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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)

2020 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 2020 are unaudited and have been prepared in accordance with the PRC 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 2020 Third Quarter Report of the Company was considered and approved at the 7th meeting of the 9th Board of Directors of the Company on 30 October 2020, which 8 directors were required to attend and 7 of them attended in person. Due to other business engagements, director HUANG Dinan did not attend the board meeting and appointed in writing Chairman of the Board KONG Qingwei to attend the meeting and vote on his behalf.

1.3 The financial data contained in the 2020 Third Quarter Report of the Company are unaudited and have been prepared in accordance with the PRC 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 Basic Information of the Company

2.1 Key Accounting Data and Financial Indicators

unit: RMB million

	30 September 2020	31 December 2019	Change (%)
Total assets	1,735,074	1,528,333	13.5
Equity ^{note 1}	202,750	178,427	13.6
Net assets per share (RMB) ^{note 1}	21.08	19.69	7.1
	For the nine months ended 30 September 2020	For the nine months ended 30 September 2019	Compare with the same period of the previous year (%)
Net cash flows from operating activities	81,875	89,297	(8.3)
Net cash flows per share from operating activities (RMB) ^{note 2}	8.84	9.85	(10.3)
	For the nine months ended 30 September 2020	For the nine months ended 30 September 2019	Compared with the same period of the previous year (%)
Operating income	341,920	311,226	9.9
Net profit ^{note 1}	19,648	22,914	(14.3)
Basic earnings per share (RMB) ^{note 1}	2.12	2.53	(16.2)
Diluted earnings per share (RMB) ^{note 1}	2.12	2.53	(16.2)
Net profit net of non-recurring profit or loss ^{note 1}	19,590	18,078	8.4
Basic earnings per share net of non-recurring profit or loss (RMB) ^{note 1}	2.11	2.00	5.5
Weighted average return on equity (%) ^{note 1}	10.4	14.2	(3.8 pt)
Weighted average return on equity net of non-recurring profit or loss (%) ^{note 1}	10.4	11.2	(0.8 pt)

Notes:

1. Attributable to shareholders of the parent.
2. Calculated by the weighted average number of ordinary shares in issue.

2.2 Non-recurring items

unit: RMB million

Non-recurring items	For the three months from 1 July to 30 September 2020	For the nine months ended 30 September 2020
Gains on disposal of non-current assets	1	2
Government grants recognised in current profit or loss	24	157
Other net non-operating income and expenses other than aforesaid items	(46)	(71)
Effect of income tax relating to non-recurring profit or loss	2	(28)
Net non-recurring profit or loss attributable to non-controlling interests	1	(2)
Total	(18)	58

2.3 Total number of shareholders, shares held by top ten shareholders and shares held by top ten shareholders without selling restrictions at the end of the reporting period

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: 147,399 (including 142,920 holders of A shares and 4,479 holders of H shares)						
Shares held by top ten shareholders						
Name of shareholders	Total number of shares held	Percentage of the shareholding	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	2,772,702,829	28.82%	+35,200	-	-	H Share
Shenergy (Group) Co., Ltd.	1,326,776,782	13.79%	-	-	-	A Share
Hwabao Investment Co., Ltd.	1,284,277,846	13.35%	-	-	-	A Share
Citibank, National Association	558,341,455	5.80%	+43,974,955	-	-	A Share
Shanghai State-Owned Assets Operation Co., Ltd.	547,942,877	5.70%	-29	-	-	A Share
Shanghai Haiyan Investment Management Company Limited	468,828,104	4.87%	-	-	-	A Share
China Securities Finance Co., Ltd.	271,089,922	2.82%	-	-	-	A Share
Shanghai Jiushi (Group) Co., Ltd.	250,949,460	2.61%	-	-	-	A Share
Central Huijin Investment Ltd.	110,741,200	1.15%	-	-	-	A Share
Yunnan Hehe (Group) Co., Ltd.	91,868,387	0.95%	-	-	-	A Share
Description of connected relations or concerted actions among the aforesaid shareholders	The Company is not aware of any connected relations or concerted actions 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 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.
- 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. As of the end of the reporting period, of the Company's A shares as guarantee and trust assets of the issuance of exchangeable bonds by SSOAO, a total of 29 shares were exchanged by holders of the exchangeable bonds.
- Citibank, National Association is the depository of the Global Depository Receipts (GDRs) of the Company, and the underlying A shares represented by GDRs are registered under its name in accordance with the applicable laws. The GDRs issued under the initial offering and those issued due to the exercise of the over-allotment option cannot be redeemed into A shares during the period from 22 June 2020 (London time) to 19 October 2020 (London time).
- The 43,974,955 newly issued underlying A shares of the Company which correspond to the 8,794,991 GDRs issued as a result of the exercise of the over-allotment option were listed on the SSE on 9 July 2020, and were registered under Citibank, National

Association, the depositary of the GDRs of the Company. After the exercise of the over-allotment option, the A shares held by Citibank, National Association increased to 558,341,455 shares from 514,366,500 shares, while total shares of the Company changed from 9,576,366,500 shares to 9,620,341,455 shares. Except for Citibank, National Association, the exercise of the over-allotment option did not result in any change in the number of A shares of the Company held by the rest the of top 10 shareholders of the Company as of the end of the reporting period.

§3 Business Review

For the reporting period, the Company realised gross written premiums (GWPs) of RMB302.500 billion, representing an increase of 5.5% as compared with the same period of last year. Of this, GWPs from CPIC Life amounted to RMB186.176 billion, an increase of 0.2%, and that from CPIC P/C^{note 1} amounted to RMB115.551 billion, an increase of 15.0%. The Group realised net profit^{note 2} of RMB19.648 billion, down by 14.3%.

Notes:

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

CPIC Life

In the context of the normalisation of COVID-19 control and prevention effort, the off-line activity of the agency force was yet to get back fully on track, and therefore the life insurance business remained under pressure. During the reporting period, CPIC Life delivered RMB186.176 billion in GWPs, an increase of 0.2%. Of this, the agency channel of individual business realised GWPs of RMB167.697 billion, a decrease of 1.8%, and of which, new business premiums fell by 26.9% to RMB25.381 billion.

CPIC Life vigorously took steps to mitigate the impact of the COVID-19 pandemic. In the 1st quarter, it increased the use of technology, and stepped up on-line business operation including on-line recruitment, training support, on-line inquiry for agents and agency force management via dedicated platforms and systems. Since the 2nd quarter, given the domestic pandemic control situation, CPIC Life promoted on-line and off-line integration of the agency force, vigorously explored the establishment of a supportive system for high-performing agents centring on criteria, culture and empowerment of high-performing agents. At the same time, it accelerated the roll-out of the innovative mode of “products + health management” and “products + elderly care” to promote the building of an industry chain of individual business. “CPIC Blue Passports” was upgraded, launching differentiated services to adults and children; “CPIC Home” retirement communities were proceeding in an orderly manner, with sustained increase in the number of admission certificates issued to customers.

	unit: RMB million		
For the 9 months ended 30 September	2020	2019	Changes (%)
Individual customers	176,930	178,494	(0.9)
Agency channel	167,697	170,834	(1.8)
New policies	25,381	34,733	(26.9)
Regular premium business	19,488	29,635	(34.2)
Renewed policies	142,316	136,101	4.6
Other channels	9,233	7,660	20.5
Group clients	9,246	7,386	25.2
Total GWPs	186,176	185,880	0.2

CPIC P/C

CPIC P/C seized opportunities arising from the recovery of new vehicle sales, deepened the customer-oriented operational model, promoted on-line business operation in an all-around way, and stepped up channel integration, with a quarter-on-quarter rebound in automobile insurance premium growth. On the other hand, it supported and provided risk cover to national strategies, served China's real economy and people's well-being and maintained a fast growth of non-auto insurance business. During the reporting period, CPIC P/C recorded RMB115.551 billion in GWPs, up 15.0%. Of this, automobile insurance contributed RMB72.330 billion, up by 7.2%, and non-automobile insurance RMB43.221 billion, up 30.9%.

	unit: RMB million		
For the 9 months ended 30 September	2020	2019	Changes (%)
GWPs	115,551	100,456	15.0
Auto insurance	72,330	67,447	7.2
Non-auto insurance	43,221	33,009	30.9

Asset management business

Since the 2nd half of the year, there has been a rapid rebound in market interest rates, and the A-share market experienced some volatility amid a rally. The Company increased allocation into long-term government bonds and extended asset duration of life insurance business under the guidance of Strategic Asset Allocation (SAA), while dynamically conducted Tactical Asset Allocation (TAA), seized market opportunities and continued to improve investment results. As at the end of the reporting period, the Group investment assets amounted to RMB1,599.595 billion, an increase of 12.7% from the end of 2019. Asset allocation was largely stable based on profiles of liabilities. The share of fixed income investments stood at 79.4%, down by 1.0pt from the end of 2019; and that of equity investments stood at 17.1%, up by 1.4pt from the end of 2019, of which, the share of stocks and equity funds was 9.3%, up by 1.0pt from the end of 2019. During the reporting period, Group annualised net investment yield was 4.6%, down by 0.2pt, with annualised total investment yield of 5.5%, up by 0.4pt.

Portfolio of Group investment assets

	30 September 2020	Share (%)	Share changes from the end of 2019 (pt)	Amount changes from the end of 2019 (%)
unit: RMB million				
Investment assets (Total)	1,599,595	100.0	-	12.7
By investment category				
Fixed income investments	1,270,896	79.4	(1.0)	11.3
– Debt securities	635,767	39.7	(2.9)	5.1
– Term deposits	188,497	11.8	1.4	27.6
– Debt investment plans	184,902	11.5	0.8	22.1
– Wealth management products ^{note 1}	159,439	10.0	0.1	12.8
– Preferred shares	32,000	2.0	(0.3)	-
– Other fixed income investments ^{note 2}	70,291	4.4	(0.1)	9.7
Equity investments	273,262	17.1	1.4	23.0
– Equity funds	39,448	2.5	0.6	49.4
– Bond funds	18,743	1.2	(0.1)	3.1
– Stocks	109,501	6.8	0.4	20.8
– Wealth management products ^{note 1}	1,254	0.1	-	72.0
– Preferred shares	13,195	0.8	(0.2)	(3.1)
– Other equity investments ^{note 3}	91,121	5.7	0.7	25.5
Investment properties	8,046	0.5	(0.1)	(2.9)
Cash, cash equivalents and others	47,391	3.0	(0.3)	0.7
By investment purpose				
Financial assets at fair value through profit or loss ^{note 4}	11,149	0.7	0.4	126.1
Available-for-sale financial assets	565,344	35.3	(0.8)	10.5
Held-to-maturity financial assets	316,213	19.8	(1.0)	7.1
Long-term equity investments	20,419	1.3	(0.1)	(0.1)
Loans and other investments ^{note 5}	686,470	42.9	1.5	17.0

Notes:

1. Wealth management products mainly 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 and derivative financial assets, etc.
4. Financial assets at fair value through profit or loss include financial assets at fair value through profit or loss and derivative financial assets on financial statements.
5. Loans and other investments include term deposits, cash at bank and on hand, securities purchased under agreements to resell, policy loans, restricted statutory deposits, investments classified as loans and receivables, and investment properties, etc.

For the 9 months ended 30 September	2020	2019	Changes
Net investment yield (annualised) (%) ^{note}	4.6	4.8	(0.2pt)
Total investment yield (annualised) (%) ^{note}	5.5	5.1	0.4pt

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.

§4 Significant Events

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

√Applicable □Not applicable

unit: RMB million

Balance sheet items	30 September 2020	31 December 2019	Change (%)	Main reasons for the changes
Cash at bank and on hand	24,252	14,872	63.1	Timing difference
Financial assets at fair value through profit or loss	11,092	4,931	124.9	Increase in the investment
Premium receivables	33,611	17,916	87.6	Growth in insurance business and timing difference
Reinsurance receivables	10,199	5,340	91.0	Growth in insurance business and timing difference
Securities sold under agreements to repurchase	109,537	78,366	39.8	Timing difference
Premium received in advance	7,248	21,000	(65.5)	Timing difference
Reinsurance payables	8,104	4,543	78.4	Growth in insurance business and timing difference
Taxes payable	4,353	2,166	101.0	Increase in corporate income tax payable
Interest payable	334	516	(35.3)	Decrease in interest of bonds payable
Long-term health insurance reserves	94,829	72,347	31.1	Growth in insurance business
Insurance premium reserves	586	349	67.9	Growth in insurance business

Income statement items	For the nine months ended 30 September 2020	For the nine months ended 30 September 2019	Change (%)	Main reasons for the changes
Premium from reinsurance assumed	4,518	711	535.4	Growth in insurance business
Investment income	65,961	49,515	33.2	Increase in gains from securities trading
Gains arising from changes in fair value	200	906	(77.9)	Change in market value of financial assets held for trading
Exchange (losses)/gains	(686)	3	(22,966.7)	Fluctuation of exchange rate
Expenses for reinsurance assumed	(715)	(224)	219.2	Growth in insurance business
Asset impairment losses	(3,911)	(2,294)	70.5	Increase in impairment losses of investment assets
Income tax	(3,923)	447	(977.6)	Effect of tax policy change in 2019 on the final settlement and payment for the 2018 fiscal year
Other comprehensive income/(loss)	1,924	6,927	(72.2)	Change in fair value for available-for-sale financial assets

4.2 Progress of significant events and their impacts and solutions

Applicable Not applicable

4.3 Disclosable unfulfilled undertakings during the reporting period

Applicable Not applicable

4.4 Cautionary statements for the forecast loss in accumulated net profit from the beginning of the year to the end of the next reporting period or the occurrence of substantial change as compared to the same period of last year and their reasons

Applicable Not applicable

4.5 Change in accounting policies

Applicable Not applicable

4.6 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, 30 October 2020

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 Ms. LIANG Hong, Ms. LU Qiaoling, Mr. John Robert DACEY, Mr. HUANG Dinan, Mr. WANG Tayu, Mr. WU Junhao, Mr. ZHOU Donghui and Mr. CHEN Ran; and the Independent Non-executive Directors of the Company are Ms. LAM Tyng Yih, Elizabeth, Ms. LIU Xiaodan, Mr. WOO Ka Bui, Jackson, Mr. CHEN Jizhong, and Mr. JIANG Xuping.

* Note: The appointment qualifications of Ms. LIANG Hong, Ms. LU Qiaoling, Mr. John Robert DACEY, Mr. ZHOU Donghui, Mr. CHEN Ran, Ms. LIU Xiaodan and Mr. WOO Ka Bui, Jackson are subject to approval by China Banking and Insurance Regulatory Commission.

§5 APPENDIX

5.1

CONSOLIDATED BALANCE SHEET

30 September 2020

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

in RMB million

ITEM	30 September 2020 (unaudited)	31 December 2019 (audited)
ASSETS		
Cash at bank and on hand	24,252	14,872
Financial assets at fair value through profit or loss	11,092	4,931
Derivative financial assets	57	-
Securities purchased under agreements to resell	19,799	28,045
Premium receivables	33,611	17,916
Reinsurance receivables	10,199	5,340
Interest receivables	21,202	19,493
Reinsurers' share of unearned premium reserves	8,050	6,385
Reinsurers' share of claim reserves	7,891	6,841
Reinsurers' share of life insurance reserves	1,832	1,881
Reinsurers' share of long-term health insurance reserves	11,083	10,453
Policy loans	61,016	57,194
Term deposits	188,497	147,756
Available-for-sale financial assets	565,344	511,822
Held-to-maturity financial assets	316,213	295,247
Investments classified as loans and receivables	378,202	324,013
Long-term equity investments	20,419	20,442
Restricted statutory deposits	6,658	6,658
Investment properties	8,046	8,283
Fixed assets	16,028	16,378
Construction in progress	1,829	1,987
Right-of-use assets	4,132	4,130
Intangible assets	3,894	3,652
Goodwill	1,357	1,357
Deferred income tax assets	1,066	860
Other assets	13,305	12,397
Total assets	1,735,074	1,528,333

CONSOLIDATED BALANCE SHEET (CONTINUED)

30 September 2020

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

in RMB million

ITEM	30 September 2020 (unaudited)	31 December 2019 (audited)
LIABILITIES AND EQUITY		
Securities sold under agreements to repurchase	109,537	78,366
Premium received in advance	7,248	21,000
Commission and brokerage payable	5,299	4,364
Reinsurance payables	8,104	4,543
Employee benefits payable	4,649	5,573
Taxes payable	4,353	2,166
Interest payable	334	516
Claims payable	21,830	21,712
Policyholder dividend payable	23,892	25,447
Policyholders' deposits and investment contract liabilities	86,029	75,576
Unearned premium reserves	73,036	61,975
Claim reserves	48,722	42,504
Life insurance reserves	996,661	891,195
Long-term health insurance reserves	94,829	72,347
Insurance premium reserves	586	349
Bonds payable	9,991	9,988
Lease liabilities	3,729	3,668
Deferred income tax liabilities	2,732	2,911
Other liabilities	25,697	20,813
Total liabilities	1,527,258	1,345,013
Issued capital	9,620	9,062
Capital reserves	79,783	66,650
Other comprehensive income	14,807	12,949
Surplus reserves	4,835	4,835
General reserves	14,384	14,329
Retained profits	79,321	70,602
Equity attributable to shareholders of the parent	202,750	178,427
Non-controlling interests	5,066	4,893
Total equity	207,816	183,320
Total liabilities and equity	1,735,074	1,528,333

Kong Qingwei
Legal Representative

Zhang Yuanhan
Principal in charge of Accounting Affairs

Xu Zhen
Head of Accounting Department

BALANCE SHEET
30 September 2020

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

in RMB million

ITEM	30 September 2020 (unaudited)	31 December 2019 (audited)
ASSETS		
Cash at bank and on hand	3,957	83
Financial assets at fair value through profit or loss	9	10
Securities purchased under agreements to resell	874	108
Interest receivables	570	499
Term deposits	17,867	2,000
Available-for-sale financial assets	31,621	29,143
Held-to-maturity financial assets	-	300
Investments classified as loans and receivables	11,972	12,449
Long-term equity investments	64,981	64,979
Investment properties	3,231	3,331
Fixed assets	1,558	1,750
Construction in progress	16	-
Right-of-use assets	324	11
Intangible assets	289	343
Other assets	505	1,191
Total assets	137,774	116,197
LIABILITIES AND EQUITY		
Securities sold under agreements to repurchase	889	1,540
Commission and brokerage payable	2	1
Employee benefits payable	187	247
Taxes payable	24	86
Lease liabilities	321	11
Deferred income tax liabilities	284	194
Other liabilities	629	828
Total liabilities	2,336	2,907
Issued capital	9,620	9,062
Capital reserves	79,311	66,164
Other comprehensive income	1,092	867
Surplus reserves	4,531	4,531
Retained profits	40,884	32,666
Total equity	135,438	113,290
Total liabilities and equity	137,774	116,197

Kong Qingwei
Legal Representative

Zhang Yuanhan
Principal in charge of Accounting Affairs

Xu Zhen
Head of Accounting Department

5.2

CONSOLIDATED INCOME STATEMENT
For the nine months ended 30 September 2020

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

in RMB million

ITEM	For the three months from 1 July to 30 September 2020	For the nine months ended 30 September 2020	For the three months from 1 July to 30 September 2019	For the nine months ended 30 September 2019
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
I. Operating income	106,439	341,920	90,840	311,226
Net premiums earned	80,440	273,210	72,789	258,274
Gross written premiums	85,903	302,500	79,008	286,817
Including: Premium from reinsurance assumed	3,581	4,518	253	711
Less: Premiums ceded to reinsurers	(6,068)	(19,890)	(5,657)	(16,868)
Net change in unearned premium reserves	605	(9,400)	(562)	(11,675)
Other income	19	147	11	84
Investment income	25,018	65,961	17,107	49,515
Including: Share of profits of associates and joint ventures	116	395	110	387
Gains arising from changes in fair value	614	200	8	906
Exchange (losses)/gains	(711)	(686)	78	3
Other operating income	1,058	3,086	835	2,431
Gains on disposal of assets	1	2	12	13
II. Operating expense	(99,930)	(317,761)	(82,353)	(288,233)
Surrenders	(3,732)	(9,086)	(3,089)	(8,161)
Claims	(38,404)	(104,216)	(32,014)	(95,898)
Less: Claim recoveries from reinsurers	3,468	8,700	3,069	7,620
Change in insurance contract reserves	(32,525)	(128,366)	(26,329)	(111,663)
Less: Insurance contract reserves recovered from reinsurers	232	1,634	926	2,011
Changes in insurance premium reserves	(67)	(236)	(52)	(150)
Policyholder dividends	(2,724)	(9,046)	(2,553)	(8,380)
Expenses for reinsurance assumed	(283)	(715)	(72)	(224)
Taxes and surcharges	(256)	(766)	(214)	(660)
Commission and brokerage expenses	(9,953)	(32,572)	(10,306)	(37,272)
Operating and administrative expenses	(15,151)	(39,132)	(10,502)	(32,067)
Less: Expense recoveries from reinsurers	2,795	6,380	1,521	4,985
Interest expenses	(810)	(2,341)	(856)	(2,636)
Other operating expenses	(1,447)	(4,088)	(1,096)	(3,444)
Asset impairment losses	(1,073)	(3,911)	(786)	(2,294)
III. Operating profit	6,509	24,159	8,487	22,993
Add: Non-operating income	15	34	16	41
Less: Non-operating expenses	(56)	(95)	(43)	(89)
IV. Profit before tax	6,468	24,098	8,460	22,945
Less: Income tax	(884)	(3,923)	(1,594)	447
V. Net profit	5,584	20,175	6,866	23,392
Classified by continuity of operations:				
Net profit from continuing operations	5,584	20,175	6,866	23,392
Net profit from discontinued operations	-	-	-	-
Classified by ownership of the equity:				
Attributable to shareholders of the parent	5,409	19,648	6,731	22,914
Non-controlling interests	175	527	135	478
VI. Earnings per share				
Basic earnings per share (RMB per share)	0.56	2.12	0.74	2.53
Diluted earnings per share (RMB per share)	0.56	2.12	0.74	2.53

CONSOLIDATED INCOME STATEMENT (CONTINUED)

For the nine months ended 30 September 2020

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

in RMB million

ITEM	For the three months from 1 July to 30 September 2020	For the nine months ended 30 September 2020	For the three months from 1 July to 30 September 2019	For the nine months ended 30 September 2019
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
VII. Other comprehensive (loss)/income	(610)	1,924	979	6,927
Other comprehensive (loss)/income to be reclassified to profit or loss in subsequent periods:	(610)	1,924	979	6,927
Exchange differences on translation of foreign operation	(21)	(10)	15	18
Changes of fair value of available-for-sale financial assets and related impact to insurance liabilities	(799)	2,618	1,294	9,193
Income tax relating to these item	210	(684)	(330)	(2,284)
VIII. Total comprehensive income	4,974	22,099	7,845	30,319
Attributable to shareholders of the parent	4,800	21,506	7,698	29,710
Attributable to non-controlling interests	174	593	147	609

Kong Qingwei
Legal Representative

Zhang Yuanhan
Principal in charge of Accounting Affairs

Xu Zhen
Head of Accounting Department

INCOME STATEMENT

For the nine months ended 30 September 2020

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

in RMB million

ITEM	For the three months from 1 July to 30 September 2020	For the nine months ended 30 September 2020	For the three months from 1 July to 30 September 2019	For the nine months ended 30 September 2019
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
I. Operating income	499	20,837	818	17,478
Other income	2	4	-	6
Investment income	809	20,716	580	16,715
Gains arising from changes in fair value	-	-	1	6
Exchange losses	(515)	(537)	(4)	(4)
Other operating income	203	654	240	755
Gains on disposal of assets	-	-	1	-
II. Operating expenses	(560)	(1,623)	(570)	(1,589)
Taxes and surcharges	(21)	(62)	(20)	(62)
Operating and administrative expenses	(470)	(1,252)	(474)	(1,260)
Interest expenses	(7)	(44)	(5)	(41)
Other operating expenses	(35)	(105)	(43)	(111)
Assets impairment losses	(27)	(160)	(28)	(115)
III. Operating profit	(61)	19,214	248	15,889
Add: Non-operating income	-	-	-	1
Less: Non-operating expenses	(21)	(36)	(1)	(11)
IV. Profit before tax	(82)	19,178	247	15,879
Less: Income tax	34	(86)	(45)	(88)
V. Net profit	(48)	19,092	202	15,791
Classified by continuity of operations:				
Net profit from continuing operations	(48)	19,092	202	15,791
Net profit from discontinued operations	-	-	-	-
VI. Other comprehensive income/(loss)	11	225	86	694
Other comprehensive income to be reclassified to profit or loss in subsequent periods:	11	225	86	694
Changes in fair value of available-for-sale financial assets	13	299	115	925
Income tax relating to available-for-sale financial assets	(2)	(74)	(29)	(231)
VII. Total comprehensive income	(37)	19,317	288	16,485

Kong Qingwei
Legal Representative

Zhang Yuanhan
Principal in charge of Accounting Affairs

Xu Zhen
Head of Accounting Department

5.3

CONSOLIDATED CASH FLOW STATEMENT

For the nine months ended 30 September 2020

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

in RMB million

ITEM	For the nine months ended 30 September 2020	For the nine months ended 30 September 2019
	(unaudited)	(unaudited)
I Cash flows from operating activities		
Cash received from premium income from direct insurance contracts	274,890	267,860
Net increase in policyholders' deposits and investments contract liabilities	7,159	9,510
Refund of taxes and surcharges	12	1
Cash received relating to other operating activities	4,011	3,489
Sub-total of cash inflows	286,072	280,860
Cash paid for claims under direct insurance contracts	(99,622)	(93,229)
Net cash paid under reinsurance contracts	(3,177)	(1,924)
Cash paid for commission and brokerage expenses	(32,314)	(35,584)
Cash paid for policyholder dividends	(7,773)	(7,168)
Cash paid to and on behalf of employees	(17,962)	(18,063)
Payments of taxes and surcharges	(7,500)	(9,448)
Cash paid relating to other operating activities	(35,849)	(26,147)
Sub-total of cash outflows	(204,197)	(191,563)
Net cash flows from operating activities	81,875	89,297
II Cash flows from investing activities		
Cash received from disposal of investments	278,210	213,902
Cash received from returns on investments	49,105	44,937
Net cash received from disposal of subsidiaries and other business entities	318	3
Net cash received from disposals of fixed assets, intangible assets and other long-term assets	11	55
Sub-total of cash inflows	327,644	258,897
Cash paid to acquire investments	(437,830)	(329,902)
Net increase in policy loans	(3,862)	(6,102)
Net cash paid to acquire subsidiaries and other business entities	(281)	(2,443)
Cash paid to acquire fixed assets, intangible assets and other long-term assets	(1,737)	(1,674)
Cash paid relating to other investing activities	(9)	(129)
Sub-total of cash outflows	(443,719)	(340,250)
Net cash flows used in investing activities	(116,075)	(81,353)
III Cash flows from financing activities		
Cash received from capital contributions	13,915	-
Increase in securities sold under agreements to repurchase, net	31,238	-
Cash received relating to other financing activities	7,485	6,482
Sub-total of cash inflows	52,638	6,482
Cash repayments of borrowings	(2,290)	(4,000)
Cash payments for distribution of dividends, profits or interest expenses	(13,227)	(11,620)
Decrease in securities sold under agreements to repurchase, net	-	(1,374)
Cash paid relating to other financing activities	(1,655)	(1,176)
Sub-total of cash outflows	(17,172)	(18,170)
Net cash flows from/(used in) financing activities	35,466	(11,688)
IV Effects of exchange rate changes on cash and cash equivalents	(238)	64
V Net increase/(decrease) in cash and cash equivalents	1,028	(3,680)
Add: Cash and cash equivalents at the beginning of period	42,546	38,121
VI Cash and cash equivalents at the end of period	43,574	34,441

Kong Qingwei
Legal Representative

Zhang Yuanhan
Principal in charge of Accounting Affairs

Xu Zhen
Head of Accounting Department

CASH FLOW STATEMENT
For the nine months ended 30 September 2020

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

in RMB million

ITEM	For the nine months ended 30 September 2020 (unaudited)	For the nine months ended 30 September 2019 (unaudited)
I Cash flows from operating activities		
Cash received relating to other operating activities	669	703
Sub-total of cash inflows	669	703
Cash paid to and on behalf of employees	(652)	(664)
Payments of taxes and surcharges	(234)	(121)
Cash paid relating to other operating activities	(1,017)	(1,486)
Sub-total of cash outflows	(1,903)	(2,271)
Net cash flows used in operating activities	(1,234)	(1,568)
II Cash flows from investing activities		
Cash received from disposal of investments	10,928	9,275
Cash received from returns on investments	20,204	16,788
Net cash received from disposal of subsidiaries and other business entities	-	3
Net cash received from disposals of fixed assets, intangible assets and other long-term assets	-	1
Sub-total of cash inflows	31,132	26,067
Cash paid to acquire investments	(27,087)	(13,198)
Net cash paid to acquire subsidiaries and other business entities	-	(450)
Cash paid to acquire fixed assets, intangible assets and other long-term assets	(100)	(130)
Sub-total of cash outflows	(27,187)	(13,778)
Net cash flows from investing activities	3,945	12,289
III Cash flows from financing activities		
Cash received from capital contributions	13,915	-
Sub-total of cash inflows	13,915	-
Cash payments for distribution of dividends, profits or interest expenses	(10,907)	(9,105)
Decrease in securities sold under agreements to repurchase, net	(651)	(1,840)
Cash paid relating to other financing activities	(228)	(6)
Sub-total of cash outflows	(11,786)	(10,951)
Net cash flows from/(used in) financing activities	2,129	(10,951)
IV Effect of exchange rate changes on cash and cash equivalents	(200)	-
V Net increase/(decrease) in cash and cash equivalents	4,640	(230)
Add: Cash and cash equivalents at the beginning of period	191	413
VI Cash and cash equivalents at the end of period	4,831	183

Kong Qingwei
Legal Representative

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Xu Zhen
Head of Accounting Department