed by the PRC laws and regulations.	1,300	99.667%	2,717	2,335	151
Changjiang Pension Insurance Co., Ltd.	Group pension and annuity business; individual pension and annuity business; short-term health insurance; accident insurance; reinsurance of the aforementioned business; outsourced money management business denominated in RMB or foreign currencies for the purpose of elderly provisions; other business pertaining to insurance fund management as allowed by PRC laws and regulations; other business as approved by the CIRC.	788	50.869%	3,259	981	84
Anxin Agricultural Insurance Co., Ltd.	Agricultural insurance; property damage insurance; liability insurance; statutory liability insurance; credit and guarantee insurance; short term health insurance and casualty insurance; countryside and farmer related property insurance; reinsurance of the above said insurance; insurance funds investment as approved by relevant laws and regulations;	700	51.348%	2,988	1,290	41
CPIC Allianz Health Insurance Co., Ltd.	Health insurance, accident insurance denominated in RMB or foreign currencies and health insurance sponsored by the government or supplementary to state medical insurance policies; reinsurance of the above said insurance; health insurance-related distribution and consulting business; insurance funds investment as approved by relevant laws and regulations; other business as approved by the CIRC.	1,000	77.051%	1,631	639	(139)

Notes:

1. Figures for companies in the table are on an unconsolidated basis.
2. Figures for Group shareholding include direct and indirect shareholdings.

VIII. Seizure, attachment, and freeze of major assets or their pledge as collateral

The Company's assets are mainly financial assets. The repurchase of bonds forms part of the Company's day-to-day securities investment activities, and as of the end of the reporting period, no abnormality was detected.

IX. Gearing ratio

	30 June 2017	31 December 2016	Changes
Gearing ratio (%)	88.2	87.1	1.1pt

Note: Gearing ratio = (total liabilities+ non-controlling interests)/total assets.

7

Outlook

I. Market environment and business plan

China's economy is increasingly showing signs of recovery. "Achieving progress amid steadiness" has become the guiding principle of the financial industry, with serving the real economy, enhancing risk control and deepening financial reform the 3 central tasks for the next stage. Financial regulation centers on "returning to the basics, optimizing structure, tightening supervision and market-orientation". This creates a favorable environment for China's insurance sector, and an important window of opportunity for the industry to "return to its key value proposition".

We will persist in customer-orientation, innovate insurance supply to meet customers' increasing demand. In development philosophy, we will focus on quality and profitability, and continue to focus on and specialize in insurance, and strive to play an important part in promoting healthy and steady development of the industry.

Priorities in the second half of 2017 include: first, ensuring fulfillment of the annual budgets set by the Board of Directors so as to lay a solid foundation for the next five years; secondly, launching Transformation 2.0, centering on 5 tasks, namely, talent, digitalization, collaboration, strategic control, and business portfolio investment.; thirdly, in the context of "returning to protection", accelerating the development of long-term protection business, continuing to strengthen capabilities in Targeted Marketing based on customer segmentation, enhancing capabilities in serving mid-and-high-end customers to drive sustainable life insurance NBV growth; fourth, persisting in the development strategy of "improving quality, enhancing foundation and boosting long-term growth potential", focusing on the acquisition and retention of high-quality automobile insurance customers, adhering to the core distribution channel strategy of automobile insurance, and stepping up quality control for non-automobile business to further improve its combined ratio; fifth, seizing opportunities in pilot programs of tax-deferred pension insurance and long-term care while increasing investment in emerging pension and health insurance.

II. Major risks and mitigating measures

First, the second phase of deregulation for auto insurance means challenges for continued improvement of its combined ratio. Given the high frequency of natural catastrophes in the third quarter, whether non-automobile business can maintain underwriting profitability faces big uncertainties. Second, China's capital market can remain volatile, and credit and liquidity risk may deteriorate. Third, the movement of treasury bond yield could be a challenge for the fulfillment of the whole year's net profit target.

In the context of further automobile insurance liberalization, we will continue to enhance capabilities in serving and retaining high-quality customers. In the face of natural disasters, we will set prudent caps on risk accumulation and make sound reinsurance arrangements. To address credit risk, due diligence of counter-parties as well as exposure management will be strengthened, coupled with increased monitoring, early-warning and handling so as to identify and manage credit risk in a timely manner.



Embedded value

1

Independent actuarial review opinion on embedded value

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

Towers Watson Management (Shenzhen) Consulting Co. Ltd Beijing Branch ("WTW" or "we") has been engaged by China Pacific Insurance (Group) Company Limited ("CPIC Group") to review the embedded value information of CPIC Group as of 30 June 2017.

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

Scope of work

WTW's scope of work comprised:

- > a review of the methodology used to develop the embedded value of CPIC Group and the value of half year's sales of China Pacific Life Insurance Co. Ltd. ("CPIC Life") as of 30 June 2017, in the light of the requirements of the "CAA Standards of Actuarial Practice: Appraisal of Embedded Value" issued by the China Associations of Actuaries ("CAA") in November 2016;
- > a review of the economic and operating assumptions used to develop CPIC Group's embedded value and the value of half year's sales of CPIC Life as of 30 June 2017;
- > a review of the results of CPIC Group's calculation of the value of in-force business, the value of half year's sales of CPIC Life, and the sensitivity results of the value of in-force business and value of half year's sales of CPIC Life.

Opinion

As a result of our review of the embedded value of CPIC Group as of 30 June 2017 and the value of half year's sales of CPIC Life prepared by CPIC Group, WTW has concluded that:

- > The methodology used is consistent with a traditional deterministic discounted cash flow approach, and is consistent with the requirements of the "Appraisal of Embedded Value" standard issued by the CAA.;
- > The operating assumptions have been set with appropriate regard to past, current and expected future experience;
- > The economic assumptions have been set with regard to current market information.

WTW has performed reasonableness checks and analysis of CPIC Group's embedded value and value of half year's sales of CPIC Life as of 30 June 2017, and WTW has concluded that these results have been determined in a manner consistent with the methodology and assumptions described in the Embedded Value Section of CPIC Group's 2017 interim report and that the aggregate results are reasonable in this context.

WTW confirms that the results shown in the Embedded Value section of CPIC Group's 2017 interim report are consistent with those reviewed by WTW.

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

For and on behalf of WTW
Michael Freeman, FIAA
Wesley Cui, FSA, FCAA
17th August 2017

2

2017 embedded value interim report of CPIC Group

I. Background

In order to provide investors with an additional tool to understand our economic value and business results, we have prepared CPIC Group Embedded Value as at 30 June 2017 in accordance with the disclosure rules set by the China Securities Regulatory Commission (“CSRC”) for publicly listed insurer and the “CAA Standard of Actuarial Practice: Appraisal of Embedded Value” issued by the China Association of Actuaries (“CAA”) in 2016 (thereafter referred to as “Appraisal of Embedded Value” standard) and have disclosed information relating to our group embedded value in this section. We have engaged Willis Towers Watson, an independent firm of consultants, to review the reasonableness of the valuation methodology, the valuation assumptions as well as the valuation results, and to issue their independent embedded value review report, which is contained in our 2017 interim report.

The Group Embedded Value is defined as the sum of the Group Adjusted Net Worth and the value of in force business of CPIC Life attributable to the shareholders of CPIC Group. The value of in force business and the value of half year’s sales of CPIC Life are defined as the discounted value of the projected stream of future after-tax distributable shareholder profits for existing business in force at the valuation date and for half year’s sales in the 6 months immediately preceding the valuation date, where distributable shareholder profits are determined based on policy liability, required capital in excess of policy liability and minimum capital requirement quantification standards prescribed by the CIRC. Embedded value does not allow for any value attributable to future new business sales.

The value of in force business and the value of half year’s sales of CPIC Life are determined by using a traditional deterministic discounted cash flow methodology. This methodology makes implicit allowance for the risk of investment guarantees and policyholder options, asset/liability mismatch risk, credit risk and the economic cost of capital through the use of a risk-adjusted discount rate.

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

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

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

The table below shows the Group Embedded Value of CPIC Group as at 30 June 2017, and the value of half year's sales of CPIC Life in the 6 months to 30 June 2017 at a risk discount rate of 11%.

Unit: RMB million

Valuation Date	30 June 2017	31 December 2016
Group Adjusted Net Worth	147,018	144,651
Adjusted Net Worth of CPIC Life	73,209	78,556
Value of In Force Business of CPIC Life Before Cost of Required Capital Held	138,299	113,727
Cost of Required Capital Held for CPIC Life	(11,702)	(10,680)
Value of In Force Business of CPIC Life After Cost of Required Capital Held	126,597	103,048
CPIC Group's Equity Interest in CPIC Life	98.29%	98.29%
Value of In Force Business of CPIC Life After Cost of Required Capital Held attributable to the shareholders of CPIC Group	124,436	101,288
Group Embedded Value	271,454	245,939
CPIC Life Embedded Value	199,806	181,603

Valuation Date	30 June 2017	30 June 2016 (restated)	30 June 2016
Value of Half Year's Sales of CPIC Life Before Cost of Required Capital Held	23,029	14,519	13,288
Cost of Required Capital Held	(3,283)	(2,099)	(2,024)
Value of Half Year's Sales of CPIC Life After Cost of Required Capital Held	19,746	12,419	11,264

Notes:

1. Figures may not be additive due to rounding.
2. Results in column "30 June 2016" are those reported in the 2016 interim report.
3. Results in column "Restated" are the 2016 value of half year's sales restated for adopting "Appraisal of Embedded Value" standard and 2016 assumptions.

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

III. Key valuation assumptions

In determining the embedded value as at 30 June 2017, we have assumed the Company continues to operate on a going concern basis under the current economic and regulatory environment. Policy liability and required capital have been calculated according to relevant requirements described in "Appraisal of Embedded Value" standard published by the CAA in 2016. The various operational assumptions are mainly based on the results of experience analyses, together with reference to the overall experience of the Chinese insurance industry, as well as with regard to expected future operating experience. As such, these assumptions represent our best estimate of the future based on information currently available at the valuation date.

The following describes the key assumptions used in determining the value of in force business and the value of half year's sales of CPIC Life as at 30 June 2017:

(I) Risk discount rate

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

(II) Investment returns

The investment returns for long term business are assumed to be 4.9% in 2017 and 5.0% thereafter. The investment return for short term business is based on the recent one-year bank deposit benchmark interest rate as published by the People's Bank of China before the valuation date. These assumptions have been derived based on the current capital market environment, our current and expected future asset mix and the assumed investment returns for each major class of assets.

(III) Mortality

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

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

(IV) Morbidity

Assumptions have been developed based on CPIC Life's past morbidity experience, expectations of current and future experience, and vary by products. Claim ratios for short term accident and short term health business are assumed to be in the region of 20% to 80%.

(V) Lapse and surrender rates

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

(VI) Expense

Unit cost assumptions have been developed based on the recent results of an analysis of CPIC Life's 2016 non-commission related expenses. Future inflation of 2.5% pa in respect of per policy expenses is also assumed.

(VII) Policyholder dividend

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

(VIII) Tax

Tax has been assumed to be payable at 25% of profits. The investment income assumed to be exempt from income tax is 16.5% in 2017 and thereafter. The tax exemption assumptions are based on our current and expected future asset mix and assumed investment returns for each major class of assets.

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

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

The table below shows the volume of new business sold in terms of first year annual premium and value of half year's sales of CPIC Life after cost of required capital held at a risk discount rate of 11% for year 2017.

Unit: RMB million

	First Year Annual Premium (FYAP) in the First Half of Year		Value of Half Year's Sales After Cost of Required Capital Held	
	2017	2016	2017	2016 (restated)
Total	48,671	37,663	19,746	12,419
Of which: Traditional	11,932	15,191	8,188	6,788
Participating	26,237	12,407	11,384	5,395

V. Sensitivity analysis

In consideration of the uncertainties as to future experience, we have evaluated the sensitivity of the value of in force business and the value of half year's sales of CPIC Life as at 30 June 2017 to changes in key assumptions. In determining the sensitivity results, only the relevant cashflow assumption and risk discount rate assumption has been changed, while all other assumptions have been left unchanged.

Alternative sensitivity scenarios are shown for the following:

- > Risk discount rate "+ / - 50 basis points"
- > Investment return "+ / - 50 basis points"
- > Mortality "+ / - 10%"
- > Morbidity "+10%"
- > Lapse and surrender rates "+ / - 10%"
- > Expenses "+10%"

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

Unit: RMB million

	Value of in force business after cost of required capital held	Value of half year's sales after cost of required capital held
Base	126,597	19,746
Risk discount rate "+50 basis points"	121,950	18,841
Risk discount rate "-50 basis points"	131,683	20,725
Investment return "+50 basis points"	146,635	22,022
Investment return "-50 basis points"	106,061	17,474
Mortality "+10%"	125,646	19,586
Mortality "-10%"	127,547	19,905
Morbidity "+10%"	124,208	19,039
Lapse and surrender rates "+10%"	127,188	19,538
Lapse and surrender rates "-10%"	125,922	19,933
Expenses "+10%"	124,459	18,708

Corporate governance





1

Implementation of profit distribution plan

The Company distributed a cash dividend of RMB0.70 per share (including tax) in accordance with the “Resolution on Profit Distribution Plan for the year 2016” approved at the 2016 Annual General Meeting. The implementation of this distribution plan was completed recently.

2

General meetings

Information of the general meetings of the Company during the reporting period is set out in the Section “Corporate governance”.

3

Proposals for profit distribution and the transfer of capital reserves to share capital for the reporting period

The Company did not propose to distribute any profit, nor did it transfer any capital reserves to share capital for the reporting period.

4

Fulfillment of the undertakings

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

5

Material litigations and arbitrations

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

6

Penalties and subsequent rectification

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

7

Fulfillment of obligations

During the reporting period, the Company had no outstanding obligations such as unfulfilled obligations under rulings by courts of laws or payment in arrears involving large amounts.

8

Share option scheme

During the reporting period, the Company did not have any share option scheme, employee stock ownership plan, or other employee incentive measure which required disclosure.

9

Connected transactions

On 29 July 2016, the Company entered into a framework agreement in respect of the continuing connected transactions with Hwabao Trust Co., Ltd. (华宝信托有限责任公司) ("Hwabao Trust") and Fortune SG Fund Management Co., Ltd. (华宝兴业基金管理有限公司) ("Fortune SG Fund") (Hwabao Trust and Fortune SG Fund are collectively referred to as the "Fortune Parties"). Pursuant to the agreement, the Group and the Fortune Parties have agreed to enter into transactions, including sale and purchase of bonds, pledge-style bond repurchase, subscription and redemption of funds, purchase of trust plans, sale of asset management products or collective pension products. During the reporting period, the transactions contemplated under the aforementioned framework agreement between the Company and the Fortune Parties constitute continuing connected transactions under Chapter 14A of Hong Kong Listing Rules. Such transactions under the framework agreement are only subject to the announcement, reporting and annual review requirements but are exempt from the independent shareholders' approval requirement under Chapter 14A of Hong Kong Listing Rules. After the auditors review the annual transaction amount of the continuing connected transactions, the Company will disclose the relevant details in the annual report.

10

Material contracts

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

11

Change in accounting estimates

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

As at 30 June 2017, the Group used information currently available to determine the above assumptions and the impact of change in assumptions was charged to profit or loss. Such change in accounting estimates resulted in an increase in net insurance contract liabilities and other policy-related liabilities as at 30 June 2017 by approximately RMB4.188 billion and a decrease in profit before tax for the 6 months ended 30 June 2017 by approximately RMB4.188 billion.

12

CPIC P/C participated in the establishment of a guarantee insurance company

On 9 March 2017, CPIC P/C entered into a letter of intent on contribution with Ningbo Industrial Investment Group Co., Ltd., Tibet Financial Leasing Co., Ltd. and Hangzhou Taiyi Zhishang Technology Co., Ltd. CPIC P/C proposed to establish a joint stock guarantee insurance company (the "Investment Target") with the aforesaid 3 entities. The investment of CPIC P/C amounted to RMB0.51 billion, representing 51% of the total share capital of the Investment Target. The actual investment amount and shareholding proportion of CPIC P/C will be subject to the approval documents issued by the CIRC. The establishment of the Investment Target shall be subject to the approval of the CIRC.

13

CPIC AMC acquired part of equity interests in GTJA Allianz Fund Management Limited Company

Pursuant to the approval by the 1st extraordinary session of the 7th Board of Directors of the Company in 2017, CPIC AMC proposed to acquire 51% equity interests of GTJA Allianz Fund Management Limited Company (“GTJA Allianz Funds”) held by Guotai Junan Securities Co., Ltd. (the “Transaction Target”). The transaction was carried out by way of public tendering on Shanghai United Assets and Equity Exchange. The minimum bidding price for the Transaction Target was RMB1.045 billion, and the final closing price was RMB1.045 billion. Upon completion of the transaction, CPIC AMC will hold 51% of GTJA Allianz Funds. The transaction is subject to approval of relevant government departments in charge.

14

Review of accounts

The audit committee of the Company has reviewed the principal accounting policies of the Company and the unaudited financial statements for the 6 months ended 30 June 2017 in the presence of internal and external auditors.

15

Interests and short positions of directors, supervisors and senior management in shares, underlying shares or debentures

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

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

16

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

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

Name of substantial shareholders	Capacity	Type of shares	Number of shares	Percentage of shareholdings in the class of shares issued (%)	Percentage of the total shares issued (%)
Schroders Plc ^{note 1}	Investment manager	H shares	307,197,018(L)	11.07(L)	3.39(L)
Norges Bank	Beneficial owner	H shares	227,965,168(L)	8.21(L)	2.52(L)
Citigroup Inc. ^{note 2}	Person having a security interest in shares, interest of corporation controlled by Citigroup Inc. and custodian – corporation/approved lending agent	H shares	221,520,705(L)	7.98(L)	2.44(L)
			3,208,921(S)	0.12(S)	0.04(S)
			204,615,426(P)	7.37(P)	2.26(P)
GIC Private Limited	Investment manager	H shares	195,619,200(L)	7.05(L)	2.16(L)
Blackrock, Inc. ^{note 3}	Interest of corporation controlled by Blackrock, Inc.	H shares	168,642,520(L)	6.08(L)	1.86(L)
			900,000(S)	0.03(S)	0.01(S)

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

Notes:

1. Pursuant to Part XV of the SFO, as at 30 June 2017, Schroders Plc is deemed or taken to be interested in a total of 307,197,018 H shares (long position) of the Company. The details of the shareholding interests of the subsidiaries directly or indirectly controlled by Schroders Plc are set out below:

Name of controlled subsidiary	Number of shares
Schroder Administration Limited	307,197,018(L)
Schroder International Holdings Limited	134,178,018(L)
Schroder Investment Management Limited	100,739,400(L)
Schroder Investment Management Limited	72,279,600(L)
Schroder Investment Management North America Limited	72,279,600(L)
Schroder Investment Management (Singapore) Limited	41,367,600(L)
Schroder Investment Management (Hong Kong) Limited	92,810,418(L)

(L) denotes a long position

2. Pursuant to Part XV of the SFO, as at 30 June 2017, Citigroup Inc. is deemed or taken to be interested in a total of 221,520,705 H shares (long position) and 3,208,921 H shares (short position) of the Company. Included in the 221,520,705 H shares are 204,615,426 H shares which are held in the "lending pool", as defined under Section 5(4) of the Securities and Futures (Disclosure of Interests - Securities Borrowing and Lending) Rules. The details of the shareholding interests of the subsidiaries directly or indirectly controlled by Citigroup Inc. are set out below:

Name of controlled subsidiary	Number of shares
Citigroup Global Markets Hong Kong Limited	6,180,240(L)
	3,039,600(S)
Citigroup Global Markets Limited	5,288,775(L)
	5,000(S)
Citigroup Global Markets Inc.	155,600(L)
	0(S)
Morgan Stanley Smith Barney Holdings LLC	0(L)
	0(S)
Citibank N.A.	0(L)
	0(S)
Citigroup Alternative Investments LLC	0(L)
	0(S)
Automated Trading Desk Financial Services, LLC	0(L)
	0(S)
Citigroup Trust - Delaware, National Association	0(L)
	0(S)
Citicorp Trust, National Association	0(L)
	0(S)
Citicorp Trust South Dakota	0(L)
	0(S)
Citigroup Global Markets Asia Limited	0(L)
	0(S)
Cititrust (Bahamas) Limited	0(L)
	0(S)
Cititrust (Switzerland) Limited	0(L)
	0(S)
Citigroup Global Markets Deutschland AG	0(L)
	0(S)
Citigroup Derivatives Markets Inc.	0(L)
	0(S)
Citigroup First Investment Management Limited	0(L)
	0(S)
Cititrust Jersey Limited	0(L)
	0(S)
Citibank (Switzerland) AG	199,600(L)
	0(S)
Citigroup Global Markets Funding Luxembourg SCA	0(L)
	0(S)
Impulsora de FondosBanamex S.A. de C.V	0(L)
	0(S)
Acciones y Valores, S.A. de C.V.	0(L)
	0(S)
Citigroup Financial Products Inc.	6,335,840(L)
	3,039,600(S)
Citigroup Global Markets Holdings Inc.	11,624,615(L)
	3,044,600(S)
Citigroup Global Markets Europe Limited	5,288,775(L)
	5,000(S)
Citigroup Global Markets Europe Limited	5,288,775(L)
	5,000(S)

Corporate governance

Report of the board of directors and significant events

Name of controlled subsidiary	Number of shares
Citigroup Global Markets Europe Limited	5,288,775(L) 5,000(S)
Citigroup Global Markets (International) Finance AG	0(L) 0(S)
Citigroup Global Markets International LLC	0(L) 0(S)
Citigroup Global Markets Inc.	0(L) 0(S)
Citicorp Holdings Inc.	209,696,490(L) 164,321(S)
Citigroup Investments Inc.	0(L) 0(S)
Automated Trading Desk, LLC	0(L) 0(S)
Automated Trading Desk Holdings, Inc.	0(L) 0(S)
Citigroup Acquisition LLC	0(L) 0(S)
Citibank N.A.	0(L) 0(S)
Citigroup Global Markets Hong Kong Holdings Ltd	0(L) 0(S)
Citigroup Global Markets Overseas Finance Limited	0(L) 0(S)
Citigroup Global Markets Overseas Finance Limited	0(L) 0(S)
Citigroup Global Markets Switzerland Holding GmbH	0(L) 0(S)
Citigroup Participation Luxembourg Limited	0(L) 0(S)
Citigroup International Luxembourg Limited	0(L) 0(S)
Citigroup Overseas Investments Bahamas Inc.	0(L) 0(S)
Citibank Overseas Investment Corporation	0(L) 0(S)
Citigroup Global Markets Hong Kong Holdings Limited	0(L) 0(S)
GrupoFinancieroBanamex, S.A. de C.V.	0(L) 0(S)
Citicorp (Mexico) Holdings LLC	0(L) 0(S)
NAMGK Mexico Holding, S. de R.L. de C.V.	0(L) 0(S)
Citigroup Capital Partners Mexico, S. de R.L. de C.V.	0(L) 0(S)
Citicorp Global Holdings, Inc.	0(L) 0(S)
Citicorp Banking Corporation	199,600(L) 0(S)

Name of controlled subsidiary	Number of shares
Citigroup Global Markets Finance Corporation & Co. beschränkt haftende KG	0(L)
	0(S)
Citigroup Global Markets Finance LLC	0(L)
	0(S)
Acciones y Valores, S.A. de C.V.	0(L)
	0(S)
Citibank N.A.	209,696,490(L)
	164,321(S)
Citibank Canada	0(L)
	0(S)
Citigroup Trust - Delaware, National Association	0(L)
	0(S)

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

3. Pursuant to Part XV of the SFO, as at 30 June 2017, Blackrock, Inc. is deemed or taken to be interested in a total of 168,642,520 H shares (long position) and 900,000 H shares (short position) of the Company. The details of the shareholding interests of the subsidiaries directly or indirectly controlled by Blackrock, Inc. are set out below:

Name of controlled subsidiary	Number of shares
Trident Merger, LLC	1,150,800(L)
BlackRock Investment Management, LLC	1,150,800(L)
BlackRock Holdco 2, Inc.	167,491,720(L)
	900,000(S)
BlackRock Financial Management, Inc.	166,632,520(L)
	900,000(S)
BlackRock Financial Management, Inc.	859,200(L)
BlackRock Holdco 4, LLC	100,475,937(L)
	667,600(S)
BlackRock Holdco 6, LLC	100,475,937(L)
	667,600(S)
BlackRock Delaware Holdings Inc.	100,475,937(L)
	667,600(S)
BlackRock Institutional Trust Company, National Association	39,796,737(L)
	667,600(S)
BlackRock Fund Advisors	60,679,200(L)
BlackRock Capital Holdings, Inc.	196,400(L)
	6,400(S)
BlackRock Advisors, LLC	196,400(L)
	6,400(S)
BlackRock International Holdings, Inc.	65,960,183(L)
	226,000(S)
BR Jersey International Holdings L.P.	65,960,183(L)
	226,000(S)
BlackRock Cayco Limited	6,469,083(L)
BlackRock Trident Holding Company Limited	6,469,083(L)
BlackRock Japan Holdings GK	6,469,083(L)
BlackRock Japan Co., Ltd.	6,469,083(L)
BlackRock Canada Holdings LP	327,000(L)
BlackRock Canada Holdings ULC	327,000(L)
BlackRock Asset Management Canada Limited	327,000(L)
BlackRock Australia Holdco Pty. Ltd.	613,400(L)
BlackRock Investment Management (Australia) Limited	613,400(L)

Name of controlled subsidiary	Number of shares
BlackRock (Singapore) Holdco Pte. Ltd.	8,020,880(L)
BlackRock Asia-Pac Holdco, LLC	7,937,280(L)
BlackRock HK Holdco Limited	7,937,280(L)
BlackRock Asset Management North Asia Limited	1,468,197(L)
BlackRock Group Limited	56,998,903(L) 226,000(S)
BlackRock (Netherlands) B.V.	2,999,400(L)
BlackRock Advisors (UK) Limited	1,493,381(L)
BlackRock International Limited	2,985,600(L)
BlackRock International Limited	1,230,300(L)
BlackRock Luxembourg Holdco S.à.r.l.	29,422,326(L) 226,000(S)
BlackRock Investment Management Ireland Holdings Limited	17,858,726(L) 45,000(S)
BlackRock Asset Management Ireland Limited	17,858,726(L) 45,000(S)
BLACKROCK (Luxembourg) S.A.	11,550,000(L) 181,000(S)
BlackRock Investment Management (UK) Limited	8,512,221(L)
BlackRock Investment Management (UK) Limited	10,355,675(L)
BlackRock Asset Management Deutschland AG	173,600(L)
BlackRock Fund Managers Limited	8,338,621(L)
BlackRock Life Limited	2,985,600(L)
BlackRock (Singapore) Limited	83,600(L)
BlackRock UK Holdco Limited	13,600(L)
BlackRock Asset Management (Schweiz) AG	13,600(L)

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

Save as disclosed above, as at the end of the reporting period, the Company was not aware that there was any other person (other than the directors, supervisors or senior management of the Company) who had interests or short positions in the shares or underlying shares of the Company which were required, pursuant to Section 336 of the SFO, to be entered in the register maintained by the Company.

Specifics on the shareholdings by the Company's top ten shareholders are set out in the Section "Changes in the share capital and shareholders' profile" of this report.

17

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

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



Changes in the share capital
and shareholders' profile

1

Changes in the share capital

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

Unit: share

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

2

Shareholders

(I) Number of shareholders and their shareholdings

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

Unit: share

A total number of 82,289 shareholders (including 76,778 A shareholders and 5,511 H shareholders) at the end of the reporting period.

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

Names of the shareholders	Percentage of the shareholding (%)	Total number of shares held	Increase or decrease of shareholding during the reporting period (+,-)	Number of shares held with selling restrictions	Number of shares subject to pledge or lock-up period	Types of shares
HKSCC Nominees Limited	30.59	2,772,458,836	-528,600	-	-	H Share
Fortune Investment Co., Ltd.	14.17	1,284,277,846	-	-	-	A Share
Shenergy (Group) Co., Ltd.	13.52	1,225,082,034	-	-	-	A Share
Shanghai Haiyan Investment Management Company Limited	5.17	468,828,104	-	-	-	A Share
Shanghai State-Owned Assets Operation Co., Ltd.	4.68	424,099,214	-	-	-	A Share
China Securities Finance Co., Ltd.	3.59	325,414,219	+91,986,348	-	-	A Share
Shanghai Jiushi (Group) Co., Ltd.	2.77	250,949,460	-	-	-	A Share
Yunnan Hehe (Group) Co., Ltd.	1.47	133,602,446	-23,106,914	-	-	A Share
Central Huijin Investment Ltd.	1.22	110,741,200	-	-	-	A Share
China Baowu Steel Group Corporation	0.76	68,818,407	-	-	-	A Share
Description of connected relations or concerted action among the aforesaid shareholders			Fortune Investment Co., Ltd. and China Baowu Steel Group Corporation are connected, as the former is a wholly-owned subsidiary of the latter. The Company is not aware of any other connected relationship or acting in concert relationship among the above-mentioned shareholders.			

Notes:

- As at the end of the reporting period, the Company did not issue any preferred shares.
- The shareholding of the top ten shareholders is based on the lists of registered shareholders provided by China Securities Depository and Clearing Corporation Limited Shanghai Branch (A share) and Computershare Hong Kong Investor Services Limited (H share) respectively.
- The shares held by HKSCC Nominees Limited are held on behalf of a number of its clients. As the SEHK does not require such shareholders to disclose to HKSCC Nominees Limited whether the shares held by them are subject to pledge or lock-up period, HKSCC Nominees Limited is unable to calculate, or make available such data. Pursuant to Part XV of the SFO, a Substantial Shareholder is required to give notice to the SEHK and the Company on the occurrence of certain events including a change in the nature of its interest in shares such as the pledging of its shares. As at the end of the reporting period, the Company is not aware of any such notices from Substantial Shareholders under Part XV of the SFO.
- Shanghai State-owned Assets Operation Co., Ltd. (SSOAO), a shareholder of the Company, completed the issuance of exchangeable bonds which were exchangeable into a portion of the Company's A shares on 10 December 2015. The 112,000,000 of the Company's A shares owned and to be exchanged by SSOAO and their dividends are held by China International Capital Corporation Limited (CICC) as guarantee and trust assets, and have been registered as a "Special Account for EB Guarantee and Trust Assets of SSOAO and CICC". For details please refer to the Company's Announcement in relation to the Completion of the Issuance of Exchangeable Bonds by a Shareholder of the Company and the Guarantee and Trust Registration for the part of the Company's A shares held by the Shareholder published on 15 December, 2015.

(II) Changes in controlling shareholders and de facto controllers

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



Directors, supervisors and
senior management

1

Changes in directors, supervisors and senior management

(I) Changes in board of directors

At the 2016 Annual General Meeting of the Company held on 9 June 2017, the members of the 8th Board of Directors were elected. The 8th Board of Directors of the Company currently comprises of 14 directors. The 2 executive directors of the Company are Mr. KONG Qingwei and Mr. HUO Lianhong. The 7 non-executive directors of the Company are Mr. WANG Jian, Mr. WANG Tayu, Mr. KONG Xiangqing, Mr. ZHU Kebing, Ms. SUN Xiaoning, Mr. WU Junhao and Mr. CHEN Xuanmin. The 5 independent non-executive directors of the Company are Mr. BAI Wei, Mr. LEE Ka Sze, Carmelo, Mr. LAM Chi Kuen, Mr. ZHOU Zhonghui and Mr. GAO Shanwen. The term of office for each director is 3 years. At the 1st session of the 8th Board of Directors held on 9 June 2017, Mr. KONG Qingwei and Mr. WANG Jian were elected Chairman and Vice Chairman respectively.

The biographies of the members of the 8th Board of Directors are as follow:

Mr. KONG Qingwei, born in June 1960, is currently Chairman and an executive director of the Company. Previously, Mr. KONG served as deputy general manager of Shanghai Bund House Exchange Co., Ltd., general manager of the Housing Exchange Headquarter of Shanghai Jiushi (Group) Co., Ltd., executive deputy director of Shanghai Provident Fund Management Center, vice general manager of Shanghai Urban Construction Investment Development Corporation, vice chairman of Shanghai Minhong (Group) Co., Ltd., director of Shanghai World Expo Land Reserve Center, president of Shanghai World Expo Land Holding Co., Ltd., general manager of Shanghai Urban Construction Investment and Development Corporation, and chairman of Shanghai Guosheng (Group) Co., Ltd. Mr. Kong holds a postgraduate degree and title of senior economist.

Mr. HUO Lianhong, born in April 1957, currently serves as an executive director of the Company, and is also a director of CPIC Life, a director of CPIC P/C, a director of CPIC AMC, a director of CPIC Allianz Health, vice chairman of China Insurance Institute and a member of the Geneva Association. Mr. HUO previously served as chairman of CPIC AMC, chairman of CPIC P/C, deputy general manager and general manager of the Hainan Branch and the Beijing Branch of China Pacific Insurance Company. Prior to that, Mr. HUO was deputy head of the Administration of the Chongqing Branch, and head and deputy manager of the Insurance Department of the Hainan Branch of Bank of Communications. Mr. HUO received university education with a bachelor's degree.

Mr. WANG Jian, born in April, 1955, currently serves as vice chairman and non-executive director of the Company. He is also chairman of Shenergy (Group) Co., Ltd. and vice chairman of Commercial Aircraft Corporation of China Limited. Mr. WANG previously worked as deputy general manager of Shanghai Electric Appliances Co., Ltd., general manager of Shanghai Machinery & Electric Building Co., Ltd., general manager of Shanghai Dongfeng Machinery (Group) Co., Ltd., vice president of Shanghai Electric (Group) Co., Ltd. and president of Shanghai Supplies (Group) Co., Ltd. Mr. WANG also held various positions in civil service such as vice director-general of Shanghai Economic Commission, vice director-general of Shanghai Defense Technology & Industries Office, director-general of Shanghai Economic Commission, director-general of Shanghai Defense Technology & Industries Office, director-general of Shanghai Economic Information Technology Commission and director-general of Shanghai State Asset Management Commission. Mr. WANG received postgraduate education and obtained a master's degree, with the designation of Senior Engineer.

Mr. WANG Tayu, born in October 1970, is currently a non-executive director of the Company and vice president of Shanghai State-owned Assets Management Co., Ltd. At present, Mr. WANG is also chairman of Shanghai Guoxin Investment & Development Co., Ltd., executive director and general manager of Shanghai Guozhi Real Estate Development Co., Ltd., and vice chairman and director of Guotai & Junan Investment Management Co., Ltd. Previously, Mr. WANG served as investment director of the corporation planning department of Shenzhen Shekou Industrial Zone, assistant manager of the Investment Management Department of Shenzhen Merchants Petrochemical Co., Ltd., deputy manager (in charge), manager of Yueyang Merchants Petrochemical Co., Ltd., vice general manager, general manager of the Corporation Planning Department of China Merchants Logistics Group Co., Ltd., general manager

of China Merchants Logistics Group Co., Ltd. Liaoning Branch, senior manager of the Investment Management Headquarters of Shanghai International Group Co., Ltd., and assistant to president of Shanghai State-owned Assets Management Co., Ltd. Mr. WANG received post-graduate education, and has a master's degree and title of economist.

Mr. KONG Xiangqing, born in September 1967, is currently a non-executive director of the Company, vice general manager of Fortune Investment Co., Ltd., and chairman of SG HWABAO Car Rental (Shanghai) Co., Ltd. Previously, Mr. KONG served as chairman of HWABAO Securites Co., Ltd, general manager of Baosteel Group Finance Co., Ltd., and deputy director of the Capital Management Office of the Planning and Finance Department of Shanghai Baosteel Group Corporation. Mr. KONG has received postgraduate education, and has a master's degree and the title of senior accountant.

Mr. ZHU Keping, born in October 1974, is currently a non-executive director of the Company and general manager of Fortune Investment Co., Ltd. Previously, Mr. ZHU served as deputy director of the Finance Department of Baosteel Group Corporation, general manager of the Operation and Finance Department of Baosteel Group Corporation, chief financial officer and board secretary of Baoshan Iron & Steel Co. (Stock Code: 600019), a company listed on the SSE, and general manager of the Industrial Finance Development Center of China Baowu Steel Group. Mr. ZHU holds a master's degree and title of senior accountant, and is also a Certified Public Accountant.

Ms. SUN Xiaoning, born in March, 1969, currently serves as non-executive director of the Company, managing director of Government of Singapore Investment Corp. and general manager of The Government of Singapore Investment Consulting (Beijing) Co., Ltd. and co-head of The Government of Singapore Investment North Asia Investment. Ms. SUN is also a non-executive director of Taikang Insurance (Group) Co. Ltd and a non-executive director of Happy Life Tech Inc. Prior to that, Ms. SUN was employed by the International Finance Corporation, by McKinsey & Company and by the People's Bank of China. Ms. SUN was previously non-executive director of Far East Horizon Limited (Stock code: 03360), a company listed on the SEHK and non-executive director of Intime Retail Group (Stock code: 01833). Ms. SUN has an MBA degree from Wharton Business School.

Mr. WU Junhao, born in June 1965, currently serves as non-executive director of the Company, director of CPIC Life, director of CPIC P/C and manager of the Financial Management Department of Shenergy Group Co., Ltd. Mr. WU is also director of Orient Securities Co., Ltd. (SSE stock code: 600958, SEHK stock code: 03958), a company listed on the SSE and the SEHK, director of Shanghai Chengyi Renewable Energy Venture Capital Co., Ltd., director of Chengdu Xinshen Venture Capital Co., Ltd., Shanghai Jiulian (Group) Co., Ltd., supervisor of Shanghai Chengyi Investment Management Co., Ltd., supervisor of Everbright Banking Co., Ltd. (SSE stock code: 601818, SEHK stock code: 06818), a company listed in both Shanghai and Hong Kong and chairman of the Supervisory Board of Shanghai Shenergy Leasing Co., Ltd., chairman of the Supervisory Board of Shanghai ShenergyChengyi Equity Investment Co., Ltd. Mr. WU formerly worked as head of the Teaching & Research Center of the Business Management Department of Changzhou University, executive deputy general manager of Shanghai New Resources Investment Consulting Company, deputy general manager of Shanghai Bailitong Investment Company, deputy chief of Shanghai Shenergy Assets Management Co., Ltd., deputy chief, chief and senior chief of the Assets Management Department, and deputy manager of the Financial Management Department, of Shenergy Group Co., Ltd. Mr. WU was also the supervisor of Shanghai Pharmaceuticals Holding Co., Ltd. (SSE stock code: 601607, SEHK stock code: 02607), a company listed on the SSE and on the SEHK. Mr. WU received postgraduate education and has a master's degree, and the title of economist.

Mr. CHEN Xuanmin, born in February 1965, is currently a non-executive director of the Company, chief accountant of Shanghai Tobacco Group Co., Ltd. and the chairman of Shanghai Haiyan Investment Management Co., Ltd. Previously, Mr. CHEN served as deputy director of the Financial & Pricing Department of Shanghai Tobacco (Group) Company, Audit Department director of Shanghai Tobacco (Group) Company, Finance Department director and Director of Capital Management Center of Shanghai Tobacco (Group) Company. He was also deputy director of Shanghai Tobacco Monopoly Bureau Huangpu Branch, general manager of Huangpu Tobacco & Sugar Co., Ltd. of Shanghai Tobacco Group, director of Shanghai Pudong New Area Tobacco Monopoly Bureau, and general manager of Pudong Tobacco & Sugar Co., Ltd. of Shanghai Tobacco Group. Mr. CHEN has a university degree and title of senior accountant.

Mr. BAI Wei, born in November, 1964, currently serves as independent non-executive director of the Company and partner and lawyer at Jingtian & Gongcheng. Mr. BAI previously worked as a lawyer at China Global Law Office, an associate at Sullivan & Cromwell LLP and an independent non-executive director of Hua Tai Securities Co. Ltd. (SSE stock code: 601688, SEHK stock code: 06886), and independent non-executive director of Ningxia Orient Tantalum Industry Co., Ltd. (Stock code: 000962), a company listed on the Shenzhen Stock Exchange. Mr. BAI has a master's degree and is admitted to practice law in the PRC and New York, USA.

Mr. LEE Ka Sze, Carmelo, born in May, 1960, is independent non-executive director of the Company, a senior partner of Messrs. Woo, Kwan, Lee and Lo of Hong Kong, and a member of the Hong Kong Securities and Futures Commission (the SEHK Listing) Committee, convener of the financial report review committee of HK Financial Reporting Council, Dual Filing Advisory Group of the Hong Kong Securities and Futures Commission, Campaign Committee of the Community Chest of Hong Kong and the co-chairman of the Community Chest Corporate Challenge Half Marathon. Currently, Mr. LEE also serves as a non-executive director of Hopewell Holdings Limited (Stock code: 00054), CSPC Pharmaceutical Group Limited (Stock code: 01093), Yugang International Limited (Stock code: 00613), Safety Godown Company Limited (Stock code: 00237), Trembray Industries International (Holdings) Limited (Stock code: 00093), and an independent non-executive director of KWG Property Holding Limited (Stock code: 01813) and Esprit Holdings Limited (Stock code: 00330), all of which are companies listed on the SEHK. In addition, Mr. LEE previously served as the deputy chairman and chairman of the Listing Committee of the SEHK, a member of the Disciplinary Panel of the Hong Kong Institute of Certified Public Accountants and a non-executive director of Y. T. Realty Group Limited (Stock code: 00075), a company listed on the SEHK and an independent non-executive director of Ping An Insurance (Group) Company of China, Ltd. (SSE stock code: 601318, SEHK stock code: 02318), a company listed on the SSE and the SEHK. Mr. LEE holds a bachelor's degree in laws and is a solicitor qualified in Hong Kong, England and Wales, Singapore and Australian Capital Territory, Australia.

Mr. LAM Chi Kuen, born in April, 1953, currently serves as independent non-executive director of the Company. He is also an independent non-executive director of Luks Group (Vietnam Holdings) Company Limited, a company listed on the SEHK (Stock code: 00366). Mr. LAM was formerly a senior adviser and partner of Ernst & Young and independent director of Leo Paper Group (Hong Kong) Co., Ltd. Mr. LAM was awarded the Higher Diploma in Accounting and is also a member of Hong Kong Institute of Certified Public Accountants and a fellow of the Association of Chartered Certified Accountants.

Mr. ZHOU Zhonghui, born in August 1947, currently serves as independent non-executive director of the Company, a council member of the China Association of Chief Financial Officers, and a member of the Advisory Committee of the China Appraisal Society. Currently Mr. ZHOU also serves as independent non-executive director of Shanghai Fudan-Zhangjiang Bio-Pharmaceutical Co., Ltd. (Stock code: 01349), a company listed on the SEHK and an independent non-executive director of S.F. Holding Co., Ltd. (Stock code: 002352, formerly known as Maanshan Dingtai Rare Earth & New Materials Co., Ltd.), a company listed on Shenzhen Stock Exchange, and an independent non-executive director of China COSCO Holdings Co., Ltd. (SSE Stock code: 601919, SEHK Stock code: 01919). Mr. ZHOU was formerly a lecturer, associate professor and professor of Shanghai University of Finance and Economics, the Chief Financial Officer of Xinlong Hong Kong Co., Ltd., general manager and the chief accountant of PricewaterhouseCoopers Zhong Tian CPAs Limited Company, senior partner of the PricewaterhouseCoopers, the chief accountant of the CSRC, a member of the International Advisory Committee of the CSRC, a member of the Audit Regulation Committee of Chinese Institution of Certified Public Accountant, independent non-executive director of BesTV New Media Co., Ltd. (Stock code: 600637), a company listed on the SSE, and independent non-executive director of Juneyao Airlines Co., Ltd. (Stock code: 603885), a company listed on the SSE. Mr. ZHOU received postgraduate education and has a doctorate degree, and is a Chinese Certified Public Accountant.

Mr. GAO Shanwen, born in September 1971, currently serves as independent non-executive director of the Company and the chief economist of Essence Securities Co., Ltd. Mr. GAO once served as the chief economist with Everbright Securities Co., Ltd. His previous stints include the Financial Institute of the State Council Development Research Center and the Administration Department of the People's Bank of China. He also served as independent non-executive director of Sunshine Insurance Group. Mr. GAO has a doctorate degree.

(II) Other board member changes

Name	Cessation of office	Change
WU Jumin	Non-Executive Director	Mr. WU Jumin, who passed away because of illness in April 2017, no longer served as a non-executive director of the 7th Board of Directors of the Company.
GAO Guofu	Chairman and Executive Director	Mr. GAO Guofu no longer served as Chairman and an executive director of the 7th Board of Directors of the Company with effect from April 2017 due to work rearrangement.

(III) Changes in Board of Supervisors

At the 2016 Annual General Meeting of the Company held on 9 June 2017, the shareholder representative supervisors of the 8th Board of Supervisors were elected. At the staff representative meeting of the Company, the employee representative supervisor of the 8th Board of Supervisors was elected. The 8th Board of Supervisors of the Company comprises of 4 supervisors. The 3 shareholder representative supervisors of the Company are Ms. ZHANG Xinmei, Ms. LIN Lichun and Mr. ZHOU Zhuping. The one employee representative supervisor is Mr. YUAN Songwen. The term of office for each supervisor is 3 years. At the 1st session of the 8th Board of Supervisors held on 9 June 2017, Mr. ZHOU Zhuping was elected as Chairman of the Board of Supervisors.

The biographies of the members of the 8th Board of Supervisors are as follow:

Mr. ZHOU Zhuping, born in March 1963, currently serves as chairman of the Board of Supervisors of the Company and CEO of Siyuanhe Equity Investment Management Co., Ltd. Previously, Mr. ZHOU served as vice director of the Planning and Finance Department (Asset Management Department) of Shanghai Baosteel Group, board secretary of Baoshan Iron & Steel Co., Ltd., vice president of finance of Baosteel International Economic & Trade Co., Ltd., deputy general manager of the Trade Branch of Baoshan Iron & Steel Co., Ltd., director of the Finance Department of Baosteel Group Corporation, business director and Finance Department director of Baosteel Group Corporation, general manager of the Enterprise Development Corporation of Baosteel Group, president of Baosteel Development Co., Ltd., deputy general manager and board secretary of Baosteel Group Corporation, and chairman of Fortune Investment Co., Ltd. Mr. ZHOU also served as chairman of the Supervisory Board of Baoshan Iron & Steel Co., Ltd. (Stock code: 600019), a company listed on the SSE. Mr. ZHOU holds a master's degree and title of senior accountant.

Ms. ZHANG Xinmei, born in November 1959, currently serves as supervisor of the Company, supervisor of CPIC Life, vice president of Shanghai Jiushi (Group) Co., Ltd. and a director of Haitong Securities Co., Ltd. (Stock code: 600837), a company listed on the SSE. Previously, Ms. ZHANG served as deputy section chief of the Finance Department of Shanghai Metallurgical Industries Bureau, deputy general manager and general manager of Finance Department of Shanghai Metallurgical Industries (Holding) Group Co., Ltd., deputy chief accountant of Shanghai Metallurgical Industries (Holding) Group Co., Ltd., general manager of Finance Department, general manager of Funds Management Department, chief accountant and vice general manager of Shanghai Jiushi (Group) Co., Ltd. Ms. ZHANG also served as director of Shenwan & Hongyuan Securities Co., Ltd. (Stock code: 000166), a company listed in Shenzhen Stock Exchange and director of Shenergy (Group) Co., Ltd. (Stock code: 600642), a company listed on the SSE. Ms. ZHANG has an MBA degree and the designation of Senior Accountant.

Ms. LIN Lichun, born in August 1970, currently serves as supervisor of the Company, supervisor of CPIC P/C and general manager of Shanghai Hongta Hotel Co., Ltd. Ms. LIN previously served as the Chief Financial Officer and executive deputy general manager of Shanghai Hongta Hotel Co., Ltd., head of Shanghai Office of Hongta Tobacco Co., Ltd. and supervisor of CPIC Life. Ms. LIN holds a master's degree and is a Certified Public Accountant in the PRC.

Mr. YUAN Songwen, born in October 1967, currently serves as the employee representative supervisor of the Company, general manager of the Auditing Services Department of the Internal Auditing Center of the Company, and supervisor of CPIC AMC. Previously, Mr. YUAN had worked in the Company as deputy general manager of the Auditing Department, deputy general manager of the Internal Auditing Department, deputy general manager of Department No. 1 of the Auditing Division, the commissioner of the Tianjin Office of the Auditing Center and general manager of Northern China Auditing Department. He once worked with the Audit Bureau of Putuo District of Shanghai. Mr. YUAN has a master's degree.

(IV) Other supervisor changes

Name	Cessation of office	Change
SONG Junxiang	Employee Representative Supervisor	Mr. SONG Junxiang no longer served as an employee representative supervisor of the 7th Board of Supervisors of the Company with effect from January 2017 due to retirement.

(V) Changes in senior management

Name	Cessation of office	Change
WU Zongmin	Vice President	Mr. WU Zongmin no longer served as a vice president of the Company with effect from January 2017 due to personal reasons.
GAO Guofu	Chairman and Executive Director	Mr. GAO Guofu no longer served as Chairman and an executive director of the 7th Board of Directors of the Company with effect from April 2017 due to work rearrangement.

Notes:

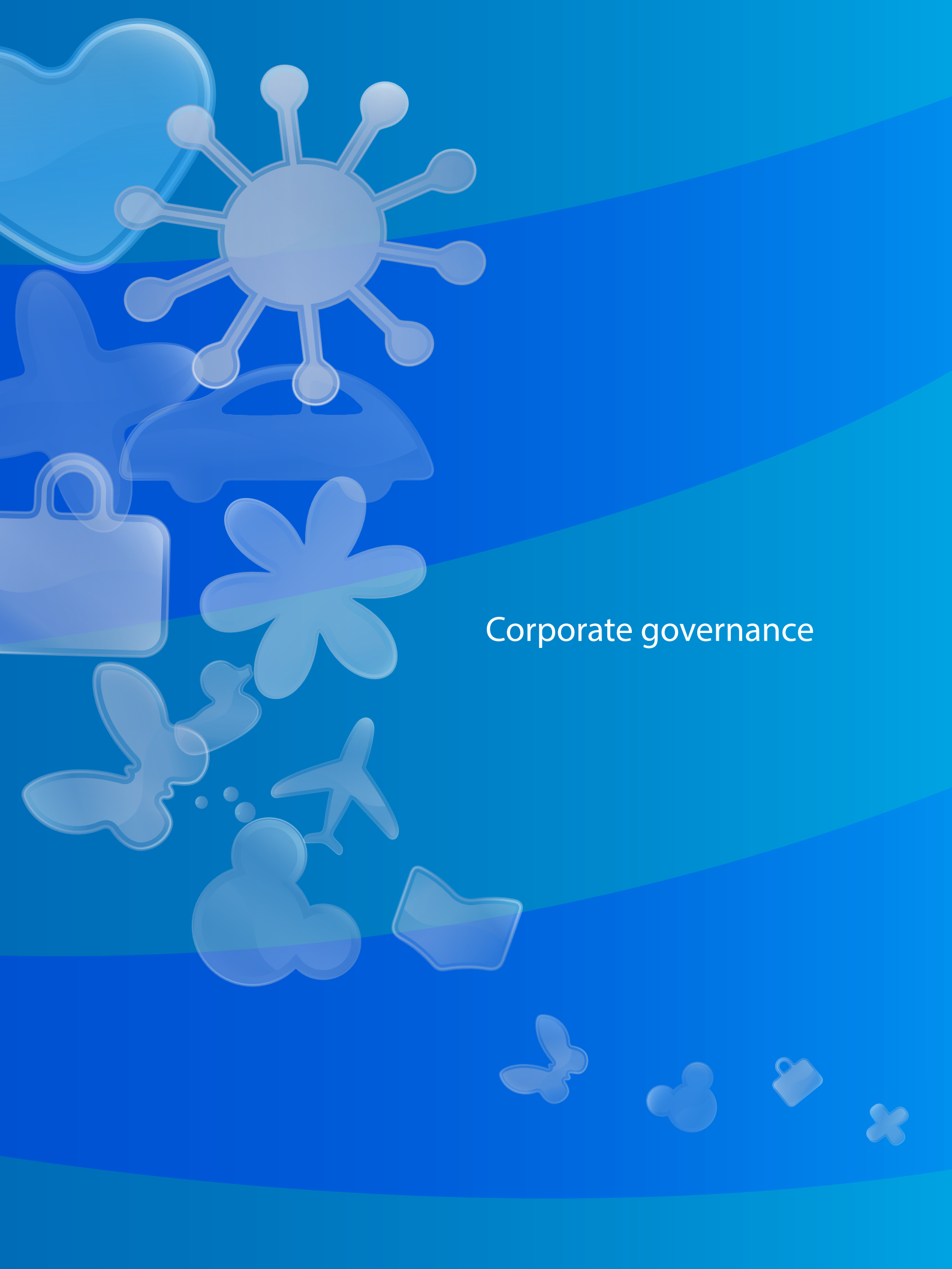
1. Mr. HUO Lianhong no longer served as President of the Company with effect from August 2017 due to age requirement for holding the position.
2. In August 2017, the 3rd session of the 8th Board of Directors of the Company approved to employ Mr. HE Qing as the president of the Company with effect from the date of the approval of qualification review by the CIRC.

2

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

Unit: share

Name	Position	Type of shares	Shareholding at the beginning of the reporting period	Increase in shareholding during the reporting period	Decrease in shareholding during the reporting period	Shareholding at the end of the reporting period	Reason for the change
HUO Lianhong	Executive Director and President	A share	103,100	-	-	103,100	-
HE Qing	Vice President	H share	-	+12,000	-	12,000	Secondary market transaction
PAN Yanhong	Vice President	A share	80,000	-	-	80,000	-
CHEN Wei	Chief Internal Auditor	A share	40,000	-	-	40,000	-
YU Bin	Assistant President	A share	3,800	-	-	3,800	-
SONG Junxiang	Employee Representative Supervisor	A share	60,000	-	-	60,000	-
WU Zongmin	Vice President	A share	68,000	-	-	68,000	-
GAO Guofu	Chairman and Executive Director	A share	90,300	-	-	90,300	-



Corporate governance

1

Corporate governance

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

During the reporting period, the Company held 1 general meeting, 8 board meetings and 4 meetings of supervisors. The resolutions approved at the relevant meetings were published on the websites of the SSE and the SEHK and were disclosed through relevant media in accordance with the regulatory requirements. The Company held the 2016 Annual Shareholders' General Meeting on June 9, 2017. For details of the relevant resolutions, please refer to the announcements of the Company published on June 10, 2017 on the websites of the SSE, the SEHK, and the Company. The general meeting, the Board of Directors, the Board of Supervisors and the senior management fulfilled their functions independently, exercised their rights and performed their duties respectively in accordance with the Articles of Association, and did not breach any laws or regulations.

During the reporting period, the Company has complied with all the code provisions and substantially all of the recommended best practices of the Corporate Governance Code.

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

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

During the reporting period, the Company's Strategic and Investment Decision-making Committee held a total of 6 meetings, making comments and suggestions on major issues such as the Company's profit distribution, amendments of the articles of association, etc.

During the reporting period, the Audit Committee of the Board held 6 meetings to review the annual report for 2016 and the first quarter report for 2017 of the Company. The Audit Committee discussed and agreed with the external auditors an auditing schedule for the financial report of the Company for the year 2016 in accordance with the requirements for the preparation of the annual report of the Company. The Audit Committee held a meeting to review the financial statements prepared by the Company and issued a written opinion on such statements before the external auditors conducted the audit. The Audit Committee also maintained adequate and timely communication with the external auditors. The Audit Committee held a meeting to review again the financial report of the Company after receipt of the external auditors' preliminary audit opinions. The Audit Committee then issued its written opinion on the report and agreed to submit the annual report to the Board of Directors for consideration.

During the reporting period, the Nomination and Remuneration Committee of the Board held 7 meetings to review such matters as the performance appraisals of the senior management of the Company and the nomination of certain board members.

During the reporting period, the Risk Management Committee of the Board held 3 meetings to review the risk assessment report, compliance report and solvency report of the Company and the execution of connected transactions.

2

Investor relations

The investor relations (IR) program of the Company focuses on market value management and seeks to establish a comprehensive and investor-oriented platform with diversified channels of communication. Based on investor segmentation, continued efforts were made to improve the reach and effectiveness of investor communication. In the first half of 2017, the Company held its 2016 Annual Results Announcements and road-show through video and telephone conferences, and live road show, etc., hosted over 40 visits from analysts and investors, held an Investor Day on the driving forces of sustainable value growth in life insurance to increase voluntary disclosure, attended about 10 global investors strategy meetings, forums and summits, and effectively communicated the Company's business performance and strategies. Besides, the Company employed diverse means of communications with investors/analysts including official WeChat account, WeChat version of regular reports, the E-communication platform of the SSE and Investor Newsletters. These initiatives were well received by the capital market.

3

Information disclosure

The Company strictly abides by the principle of "truthfulness, accuracy, completeness, timeliness and fairness" and strictly fulfills its statutory disclosure obligations during the reporting period. At the same time, the Company focuses on investors needs to further improve the relevance, effectiveness and transparency of information disclosure. While expanding the scope of disclosure, the Company adopted innovative ways of disclosing non-financial information to communicate its major business development strategies and results to investors in a comprehensive and timely manner. During the reporting period, the Company disclosed the corporate social responsibility report to the domestic and foreign markets for the first time, using the standards of leading international listed companies for environmental and social responsibility, and interpreted the corporate social responsibility governance outcomes and future prospects to investors from the perspective of customers, employees, shareholders, society, industry and environment. The Company was rated A by the SSE for its information disclosure in 2016.

Other
information





1

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

2

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



Corporate information
and definitions

Other information

Corporate information and definitions

Legal Name in Chinese:

中國太平洋保險(集團)股份有限公司(“中國太保”)

Legal Name in English:

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

Legal Representative: KONG Qingwei

Board Secretary and Joint Company Secretary: MA Xin

Securities Representative: PAN Feng

Contact for Shareholder Inquiries:

Investor Relations Dept. of the Company

Tel: +86-21-58767282

Fax: +86-21-68870791

Email: ir@cpic.com.cn

Address:

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

Joint Company Secretary: Ngai Wai Fung

Tel: +852-39120800

Fax: +852-39120801

Email: maurice.ngai@swcsgroup.com

Address:

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

Registered Office:

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

Office Address:

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

Postal Code: 200120

Place of Business in Hong Kong:

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

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

Email: ir@cpic.com.cn

Selected Newspapers for Disclosure (A Share):

China Securities, Shanghai Securities and Securities Times

Announcements for A Share Published at:

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

Announcements for H Share Published at:

<http://www.hkexnews.hk>

Report Available at: Investor Relations Dept. of the Company

Stock Exchange for A Share Listing:

The Shanghai Stock Exchange

Stock Name for A Share: 中國太保

Stock Code for A Share: 601601

Stock Exchange for H Share Listing:

The Stock Exchange of Hong Kong Limited

Stock Name for H Share: CPIC

Stock Code for H Share: 02601

H Share Registrar:

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

Domestic Accountant:

PricewaterhouseCoopers Zhong Tian LLP

Office of Domestic Accountant:

11/F, PricewaterhouseCoopers Center, 2 Corporate Avenue,
No.202 Hubin Road, Huangpu District, Shanghai, PRC

Signing Certified Public Accountants: XU Kangwei, SHAN Feng

International Accountant: PricewaterhouseCoopers

Office of International Accountant:

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

Definitions

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

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

Financial report

REVIEW OF INTERIM FINANCIAL INFORMATION

INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

Condensed consolidated income statement

Condensed consolidated statement of comprehensive income

Changes in equity

Statement

Information



REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION

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

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

Introduction

We have reviewed the interim financial information set out on pages 2 to 42, which comprises the interim condensed consolidated balance sheet of China Pacific Insurance (Group) Co., Ltd. (the "Company") and its subsidiaries (together, the "Group") as at 30 June 2017 and the related interim condensed consolidated statements of income, comprehensive income, changes in equity and cash flows for the six-month period then ended, and a summary of significant accounting policies and other explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants. The directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting". Our responsibility is to express a conclusion on this interim financial information based on our review and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Scope of Review

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

Conclusion

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

PricewaterhouseCoopers

Certified Public Accountants

Hong Kong, 25 August 2017

INTERIM CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 30 June 2017

(All amounts expressed in RMB million unless otherwise specified)

Group	Notes	Six months ended 30 June	
		2017 (unaudited)	2016 (unaudited)
Gross written premiums	6(a)	163,785	131,537
Less: Premiums ceded to reinsurers	6(b)	(8,456)	(7,486)
Net written premiums	6(c)	155,329	124,051
Net change in unearned premium reserves		(3,773)	(1,934)
Net premiums earned		151,556	122,117
Investment income	7	24,431	21,343
Other operating income		1,371	1,208
Other income		25,802	22,551
Total income		177,358	144,668
Net policyholders' benefits and claims:			
Life insurance death and other benefits paid	8	(23,426)	(22,749)
Claims incurred	8	(29,113)	(27,613)
Changes in long-term life insurance contract liabilities	8	(63,084)	(43,667)
Policyholder dividends	8	(4,282)	(3,671)
Finance costs		(1,652)	(1,135)
Interest credited to investment contracts		(1,179)	(1,024)
Other operating and administrative expenses		(45,022)	(35,904)
Total benefits, claims and expenses		(167,758)	(135,763)
Share of (loss)/profit in equity accounted investees		(2)	17
Profit before tax	9	9,598	8,922
Income tax	10	(2,953)	(2,662)
Net profit for the period		6,645	6,260
Attributable to:			
Equity holders of the parent		6,509	6,142
Non-controlling interests		136	118
		6,645	6,260
Basic earnings per share	11	RMB 0.72	RMB 0.68
Diluted earnings per share	11	RMB 0.72	RMB 0.68

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2017

(All amounts expressed in RMB million unless otherwise specified)

Group	Notes	Six months ended 30 June	
		2017 (unaudited)	2016 (unaudited)
Net profit for the period		6,645	6,260
Other comprehensive loss			
Exchange differences on translation of foreign operations		(15)	9
Available-for-sale financial assets		(560)	(4,748)
Income tax relating to available-for-sale financial assets		143	1,201
Share of other comprehensive income/(loss) in equity accounted investees		6	(4)
Other comprehensive loss to be reclassified to profit or loss in subsequent period		(426)	(3,542)
Other comprehensive loss for the period	12	(426)	(3,542)
Total comprehensive income for the period		6,219	2,718
Attributable to:			
Equity holders of the parent		6,093	2,683
Non-controlling interests		126	35
		6,219	2,718

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

INTERIM CONDENSED CONSOLIDATED BALANCE SHEET

30 June 2017

(All amounts expressed in RMB million unless otherwise specified)

Group	Notes	30 June 2017 (unaudited)	31 December 2016 (audited)
ASSETS			
Goodwill		962	962
Property and equipment		17,096	16,664
Investment properties		8,496	8,657
Other intangible assets		1,119	1,172
Prepaid land lease payments		55	56
Interests in associates	13	2,534	115
Investment in joint ventures	14	34	36
Held-to-maturity financial assets	15	298,988	304,874
Investments classified as loans and receivables	16	200,841	139,634
Restricted statutory deposits		6,078	6,078
Term deposits	17	93,473	132,226
Available-for-sale financial assets	18	339,474	258,711
Financial assets at fair value through profit or loss	19	16,700	27,204
Securities purchased under agreements to resell		16,193	21,138
Policy loans		32,061	27,844
Interest receivables		14,596	17,003
Reinsurance assets	20	21,682	20,141
Deferred income tax assets	21	1,387	1,382
Insurance receivables		18,895	12,267
Other assets	22	11,277	9,269
Cash and short-term time deposits	23	16,452	15,259
Total assets		1,118,393	1,020,692

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

INTERIM CONDENSED CONSOLIDATED BALANCE SHEET (continued)

30 June 2017

(All amounts expressed in RMB million unless otherwise specified)

Group	Notes	30 June 2017 (unaudited)	31 December 2016 (audited)
EQUITY AND LIABILITIES			
Equity			
Issued capital	24	9,062	9,062
Reserves	25	83,514	83,930
Retained profits	25	38,938	38,772
Equity attributable to equity holders of the parent		131,514	131,764
Non-controlling interests		2,813	2,999
Total equity		134,327	134,763
Liabilities			
Insurance contract liabilities	26	764,927	693,826
Investment contract liabilities	27	55,137	48,796
Policyholders' deposits		75	75
Subordinated debts	28	11,498	11,498
Securities sold under agreements to repurchase		62,700	39,104
Deferred income tax liabilities	21	964	937
Income tax payable		3,029	3,145
Premium received in advance		6,705	22,326
Policyholder dividend payable		22,363	21,735
Payables to reinsurers		6,134	5,775
Other liabilities		50,534	38,712
Total liabilities		984,066	885,929
Total equity and liabilities		1,118,393	1,020,692

KONG Qingwei
Director

HUO Lianhong
Director

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2017

(All amounts expressed in RMB million unless otherwise specified)

Group	For the six months ended 30 June 2017 (unaudited)										
	Attributable to equity holders of the parent										
	Reserves							Retained profits	Total	Non-controlling interests	Total equity
	Issued capital	Capital reserves	Surplus reserves	General reserves	Available-for-sale investment revaluation reserves	Foreign currency translation reserves	Share of other comprehensive income in equity accounted investees				
At 1 January 2017	9,062	66,742	4,835	8,392	3,969	(8)	-	38,772	131,764	2,999	134,763
Total comprehensive income	-	-	-	-	(407)	(15)	6	6,509	6,093	126	6,219
Dividend declared ¹	-	-	-	-	-	-	-	(6,343)	(6,343)	-	(6,343)
Dividends paid to non-controlling shareholders	-	-	-	-	-	-	-	-	-	(312)	(312)
At 30 June 2017	9,062	66,742	4,835	8,392	3,562	(23)	6	38,938	131,514	2,813	134,327

¹ Dividend declared represents the final dividend on ordinary shares declared for the year ended 31 December 2016, amounting to 6,343 million (RMB0.70 per share).

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (continued)

For the six months ended 30 June 2017

(All amounts expressed in RMB million unless otherwise specified)

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

¹ Dividend declared represents the final dividend on ordinary shares declared for the year ended 31 December 2015, amounting to 9,062 million (RMB1.00 per share).

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

INTERIM CONDENSED CONSOLIDATED CASH FLOW STATEMENT

For the six months ended 30 June 2017

(All amounts expressed in RMB million unless otherwise specified)

Group	Notes	Six months ended 30 June	
		2017 (unaudited)	2016 (unaudited)
OPERATING ACTIVITIES			
Cash generated from operating activities	29	44,070	28,760
Income tax paid		(2,904)	(3,351)
Net cash inflow from operating activities		41,166	25,409
INVESTING ACTIVITIES			
Purchases of property and equipment, intangible assets and other assets		(1,516)	(2,286)
Proceeds from sale of property and equipment, intangible assets and other assets		326	4
Purchases of investments, net		(95,596)	(64,249)
Acquisition of a subsidiary and other business entities, net		(3,437)	(549)
Interest received		23,833	19,693
Dividends received from investments		8,010	1,959
Other cash payment related to investing activities		-	(7)
Net cash outflow from investing activities		(68,380)	(45,435)
FINANCING ACTIVITIES			
Securities sold under agreements to repurchase, net		23,281	12,627
Proceeds from the issue of asset-backed securities		910	-
Repayment of borrowings		(2)	-
Interest paid		(1,306)	(561)
Dividends paid		(44)	-
Capital injection to subsidiaries by NCI		508	-
Proceeds from NCI of consolidated structured entities		152	1,496
Net cash inflow from financing activities		23,499	13,562
Effects of exchange rate changes on cash and cash equivalents		(37)	33
Net decrease in cash and cash equivalents		(3,752)	(6,431)
Cash and cash equivalents at beginning of period		36,397	24,192
Cash and cash equivalents at end of period		32,645	17,761
Analysis of balances of cash and cash equivalents			
Cash at banks and on hand		12,453	8,825
Time deposits with original maturity of no more than three months		2,332	719
Other monetary assets		1,667	1,038
Investments with original maturity of no more than three months		16,193	7,179
Cash and cash equivalents at end of period		32,645	17,761

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2017

(All amounts expressed in RMB million unless otherwise specified)

1. CORPORATE INFORMATION

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

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

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

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

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

2. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES

2.1 Basis of preparation

This interim condensed consolidated financial information for the six months ended 30 June 2017 has been prepared in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”), as part of the Hong Kong Financial Reporting Standards (“HKFRSs”).

This interim condensed consolidated financial information does not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group’s annual financial statements for the year ended 31 December 2016.

2.2 Changes in accounting policy and disclosures

The accounting policies adopted in the preparation of the interim condensed consolidated financial information are consistent with those followed in the preparation of the Group’s annual financial statements for the year ended 31 December 2016, except for the adoption of amended or improved standards and interpretations as of 1 January 2017 as described below. The adoption of these amended or improved HKFRSs currently has been either not applicable or not significant on these consolidated financial statements.

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

2.2 Changes in accounting policy and disclosures (continued)

- Amendment to HKAS 12 Income taxes

These amendments on the recognition of deferred tax assets for unrealised losses clarify how to account for deferred tax assets related to debt instruments measured at fair value.

- Amendment to HKAS 7 Statement of cash flows

The amendments introduced an additional disclosure that will enable users of financial statements to evaluate changes in liabilities arising from financing activities.

- Amendment to HKFRS 12 Disclosure of interest in other entities

The amendment is part of the annual improvements to HKFRSs 2014-2016 cycle. It clarifies that the disclosure requirement of HKFRS 12 is applicable to interest in entities classified as held for sale except for summarised financial information (para B17 of HKFRS 12).

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

2.3 Impact of standards issued but not yet applied

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

HKFRS 9, 'Financial instruments', addresses the classification, measurement and recognition of financial assets and financial liabilities. The complete version of HKFRS 9 was issued in July 2014. It replaces the guidance in HKAS 39 that relates to the classification and measurement of financial instruments. HKFRS 9 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortised cost, fair value through other comprehensive income ("OCI") and fair value through income statement. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. Investments in equity instruments are required to be measured at fair value through profit or loss with the irrevocable option at inception to present changes in fair value in OCI which are not recycled to profit or loss. There is now a new expected credit losses model that replaces the incurred loss impairment model used in HKAS 39. For financial liabilities there were no changes to classification and measurement except for the recognition of changes in own credit risk in other comprehensive income, for liabilities designated at fair value through profit or loss. HKFRS 9 relaxes the requirements for hedge effectiveness by replacing the bright line hedge effectiveness tests. It requires an economic relationship between the hedged item and hedging instrument and for the 'hedged ratio' to be the same as the one management actually use for risk management purposes. Contemporaneous documentation is still required but is different to that currently prepared under HKAS 39. The standard is effective for accounting periods beginning on or after 1 January 2018. Early adoption is permitted. The Group is eligible to apply the deferral approach under the amendments to HKFRS 4 'Insurance contracts'. The impact of the adoption of HKFRS 9 on the Group's consolidated financial statements will, to a large extent, have to take into account the interaction with the forthcoming insurance contracts standard. As such, it is not possible to fully assess the effect of the adoption of HKFRS 9.

HKFRS 15, 'Revenue from contracts with customers' deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. Revenue is recognised when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service. The standard replaces HKAS 18 'Revenue' and HKAS 11 'Construction contracts' and related interpretations. The standard is effective for annual periods beginning on or after 1 January 2018 and earlier application is permitted. The Group is currently assessing the impact of HKFRS 15.

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

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

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

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

3. CHANGE IN ACCOUNTING ESTIMATES

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

As at 30 June 2017, the Group used information currently available to determine the above assumptions and the impact of change in assumptions was charged to profit or loss. Such change in accounting estimates resulted in an increase in net insurance contract liabilities and other policy-related liabilities as at 30 June 2017 by approximately RMB4,188 million and a decrease in profit before tax for the six months ended 30 June 2017 by approximately RMB4,188 million.

4. SEGMENT INFORMATION

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

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

The Group's operating segments are listed as follows:

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

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

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

During the six months ended 30 June 2017, gross written premiums from transactions with the top five external customers amounted to 0.6% (During the six months ended 30 June 2016: 0.5%) of the Group's total gross written premiums.

4. SEGMENT INFORMATION (continued)

Segment income statement for the six months ended 30 June 2017

	Life insurance	Property and casualty insurance			Corporate and others	Eliminations	Total
		Mainland China	Hong Kong	Eliminations			
Gross written premiums	110,811	53,088	254	(197)	53,145	- (171)	163,785
Less: Premiums ceded to reinsurers	(1,003)	(7,719)	(99)	194	(7,624)	- 171	(8,456)
Net written premiums	109,808	45,369	155	(3)	45,521	- -	155,329
Net change in unearned premium reserves	(1,748)	(2,159)	40	-	(2,119)	- 94	(3,773)
Net premiums earned	108,060	43,210	195	(3)	43,402	- 94	151,556
Investment income	21,965	2,548	15	-	2,563	16,877 (16,974)	24,431
Other operating income	1,164	208	-	-	208	1,829 (1,830)	1,371
Other income	23,129	2,756	15	-	2,771	18,706 (18,804)	25,802
Segment income	131,189	45,966	210	(3)	46,173	18,706 (18,710)	177,358
Net policyholders' benefits and claims:							
Life insurance death and other benefits paid	(23,426)	-	-	-	-	- -	(23,426)
Claims incurred	(2,745)	(26,290)	(95)	-	(26,385)	- 17	(29,113)
Changes in long-term life insurance contract liabilities	(63,379)	-	-	-	-	- 295	(63,084)
Policyholder dividends	(4,282)	-	-	-	-	- -	(4,282)
Finance costs	(1,435)	(176)	-	-	(176)	(45) 4	(1,652)
Interest credited to investment contracts	(1,179)	-	-	-	-	- -	(1,179)
Other operating and administrative expenses	(28,486)	(16,543)	(95)	-	(16,638)	(1,723) 1,825	(45,022)
Segment benefits, claims and expenses	(124,932)	(43,009)	(190)	-	(43,199)	(1,768) 2,141	(167,758)
Segment results	6,257	2,957	20	(3)	2,974	16,938 (16,569)	9,600
Share of loss in equity accounted investees	1	(3)	-	-	(3)	- -	(2)
Profit before tax	6,258	2,954	20	(3)	2,971	16,938 (16,569)	9,598
Income tax	(1,939)	(891)	(2)	-	(893)	(181) 60	(2,953)
Net profit for the period	4,319	2,063	18	(3)	2,078	16,757 (16,509)	6,645

4. SEGMENT INFORMATION (continued)

Segment income statement for the six months ended 30 June 2016

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

The segment assets as at 30 June 2017 and 31 December 2016 are as following:

	Life insurance	Property and casualty insurance				Others	Eliminations	Total
		Mainland China	Hong Kong	Eliminations	Sub-total			
30 June 2017 (Unaudited)	931,041	145,294	1,199	(489)	146,004	87,412	(46,064)	1,118,393
31 December 2016 (Audited)	847,408	133,656	1,102	(528)	134,230	69,247	(30,193)	1,020,692

5. SCOPE OF CONSOLIDATION

(a) Particulars of the Company's incorporated subsidiaries as at 30 June 2017 are as follows:

Name	Type of legal entity	Business scope and principal activities	Place of incorporation/ registration	Place of operations	Registered capital (RMB thousand, unless otherwise stated)	Paid-up capital (RMB thousand, unless otherwise stated)	Percentage of equity attributable to the Company		Percentage of voting rights attributable to the Company	note
							Direct	Indirect		
China Pacific Property Insurance Co., Ltd. ("CPIC Property")	Limited company	Property and casualty insurance	Shanghai	The PRC	19,470,000	19,470,000	98.50	-	98.50	
China Pacific Life Insurance Co., Ltd. ("CPIC Life")	Limited company	Life insurance	Shanghai	The PRC	8,420,000	8,420,000	98.29	-	98.29	
Pacific Asset Management Co., Ltd. ("CPIC Asset Management")	Limited company	Investment management	Shanghai	Shanghai	1,300,000	1,300,000	80.00	19.67	100.00	
China Pacific Insurance Co., (H.K.) Ltd.	Limited company	Property and casualty insurance	Hong Kong	Hong Kong	HK\$250,000 thousand	HK\$250,000 thousand	100.00	-	100.00	
Shanghai Pacific Real Estate Co., Ltd.	Limited company	Management of properties	Shanghai	Shanghai	115,000	115,000	100.00	-	100.00	
Fenghua Xikou Garden Hotel	Limited company	Hotel operations	Zhejiang	Zhejiang	8,000	8,000	-	98.39	100.00	
Changjiang Pension Insurance Co., Ltd. ("Changjiang Pension")	Limited company	Pension business and investment management	Shanghai	Shanghai	787,610	787,610	-	50.87	51.75	(1)
CPIC Investment Management (H.K.) Company Limited ("CPIC Investment (H.K.)")	Limited company	Investment management	Hong Kong	Hong Kong	HK\$50,000 thousand	HK\$50,000 thousand	49.00	50.83	100.00	
City Island Developments Limited ("City Island")	Limited company	Investment holding	The British Virgin Islands	The British Virgin Islands	US\$50,000	US\$1,000	-	98.29	100.00	

5. SCOPE OF CONSOLIDATION (continued)

(a) Particulars of the Company's incorporated subsidiaries as at 30 June 2017 are as follows (continued):

Name	Type of legal entity	Business scope and principal activities	Place of incorporation/ registration	Place of operations	Registered capital (RMB thousand, unless otherwise stated)	Paid-up capital (RMB thousand, unless otherwise stated)	Percentage of equity attributable to the Company		Percentage of voting rights attributable to the Company	note
							Direct	Indirect		
Great Winwick Limited *	Limited company	Investment holding	The British Virgin Islands	The British Virgin Islands	US\$50,000	US\$100	-	98.29	100.00	
Great Winwick (Hong Kong) Limited *	Limited company	Investment holding	Hong Kong	Hong Kong	HK\$10,000	HK\$1	-	98.29	100.00	
Newscott Investments Limited *	Limited company	Investment holding	The British Virgin Islands	The British Virgin Islands	US\$50,000	US\$100	-	98.29	100.00	
Newscott (Hong Kong) Investments Limited *	Limited company	Investment holding	Hong Kong	Hong Kong	HK\$10,000	HK\$1	-	98.29	100.00	
Shanghai Xinhui Real Estate Development Co., Ltd. *	Limited company	Real estate	Shanghai	Shanghai	US\$15,600 thousand	US\$15,600 thousand	-	98.29	100.00	
Shanghai Hehui Real Estate Development Co., Ltd. *	Limited company	Real estate	Shanghai	Shanghai	US\$46,330 thousand	US\$46,330 thousand	-	98.29	100.00	
Pacific Insurance Online Services Technology Co., Ltd. ("CPIC Online Services")	Limited company	Consulting services, etc	Shandong	The PRC	200,000	200,000	100.00	-	100.00	
Tianjin Trophy Real Estate Co., Ltd. ("Tianjin Trophy")	Limited company	Real estate	Tianjin	Tianjin	353,690	353,690	-	98.29	100.00	
Pacific Insurance Aging Industry Investment Management Co., Ltd. ("CPIC Aging Investment")	Limited company	Pension business investment, etc	Shanghai	Shanghai	219,000	219,000	-	98.29	100.00	
CPIC Allianz Health Insurance Co., Ltd. ("CPIC Allianz Health")	Limited company	Health insurance	Shanghai	Shanghai	1,000,000	1,000,000	77.05	-	77.05	
Shanghai Nan Shan Ju Xuhong Nursing Home Co., Ltd. ("Nan Shan Ju")	Limited company	Pension services	Shanghai	Shanghai	20,000	15,000	-	98.29	100.00	
Anxin Agriculture Insurance Co., Ltd. ("Anxin")	Limited company	Property and casualty insurance	Shanghai	Shanghai	700,000	700,000	-	51.35	52.13	

* Subsidiaries of City Island.

(1) On 12 May 2017, CPIC Life, the Group's subsidiary, signed a capital increase agreement with Changjiang Pension, whereby CPIC Life acquired 491.51 million shares of common stocks at RMB3.04 per share issued by Changjiang Pension. After this capital injection, CPIC Life's ownership in Changjiang Pension will be 62.16% while the Company will hold 61.10% of Changjiang Pension's ownership indirectly through CPIC Life. The capital injection is still subject to CIRC's approval.

5. SCOPE OF CONSOLIDATION (continued)

(b) As at 30 June 2017, consolidated structured entities material to the Group are as followings:

Name	Collective Holding by the Group (%)	Product Scale (Units in thousand)	Principal activities
Pacific Excellent Wealth CSI 300 Index Product	100.00	3,349,640	Investing in financial instruments with good liquidity, including CSI 300 Index Constituent and Proxy Stocks. In addition, to successfully achieve the investment goal, this product also allocates a few investments in non-constituent stocks to be listed in CSI 300 Index Constituent Stocks, stocks newly-issued or additionally-issued in the primary market, government bond to be due within one year, exchange repo, demand deposits at bank, funds in monetary market, etc. Product Manager may bring other financial instruments that are allowed by laws and regulations or regulators into the scope of investment after implementation of proper procedures.
Changjiang Pension Golden Wealth Management No. 6 Assets Management Product	100.00	1,000,000	This product, excluding monetary assets (with percentages no more than 10% of the product's net asset value), shall allocate to Huaxin Trust - Haorui No. 11 Assembled Funds Trust Plan in full amount.
Pacific Excellent Wealth Focus Dividend & Value Equity Product	97.93	914,290	Investing in financial instruments with strong liquidity including: legally listed domestic stocks (including: stocks listed in SME, GEM and others approved by China Securities Regulatory Commission), cash management products (including: cash, call deposits, short-term financing bonds, time deposits and certificate of deposits due within 1 year (inclusive), bond repurchase and central bank bill matured within 1 year (inclusive), bonds, asset-backed securities, medium term notes, monetary funds with residual maturity within 397 days (inclusive) and other cash management products approved by regulators.
Pacific Excellent No. 86 Assets Management Product	80.11	738,110	This product mainly invests in liquid assets, fixed-income assets and equity assets. Liquid assets consist of cash, money market funds, deposits, call deposits, government bonds, quasi government bonds and reverse repos within one-year maturity; Fixed-income assets consist of term deposits, agreement deposits, bond funds, financial corporate bonds, non-financial corporate bonds, government bonds and quasi government bonds with maturity over one year, fixed income products managed by insurance assets management companies. Equity products consist of legally issued stocks in PRC (including IPOs and private placement), hybrid funds, equity funds, hybrid products and equity products managed by insurance assets management companies.

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

6. NET WRITTEN PREMIUMS

(a) Gross written premiums

	Six months ended 30 June	
	2017	2016
Long-term life insurance premiums	104,172	76,879
Short-term life insurance premiums	6,468	5,469
Property and casualty insurance premiums	53,145	49,189
	163,785	131,537

(b) Premiums ceded to reinsurers

	Six months ended 30 June	
	2017	2016
Long-term life insurance premiums ceded to reinsurers	(933)	(899)
Short-term life insurance premiums ceded to reinsurers	(70)	(60)
Property and casualty insurance premiums ceded to reinsurers	(7,453)	(6,527)
	(8,456)	(7,486)

(c) Net written premiums

	Six months ended 30 June	
	2017	2016
Net written premiums	155,329	124,051

7. INVESTMENT INCOME

	Six months ended 30 June	
	2017	2016
Interest and dividend income (a)	28,538	20,687
Realized (losses)/gains (b)	(4,577)	1,266
Unrealized gains/(losses) (c)	767	(582)
Charge of impairment losses on financial assets	(297)	(28)
	24,431	21,343

7. INVESTMENT INCOME (continued)

(a) Interest and dividend income

	Six months ended 30 June	
	2017	2016
Financial assets at fair value through profit or loss		
- Fixed maturity investments	259	353
- Investment funds	42	24
- Equity securities	56	22
- Other equity investments	40	-
	397	399
Held-to-maturity financial assets		
- Fixed maturity investments	7,388	7,644
Loans and receivables		
- Fixed maturity investments	9,062	7,974
Available-for-sale financial assets		
- Fixed maturity investments	3,757	2,664
- Investment funds	6,539	1,207
- Equity securities	414	366
- Other equity investments	981	433
	11,691	4,670
	28,538	20,687

(b) Realized (losses)/gains

	Six months ended 30 June	
	2017	2016
Financial assets at fair value through profit or loss		
- Fixed maturity investments	(143)	80
- Investment funds	1	(4)
- Equity securities	108	(247)
- Other equity investments	2	-
	(32)	(171)
Available-for-sale financial assets		
- Fixed maturity investments	(140)	141
- Investment funds	(5,106)	742
- Equity securities	664	543
- Other equity investments	37	11
	(4,545)	1,437
	(4,577)	1,266

7. INVESTMENT INCOME (continued)

(c) Unrealized gains/(losses)

	Six months ended 30 June	
	2017	2016
Financial assets at fair value through profit or loss		
- Fixed maturity investments	(67)	(159)
- Investment funds	151	(208)
- Equity securities	662	(224)
- Other equity investments	21	9
	767	(582)

8. NET POLICYHOLDERS' BENEFITS AND CLAIMS

	Six months ended 30 June 2017		
	Gross	Ceded	Net
Life insurance death and other benefits paid	23,844	(418)	23,426
Claims incurred			
- Short-term life insurance	2,718	(36)	2,682
- Property and casualty insurance	29,208	(2,777)	26,431
Changes in long-term life insurance contract liabilities	63,752	(668)	63,084
Policyholder dividends	4,282	-	4,282
	123,804	(3,899)	119,905

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

9. PROFIT BEFORE TAX

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

	Six months ended 30 June	
	2017	2016
Employee benefit expense (including directors' and supervisors' emoluments)	9,092	8,146
Auditors' remuneration	10	9
Operating lease payments in respect of land and buildings	552	451
Depreciation of property and equipment	669	559
Depreciation of investment properties	140	109
Amortization of other intangible assets	182	181
Amortization of prepaid land lease payments	1	1
Amortization of other assets	12	13
Gain on disposal of items of property and equipment, intangible assets and other long-term assets	(5)	(1)
Charge of impairment loss on insurance receivables	174	266
Charge of impairment loss on financial assets (note 7)	297	28
Foreign exchange loss/(gain), net	71	(48)

10. INCOME TAX

(a) Income tax

	Six months ended 30 June	
	2017	2016
Current income tax	2,788	3,130
Deferred income tax (note 21)	165	(468)
	2,953	2,662

(b) Tax recorded in other comprehensive income

	Six months ended 30 June	
	2017	2016
Deferred income tax (note 21)	(143)	(1,201)

(c) Reconciliation of tax expense

Current income tax has been provided at the rate of 25% on the assessable profits arising in the PRC. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries/jurisdictions in which the Group operates, based on existing legislation, interpretations and practices in respect thereof.

10. INCOME TAX (continued)

(c) Reconciliation of tax expense (continued)

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

	Six months ended 30 June	
	2017	2016
Profit before tax	9,598	8,922
Tax computed at the statutory tax rate	2,400	2,231
Adjustments to income tax in respect of previous periods	(33)	(12)
Income not subject to tax	(2,279)	(852)
Expenses not deductible for tax	2,775	1,475
Others	90	(180)
Tax expense at the Group's effective rate	2,953	2,662

11. EARNINGS PER SHARE

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

	Six months ended 30 June	
	2017	2016
Consolidated net profit for the period attributable to equity holders of the parent	6,509	6,142
Weighted average number of ordinary shares in issue (million)	9,062	9,062
Basic earnings per share	RMB0.72	RMB0.68
Diluted earnings per share	RMB0.72	RMB0.68

The Company had no dilutive potential ordinary shares for the six months ended 30 June 2017 and 30 June 2016.

12. OTHER COMPREHENSIVE LOSS

	Six months ended 30 June	
	2017	2016
Exchange differences on translation of foreign operations	(15)	9
Available-for-sale financial assets		
Losses arising during the period	(6,031)	(5,049)
Reclassification adjustments for gains/(losses) included in profit or loss	4,545	(1,435)
Fair value change on available-for-sale financial assets attributable to policyholders	629	1,708
Impairment charges reclassified to the income statement	297	28
	(560)	(4,748)
Income tax relating to available-for-sale financial assets	143	1,201
	(417)	(3,547)
Share of other comprehensive income/(loss) in equity accounted investees	6	(4)
Other comprehensive loss	(426)	(3,542)

13. INTERESTS IN ASSOCIATES

	30 June 2017						
	Historical cost	At 1 January 2017	Additions	Share of profit	Other comprehensive income	Dividend declared	At 30 June 2017
Taiji (Shanghai) Information Technology Co., Ltd.(the “Taiji”)	2	1	-	-	-	-	1
Shanghai Juche Information Technology Co., Ltd.(the “Juche”)	3	1	-	-	6	-	7
Zhongdao Automobile Rescue Industry Co., Ltd.(the “Zhongdao”)	17	18	-	-	-	-	18
Shanghai Proton and Heavy Ion Hospital(the “Zhizhong”)	100	92	-	(19)	-	-	73
Shanghai Dedao Co., Ltd.(the “Dedao”)	5	3	-	-	-	-	3
Shanghai Xingongying Information Technology Co., Ltd.(the “Xingongying”)	81	-	81	(1)	-	-	80
Shanghai Heji Business Management LP.(the “Heji”)	200	-	200	-	-	-	200
Shanghai Dabaoguisheng Information Technology Co., Ltd.(the “Dabaoguisheng”)	10	-	10	-	-	-	10
Changjiang Pension-China National Chemical Corporation Infrastructure Debt Investment Scheme(the “CHEMCHINA Debt Investment Scheme”)	2,142	-	2,142	20	-	(20)	2,142
	2,560	115	2,433	-	6	(20)	2,534

On 18 September 2015, CPIC Property signed the business cooperation agreement of RMB40 million with Xingongying. Meanwhile, CPIC Property signed the ownership transfer contract with Xingongying and individual shareholders Wenjian Zhang for transferring 6.63% shares of Xingongying. On 31 December 2016, CPIC Online Services signed the Capital injection contract of RMB0.73 million with the other two companies. After this capital injection, CPIC Online Services held 1.62% shares of Xingongying. On 10 January 2017, CPIC Property signed the capital injection contract of RMB40 million with Xingongying, the other seven companies, and six individual shareholders. After this capital injection, CPIC Property holds 7.53% shares of Xingongying, and CPIC Online Services holds 0.8% shares of Xingongying, respectively.

On 2 December 2016, CPIC Property, Shanghai Guohe Capital, and Shinovation Capital Corporation Co., Ltd. set up Heji with operating period of 20 years and registered capital of RMB505 million. Among all, CPIC Property stands for 99% shares, its subscribed capital contribution reaches RMB500 million, and its first capital contribution reaches RMB200 million.

On 29 March 2017, CPIC Life, Wonders Information System Co., Ltd., and Shanghai Zicheng Internet Technology Limited Partnership set up Dabaoguisheng with operating period of 20 years and registered capital of RMB100 million. Among all, CPIC Life stands for 34% shares, its subscribed capital contribution reaches RMB34 million, and its first capital contribution reaches RMB10.2 million.

13. INTERESTS IN ASSOCIATES (continued)

Nature of investment in associates as at 30 June 2017

Name	Place of incorporation	Percentage of ownership interest		Percentage of voting power	Registered capital (RMB thousand)	Paid-up capital (RMB thousand)	Principal activity
		Direct	Indirect				
Taiji	Shanghai	-	40.00%	40.00%	15,000	4,600	Technology development and consulting, etc.
Juche	Shanghai	-	40.39%	40.80%	5,882	5,882	Internet
Zhongdao	Shanghai	-	33.22%	33.60%	50,000	50,000	Automobile rescue services
Zhizhong	Shanghai	-	15.41%	20.00%	500,000	500,000	Oncology department and medical laboratory
Dedao	Shanghai	-	25.00%	25.00%	20,000	20,000	Information technology and automotive software
Xingongying(1)	Shanghai	-	8.22%	8.33%	2,593	2,593	Information technology development and consulting, etc.
Heji(2)	Shanghai	-	97.52%		505,000	202,000	Business management, industrial investment, investment management, assets management, consulting, etc.
Dabaoguisheng	Shanghai	-	33.42%	34.00%	100,000	22,200	Third party operation services of insurance industry
CHEMCHINA Debt Investment Scheme(3)	Shanghai	-	70.18%		3,000,000	N/A	Debt investment scheme

Note:

- (1) According to the articles of association of Xingongying, CPIC Property, the Group's subsidiary, has significant impact on Xingongying by accrediting a director to the company. Therefore, Xingongying is accounted under equity method.
- (2) CPIC Property, the Group's subsidiary, holds over 50% shares of Heji. Since CPIC Group has no controlling power on relevant activities of Heji according to the articles of association and partnership agreement of Heji, Heji is accounted under equity method.
- (3) CPIC Life, the Group's subsidiary, holds over 50% shares of CHEMCHINA Debt Investment Scheme. Since CPIC Group has no controlling power on relevant activities of CHEMCHINA Debt Investment Scheme according to the Agreement of Investment Scheme, CHEMCHINA Debt Investment Scheme is accounted under equity method.

13. INTERESTS IN ASSOCIATES (continued)

Summarised financial information for associates

	Six months ended 30 June
	2017
Net profit for the period	(102)
Other comprehensive income for the period	-
Total comprehensive income for the period	(102)
Total comprehensive income attributable to the Group	6
Carrying amount of the Group's interest	2,534

14. INVESTMENT IN JOINT VENTURES

	30 June 2017	31 December 2016
Share of net assets	34	36

Particulars of the joint venture as at 30 June 2017 are as follow:

Name	Place of incorporation	Percentage of ownership interest		Percentage of voting power	Registered capital (RMB thousand)	Paid-up capital (RMB thousand)	Principal activity
		Direct	Indirect				
Shanghai Binjiang-Xiangrui Investment and Construction Co., Ltd("Binjiang-Xiangrui")	Shanghai	-	35.16%	35.70%	150,000	30,000	Real estate
Taiyi (Shanghai) Information Technology Co., Ltd	Shanghai	-	48.00%	48.00%	10,000	10,000	Used car information service platform
Hangzhou Dayu Internet Technology Co., Ltd	Hangzhou	-	27.00%	33.33%	10,000	10,000	Technology development services, consulting, etc.
Aizhu (Shanghai) Information Technology Co., Ltd	Shanghai	-	35.00%	35.00%	10,000	2,000	Internet technology, etc.
Pacific Euler Hermes Insurance Sales Co., Ltd	Shanghai	-	50.24%	50.00%	50,000	50,000	Insurance sales

14. INVESTMENT IN JOINT VENTURES (continued)

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

	Six months ended 30 June	
	2017 (RMB thousand)	2016 (RMB thousand)
The joint venture's net loss:	(5,232)	(3,187)
The joint venture's other comprehensive income:	-	-

As at 30 June 2017, the Group's investment in joint ventures had no impairment. The Group received no cash dividend from Binjiang-Xiangrui.

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

15. HELD-TO-MATURITY FINANCIAL ASSETS

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

	30 June 2017	31 December 2016
Listed		
Debt investments		
- Government bonds	1,371	1,368
- Finance bonds	5,755	5,757
- Corporate bonds	12,844	13,039
	19,970	20,164
Unlisted		
Debt investments		
- Government bonds	70,388	70,387
- Finance bonds	103,989	106,058
- Corporate bonds	104,641	108,265
	279,018	284,710
	298,988	304,874

16. INVESTMENTS CLASSIFIED AS LOANS AND RECEIVABLES

	30 June 2017	31 December 2016
Debt investments		
- Finance bonds	2,899	2,899
- Debt investment scheme	84,235	61,397
- Wealth management products	81,707	43,338
- Preferred shares	32,000	32,000
	200,841	139,634

16. INVESTMENTS CLASSIFIED AS LOANS AND RECEIVABLES(continued)

As at 30 June 2017, CPIC Asset Management, a subsidiary of the Group, issued and existed 64 debt investment schemes with a total value of RMB102.16 billion. Of these, the existing amounts approximately RMB39.06 billion are recognized in the Group's consolidated financial information (As at 31 December 2016, CPIC Asset Management, a subsidiary of the Group, issued and existed 66 debt investment schemes with a total value of RMB101.70 billion. Of these, the existing amounts approximately RMB35.96 billion are recognized in the Group's consolidated financial information). As at 30 June 2017, Changjiang Pension, a subsidiary of the Group, issued and existed 34 debt investment schemes with a total value of RMB56.03 billion. Of these, the existing amounts approximately RMB18.13 billion are recognized as investments classified as loans and receivables in the Group's consolidated financial information (As at 31 December 2016, Changjiang Pension, a subsidiary of the Group, issued and existed 22 debt investment schemes with a total value of RMB23.80 billion. Of these, the existing amounts approximately RMB5.67 billion are recognized in the Group's consolidated financial information). Meanwhile, the Group also had investments in debt investment schemes launched by other insurance asset management companies with a value of approximately RMB27.04 billion (31 December 2016, RMB19.77 billion). The value guaranteed by third parties or pledge on debt investment schemes invested by the Group are RMB70.92 billion. For debt investment schemes launched by CPIC Asset Management and Changjiang Pension and invested by the Group, the Group did not provide any guarantees or financial support. The Group's maximum exposure to loss in the debt investment schemes is limited to its carrying amounts.

17. TERM DEPOSITS

	30 June 2017	31 December 2016
1 month to 3 months (including 3 months)	1,055	35,683
3 months to 1 year (including 1 year)	18,588	10,078
1 to 2 years (including 2 years)	27,570	21,180
2 to 3 years (including 3 years)	28,540	25,030
3 to 4 years (including 4 years)	6,440	24,055
4 to 5 years (including 5 years)	11,280	16,200
	93,473	132,226

18. AVAILABLE-FOR-SALE FINANCIAL ASSETS

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

	30 June 2017	31 December 2016
Listed		
Equity investments		
- Equity securities	36,391	25,469
- Investment funds	5,883	8,741
- Wealth management products	-	1,015
Debt investments		
- Government bonds	7,110	8,424
- Finance bonds	2,771	1,555
- Corporate bonds	36,422	31,138
	88,577	76,342
Unlisted		
Equity investments		
- Investment funds	37,831	29,571
- Wealth management products	36,039	20,232
- Other equity investments	23,453	19,005
- Preferred shares	4,632	4,544
Debt investments		
- Government bonds	30,769	16,340
- Finance bonds	24,658	18,714
- Corporate bonds	92,974	73,339
- Wealth management products	541	624
	250,897	182,369
	339,474	258,711

19. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

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

	30 June 2017	31 December 2016
Listed		
Equity investments		
- Equity securities	7,857	5,716
- Investment funds	387	418
Debt investments		
- Government bonds	179	1
- Finance bonds	76	326
- Corporate bonds	467	5,770
	8,966	12,231
Unlisted		
Equity investments		
- Investment funds	4,468	5,682
- Wealth management products	1,547	1,561
- Other equity investments	49	30
Debt investments		
- Government bonds	-	423
- Finance bonds	166	1,281
- Corporate bonds	1,501	5,993
- Wealth management products	3	3
	7,734	14,973
	16,700	27,204

20. REINSURANCE ASSETS

	30 June 2017	31 December 2016
Reinsurers' share of insurance contracts (note 26)	21,682	20,141

21. DEFERRED INCOME TAX ASSETS AND LIABILITIES

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

	30 June 2017	31 December 2016
Net deferred income tax assets, at beginning of period	445	(2,419)
Acquisition of subsidiary	-	28
Recognized in profit or loss (note 10(a))	(165)	1,270
Recognized in other comprehensive income (note 10(b))	143	1,566
Net deferred income tax assets, at end of period	423	445
Net deferred income tax assets	423	445
Represented by:		
Deferred tax assets	1,387	1,382
Deferred tax liabilities	(964)	(937)

22. OTHER ASSETS

	30 June 2017	31 December 2016
Due from a related-party (1)	1,318	1,318
Tax receivable other than income tax	54	99
Receivable for securities	5,660	3,983
Due from agents	791	763
Co-insurance receivable	79	81
Others	3,375	3,025
	11,277	9,269

(1) As at 30 June 2017, the payments made by the Group on behalf of Binjiang-Xiangrui for the purchase of land and related taxes and expenses amounted to approximately RMB1,318 million (31 December 2016, RMB1,318 million).

23. CASH AND SHORT-TERM TIME DEPOSITS

	30 June 2017	31 December 2016
Cash at banks and on hand	12,453	9,717
Time deposits with original maturity of no more than three months	2,332	4,633
Other monetary assets	1,667	909
	16,452	15,259

The Group's bank balances denominated in RMB amounted to RMB14,936 million as at 30 June 2017 (31 December 2016: RMB13,953 million). Under PRC's foreign exchange regulations, the Group is permitted to exchange RMB for other currencies through banks authorized to conduct foreign exchange business after obtaining approval from foreign exchange regulatory authorities.

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

As at 30 June 2017, RMB1,571 million in the Group's other monetary assets are restricted to meet the regulation requirement of the minimum settlement deposits (31 December 2016, RMB881 million).

24. ISSUED CAPITAL

	30 June 2017	31 December 2016
Number of shares issued and fully paid at RMB1 each (million)	9,062	9,062

25. RESERVES AND RETAINED PROFITS

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

(a) Capital reserves

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

25. RESERVES AND RETAINED PROFITS (continued)

(b) Surplus reserves

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

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

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

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

Of the Group's retained profits, RMB7,088 million as at 30 June 2017(31 December 2016: RMB7,088 million) represents the Company's share of its subsidiaries' surplus reserve fund.

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

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

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

(c) General reserves

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

Of the Group's reserves, RMB8,392 million as at 30 June 2017 (31 December 2016: RMB8,392 million) represents the Company's share of its subsidiaries' general reserves.

(d) Other reserves

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

(e) Distributable profits

According to the Articles of Association of the Company, the amount of retained profits available for distribution of the Company should be the lower of the amount determined under PRC GAAP and the amount determined under HKFRSs. Pursuant to the resolution of the 16th meeting of the Company's 7th term of board of directors held on 29 March 2017, a final dividend of approximately RMB6,343 million (equivalent to RMB0.7 per share (including tax)) was proposed after the appropriation of statutory surplus reserves. The profit distribution plan was approved during shareholders meeting on 9 June 2017.

26. INSURANCE CONTRACT LIABILITIES

	30 June 2017		
	Insurance contract liabilities	Reinsurers' share of insurance contract liabilities (note 20)	Net
Long-term life insurance contracts	680,394	(9,841)	670,553
Short-term life insurance contracts			
- Unearned premiums	4,173	(61)	4,112
- Claim reserves	2,629	(78)	2,551
	6,802	(139)	6,663
Property and casualty insurance contracts			
- Unearned premiums	41,789	(5,359)	36,430
- Claim reserves	35,942	(6,343)	29,599
	77,731	(11,702)	66,029
	764,927	(21,682)	743,245
Incurred but not reported claim reserves	7,058	(934)	6,124

	31 December 2016		
	Insurance contract liabilities	Reinsurers' share of insurance contract liabilities (note 20)	Net
Long-term life insurance contracts	616,059	(9,173)	606,886
Short-term life insurance contracts			
- Unearned premiums	2,485	(37)	2,448
- Claim reserves	2,079	(75)	2,004
	4,564	(112)	4,452
Property and casualty insurance contracts			
- Unearned premiums	38,639	(4,314)	34,325
- Claim reserves	34,564	(6,542)	28,022
	73,203	(10,856)	62,347
	693,826	(20,141)	673,685
Incurred but not reported claim reserves	6,376	(977)	5,399

26. INSURANCE CONTRACT LIABILITIES (continued)

Claim development tables

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

Gross property and casualty insurance claim reserves:

	Property and casualty insurance (Accident year)					Total
	2013	2014	2015	2016	30 June 2017	
Estimate of ultimate claim cost as of:						
End of current year	49,591	55,880	58,926	57,960	28,679	
One year later	51,733	55,420	57,737	58,045		
Two years later	52,324	55,098	56,787			
Three years later	52,189	55,021				
Four years later	52,222					
Current estimate of cumulative claims	52,222	55,021	56,787	58,045	28,679	250,754
Cumulative payments to date	(51,384)	(53,375)	(52,505)	(45,469)	(13,721)	(216,454)
Liability in respect of prior years, unallocated loss adjustment expenses, assumed business, discount and risk adjustment margin						1,642
Total gross claim reserves included in the consolidated balance sheet						35,942

Net property and casualty insurance claim reserves:

	Property and casualty insurance (Accident year)					Total
	2013	2014	2015	2016	30 June 2017	
Estimate of ultimate claim cost as of:						
End of current year	42,287	46,868	51,435	50,934	25,552	
One year later	44,203	46,816	50,423	51,067		
Two years later	44,660	46,654	49,855			
Three years later	44,603	46,557				
Four years later	44,547					
Current estimate of cumulative claims	44,547	46,557	49,855	51,067	25,552	217,578
Cumulative payments to date	(44,009)	(45,420)	(46,608)	(40,781)	(12,529)	(189,347)
Liability in respect of prior years, unallocated loss adjustment expenses, assumed business, discount and risk adjustment margin						1,368
Total net claim reserves included in the consolidated balance sheet						29,599

27. INVESTMENT CONTRACT LIABILITIES

At 1 January 2016	40,033
Deposits received	13,050
Deposits withdrawn	(6,010)
Fees deducted	(192)
Interest credited	1,803
Others	112
At 31 December 2016	48,796
Deposits received	9,318
Deposits withdrawn	(4,333)
Fees deducted	(102)
Interest credited	1,179
Others	279
At 30 June 2017	55,137

28. SUBORDINATED DEBTS

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

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

	31 December 2016	Issuance	Premium amortization	Redemption	30 June 2017
CPIC Life	7,500	-	-	-	7,500
CPIC Property	3,998	-	-	-	3,998
	11,498	-	-	-	11,498

29. NOTE TO CONSOLIDATED CASH FLOW STATEMENT

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

	Six months ended 30 June	
	2017	2016
Profit before tax	9,598	8,922
Investment income	(24,431)	(21,343)
Foreign currency loss/(income)	71	(48)
Finance costs	1,387	850
Charge of impairment losses on insurance receivables and other assets, net	174	266
Depreciation of property and equipment	669	559
Depreciation of investment properties	140	109
Amortization of other intangible assets	182	181
Amortization of prepaid land lease payments	1	1
Amortization of other assets	12	13
Gain on disposal of items of property and equipment, intangible assets and other long-term assets, net	(5)	(1)
	(12,202)	(10,491)
Increase in reinsurance assets	(1,541)	(1,043)
Increase in insurance receivables	(6,628)	(5,667)
(Increase)/decrease in other assets	(2,008)	1,271
Increase in insurance contract liabilities	70,522	47,015
Decrease in other operating liabilities	(4,073)	(2,325)
Cash generated from operating activities	44,070	28,760

30. RELATED PARTY TRANSACTIONS

In addition to those disclosed elsewhere in the financial statements, the Group had the following major transactions with related parties:

(a) Sale of insurance contracts

	Six months ended 30 June	
	2017	2016
Equity holders who individually own more than 5% of equity interests of the Company and the equity holders' parent company	5	6

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

(b) Dividends paid

	Six months ended 30 June	
	2017	2016
Equity holders who individually own more than 5% of equity interests of the Company	2,234	3,073

30. RELATED PARTY TRANSACTIONS (continued)

(c) Compensation of key management personnel

	Six months ended 30 June	
	2017	2016
Salaries, allowances and other short-term benefits	8	7
Deferred bonus (1)	-	-
Total compensation of key management personnel	8	7

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

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

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

For the six months ended 30 June 2016 and the six months ended 30 June 2017, the Group had certain transactions with some government-related entities primarily related to insurance, investment and other activities (including, but not limited to, issuing insurance policies, provision of asset management or other services, and the sale, purchase, issuance and redemption of bonds or equity instruments).

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

31. COMMITMENTS

(a) Capital commitments

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

	30 June 2017	31 December 2016
Contracted, but not provided for (1)(2)	1,026	850
Authorized, but not contracted for (1)(2)	1,108	1,150
	2,134	2,000

As at 30 June 2017, major projects with capital commitments are as follows:

- (1) The Company resolved to establish IT Backup Center and Customer Support Center in Chengdu High-tech Zone and the expected total capital expenditure is approximately RMB2,000 million. As at 30 June 2017, the cumulative amount incurred by the Company amounted to RMB1,408 million. Of the balance, RMB243 million was disclosed as a capital commitment contracted but not provided for and RMB349 million was disclosed as a capital commitment authorized but not contracted for.
- (2) In November 2012, CPIC Property and a third party bid for the use right of the land located at Huangpu District, Shanghai. And in February 2013, both parties set up a project company named Shanghai Binjiang-Xiangrui Investment and Construction Co., Ltd. ("Binjiang-Xiangrui") as the owner of the land use right to this parcel of land and construction development subject. Total investment of this project approximated RMB2,090 million. As at 30 June 2017, the cumulative amount incurred by the Company amounted to RMB1,318 million. Of the balance, RMB149 million was disclosed as a capital commitment contracted but not provided for and RMB623 million was disclosed as a capital commitment authorized but not contracted for.

31. COMMITMENTS(continued)

(b) Operating lease commitments

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

	30 June 2017	31 December 2016
Within 1 year (including 1 year)	885	848
1 to 2 years (including 2 years)	712	644
2 to 3 years (including 3 years)	548	472
3 to 5 years (including 5 years)	673	473
More than 5 years	326	218
	3,144	2,655

(c) Operating lease rental receivables

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

	30 June 2017	31 December 2016
Within 1 year (including 1 year)	734	456
1 to 2 years (including 2 years)	524	359
2 to 3 years (including 3 years)	349	253
3 to 5 years (including 5 years)	339	235
More than 5 years	223	53
	2,169	1,356

32. CONTINGENT LIABILITIES

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

In addition to the above legal proceedings, as at 30 June 2017, the Group was the defendant in certain pending litigation and disputes. Provisions have been made for the possible loss based on best estimate by the directors and the Group would only be contingently liable for any claim that is in excess of what had been provided.

33. MATURITY PROFILE OF FINANCIAL INSTRUMENTS

The tables below summarize the maturity profiles of the financial assets and financial liabilities of the Group based on remaining undiscounted cash flows, and insurance contract liabilities of the Group based on the estimated timing of the net cash outflows.

	As at 30 June 2017					
	On demand	Within 1 year	1 to 5 years	Over 5 years	Undated	Total
Assets:						
Held-to-maturity financial assets	-	29,353	103,963	391,508	-	524,824
Investments classified as loans and receivables	-	24,180	139,225	97,800	-	261,205
Restricted statutory deposits	-	1,678	5,142	161	-	6,981
Term deposits	-	23,754	82,467	-	-	106,221
Available-for-sale financial assets	169	55,141	100,621	198,549	95,198	449,678
Financial assets at fair value through profit or loss	-	745	3,366	365	12,711	17,187
Securities purchased under agreements to resell	-	16,209	-	-	-	16,209
Insurance receivables	4,368	14,628	434	65	-	19,495
Cash and short-term time deposits	14,091	2,361	-	-	-	16,452
Others	331	58,162	1,334	-	-	59,827
Total	18,959	226,211	436,552	688,448	107,909	1,478,079
Liabilities:						
Insurance contract liabilities	-	83,058	103,655	578,214	-	764,927
Investment contract liabilities	64	817	3,904	50,352	-	55,137
Policyholders' deposits	-	75	-	-	-	75
Subordinated debts	-	8,032	4,177	-	-	12,209
Securities sold under agreements to repurchase	-	62,848	-	-	-	62,848
Others	41,991	29,415	150	16	-	71,572
Total	42,055	184,245	111,886	628,582	-	966,768

33. MATURITY PROFILE OF FINANCIAL INSTRUMENTS (continued)

	As at 31 December 2016					Total
	On demand	Within 1 year	1 to 5 years	Over 5 years	Undated	
Assets:						
Held-to-maturity financial assets	-	32,726	104,831	394,813	-	532,370
Investments classified as loans and receivables	-	17,253	92,806	75,138	-	185,197
Restricted statutory deposits	-	1,320	5,012	691	-	7,023
Term deposits	10	56,976	94,329	-	-	151,315
Available-for-sale financial assets	116	38,302	71,005	143,053	79,026	331,502
Financial assets at fair value through profit or loss	-	4,892	10,724	1,978	11,815	29,409
Securities purchased under agreements to resell	-	21,150	-	-	-	21,150
Insurance receivables	2,371	9,908	417	67	-	12,763
Cash and short-term time deposits	10,452	4,807	-	-	-	15,259
Others	345	35,754	1,333	-	-	37,432
Total	13,294	223,088	380,457	615,740	90,841	1,323,420
Liabilities:						
Insurance contract liabilities	-	72,159	125,254	496,413	-	693,826
Investment contract liabilities	64	2,496	2,122	44,114	-	48,796
Policyholders' deposits	-	75	-	-	-	75
Subordinated debts	-	8,080	4,472	-	-	12,552
Securities sold under agreements to repurchase	-	39,176	-	-	-	39,176
Others	40,059	17,969	210	28	-	58,266
Total	40,123	139,955	132,058	540,555	-	852,691

34. FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

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

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

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

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

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

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

	As at 30 June 2017	
	Carrying amounts	Fair values
Financial assets:		
Held-to-maturity financial assets	298,988	311,036
Investments classified as loans and receivables	200,841	200,871
Financial liabilities:		
Subordinated debts	11,498	11,956

	As at 31 December 2016	
	Carrying amounts	Fair values
Financial assets:		
Held-to-maturity financial assets	304,874	327,997
Investments classified as loans and receivables	139,634	139,710
Financial liabilities:		
Subordinated debts	11,498	11,978

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

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

35. FAIR VALUE MEASUREMENT

Determination of fair value and fair value hierarchy

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

The levels of the fair value hierarchy are as follows:

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

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

35. FAIR VALUE MEASUREMENT (continued)

Determination of fair value and fair value hierarchy (continued)

For Level 2 financial instruments, valuations are generally obtained from third party pricing services for identical or comparable assets, or through the use of valuation methodologies using observable market inputs, or recent quoted market prices. Valuation service providers typically gather, analyze and interpret information related to market transactions and other key valuation model inputs from multiple sources, and through the use of widely accepted internal valuation models, provide a theoretical quote on various securities. Debt securities traded among Chinese interbank market are classified as Level 2 when they are valued at recent quoted price from Chinese interbank market or from valuation service providers. Substantially most financial instruments classified within Level 2 of the fair value hierarchy are debt investments denominated in RMB. Fair value of debt investments denominated in RMB is determined based upon the valuation results by the China Central Depository & Clearing Co., Ltd. All significant inputs are observable in the market.

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

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

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

	As at 30 June 2017			Total fair value
	Level 1	Level 2	Level 3	
Assets measured at fair value				
Financial assets at fair value through profit or loss				
- Equity securities	5,684	2,173	-	7,857
- Investment funds	2,883	1,972	-	4,855
- Debt securities	631	1,758	-	2,389
- Others	-	1,596	3	1,599
	9,198	7,499	3	16,700
Available-for-sale financial assets				
- Equity securities	32,443	3,948	-	36,391
- Investment funds	32,614	11,100	-	43,714
- Debt securities	31,006	163,698	-	194,704
- Others	-	41,642	23,023	64,665
	96,063	220,388	23,023	339,474
Assets for which fair values are disclosed				
Investments classified as loans and receivables	-	3,648	197,223	200,871
Held-to-maturity financial assets	12,303	298,733	-	311,036
Investment properties	-	-	11,331	11,331
Liabilities for which fair values are disclosed				
Subordinated debts	-	-	11,956	11,956

35. FAIR VALUE MEASUREMENT (continued)

Determination of fair value and fair value hierarchy (continued)

	As at 31 December 2016			Total fair value
	Level 1	Level 2	Level 3	
Assets measured at fair value				
Financial assets at fair value through profit or loss				
- Equity securities	3,585	2,131	-	5,716
- Investment funds	5,614	486	-	6,100
- Debt securities	3,254	10,540	-	13,794
- Others	-	1,591	3	1,594
	12,453	14,748	3	27,204
Available-for-sale financial assets				
- Equity securities	22,195	3,274	-	25,469
- Investment funds	37,592	720	-	38,312
- Debt securities	30,912	118,598	-	149,510
- Others	-	26,832	18,588	45,420
	90,699	149,424	18,588	258,711
Assets for which fair values are disclosed				
Investments classified as loans and receivables	-	3,355	136,355	139,710
Held-to-maturity financial assets	10,623	317,374	-	327,997
Investment properties	-	-	11,387	11,387
Liabilities for which fair values are disclosed				
Subordinated debts	-	-	11,978	11,978

During the six months ended 30 June 2017, due to changes in availability of quoted prices (unadjusted) in active markets, the Group transferred certain debt securities between Level 1 and Level 2. As at 30 June 2017, the Group transferred the debt securities with a carrying amount of RMB7,465 million from Level 1 to Level 2 and RMB6,583 million from Level 2 to Level 1. As at 31 December 2016, the Group transferred the debt securities with a carrying amount of RMB2,506 million from Level 1 to Level 2 and RMB4,897 million from Level 2 to Level 1.

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

	As at 30 June 2017			End of period
	Beginning of period	Increase	Net unrealised gain recognized in other comprehensive income	
Financial assets at fair value through profit or loss				
- Wealth management products	3	-	-	3
Available-for-sale financial assets				
- Other equity investments	18,588	4,283	152	23,023

35. FAIR VALUE MEASUREMENT (continued)

Determination of fair value and fair value hierarchy (continued)

	As at 31 December 2016			End of year
	Beginning of year	Increase/ (decrease)	Net unrealised gain recognized in other comprehensive income	
Financial assets at fair value through profit or loss				
- Wealth management products	8	(5)	-	3
Available-for-sale financial assets				
- Other equity investments	15,019	2,307	1,262	18,588

Valuation techniques

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

The fair value of the unquoted equity investments has been determined using valuation techniques such as discounted cash flow method, comparison method of listed companies, recent transaction prices of the same or similar instruments etc., with appropriate adjustments have been made where applicable, for example, for lack of liquidity using option pricing models. The valuation requires management to use major assumptions and parameters as unobservable inputs to the model. The major assumptions include estimated time period prior to the listing of the unquoted equity instruments, and the major parameters include discount rate from 5.12% to 14.50% etc.

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

36. POST BALANCE SHEET EVENTS

Pursuant to the resolution of the 1st interim meeting of the Company's 7th term of board of directors held in 2017, CPIC Asset Management, the Group's subsidiary, proposed to acquire 51% equity interests of GTJA Allianz Fund Management Limited Company ("GTJA Allianz Funds") held by Guotai Junan Securities Co., Ltd. (the "Transaction"). The Transaction was carried out by way of public tendering on Shanghai United Assets and Equity Exchange. The Company's bidding price for the target of the Transaction was RMB1,045 million and the final price of the Transaction was RMB1,045 million. After the Transaction, CPIC Asset Management's ownership in GTJA Allianz Funds will be 51% while the Company will hold 50.83% of GTJA Allianz Funds's ownership indirectly through CPIC Asset Management. On 26 July 2017, the acquisition was officially approved by the CIRC, is still subject to China Securities Regulatory Commission's approval.

The Group does not have other significant post balance sheet events.

37. APPROVAL OF THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

The interim condensed consolidated financial information have been approved and authorized for issue by the Company's directors on 25 August 2017.



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