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中國太平洋保險(集團)股份有限公司

CHINA PACIFIC INSURANCE (GROUP) CO., LTD.

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

(Stock Code: 02601)

2021 Third Quarter Report

This announcement is made by China Pacific Insurance (Group) Co., Ltd. (the "Company") pursuant to Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) and Rules 13.09 and 13.10B of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The financial data of the Company for the third quarter of 2021 are unaudited and have been prepared in accordance with the China Accounting Standards for Business Enterprises.

§1 Important Information

1.1 The Board of Directors, the Board of Supervisors, the directors, the supervisors and the senior management of the Company warrant that the contents of this quarterly report are true, accurate and complete and that there is no false representation, misleading statement or material omission in this quarterly report; and they severally and jointly accept responsibility for the contents of this quarterly report.

1.2 The 2021 Third Quarter Report of the Company was considered and approved at the 12th meeting of the 9th Board of Directors of the Company on 29 October 2021, which 15 directors were required to attend and 14 of them attended in person. Due to other business engagements, Chairman of the Board KONG Qingwei did not attend the board meeting and appointed in writing director HUANG Dinan to attend the meeting and vote on his behalf.

1.3 The financial data contained in the 2021 Third Quarter Report of the Company are unaudited and have been prepared in accordance with the China Accounting Standards for Business Enterprises.

1.4 Mr. KONG Qingwei (person in charge of the Company), Mr. ZHANG Yuanhan (person in charge of accounting and Chief Actuary) and Ms. XU Zhen (Head of the Accounting Department) warrant the truthfulness, accuracy and completeness of the financial statements contained in this quarterly report.

§2 Key Financial Information

2.1 Key Accounting Data and Financial Indicators

unit: RMB million

	For the three months from 1 July to 30 September 2021	Compared with the three months from 1 July to 30 September 2020 (%)	For the nine months ended 30 September 2021	Compared with the nine months ended 30 September 2020 (%)
Operating income	98,422	(7.5)	350,934	2.6
Net profit ^{note}	5,382	(0.5)	22,686	15.5
Net profit net of non-recurring profit or loss ^{note}	5,387	(0.7)	22,571	15.2
Net cash flows from operating activities	N/A	N/A	74,746	(8.7)
Basic earnings per share (RMB) ^{note}	0.56	-	2.36	11.3
Diluted earnings per share (RMB) ^{note}	0.56	-	2.36	11.3
Weighted average return on equity (%) ^{note}	2.5	(0.2pt)	10.4	-

	30 September 2021	31 December 2020	Change (%)
Total assets	1,917,901	1,771,004	8.3
Equity ^{note}	220,732	215,224	2.6

Note: Attributable to shareholders of the parent.

2.2 Non-recurring items

unit: RMB million

Non-recurring items	For the three months from 1 July to 30 September 2021	For the nine months ended 30 September 2021
Gains on disposal of non-current assets	1	2
Government grants recognised in current profit or loss	13	141
Custody fees of entrusted operation	-	21
Other net non-operating income and expenses other than aforesaid items	(18)	(4)
Effect of income tax relating to non-recurring profit or loss	(1)	(44)
Net non-recurring profit or loss attributable to non-controlling interests	-	(1)
Total	(5)	115

Note: As an integrated insurance group, investment is one of the major businesses of the Group. Therefore, the non-recurring items do not include fair value gains/(losses) from financial assets at fair value through profit or loss and financial liabilities at fair value through profit or loss, as well as investment income from the disposal of financial assets at fair value through profit or loss and financial liabilities at fair value through profit or loss and available-for-sale financial assets.

2.3 Significant changes of key financial statements items and financial indicators and reasons for such changes

Applicable Not applicable

§3 Shareholder Information

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

unit: share

Total number of shareholders as at the end of the reporting period: 178,813 (including 174,593 holders of A shares and 4,220 holders of H shares)						
Shares held by top 10 shareholders						
Name of shareholders	Percentage of the shareholding	Total number of shares held	Increase or decrease (+ or -) of shareholding during the reporting period	Number of shares held with selling restriction	Number of shares subject to pledge or lock-up period	Type of shares
HKSCC Nominees Limited	28.82%	2,772,705,629	-78,800	-	-	H Share
Shenergy (Group) Co., Ltd.	13.79%	1,326,776,782	-	-	-	A Share
Hwabao Investment Co., Ltd.	13.35%	1,284,277,846	-	-	-	A Share
Shanghai State-Owned Assets Operation Co., Ltd.	5.70%	548,010,693	-	-	-	A Share
Shanghai Haiyan Investment Management Company Limited	4.87%	468,828,104	-	-	-	A Share
China Securities Finance Co., Ltd.	2.82%	271,089,843	-	-	-	A Share
HKSCC	2.21%	212,848,279	-15,310,248	-	-	A Share
Shanghai International Group	1.66%	160,000,000	-	-	-	A Share
Citibank, National Association	1.56%	150,040,905	-23,736,490	-	-	A Share
China Structural Reform Fund Corporation Limited	1.20%	115,181,140	-	-	-	A Share
Description of related relations or concerted actions among the aforesaid shareholders	HKSCC Nominees Limited and HKSCC are connected, as the former is a wholly-owned subsidiary of the latter. Shanghai State-Owned Assets Operation Co., Ltd. is a wholly-owned subsidiary of Shanghai International Group, they act in concert. As is confirmed by relevant shareholders regarding the Company's inquiry, the Company is not aware of any other related relations or concerted actions among the above-mentioned shareholders.					
Description of securities margin trading and refinancing business by top 10 shareholders and top 10 shareholders without selling restrictions, if any.	None.					

Notes:

- As at the end of the reporting period, the Company did not issue any preferred shares.
- The shareholding of the top 10 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 its clients. As 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 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.
- HKSCC is the nominal holder of shares traded through Shanghai-Hong Kong Connect Programme.
- Citibank, National Association is the depository of the Company's GDRs, and the underlying A shares of the Company represented by the GDRs have been registered under it; according to Citibank, National Association, as of the end of the reporting period, the remaining number of the GDRs is 30,008,181, which is 26.87% of the number of GDRs issued under approval by the China Securities Regulatory Commission.

§4 Business Review

For the reporting period, the Company realised gross written premiums (GWPs) of RMB301.460 billion, representing a decrease of 0.3% as compared with the same period of last year. Of this, GWPs from CPIC Life amounted to RMB181.796 billion, down by 2.4%, and that from CPIC P/C^{note 1} amounted to RMB118.994 billion, up by 3.0%. The Group realised net profit^{note 2} of RMB22.686 billion, up by 15.5%.

Notes:

1. Consolidated data of CPIC P/C and its subsidiary, China Pacific Anxin Agricultural Insurance Co., Ltd.
2. Attributable to shareholders of the parent.

CPIC Life

In the face of industry-wise slow-down and adjustment, CPIC Life focused on the long term, intensified transformation and innovation, deepened the Changhang Action Plan in an all-around way, and particularly pushed for the transitioning towards a career-based, professional and digitally-empowered agency force, while continuing to boost digital capabilities and the building of health and retirement value chain. During the reporting period, CPIC Life delivered RMB181.796 billion in GWPs, down by 2.4% from the same period of 2020. Of this, the agency channel of individual customers reported RMB163.844 billion in GWPs, a decrease of 2.3%, which consisted of first year premiums (FYPs) of RMB26.302 billion, a growth of 3.6%; and renewal premiums of RMB137.542 billion, down by 3.4%, due to decline of new business from preceding periods and lower policy persistency.

	unit: RMB million		
For the 9 months ended 30 September	2021	2020	Changes (%)
Individual customers	169,892	176,930	(4.0)
Agency channel	163,844	167,697	(2.3)
New policies	26,302	25,381	3.6
Regular premium business	22,569	19,488	15.8
Renewed policies	137,542	142,316	(3.4)
Other channels^{note}	6,048	9,233	(34.5)
Group clients	11,904	9,246	28.7
Total GWPs	181,796	186,176	(2.4)

Note: Other channels include bancassurance, insurance brokerage, direct sales by employees, telemarketing & internet sales, etc.

CPIC P/C

In the context of automobile insurance comprehensive reform, CPIC P/C pro-actively enhanced differentiated and targeted business management, seized emerging opportunities to ensure healthy and stable business development. It explored the new model of automobile insurance business, deepened intensive management; for non-auto insurance business, CPIC P/C served national strategies, continuously strengthened risk management capabilities, accelerated deployment in emerging business areas, stepped up business quality control and further improved business mix. During the reporting period, CPIC P/C recorded RMB118.994 billion in

GWPs, up by 3.0% from the same period of 2020. Of this, automobile insurance contributed RMB66.522 billion, down by 8.0%, and non-auto insurance RMB52.472 billion, up by 21.4%.

For the 9 months ended 30 September	2021	2020	unit: RMB million Changes (%)
GWPs	118,994	115,551	3.0
Auto insurance	66,522	72,330	(8.0)
Non-auto insurance	52,472	43,221	21.4

Asset management business

In the first three quarters of 2021, the A share market experienced some volatility after falling from a rally at the beginning of the year, and market interest rates fell slightly from the year beginning. We persisted in maintaining a largely stable asset allocation based on profiles of liabilities. Under the guidance of Strategic Asset Allocation (SAA), the Company increased allocation into long-term fixed income assets to extend asset duration, while dynamically conducting Tactical Asset Allocation (TAA), seizing market opportunities and delivering solid investment results. As at the end of the reporting period, Group investment assets amounted to RMB1,772.297 billion, an increase of 7.5% from the end of 2020. During the reporting period, annualised net investment yield was 4.3%, down by 0.3pt from the same period of last year; annualised total investment yield was 5.3%, down by 0.2pt.

For the nine months ended 30 September	2021	2020	Changes
Net investment yield (annualised) (%) ^{note}	4.3	4.6	(0.3pt)
Total investment yield (annualised) (%) ^{note}	5.3	5.5	(0.2pt)

Note: The impact of securities sold under agreements to repurchase was considered in the calculation of net investment yield. Average investment assets as the denominator in the calculation of net/total investment yield are computed based on the Modified Dietz method.

§5 Other Information

5.1 Other significant information pertaining to the business operation of the Company during the reporting period that deserves attention from investors

Applicable Not applicable

5.2 Solvency

Please refer to the summaries of quarterly solvency reports published on the websites of SSE (www.sse.com.cn), SEHK (www.hkexnews.hk), LSE (www.londonstockexchange.com) and the Company (www.cpic.com.cn) for information about the solvency of major insurance subsidiaries of the Company.

Definitions

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

“the Company” or “the 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.
“SSE”	Shanghai Stock Exchange
“SEHK”	The Stock Exchange of Hong Kong Limited
“LSE”	London Stock Exchange
“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, 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

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

Hong Kong, 29 October 2021

As at the date of this announcement, the Executive Directors of the Company are Mr. KONG Qingwei and Mr. FU Fan; the Non-executive Directors of the Company are Mr. HUANG Dinan, Mr. WANG Tayu, Mr. WU Junhao, Mr. CHEN Ran; Mr. ZHOU Donghui, Ms. LIANG Hong, Ms. LU Qiaoling and Mr. John Robert DACEY, and the Independent Non-executive Directors of the Company are Ms. LIU Xiaodan, Mr. CHEN Jizhong, Ms. LAM Tyng Yih, Elizabeth, Mr. WOO Ka Biu, Jackson and Mr. JIANG Xuping.

§6 APPENDIX

6.1

CONSOLIDATED BALANCE SHEET

30 September 2021

Prepared by: CHINA PACIFIC INSURANCE (GROUP) CO., LTD.

in RMB million

ITEM	30 September 2021	31 December 2020
	(unaudited)	(audited)
ASSETS		
Cash at bank and on hand	21,748	20,878
Financial assets at fair value through profit or loss	12,197	12,473
Derivative financial assets	186	140
Securities purchased under agreements to resell	3,588	14,327
Premium receivables	39,122	21,692
Reinsurance receivables	9,325	8,180
Interest receivables	21,840	20,563
Reinsurers' share of unearned premium reserves	8,843	7,537
Reinsurers' share of claim reserves	9,560	7,253
Reinsurers' share of life insurance reserves	1,954	1,812
Reinsurers' share of long-term health insurance reserves	11,959	11,117
Policy loans	65,830	62,364
Term deposits	206,888	192,966
Available-for-sale financial assets	616,179	596,158
Held-to-maturity financial assets	398,177	329,360
Investments classified as loans and receivables	409,388	380,174
Long-term equity investments	23,655	24,443
Restricted statutory deposits	6,858	6,858
Investment properties	7,603	7,866
Fixed assets	15,592	16,516
Construction in progress	2,550	1,822
Right-of-use assets	3,451	3,798
Intangible assets	5,052	4,693
Goodwill	1,372	1,357
Deferred income tax assets	2,038	845
Other assets	12,946	15,812
Total assets	1,917,901	1,771,004

CONSOLIDATED BALANCE SHEET (CONTINUED)

30 September 2021

Prepared by: CHINA PACIFIC INSURANCE (GROUP) CO., LTD.

in RMB million

ITEM	30 September 2021	31 December 2020
	(unaudited)	(audited)
LIABILITIES AND EQUITY		
Securities sold under agreements to repurchase	91,628	90,825
Premium received in advance	7,354	27,983
Commission and brokerage payable	4,472	4,003
Reinsurance payables	11,560	5,501
Employee benefits payable	5,537	6,711
Taxes payable	4,629	3,211
Interest payable	500	594
Claims payable	21,261	21,825
Policyholder dividend payable	22,959	24,351
Policyholders' deposits and investment contract liabilities	100,644	87,126
Unearned premium reserves	77,679	68,800
Claim reserves	59,244	47,386
Life insurance reserves	1,108,439	1,010,194
Long-term health insurance reserves	119,944	98,796
Insurance premium reserves	569	207
Bonds payable	9,994	9,991
Lease liabilities	3,099	3,430
Deferred income tax liabilities	2,623	5,055
Other liabilities	39,633	34,180
Total liabilities	1,691,768	1,550,169
Issued capital	9,620	9,620
Capital reserves	79,679	79,788
Other comprehensive income	17,777	22,340
Surplus reserves	5,114	5,114
General reserves	16,925	16,829
Retained profits	91,617	81,533
Equity attributable to shareholders of the parent	220,732	215,224
Non-controlling interests	5,401	5,611
Total equity	226,133	220,835
Total liabilities and equity	1,917,901	1,771,004

Kong Qingwei
Legal Representative

Zhang Yuanhan
Principal in charge of Accounting Affairs

Xu Zhen
Head of Accounting Department

CONSOLIDATED INCOME STATEMENT
For the nine months ended 30 September 2021

Prepared by: CHINA PACIFIC INSURANCE (GROUP) CO., LTD.

in RMB million

ITEM	For the nine months ended 30 September 2021	For the nine months ended 30 September 2020
	(unaudited)	(unaudited)
I. Operating income	350,934	341,920
Net premiums earned	274,052	273,210
Gross written premiums	301,460	302,500
Including: Premium from reinsurance assumed	1,212	4,518
Less: Premiums ceded to reinsurers	(19,839)	(19,890)
Net change in unearned premium reserves	(7,569)	(9,400)
Other income	132	147
Investment income	73,664	65,961
Including: Share of profits of associates and joint ventures	343	395
(Losses)/gains arising from changes in fair value	(198)	200
Exchange losses	(132)	(686)
Other operating income	3,414	3,086
Gains on disposal of assets	2	2
II. Operating expense	(323,691)	(317,761)
Surrenders	(16,907)	(9,086)
Claims	(110,698)	(104,216)
Less: Claim recoveries from reinsurers	9,809	8,700
Change in insurance contract reserves	(132,791)	(128,366)
Less: Insurance contract reserves recovered from reinsurers	3,297	1,634
Changes in insurance premium reserves	(362)	(236)
Policyholder dividends	(9,553)	(9,046)
Expenses for reinsurance assumed	(191)	(715)
Taxes and surcharges	(742)	(766)
Commission and brokerage expenses	(24,715)	(32,572)
Operating and administrative expenses	(35,929)	(39,132)
Less: Expense recoveries from reinsurers	6,114	6,380
Interest expenses	(2,517)	(2,341)
Other operating expenses	(4,568)	(4,088)
Asset impairment losses	(3,938)	(3,911)
III. Operating profit	27,243	24,159
Add: Non-operating income	130	34
Less: Non-operating expenses	(104)	(95)
IV. Profit before tax	27,269	24,098
Less: Income tax	(3,972)	(3,923)
V. Net profit	23,297	20,175
Classified by continuity of operations:		
Net profit from continuing operations	23,297	20,175
Net profit from discontinued operations	-	-
Classified by ownership of the equity:		
Attributable to shareholders of the parent	22,686	19,648
Non-controlling interests	611	527
VI. Earnings per share		
Basic earnings per share (RMB per share)	2.36	2.12
Diluted earnings per share (RMB per share)	2.36	2.12

CONSOLIDATED INCOME STATEMENT (CONTINUED)

For the nine months ended 30 September 2021

Prepared by: CHINA PACIFIC INSURANCE (GROUP) CO., LTD.

in RMB million

ITEM	For the nine months ended 30 September 2021 (unaudited)	For the nine months ended 30 September 2020 (unaudited)
VII. Other comprehensive (loss)/income	(4,643)	1,924
Other comprehensive (loss)/income to be reclassified to profit or loss in subsequent periods:	(4,643)	1,924
Exchange differences on translation of foreign operation	(5)	(10)
Changes of fair value of available-for-sale financial assets and related impact to insurance liabilities	(6,224)	2,618
Income tax relating to these item	1,586	(684)
VIII. Total comprehensive income	18,654	22,099
Attributable to shareholders of the parent	18,123	21,506
Attributable to non-controlling interests	531	593

Kong Qingwei
Legal Representative

Zhang Yuanhan
Principal in charge of Accounting Affairs

Xu Zhen
Head of Accounting Department

6.3

CONSOLIDATED CASH FLOW STATEMENT

For the nine months ended 30 September 2021

Prepared by: CHINA PACIFIC INSURANCE (GROUP) CO., LTD.

in RMB million

ITEM	For the nine months ended 30 September 2021 (unaudited)	For the nine months ended 30 September 2020 (unaudited)
I Cash flows from operating activities		
Cash received from premium income from direct insurance contracts	268,963	274,890
Net increase in policyholders' deposits and investments contract liabilities	10,023	7,159
Refund of taxes and surcharges	15	12
Cash received relating to other operating activities	4,381	4,011
Sub-total of cash inflows	283,382	286,072
Cash paid for claims under direct insurance contracts	(109,889)	(99,622)
Net cash paid under reinsurance contracts	(991)	(3,177)
Cash paid for commission and brokerage expenses	(24,955)	(32,314)
Cash paid for policyholder dividends	(7,953)	(7,773)
Cash paid to and on behalf of employees	(19,914)	(17,962)
Payments of taxes and surcharges	(7,900)	(7,500)
Cash paid relating to other operating activities	(37,034)	(35,849)
Sub-total of cash outflows	(208,636)	(204,197)
Net cash flows from operating activities	74,746	81,875
II Cash flows from investing activities		
Cash received from disposal of investments	277,893	278,210
Cash received from returns on investments	53,297	49,105
Net cash received from disposal of subsidiaries and other business entities	3,643	318
Net cash received from disposals of fixed assets, intangible assets and other long-term assets	11	11
Sub-total of cash inflows	334,844	327,644
Cash paid to acquire investments	(398,456)	(437,830)
Net increase in policy loans	(3,520)	(3,862)
Net cash paid to acquire subsidiaries and other business entities	(3,418)	(281)
Cash paid to acquire fixed assets, intangible assets and other long-term assets	(1,818)	(1,737)
Cash paid relating to other investing activities	(28)	(9)
Sub-total of cash outflows	(407,240)	(443,719)
Net cash flows used in investing activities	(72,396)	(116,075)
III Cash flows from financing activities		
Cash received from capital contributions	34	13,915
Increase in securities sold under agreements to repurchase, net	1,339	31,238
Cash received relating to other financing activities	8,435	7,485
Sub-total of cash inflows	9,808	52,638
Cash repayments of borrowings	(5,850)	(2,290)
Cash payments for distribution of dividends, profits or interest expenses	(14,894)	(13,227)
Cash paid relating to other financing activities	(1,135)	(1,655)
Sub-total of cash outflows	(21,879)	(17,172)
Net cash flows (used in)/from financing activities	(12,071)	35,466
IV Effects of exchange rate changes on cash and cash equivalents	(19)	(238)
V Net (decrease)/increase in cash and cash equivalents	(9,740)	1,028
Add: Cash and cash equivalents at the beginning of period	34,767	42,546
VI Cash and cash equivalents at the end of period	25,027	43,574

Kong Qingwei
Legal RepresentativeZhang Yuanhan
Principal in charge of Accounting AffairsXu Zhen
Head of Accounting Department