



CONTENTS

Important information	P02
Corporate information and definitions	P03
Business overview	P05
Chairman's statement	P09

Operating results

Highlights of accounting and operation data	P13
Review and analysis of operating results	P17
Embedded value	P41

12

48

Corporate governance

Report of the Board of Directors and significant events	P49
Changes in the share capital and shareholders' profile	P59
Directors, supervisors and senior management	P63
Corporate governance	P67
Environmental and social responsibilities	P73

Other information

Documents available for inspection	P77
------------------------------------	-----

76

80

Financial report

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

Cautionary Disclaimer:

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 2021 Interim Report of the Company was considered and approved at the 11th session of the 9th Board of Directors on 27 August 2021, which 15 Directors were required to attend and 13 of them attended in person. Due to other business engagements, directors John Robert DACEY and LIU Xiaodan did not attend the board meeting and appointed in writing directors KONG Qingwei and CHEN Jizhong respectively to attend the meeting and vote on their behalf.
- II. The 2021 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: 1 South Zhongshan Road, Huangpu, Shanghai, PR China



Follow us
on WeChat



Corporate information

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: SU Shaojun

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:

1 South Zhongshan Road, Huangpu, Shanghai, PR China

Joint Company Secretary: NGAI Wai Fung

Tel: +852-39120800

Fax: +852-39120801

Email: maurice.ngai@swcsgroup.com

Address:

40/F, Dah Sing Financial Centre, 248 Queen’s Road East, Wanchai, Hong Kong

Registered Office:

1 South Zhongshan Road, Huangpu, Shanghai, PR China

Office Address:

1 South Zhongshan Road, Huangpu, Shanghai, PR China

Postal Code: 200010

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>

Announcements for GDR Published at:

<http://www.londonstockexchange.com>

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: 中國太保

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

Stock Exchange for GDR Listing: London Stock Exchange

Stock Name for GDR: China Pacific Insurance (Group) Co., Ltd.

Trading symbol for GDR: CPIC

Accountant (A Share):

PricewaterhouseCoopers Zhong Tian LLP

Office of Domestic Accountant:

11/F, PricewaterhouseCoopers Centre, Link Square 2, 202 Hubin Road, Huangpu, Shanghai, PR China

Signing Certified Public Accountants:

PENG Runguo, ZHANG Jiong

Accountant (H Share):

PricewaterhouseCoopers (Certified Public Accountants and Registered PIE Auditor)

Office address: 22/F, Prince’s Building, Central, Hong Kong

Accountant (GDR): PricewaterhouseCoopers Zhong Tian LLP

Office of Domestic Accountant:

11/F, PricewaterhouseCoopers Centre, Link Square 2, 202 Hubin Road, Huangpu, Shanghai, PR China

Signing Certified Public Accountants:

PENG Runguo, ZHANG Jiong

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.
“CPIC Fund”	CPIC Fund Management Co., Ltd., a subsidiary of China Pacific Insurance (Group) Co., Ltd.
“CPIC Anxin Agricultural”	China Pacific Anxin Agricultural Insurance Co., Ltd., a subsidiary of China Pacific Insurance (Group) Co., Ltd.
“CPIC Health”	Pacific Health Insurance Co., Ltd., a subsidiary of China Pacific Insurance (Group) Co., Ltd.
“CBIRC”	China Banking and Insurance Regulatory Commission
“CSRC”	China Securities Regulatory Commission
“SSE”	Shanghai Stock Exchange
“SEHK”	The Stock Exchange of Hong Kong Limited
“LSE”	London Stock Exchange
“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
“GDR”	Global depositary receipts
“ESG”	Environmental, Social and Governance
“RMB”	Renminbi
“pt”	Percentage point

Key indicators

Unit: RMB million

<p>Group total income</p> <p>251,416 +8.0%</p> <p>GWPs – CPIC Life 141,449 +2.1%</p> <p>GWPs – CPIC P/C 81,561 +6.4%</p>	<p>Group OPAT attributable to shareholders of the parent</p> <p>18,279 +4.9%</p>	<p>Group embedded value</p> <p>474,431 +3.3%</p>
	<p>Group net profit attributable to shareholders of the parent</p> <p>17,304 +21.5%</p>	<p>Group comprehensive solvency margin ratio</p> <p>279% -9pt</p> <p>CPIC Life 234%</p> <p>CPIC P/C 273%</p>
<p>NBV of life business</p> <p>10,231 -8.9%</p> <p>NBV margin of life business</p> <p>25.4% -11.6pt</p>	<p>Growth rate of Group investments' net asset value (annualised)</p> <p>4.8% -0.5pt</p> <p>Group total investment yield (annualised)</p> <p>5.0% +0.2pt</p> <p>Group net investment yield (annualised)</p> <p>4.1% -0.3pt</p>	<p>Group AuM</p> <p>2,565,483 +5.3%</p>
<p>Combined ratio of P/C business^{note 1}</p> <p>99.3% +0.9pt</p>		<p>Group number of customers ('000)^{note 2}</p> <p>159,852 +10,914</p>

Notes:

1. Consolidated data of CPIC P/C, CPIC Anxin Agricultural and CPIC HK.
2. Figures as of the end of last year were restated.

Key indicators

Unit: RMB million

Indicators	As at 30 June 2021 /for the period between January and June in 2021	As at 31 December 2020 /for the period between January and June in 2020	Changes (%)
Key value indicators			
Group embedded value	474,431	459,320	3.3
Value of in-force business ^{note 1}	207,747	201,942	2.9
Group net assets ^{note 2}	218,534	215,224	1.5
NBV of CPIC Life	10,231	11,228	(8.9)
NBV margin of CPIC Life (%)	25.4	37.0	(11.6pt)
Combined ratio of CPIC P/C (%)	99.3	98.3	1.0pt
Annualised growth rate of Group Investments' net asset value (%)	4.8	5.3	(0.5pt)
Key operating indicators			
GWPs	224,518	216,597	3.7
CPIC Life	141,449	138,586	2.1
CPIC P/C	81,561	76,672	6.4
Group number of customers ('000) ^{note 3,4}	159,852	148,938	7.3
Average number of insurance policies per customer	2.14	2.09	2.4
Monthly average agent number ('000)	641	766	(16.3)
Surrender rate of CPIC Life (%)	0.9	0.5	0.4pt
Annualised total investment yield (%)	5.0	4.8	0.2pt
Annualised net investment yield (%)	4.1	4.4	(0.3pt)
Third-party AuM	813,367	788,073	3.2
CPIC AMC	261,693	253,227	3.3
Changjiang Pension	503,695	483,060	4.3
Key financial indicators			
Net profit attributable to shareholders of the parent	17,304	14,239	21.5
CPIC Life	12,873	10,147	26.9
CPIC P/C	3,503	3,176	10.3
Basic earnings per share (RMB yuan) ^{note 2}	1.80	1.57	14.6
Net assets per share (RMB yuan) ^{note 2}	22.72	22.37	1.5
Comprehensive solvency margin ratio (%)			
CPIC Group	279	288	(9pt)
CPIC Life	234	242	(8pt)
CPIC P/C	273	276	(3pt)

Notes:

1. Based on the Group's share of CPIC Life's value of in-force business after solvency.
2. Attributable to shareholders of the parent.
3. The Group number of 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 as of the end of last year were restated.

Core Competitiveness

We are a leading integrated insurance group in China, and the first insurer simultaneously listed in Shanghai, Hong Kong and London, ranking 158th among Fortune Global 500 released in 2021. On the back of vigorous effort in transformation and competitive insurance expertise, we can capitalise on the vast growth potential of China's insurance market.

Focus

We persist in the focus on insurance, and have obtained a full range of insurance-related licences covering life insurance, property and casualty insurance, pension, health insurance, agricultural insurance and asset management. With balanced development of business segments along the insurance value chain, we have fostered top-notch core competitiveness of specialised business operation in the insurance business. Our life/health insurance business upholds protection as the central insurance value proposition, stays committed to value and the long-term, continuously deepens the model of “products + services” to drive sustainable growth of customer value; focuses on quality and productivity improvement of the agency force while fostering new growth drivers via value-added service and technology empowerment. The property and casualty insurance adheres to guidelines of high-quality development centring on “profitability, sustainability and sound management”, continues to enhance customer operation capabilities, strengthens business quality control to achieve industry leadership in premium growth and underwriting profitability. As for investment, we established and have continued to optimise the system of asset liability management (ALM) through economic cycles while adhering to prudent, value and long-term investing, with sustained improvement in industry-leading, liability-based strategic asset allocation (SAA) capabilities and specialised investment expertise.

Prudence

We are committed to prudent business operation, uphold protection as the central insurance value proposition to improve people's life, and pursue a path of high-quality development. We boast a professional and competent board of directors, an experienced management team and a group-centralised platform of management, with sound corporate governance featuring a clear definition of responsibilities, checks and balances and well-coordinated mechanisms. Through the GDR issuance, we further optimised shareholding structure, with an even more diversified, international and professional board of directors, paving the way for continued improvement in corporate governance and decision-making processes and capabilities. We established an industry leading system for risk management and internal control, which ensures healthy and sustainable development of the Company.

Dynamism

We persist in customer orientation and forge ahead with transformation in a bid to foster capabilities for sustainable development. We promote breakthroughs in technology, data service and innovative mechanisms in an all-around manner, put in place data governance structures and data platforms, introduced market-based reform of technology to unleash its power to drive innovation. In response to trends and dynamics of the industry, we pro-actively invested in emerging business segments such as health care and elderly care, achieved breakthroughs in key areas such as the big data platform of health care, the network of brick-and-mortar care providers and retirement communities, with progress in building a value chain of health and retirement for the full life cycle of customers and new “products + services” model. We contribute to China's regional integrated development initiatives, in particular the Yangtze River Delta Region, the coordinated development of the Area of Beijing, Tianjin and Hebei, and the Greater Bay Area of Guangdong, Hongkong and Macao, improve the differentiated regional development path for key areas with our own characteristics to drive business growth through regional integration. We launched “the Ever-Green Plan”, a long-term incentive scheme to stimulate organisational vitality. We also set up an in-house CPIC Learning & Innovation Centre so that expertise and knowledge can be passed from generation to generation, laying the foundation for sustainable development.

Responsibility

Committed to our responsibility to society, customers and shareholders, we vigorously participate in national initiatives, serve the needs of the real economy and peoples' aspirations for a better life. We promote the brand image of “Responsible, Intelligent and Caring” CPIC Service, supported by innovation in mechanisms and technology. We use insurance to fulfil our social responsibilities, pioneering in the fight against the pandemic, rural revitalization and combating natural disasters. We implemented ESG sustainable development philosophies, formulated ESG top-level design and governance framework, contribute to a low-carbon economy through sustainable insurance and green investment, helping with fulfillment of “Carbon Peaking” and “Carbon Neutrality” goals. We conduct charitable activities such as “pair-up to assist with education” and “caring for the elderly with cognitive impairment”. At the same time, we strive to generate sound returns and give back to our shareholders so that they can benefit from the growth of the Company.

Honours and awards

- CPIC Group was listed on Fortune Global 500 for the 11th consecutive year, ranking 158th, up 35 places from 2020.
- CPIC Group ranked 119th among the World's 500 Most Valuable Brands in 2021, and 5th among the World's 100 Most Valuable Insurance Brands in 2021 released by Brand Finance, with brand value of USD15.389 billion, an increase of 9.6% from the previous year.
- CPIC won the Social Responsibility Institution of the Year award granted by China Banking and Insurance News.
- Ti Fang Bao, an insurance programme of CPIC P/C with financing and social management functions, won the "Best Economics Insurance Product of the Year" award in the Jin Ri Bao·China Insurance White Elephant List.
- In the Jin Ri Bao· China Insurance White Elephant List, Zhizun Xinmanyi, an annuity insurance (participating) product of CPIC Life, won the "Top Ten Best-selling Insurance Products of the Year" award; its Lexiang Baiwan (H2019), a medical insurance product, won the "Top Ten Best-selling Protection Insurance Products of the Year" award, and Tai Hui Bao, a city-specific customised inclusive insurance product of CPIC Life, won the "Best Economics Insurance Product of the Year" award.
- CPIC AMC won the "Insurance Asset Management Company Golden Bull Award", "Insurance Asset Management Product Portfolio Golden Bull Award (Fixed Income)", and "Insurance Assets Management Product Portfolio Golden Bull Award (Equity)" in the first "China Insurance Industry Investment Golden Bull Awards" sponsored by China Securities Journal.
- CPIC Health was awarded the 2021 Customer Satisfaction Brand for March 15th Consumer Rights Protection Day by China's Foundation of Consumer Rights Protection for the 4th consecutive year.
- Changjiang Pension was honoured Best Pension Management Company of the Year 2021 in the Jinbei Awards Ceremony hosted by the 21st Century Economic Daily.

Chairman's statement

中国太保成立30周年总结发展大会

1991-2021



Dear shareholders:

In the first half of 2021, the COVID-19 pandemic continued to spread, casting a pall over prospects of global economic recovery. Market conditions became increasingly complicated and challenging. The insurance sector continued to explore the path forward in a new stage of development. **In the face of greater uncertainties, we met the challenges head-on, worked hard and ensured stable fundamentals while laying the groundwork for the future.**

We reported solid business performance in the first half of 2021, with steady growth on key metrics such as Group operating income, net operating profits (OPAT), embedded value (EV), and assets under management (AuM). Group number of customers amounted to nearly 160 million, and what is worth noting is we acquired over 10 million new customers for the first time in half a year.

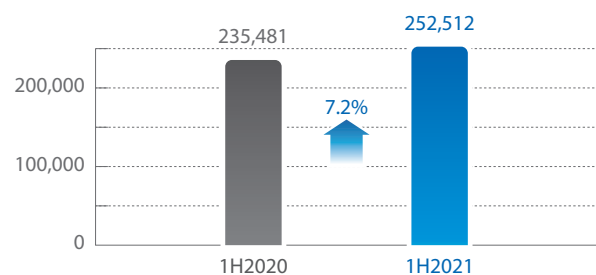
Core business remained stable. Property and casualty insurance proactively adapted to the comprehensive reform of automobile insurance, pushed for integration of automobile and non-auto insurance business and delivered rapid top-line growth while maintaining underwriting profitability. Life insurance recorded a first year premium (FYP) growth of high double digits on the back of well-planned and executed business promotion activity and continued innovation in "products + services", with sustained increase in residual margin. As for investment, we made wise decisions, based on a Group-centralised investment research platform, and realised stable investment results amid a volatile market. We also established a private equity firm and obtained the qualification for fund management, enhancing our deployment in asset management.

Thanks to growing overall strength, we have been included among Fortune Global 500 for the 11th consecutive year, ranking 158th, rising 35 places.

In the first half of 2021, we celebrated our 30th anniversary. As a company headquartered in Shanghai, a city spearheading China's reform and opening-up, we started from scratch, navigated uncharted waters and learned useful lessons from 30 years of market competitions. Value and

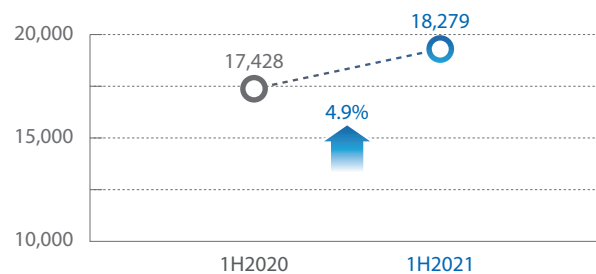
Group operating income^{note 1}

Unit: RMB million



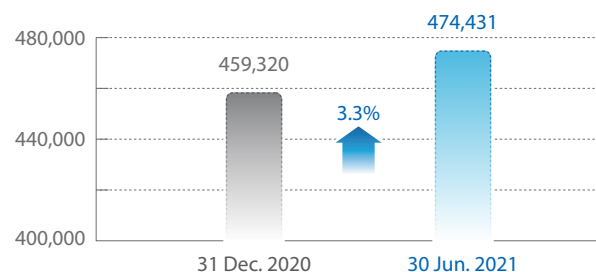
Group OPAT^{note 2}

Unit: RMB million



Group EV

Unit: RMB million



long term have been ingrained into our culture and business philosophy, **which prepared us for challenges. When faced with hard choices, we would choose to do the right and difficult thing.**

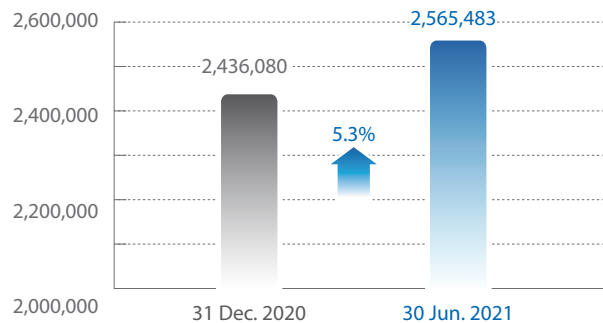
The implementation of the health business strategy got underway. Guangci-CPIC On-line Hospital went operational and launched its first product “CPIC Family Doctor”, a proprietary on-line management platform for doctors so that each of our customers can access high-quality family doctor services. We explored in-depth off-line cooperation with brick-and-mortar hospitals, made plans for deployment in rehab hospitals, which would pave the way for the integration of insurance claims payment with premium health care resources through single illnesses and rehab care. Our health insurance subsidiary completed shareholding restructuring, and is currently working on “new channels, new products, new technology” to drive transformation. As for industrial investment in health care, on the back of market-based platforms, we established a dedicated equity investment fund focusing on innovative drug, medical equipment and appliances and medical services, with a number of projects underway.

We initiated and moved ahead with the big data strategy. A unified data management policy was formulated, with the establishment of a multi-tiered organisational structure from the Group to subsidiaries. We proceeded with platform building, data governance and data applications based on an overall blueprint. The mechanism of technology marketisation went operational. CPIC Fintech, which is still in the preparatory stage, signed shared service agreements with other subsidiaries so that it could be more pro-active and efficient in serving their needs. The building of R&D centres also delivered initial success. The centres in Shanghai, Chengdu and Wuhan combine specialisation with collaboration. Going forward, we will establish an innovation R&D centre in the Greater Bay Area, and its construction plan is being reviewed for feasibility. We also set up the Data and Intelligence Institute, stepped up recruitment of top-notch talent in the industry, with 7 leading experts now on board. We put in place task forces in 6 areas such as big data, AI, cyber-security, Internet operation, cloud computing and block chain, responsible for development of core technologies with incubation mechanisms initially in shape.

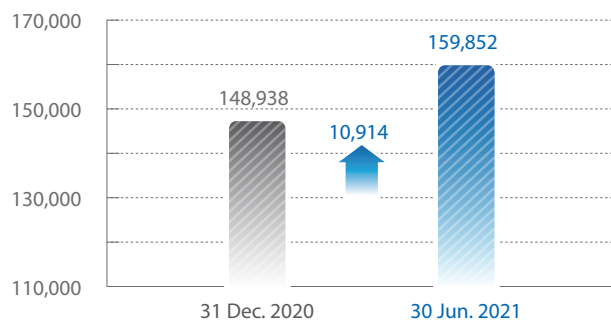
We continued to deepen “CPIC Service”. The institution of “Service Officer” was put in place, which covers 5,800 branch offices and stretches across 4 levels of hierarchy, from the Group to key sub-branches. Over 700 senior managers were appointed as Service Officers, working at the front-line of customer service and shouldering the responsibility of “integrating CPIC Service into transformation initiatives”. We expanded the scope of service, enhanced technology innovation and improve service standards in an all-around way. “CPIC Home” retirement communities achieved deployment across the country, and “CPIC Blue” health management programme benefited 15 million customers. “Blue Friends”, or CPIC employees in blue uniforms can be seen at the forefront of the fight against the pandemic, on the venue of the China International Import Expo and the Flower Expo, and the site of relief and rescue of heavy rains in Henan Province. “Responsible, intelligent and caring” have become the label of “CPIC Service”.

We made progress with sustainable development. Under the leadership of the board, we completed the top-level ESG design, and have started to incorporate ESG sustainable development philosophy into daily business operation. In line with the national strategy of low-carbon transitioning of social and economic development, we vigorously supported motor vehicles running on renewable energy via automobile insurance to encourage green travelling, and provided insurance cover for 424.6 thousand new energy vehicles; we tailor made insurance solutions for environmental treatment, green ship-building, advanced manufacturing and new infrastructure, and launched a number of products to boost sustainable development of the ecosystem; we conducted green investment in renewable energy, water conservation and environmental protection area by means of debt securities, equity investments and industry funds. We are in the process of formulating a Group-level sustainable development strategy covering liabilities, assets and our own operation, so as to attain a new level of sustainable development.

Group AuM Unit: RMB million



Group number of customers ^{note 3} Unit: '000



Doing the right and perhaps difficult thing requires patience and tenacity. Though there are numerous challenges down the road, we are full of confidence. The board, with expectations of our investors in mind, will lead the effort and press ahead towards goals of high-quality development.

In the second half of the year, we will be committed to close the gaps in business operation, and intensify efforts, in a differentiated manner, in quality improvement of the life insurance agency channel, automobile insurance in the context of comprehensive reform and enhancement of underwriting profitability of non-auto business in a bid to fulfill annual business budgets. At the same time, we will move resolutely towards the strategic direction and targets of “best in customer experience, business quality and risk control capabilities”, and in particular strive for breakthroughs in long-term incentive systems, professional capacity-building of investment management, platform-based development of health service, marketisation of technology, and modernisation of corporate governance so as to pave the way for a successful beginning of a new round of 5-year high-quality development.

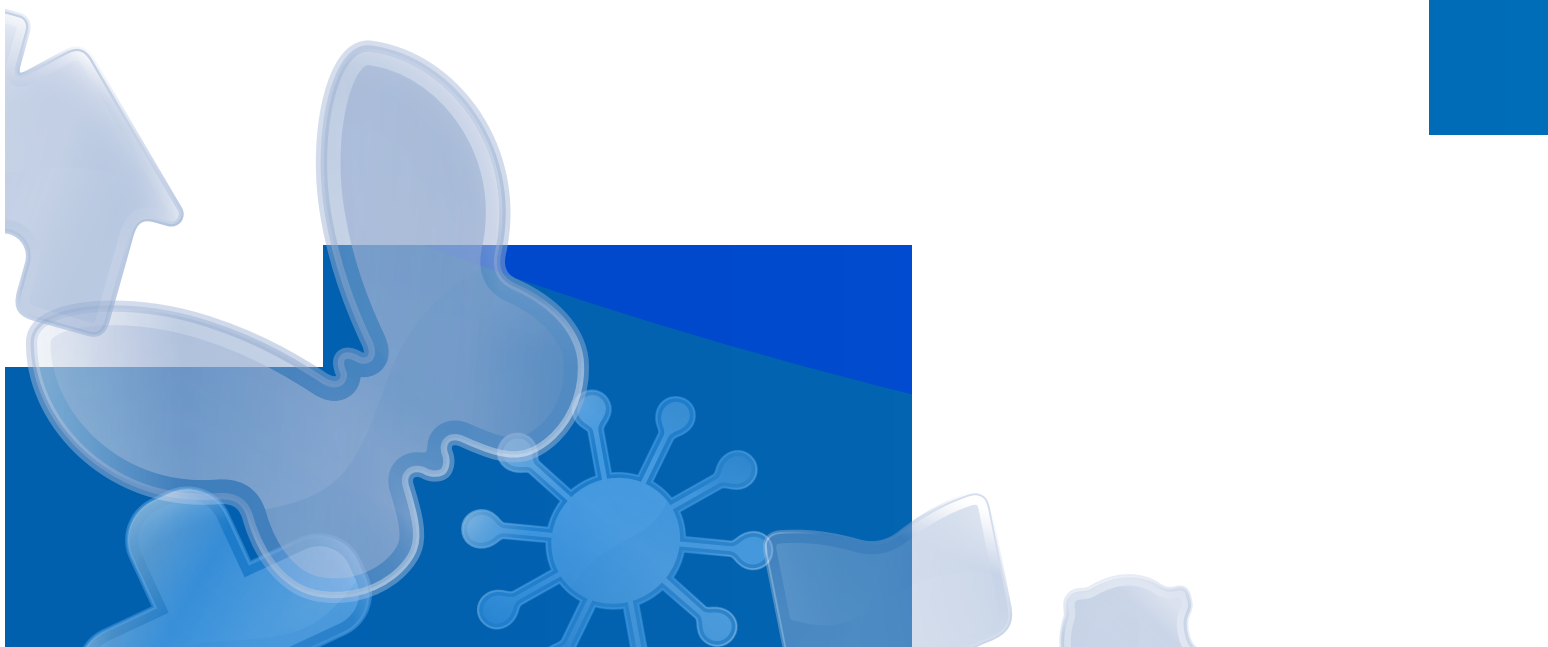
Notes:

1. Based on PRC GAAP.
2. Attributable to shareholders of the parent.
3. Figures as of the end of last year were restated.



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 2021	January to June 2020	Changes (%)
Total income	251,416	232,712	8.0
Profit before tax	21,400	17,630	21.4
Net profit ^{note}	17,304	14,239	21.5
Net cash flows from operating activities	59,104	67,285	(12.2)
	30 June 2021	31 December 2020	Changes (%)
Total assets	1,896,869	1,771,004	7.1
Equity ^{note}	218,534	215,224	1.5

Note: Attributable to shareholders of the parent.

Unit: RMB

Key accounting indicators	January to June 2021	January to June 2020	Changes (%)
Basic earnings per share ^{note 1}	1.80	1.57	14.6
Diluted earnings per share ^{note 1}	1.80	1.57	14.6
Weighted average return on equity (%) ^{note 1}	7.8	7.7	0.1 pt
Net cash flows per share from operating activities ^{note 2}	6.14	7.41	(17.1)
	30 June 2021	31 December 2020	Changes (%)
Net assets per share ^{note 1}	22.72	22.37	1.5

Notes:

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

2

Other key financial and regulatory indicators

Unit: RMB million

Indicators	30 June 2021/ January to June 2021	31 December 2020/ January to June 2020
The Group		
Investment assets ^{note 1}	1,752,116	1,648,007
Investment yield (%) ^{note 2}	5.0	4.8
CPIC Life		
Net premiums earned	133,700	130,489
Growth rate of net premiums earned (%)	2.5	(1.7)
Net policyholders' benefits and claims	139,295	130,183
CPIC P/C		
Net premiums earned	63,306	59,304
Growth rate of net premiums earned (%)	6.7	17.3
Claims incurred	44,126	35,276
Unearned premium reserves	71,761	63,706
Claim reserves	47,961	40,772
Combined ratio (%) ^{note 3}	99.3	98.3
Loss ratio (%) ^{note 4}	70.1	59.7

Notes:

- Investment assets include cash and short-term time deposits, etc.
- Total investment yield (annualised) = (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 annualised. Average investment assets used as the denominator are computed based on Modified Dietz method in principle.
- Combined ratio = (claims incurred + operating and administrative expenses relating to insurance businesses) / net premiums earned.
- Loss ratio is based on net premiums earned.

3

Discrepancy between the financial results prepared under PRC GAAP and HKFRS

There is no difference on the equity of the Group as at 30 June 2021 and 31 December 2020 and the net profit of the Group for the 6-month periods then ended as stated in accordance with PRC GAAP and HKFRS.



Review and analysis of
operating results

1

Business overview

Key businesses

We are a leading integrated insurance group in China, and the first insurer simultaneously listed in Shanghai, Hong Kong and London. We provide, through our subsidiaries and along the insurance value chain, a broad range of risk protection solutions, wealth management and asset 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 CPIC Anxin Agricultural, and specialised health insurance products & health management services through CPIC Health. We manage insurance funds, including third-party assets, through our investment arm, CPIC AMC. We conduct pension fund management business and other related asset management business via Changjiang Pension. We also engage in mutual fund management business through CPIC Fund.

In the first half of 2021, China's insurance market realised direct insurance business premiums^{note} of RMB2.7 trillion, up by 4.2% from the same period of 2020. Measured by direct business premiums, CPIC Life and CPIC P/C are both China's 3rd largest insurers for life and property and casualty insurance, respectively.

Note: Based on statistics released on the website of CBIRC.

2

Performance overview

We focused on the core business of insurance, stayed committed to value and the long term, deepened the customer-oriented strategic transformation, pursued high-quality development and delivered solid business results and sustained increase in overall strength in the reporting period.

I. Performance highlights

During the reporting period, Group operating income^{note 1} amounted to RMB252.512 billion, of which, gross written premiums (GWPs) reached RMB224.518 billion, a growth of 3.7% compared with the same period of 2020. Group net profits^{note 2} reached RMB17.304 billion, up by 21.5%, with Group OPAT^{notes 2,3} of RMB18.279 billion, a growth of 4.9%. Group EV amounted to RMB474.431 billion, an increase of 3.3% from the end of 2020. Of this, value of in-force business^{note 4} reached RMB207.747 billion, up by 2.9%. Life insurance business delivered RMB10.231 billion in new business value (NBV), down by 8.9% compared with the same period of 2020, with an NBV margin of 25.4%, down by 11.6pt. Property and casualty insurance business^{note 5} recorded a combined ratio of 99.3%, up by 0.9pt. Annualised growth rate of Group investments' net asset value fell by 0.5pt to 4.8%. As of the end of the reporting period, Group total number of customers amounted to 159.85 million, an increase of 10.91 million from the end of 2020.^{note 6}

Life insurance new business sales grew rapidly, but NBV growth was under pressure.

- > GWPs of CPIC Life amounted to RMB141.449 billion, up by 2.1%. Of this, FYPs from the agency channel of the individual business realised a growth of 18.5%.
- > CPIC Life realised RMB10.231 billion in NBV, down by 8.9%, with an NBV margin of 25.4%, down by 11.6pt.
- > OPAT of life insurance reached RMB14.293 billion, up by 6.7%; the residual margin of life insurance amounted to RMB357.713 billion, a growth of 1.9% from the end of 2020.

Property and casualty business^{note 5} maintained underwriting profitability, with sustained fast growth of non-auto business.

- > The combined ratio was 99.3%, up by 0.9pt. Of this, the loss ratio stood at 70.1%, up by 10.2pt, and the expense ratio 29.2%, down by 9.3pt.
- > GWPs amounted to RMB82.761 billion, an increase of 6.4%. Of this, non-auto business grew by 28.3% and accounted for 46.1% of total property and casualty insurance GWPs, up by 7.9pt.
- > Automobile insurance enhanced customer retention to push for a shift of growth drivers. Emerging business lines such as health, agricultural and liability insurance maintained rapid development.

Persisted in asset allocation through economic cycles and based on profiles of liabilities, with solid investment results.

- > The share of fixed income investments stood at 77.7%, down by 0.6pt from the end of 2020; that of equity investments 19.2%, up by 0.4pt, and of this, core equity investments^{note 7} accounted for 9.9% of total investment assets, a decrease of 0.3pt from the end of 2020.
- > Continued to extend asset duration, enhanced investment research capabilities and the Tactical Asset Allocation (TAA) process. Annualised growth rate of Group investments' net asset value reached 4.8%, down by 0.5pt from the same period of 2020. Annualised total investment yield was 5.0%, up by 0.2pt and annualised net investment yield 4.1%, down by 0.3pt.
- > Group AuM amounted to RMB2,565.483 billion, an increase of 5.3% from the end of 2020. Of this, third-party AuM amounted to RMB813.367 billion, an increase of 3.2%.

Notes:

1. Based on PRC GAAP.
2. Attributable to shareholders of the parent.
3. OPAT is based on net profit on the financial statements, while excluding certain P/L items with short-term volatility and material one-off items which management does not consider to be part of the Company's day-to-day business operation.
4. Based on the Group's share of CPIC Life's value of in-force business after solvency.
5. Consolidated data of CPIC P/C, CPIC Anxin Agricultural and CPIC HK.
6. Figures as of the end of last year were restated.
7. Stocks and equity funds included.

II. Key performance indicators

Unit: RMB million

Indicators	As at 30 June 2021 /for the period between January and June in 2021	As at 31 December 2020 /for the period between January and June in 2020	Changes (%)
Key value indicators			
Group embedded value	474,431	459,320	3.3
Value of in-force business ^{note 1}	207,747	201,942	2.9
Group net assets ^{note 2}	218,534	215,224	1.5
NBV of CPIC Life	10,231	11,228	(8.9)
NBV margin of CPIC Life (%)	25.4	37.0	(11.6pt)
Combined ratio of CPIC P/C (%)	99.3	98.3	1.0pt
Annualised growth rate of Group investments' net asset value (%)	4.8	5.3	(0.5pt)
Key operating indicators			
GWPs	224,518	216,597	3.7
CPIC Life	141,449	138,586	2.1
CPIC P/C	81,561	76,672	6.4
Group number of customers ('000) ^{note 3,4}	159,852	148,938	7.3
Average number of insurance policies per customer	2.14	2.09	2.4
Monthly average agent number ('000)	641	766	(16.3)
Surrender rate of CPIC Life (%)	0.9	0.5	0.4pt
Annualised total investment yield (%)	5.0	4.8	0.2pt
Annualised net investment yield (%)	4.1	4.4	(0.3pt)
Third-party AuM	813,367	788,073	3.2
CPIC AMC	261,693	253,227	3.3
Changjiang Pension	503,695	483,060	4.3
Key financial indicators			
Net profit attributable to shareholders of the parent	17,304	14,239	21.5
CPIC Life	12,873	10,147	26.9
CPIC P/C	3,503	3,176	10.3
Comprehensive solvency margin ratio (%)			
CPIC Group	279	288	(9pt)
CPIC Life	234	242	(8pt)
CPIC P/C	273	276	(3pt)

Notes:

- Based on the Group's share of CPIC Life's value of in-force business after solvency.
- Attributable to shareholders of the parent.
- The Group number of 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.
- Figures as of the end of last year were restated.

3

Life/health insurance business

New business premiums grew rapidly, but NBV growth was under pressure. CPIC Life pushed forward the “Changhang Action Plan” in an all-around way, stepped up the restructuring of the agency force, strived for recruitment and retention of high-quality agents, and made efforts to establish a multi-tiered service system based on customer segmentation. CPIC Health vigorously explored new business model, focused on core capability-building to enhance foundation of development.

I. CPIC Life

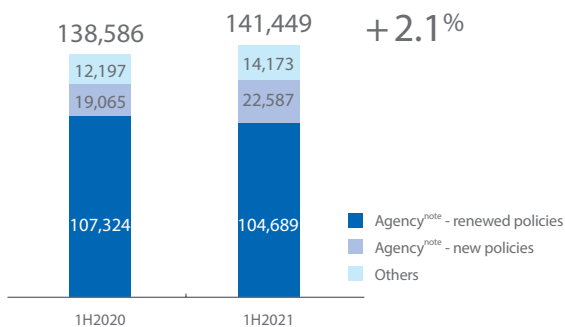
(I) Business analysis

The life insurance sector is still in a stage of transformation and adjustment. In particular, the traditional development mode driven largely by agent headcount growth has experienced bottlenecks, which, aggravated by the COVID-19 pandemic, posed formidable challenges to the industry’s development. In the first half of 2021, CPIC Life reported RMB141.449 billion in GWPs, a growth of 2.1% compared with the same period of 2020. The NBV fell by 8.9% to RMB10.231 billion. As a result of change to business mix, the NBV margin decreased by 11.6pt to 25.4%.

CPIC Life adheres to the long term, pursues high-quality development, pushed for all-around implementation of the “Changhang Action Plan”, accelerated upgrading of the agency force, diversified distribution channels, stepped up capability in digitalisation and the building of the health and retirement ecosystem, stimulated organisational vitality, enhanced employee motivation, ensured effective risk control and compliance management, and strived to be a life insurance company with the best customer experience and long-term commitments.

GWPs of CPIC Life

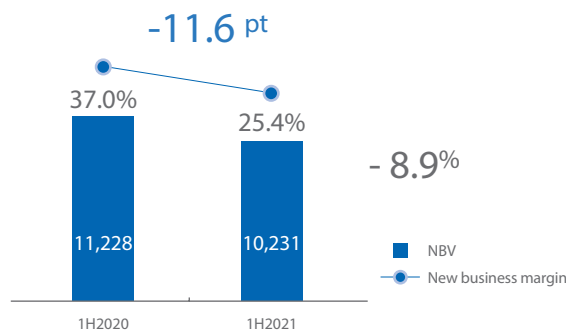
Unit: RMB million



Note: Agency channel refers to that of the individual business in this report.

NBV and new business margin of CPIC Life

Unit: RMB million



1. Analysis by channels

Unit: RMB million

For 6 months ended 30 June	2021	2020	Changes (%)
Individual customers	131,476	130,707	0.6
Agency channel	127,276	126,389	0.7
New policies	22,587	19,065	18.5
Regular premium business	19,711	14,741	33.7
Renewed policies	104,689	107,324	(2.5)
Other channels^{note}	4,200	4,318	(2.7)
Group clients	9,973	7,879	26.6
Total GWPs	141,449	138,586	2.1

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

(1) Business from individual customers

For the reporting period, CPIC Life realised RMB131.476 billion in GWPs from individual customers, up by 0.6%. Of this, new policies from the agency channel amounted to RMB22.587 billion, a growth of 18.5%, due to early and well-planned business promotion activity and the launch of new products on its 30th anniversary; renewal business reached RMB104.689 billion, down by 2.5%. GWPs from the agency channel accounted for 90.0% of total GWPs, a decrease of 1.2pt from the first half of 2020.

In the first half of 2021, monthly average number of agents was 641 thousand, down by 16.3% versus the level for the same period of 2020. CPIC Life focused on quality in agency channel development, adopted a host of measures such as enhancing the role of the amended rules on compensation and management of agents, introducing supportive product strategies, and increasing empowerment of training, so as to create an enabling environment for development of high-performing agents, higher agent income and recruitment & retention of high-quality agents. During the reporting period, monthly average FYP and FYC (first-year commission) per agent reached RMB5,918 and RMB986, up by 41.5% and 15.1% respectively. In the meantime, based on customer needs, the company worked on establishing a multi-tiered service system to promote integration of insurance and health management, elderly care and wealth management, thus fostering new drivers for high-quality development of the individual business.

For 6 months ended 30 June	2021	2020	Changes (%)
Monthly average agent number ('000)	641	766	(16.3)
Monthly average performing ratio of agents (%)	50.1	62.5	(12.4pt)
Monthly average FYP per agent (RMB)	5,918	4,183	41.5
Average number of new long-term life insurance policies per agent per month	1.59	1.83	(13.1)

(2) Business from group clients

In pursuit of high-quality development, CPIC Life focused on target customer segments of its group business, intensified control of profits and losses, launched the pilot programme of up-sell from group clients to individual customers, and delivered a sustainable value growth of the business segment. During the reporting period, it realised RMB9.973 billion in GWPs, up by 26.6%. CPIC Life vigorously contributed to China's social security medical insurance system by engaging in government-sponsored business such as critical illness programmes, third-party administration of social insurance, long-term care, supplementary medical insurance and DRG (Diagnosis Related Groups)/DIP (Big Data Diagnosis-Intervention Packet) based reform of social insurance payment, while actively participating in Huiminbao, or city-specific customised commercial insurance programmes. As of the end of the reporting period, the programmes in operation covered over 145 million people, which, coupled with those in run-off, cumulatively responded to nearly 23 million service requests, and paid out a total of RMB23 billion in claims. Managed care programmes covered more than 30 million people under the social security system in 36 municipalities/prefectures of 13 provinces. CPIC Life was the lead underwriter of Huiminbao in Shanghai, with participation of over 7 million people.

2. Analysis by product types

CPIC Life derived its premium income mainly from traditional and participating products. For the reporting period, traditional business generated RMB67.630 billion in GWPs, up by 22.1%. Of this, long-term health insurance contributed RMB30.590 billion, up by 7.4%. Participating business delivered RMB60.623 billion in GWPs, down by 13.7%, due to the impact of liberalisation of pricing interest rates and adjustment of product strategies.

Unit: RMB million

For 6 months ended 30 June	2021	2020	Changes (%)
GWPs	141,449	138,586	2.1
Traditional	67,630	55,370	22.1
Long-term health	30,590	28,491	7.4
Participating	60,623	70,234	(13.7)
Universal	48	49	(2.0)
Tax-deferred pension	38	38	-
Short-term accident and health	13,110	12,895	1.7

3. Policy persistency ratio

Due to lower agent retention and the impact of the pandemic, the 13-month and 25-month persistency ratios dropped by 5.2pt and 5.8pt to 81.7% and 80.9% respectively.

For 6 months ended 30 June	2021	2020	Changes
Individual life insurance customer 13-month persistency ratio (%) ^{note 1}	81.7	86.9	(5.2pt)
Individual life insurance customer 25-month persistency ratio (%) ^{note 2}	80.9	86.7	(5.8pt)

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.

4. Top 10 regions for GWPs

The GWPs of CPIC Life mainly came from economically developed regions or populous areas.

Unit: RMB million

For 6 months ended 30 June	2021	2020	Changes (%)
GWPs	141,449	138,586	2.1
Henan	15,298	16,193	(5.5)
Jiangsu	14,906	14,215	4.9
Shandong	11,934	11,776	1.3
Zhejiang	10,927	10,038	8.9
Hebei	9,131	8,738	4.5
Guangdong	7,531	7,486	0.6
Hubei	6,030	6,001	0.5
Heilongjiang	5,937	6,009	(1.2)
Shanxi	5,420	5,614	(3.5)
Sichuan	4,601	4,460	3.2
Subtotal	91,715	90,530	1.3
Others	49,734	48,056	3.5

(II) Financial analysis

Unit: RMB million

For 6 months ended 30 June	2021	2020	Changes (%)
Net premiums earned	133,700	130,489	2.5
Investment income ^{note}	41,153	33,137	24.2
Other operating income	979	1,231	(20.5)
Total income	175,832	164,857	6.7
Net policyholders' benefits and claims	(139,295)	(130,183)	7.0
Finance costs	(1,275)	(1,141)	11.7
Interest credited to investment contracts	(2,185)	(1,902)	14.9
Other operating and administrative expenses	(18,354)	(20,016)	(8.3)
Total benefits, claims and expenses	(161,109)	(153,242)	5.1
Profit before tax	14,723	11,615	26.8
Income tax	(1,850)	(1,468)	26.0
Net profit	12,873	10,147	26.9

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

Investment income for the reporting period was RMB41.153 billion, up by 24.2%, mainly because of a sharp increase in gains from securities trading and higher interest income on bond investments.

Net policyholders' benefits and claims amounted to RMB139.295 billion, up by 7.0%, largely due to increase in death and other benefits paid.

Unit: RMB million

For 6 months ended 30 June	2021	2020	Changes (%)
Net policyholders' benefits and claims	139,295	130,183	7.0
Life insurance death and other benefits paid	35,222	31,096	13.3
Claims incurred	4,999	3,958	26.3
Changes in long-term life insurance contract liabilities	92,410	88,807	4.1
Policyholder dividends	6,664	6,322	5.4

Other operating and administrative expenses for the reporting period amounted to RMB18.354 billion, down by 8.3%.

Income tax for the reporting period was RMB1.850 billion, up by 26.0%, mainly due to growth of pre-tax profits.

As a result, CPIC Life recorded a net profit of RMB12.873 billion in the first half of 2021, up by 26.9%.

II. CPIC Health

In the first half of 2021, CPIC Health completed its shareholding restructuring and renaming, marking a new stage of transformation and development. With the new vision of “building an open, high-tech health insurance company”, the subsidiary vigorously explored a business model underpinned by “new channels, new products and new technology”, which calls for increased focus on core competencies such as product innovation, independent operation of Internet business, health management, and technology empowerment, so as to lay the groundwork for rapid development in the future. For the reporting period, it realised RMB2.793 billion in GWPs and health management fee income, and net profit of RMB152 million. As of the end of the reporting period, its core and comprehensive solvency margin ratios were both 165%.

As the platform of specialised health insurance business operation under the Group, CPIC Health will play a central role in development of short-term medical insurance. It vigorously explored commercialisation of on-line traffic to achieve a shift of the business model via technology; accelerated integration with the health care ecosystem to cultivate professional health management capabilities. Besides, the company promoted product innovation to substantiate the model of “products + services” and foster differentiators in core product offerings. In particular, it strived to develop products for people with prior conditions through enhanced big data pricing capability. On the other hand, the subsidiary actively explored new channels of on-line traffic commercialisation, deepened cooperation with on-line platforms, stepped up Internet scenario-based marketing, promoted digitalisation to enhance on-line service capabilities; pushed for coordination with social insurance, health care and pharmaceuticals, and capitalised on intra-Group synergy to contribute to the development of the health business segment.

4

Property and casualty insurance

CPIC P/C^{note} stepped up transformation, promoted the shift of growth drivers and delivered steady premium growth. Automobile insurance business, in the context of comprehensive reform, enhanced capabilities in customer operation, i.e. customer acquisition and retention, with further improvement in customer loyalty; non-auto business seized market opportunities, achieved rapid development of emerging business lines and its share of property and casualty insurance continued to increase.

Note: References to CPIC P/C in this report do not include CPIC Anxin Agricultural.

I. CPIC P/C

(I) Business analysis

CPIC P/C accelerated implementation of transformation initiatives, promoted the shift of growth drivers, deepened “CPIC Service” and realised high-quality development. During the reporting period, it reported GWPs of RMB81.561 billion, up by 6.4%, with a combined ratio of 99.3%, an increase of 1.0pt from the same period of 2020. Of this, loss ratio stood at 70.1%, up by 10.4pt, and the expense ratio reached 29.2%, down by 9.4pt.

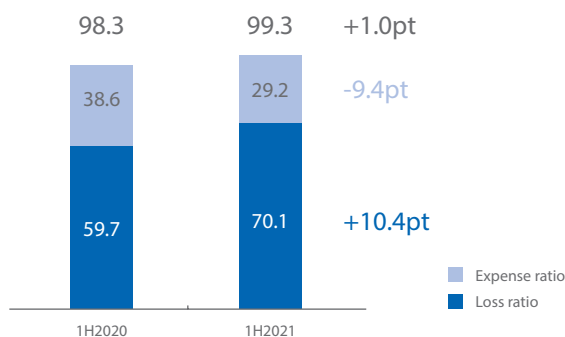
1. Analysis by lines of business

Unit: RMB million

For 6 months ended 30 June	2021	2020	Changes (%)
GWPs	81,561	76,672	6.4
Automobile insurance	44,642	47,962	(6.9)
Compulsory automobile insurance	12,450	11,515	8.1
Commercial automobile insurance	32,192	36,447	(11.7)
Non-automobile insurance	36,919	28,710	28.6
Health insurance	8,213	4,828	70.1
Agricultural insurance	6,725	5,721	17.5
Liability insurance	6,715	4,840	38.7
Commercial property insurance	3,856	3,553	8.5
Others	11,410	9,768	16.8

Combined ratio of CPIC P/C

Unit: %



(1) Automobile insurance

CPIC P/C proactively adapted to the comprehensive reform of automobile insurance, persisted in high-quality development, continued to enhance customer acquisition and retention, promoted intensive management in an all-around way, and strengthened risk management capabilities.

During the reporting period, due to the impact of automobile insurance comprehensive reform, CPIC P/C reported GWPs of RMB44.642 billion from the business line, a decline of 6.9%, with a combined ratio of 99.0%, up by 1.2pt from the first half of 2020. Of this, the loss ratio stood at 72.7%, up by 13.1pt and the expense ratio decreased by 11.9pt to 26.3%.

Going forward, CPIC P/C will focus on customer operation, adhere to high-quality development, continue to enhance risk control capabilities, step up innovation, intensify claims management and claims cost control, and promote centralised management of operation.

(2) Non-automobile insurance

In the first half of 2021, CPIC P/C seized opportunities of the new stage of development, continuously boosted growth drivers of emerging business lines, improved risk management capabilities, and recorded GWPs of RMB36.919 billion, up by 28.6%, with a combined ratio of 99.9%, up by 0.2pt. Of the major business lines, emerging business such as agricultural and liability insurance maintained strong momentum of growth, with stable underwriting profitability.

Health insurance seized opportunities arising from increasing demand post the pandemic, diversified the supply of innovative personal lines health insurance products, and vigorously pushed for rapid development of innovative government-sponsored health insurance programmes such as those linked with social medical insurance, for poverty-alleviation and city-specific inclusive medical insurance. In the first half of 2021, the business line reported RMB8.213 billion in GWPs, a growth of 70.1%.

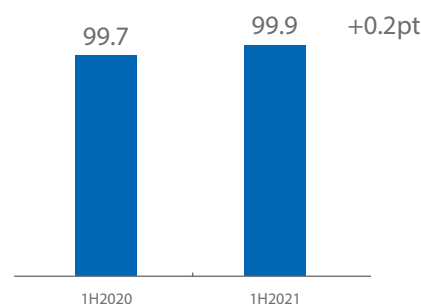
Agricultural insurance seized opportunities of national initiatives such as Fight against Poverty and Rural Revitalization, followed a new path of development centring on “model innovation + service improvement”, stepped up regional breakthroughs and specialised business operation, consolidated the foundation in

digitalisation, organisation, strategy and research platforms, and delivered high-quality development. In the first half of 2021, the business line delivered RMB6.725 billion in GWPs, up by 17.5%; the combined ratio of livestock farming business fell by 17.9pt, with the overall business risk under control.

Liability insurance focused on improving people’s well-being, supporting the real economy, and facilitating industrial upgrading, with great efforts to drive the development of business in food safety, workplace safety, environmental protection, and new materials. The business line delivered RMB6.715 billion in GWPs during the reporting period, up by 38.7%, with a combined ratio of 99.2%, maintaining underwriting profitability.

Combined ratio of non-auto business

Unit: %



Going forward, CPIC P/C will step up the building of risk control systems, enhance risk identification and pricing capabilities, increase the use of new technology, strengthen the coordination of front-end, middle platforms and back office, continue to optimise resource-allocation and business quality; accelerate transformation and innovations, push for rapid development of emerging business lines, improve product line-up, step up the building of customer service platforms so as to achieve high-quality development of the business.

(3) Key financials of major business lines

Unit: RMB million

For 6 months ended 30 June 2021

Name of insurance	GWPs	Amounts insured	Claims	Reserves	Underwriting profit	Combined ratio (%)
Automobile insurance	44,642	25,663,535	29,091	66,512	420	99.0
Health insurance	8,213	55,484,028	3,059	8,326	(184)	103.8
Agricultural insurance	6,725	217,373	2,462	5,626	3	99.9
Liability insurance	6,715	64,561,590	2,342	9,069	30	99.2
Commercial property insurance	3,856	8,797,583	1,726	6,089	128	92.9

2. Top 10 regions for GWPs

CPIC P/C is committed to regional integrated development via improved market responses, product competitiveness and customer services in local markets.

Unit: RMB million

For 6 months ended 30 June	2021	2020	Changes (%)
GWPs	81,561	76,672	6.4
Guangdong	9,595	8,600	11.6
Jiangsu	8,763	8,362	4.8
Zhejiang	7,015	6,760	3.8
Shanghai	6,235	5,220	19.4
Shandong	4,603	4,368	5.4
Beijing	3,391	3,575	(5.1)
Hubei	3,214	2,543	26.4
Henan	3,085	2,888	6.8
Hunan	3,037	2,785	9.0
Hebei	3,035	2,992	1.4
Subtotal	51,973	48,093	8.1
Others	29,588	28,579	3.5

(II) Financial analysis

Unit: RMB million

For 6 months ended 30 June	2021	2020	Changes (%)
Net premiums earned	63,306	59,304	6.7
Investment income ^{note}	4,455	3,432	29.8
Other operating income	168	173	(2.9)
Total income	67,929	62,909	8.0
Claims incurred	(44,126)	(35,276)	25.1
Finance costs	(324)	(281)	15.3
Other operating and administrative expenses	(18,852)	(23,104)	(18.4)
Total benefits, claims and expenses	(63,302)	(58,661)	7.9
Profit before tax	4,627	4,248	8.9
Income tax	(1,124)	(1,072)	4.9
Net profit	3,503	3,176	10.3

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

Investment income for the reporting period amounted to RMB4.455 billion, up by 29.8%, mainly attributable to higher gains from securities trading.

Other operating and administrative expenses amounted to RMB18.852 billion, down by 18.4%.

As a result, net profit of CPIC P/C for the first half of 2021 amounted to RMB3.503 billion, an increase of 10.3% from the same period of 2020.

II. CPIC Anxin Agricultural

In the first half of 2021, under the guidelines of “one agricultural insurance firm within the Group, boosting development via full integration”, CPIC Anxin Agricultural secured its foothold in Shanghai while extending its reach across the country, combined its own strengths in specialised agricultural insurance operation with nationwide network of branch offices of CPIC, and realised high-quality development. It delivered RMB1.070 billion in GWPs, up by 18.6%. Of this, agricultural insurance reported GWPs of RMB705 million, a growth of 17.9%, with a combined ratio of 98.4%, down by 9.0pt^{note}, with net profit of RMB88 million, up by 238.5%.

Note: Figures for the same period of 2020 were restated.

III. CPIC HK

We conduct overseas business via CPIC HK, a wholly-owned subsidiary. As at 30 June 2021, its total assets stood at RMB1.621 billion, with net assets of RMB533 million. GWPs for the reporting period amounted to RMB228 million, with a combined ratio of 92.4%, and a net profit of RMB6 million.

5

Asset management

We persist in long-term, value and prudent investing and support the core insurance business with outstanding ALM capabilities. Within the SAA framework, we continued to extend the duration of assets, while vigorously seizing market opportunities and dynamically adjusting TAA. As a result, we delivered solid investment performance, with Group AuM on steady increase.

I. Group AuM

As of the end of the first half of 2021, Group AuM totalled RMB2,565.483 billion, rising 5.3% from the end of 2020. Of this, Group in-house investment assets amounted to RMB1,752.116 billion, a growth of 6.3%, and third-party AuM RMB813.367 billion, an increase of 3.2%, with a fee income of RMB1.320 billion, up by 24.6% from the same period of 2020.

Unit: RMB million

	30 June 2021	31 December 2020	Changes (%)
Group AuM	2,565,483	2,436,080	5.3
Group in-house investment assets	1,752,116	1,648,007	6.3
Third-party AuM	813,367	788,073	3.2
CPIC AMC	261,693	253,227	3.3
Changjiang Pension	503,695	483,060	4.3

II. Group in-house investment assets

During the reporting period, with the acceleration of COVID-19 vaccination, major economies of the world showed signs of recovery, and China's economy experienced a fast rebound, with GDP growing by 12.7% in the first half of 2021. However, the recovery faced great uncertainty and many destabilising factors, such as resurgence of COVID-19 infections and geo-political tensions. On the capital markets, interest rates are clearly in secular decline, defaults are rising, the equity market rallied and then fell, which shows the economic recovery is imbalanced and not yet on a secure footing.

With the guidance of SAA, we conducted TAA with flexibility, seized market opportunities and achieved an investment income higher than the cost of liabilities. Given expectations of lower interest rates and in the face of rising credit risk on the fixed income market, we adopted a "dumb-bell" shaped strategy within the SAA framework, namely, increasing allocation into long-term T-bonds and local government bonds to extend asset duration on the one hand and moderately increasing investments in equity assets including private equity on the other. We maintained prudence in credit risk exposure, enhanced credit risk management to pro-actively tackle and mitigate the risk.

In investment concentration, our investments are concentrated in financial services, communications & transport, real estate, infrastructure, and the energy sector like power, thermos and gas, with relatively strong resilience in the face of risks. Our equity investments spread across a wide range of instruments; as for fixed income assets, the debt issuers boasted strong overall strength, and our main counter-parties are large firms including China State Railway Group Co., Ltd., large commercial state-owned banks and State Grid Corporation of China.

(I) Consolidated investment portfolios

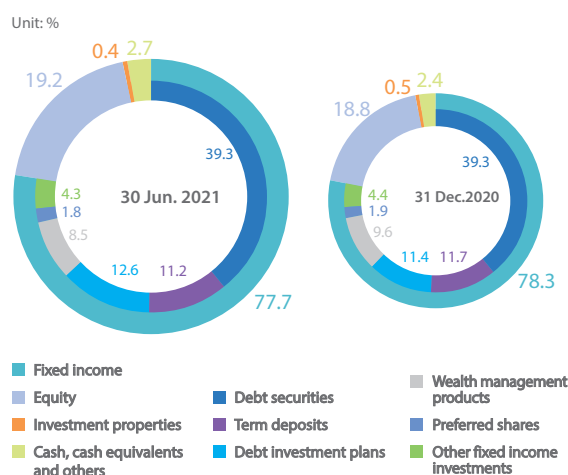
Unit: RMB million

	30 June 2021	Share (%)	Share change from the end of 2020 (pt)	Changes (%)
Group investment assets (total)	1,752,116	100.0	-	6.3
By investment category				
Fixed income investments	1,360,784	77.7	(0.6)	5.4
- Debt securities	689,046	39.3	-	6.3
- Term deposits	196,565	11.2	(0.5)	1.9
- Debt investment plans	219,930	12.6	1.2	17.3
- Wealth management products ^{note 1}	148,604	8.5	(1.1)	(5.8)
- Preferred shares	32,000	1.8	(0.1)	-
- Other fixed income investments ^{note 2}	74,639	4.3	(0.1)	3.7
Equity investments	337,119	19.2	0.4	8.7
- Equity funds	46,231	2.7	0.2	12.9
- Bond funds	21,695	1.2	-	13.4
- Stocks	126,392	7.2	(0.5)	(0.7)
- Wealth management products ^{note 1}	1,716	0.1	-	18.7
- Preferred shares	12,565	0.7	(0.1)	(4.3)
- Other equity investments ^{note 3}	128,520	7.3	0.8	18.7
Investment properties	7,673	0.4	(0.1)	(2.5)
Cash, cash equivalents and others	46,540	2.7	0.3	18.5
By investment purpose				
Financial assets at fair value through profit or loss ^{note 4}	12,429	0.7	-	(1.5)
Available-for-sale financial assets	613,468	35.0	(1.2)	2.9
Held-to-maturity financial assets	383,552	21.9	1.9	16.5
Interests in associates	12,870	0.7	(0.2)	(11.6)
Investment in joint ventures	9,879	0.6	-	(0.1)
Loans and other investments ^{note 5}	719,918	41.1	(0.5)	5.0

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 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 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



1. By investment category

As of the end of the reporting period, the share of debt securities was 39.3%, the same as that as of the end of 2020. Of this, treasury bonds, local government bonds and financial bonds issued by government-sponsored banks made up 20.3% of total investment assets, up by 2.8pt from the end of 2020. The average duration of fixed income assets reached 6.7 years, extended by 0.5 years versus the end of 2020. Moreover, 99.7% 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 93.3%. We put in place and dynamically enhanced independent internal credit-rating teams and credit risk management systems covering the entire debt securities investment process, namely, before, during and after the investment. We made great efforts to establish a Group-wise integrated credit-rating management system. In the selection of new securities, we evaluated the internal credit-ratings of both the debt and debt issuers, identified the credit risk based on our internal credit-rating system and the input from in-house credit analysts, while considering other factors such as macroeconomic conditions, market environment and external credit-ratings in order to make a well-informed investment decision. At the same time, to assess the credit risk of the stock of bond holdings, we followed a uniform and standardised set of regulations and procedures, combining both regular and unscheduled follow-up tracking post the investment. Our corporate/enterprise bond holdings spread over a wide range of sectors with good diversification effect; the debt issuers all reported sound financial strength, with the overall credit risk under control.

The share of equity investments stood at 19.2%, up by 0.4pt from the end of 2020. Of this, stocks and equity funds accounted for 9.9% of total investment assets, down by 0.3pt from the end of 2020. On the back of market strategy research and in compliance of disciplined TAA processes, we pro-actively seized tactical opportunities on the equity market and realised solid investment performance, supporting the core business of insurance.

As of the end of the reporting period, non-public financing instruments (NPFIs) totalled RMB389.930 billion, accounting for 22.3% of total investment assets, rising 0.7pt from the end of 2020. While ensuring full compliance with regulatory requirements and internal risk control policies, we persisted in prudent management as is inherently required of insurance companies, stayed highly selective about debt issuers and projects and strived to serve the needs of China's real economy. The underlying projects spread across sectors like infrastructure, real estate, non-bank financial institutions and communications & transport, and were geographically concentrated in China's prosperous areas such as Beijing, Sichuan, Shandong, Hubei and Jiangsu.

Overall, the credit risk of our NPMI holdings is in the comfort zone. 99.0% of NPFIs had external credit-ratings, and of these, the share of AAA reached 94.7%, and that of AA+ and above 99.0%. 53.7% of NPFIs were exempt from debt issuer external credit-ratings, with the rest secured with credit-enhancing measures such as guarantee or pledge of collateral and the overall credit risk under control.

Mix and distribution of yields of non-public financing instruments					
Sectors	Share of investments (%)	Nominal yield (%)	Average duration (year)	Average remaining duration (year)	
Infrastructural	39.2	5.2	7.4	5.6	
Real estate	18.3	5.2	6.5	4.5	
Non-bank financial institutions	14.6	4.9	4.9	3.3	
Communications & transport	13.7	5.3	9.0	6.3	
Energy and manufacturing	7.2	5.3	6.0	3.7	
Others	7.0	5.6	8.3	6.0	
Total	100.0	5.2	7.0	5.0	

Note: Non-public financing instruments include wealth management products issued by commercial banks, debt investment plans, collective trust plans by trust firms, special asset management plans by securities firms and credit assets backed securities by banking institutions, etc.

2. By investment purpose

By investment purpose, our in-house investment 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 decreased by 1.5% from the end of 2020, mainly because of a slight drop of equity and bond investments in the category; AFS financial assets increased by 2.9%, mainly as a result of increased investments in equity, funds and infrastructure debt investment plans; HTM financial assets grew by 16.5% from the end of 2020, mainly due to increased investments in government bonds; interests in associates dropped by 11.6% mainly due to lower investments in structured entities; loans and other investments rose by 5.0%, largely attributable to increased allocation in debt investment plans and term deposits.

(II) Group consolidated investment income

For the reporting period, net investment income totalled RMB35.383 billion, up by 8.3%. This stemmed mainly from increased interest income on fixed income investments. Annualised net investment yield reached 4.1%, down by 0.3pt compared with the same period of 2020.

Total investment income amounted to RMB49.340 billion, up by 28.4%, mainly attributable to increase in gains from securities trading and interest income on fixed income investments, with annualised total investment yield at 5.0%, up by 0.2pt from the first half of 2020.

Annualised growth rate of investments' net asset value fell by 0.5pt to 4.8%, as a result of decrease in net of fair value movement of AFS assets booked as other comprehensive income.

Unit: RMB million

For 6 months ended 30 June	2021	2020	Changes (%)
Interest income from fixed income investments	30,953	29,091	6.4
Dividend income from equity investments	4,047	3,188	26.9
Rental income from investment properties	383	384	(0.3)
Net investment income	35,383	32,663	8.3
Realised gains	15,051	8,106	85.7
Unrealised losses	(277)	(414)	(33.1)
Charge of impairment losses on investment assets	(1,219)	(2,484)	(50.9)
Other income ^{note 1}	402	558	(28.0)
Total investment income	49,340	38,429	28.4
Net investment yield (annualised) (%) ^{note 2}	4.1	4.4	(0.3pt)
Total investment yield (annualised) (%) ^{note 2}	5.0	4.8	0.2pt
Growth rate of investments' net asset value (annualised) (%) ^{notes 2,3}	4.8	5.3	(0.5pt)

Notes:

1. Other income includes interest income on cash and short-term time deposits, securities purchased under agreements to resell, share of profit/(loss) in equity accounted investees, and investment income through the step acquisition of a subsidiary, etc.
2. 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 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

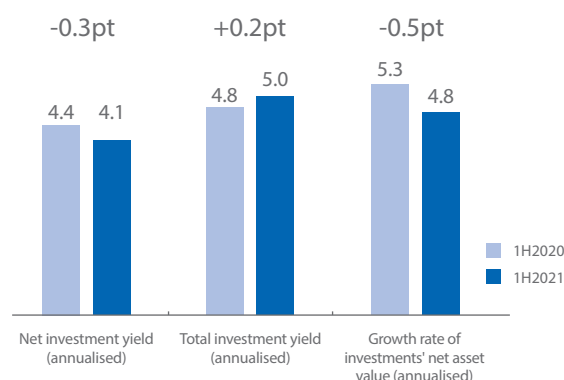
Unit: %			
For 6 months ended 30 June	2021	2020	Changes
Total investment yield (annualised)	5.0	4.8	0.2pt
Fixed income investments ^{note 1}	4.8	4.9	(0.1pt)
Equity investments ^{note 1}	5.7	4.1	1.6pt
Investment properties ^{note 1,2}	7.4	7.4	-
Cash, cash equivalents and others ^{note 1}	0.6	0.7	(0.1pt)

Notes:

1. The impact of securities sold under agreements to repurchase was not considered.
2. Figures for the same period last year were restated.

Group consolidated investment yields

Unit: %



III. Third-party AuM

(I) CPIC AMC

In the first half of 2021, CPIC AMC vigorously stepped up long-term investment capacity-building to enhance market competitiveness, and made steady progress in third-party asset management business while ensuring support of the core insurance business. As of the end of the reporting period, its third-party AuM amounted to RMB261.693 billion, an increase of 3.3% from the end of 2020.

In alternative investments, it seized opportunities arising from the New Development Pattern, focused on high-quality assets with high credit-ratings, supported the implementation of key national initiatives and the development of the real economy in an all-around way, developed business of high-quality customers with mandates in Rural Revitalization, industry upgrading, supply-side structural reform, strategic deployment in the New Infrastructure, the Greater Bay Area, and the Yangtze River Economic Belt. For the first half of 2021, it registered a total of 17 alternative investment products involving an amount of RMB44.3 billion, a growth of 34%, maintaining industry leadership.

As for portfolio asset management products, the company strived to leverage capabilities it fostered in the past 15 years in product-driven business development, and focused on setting well-managed, predictable and sustainable investment targets. Positioned to serve institutional clients, it maintained its competitive edge in fixed income products, centred on "fixed income +" type of products with target investment income as its core, and gradually put in place a full line-up of FOF products. As of the end of the reporting period, the subsidiary reported RMB201.309 billion in third-party asset management products and AuM combined, an increase of 5.2% from the end of 2020.

(II) Changjiang Pension

Changjiang Pension is committed enhancing “CPIC Service” and the core business of pension fund management. It gives priority to customers, talent and technology and firmly pursues high-quality development underpinned by “high-quality business, well-qualified team and high-tech platforms. As at 30 June 2021, its third-party assets under trustee management amounted to RMB273.332 billion, up by 12.4% from the end of 2020; third-party assets under investment management reached RMB503.695 billion, an increase of 4.3%.

During the reporting period, it deepened deployment in pension fund management business in an all-around way. In the first pillar, it maintained leadership, on a comparable basis, in both volume and investment performance of social security pension fund under management. As for the second pillar, the company was selected as manager of occupational annuity schemes of government agencies and not-for-profit institutions of the Tibetan Autonomous Region, marking a record of “all success” in the bid for manager of 33 occupational annuity schemes; continued to deepen its presence in enterprise annuity business, with breakthroughs in power and railway sectors; maintained a leading position in group retirement business, rolled out innovative business across the nation and facilitated the reform of compensation management and incentive systems of business enterprises. In the third pillar, Changjiang Pension vigorously explored the transitioning of individual business towards retirement protection; persisted in ESG investment philosophy and launched China’s first ESG-mandated insurance asset management product, making it China’s first domestic pension company offering such products. As of the end of the first half of 2021, the company cumulatively raised RMB170.0 billion to finance and support the development of the real economy.

6

Analysis of specific items

I. Items concerning fair value accounting

Unit: RMB million

	30 June 2021	31 December 2020	Changes	Impact of fair value changes on profits ^{note}
Financial assets at fair value through profit or loss	12,253	12,473	(220)	(313)
Available-for-sale financial assets	613,468	596,158	17,310	(1,080)
Derivative financial assets	176	140	36	36
Total	625,897	608,771	17,126	(1,357)

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

II. Solvency

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

Unit: RMB million

	30 June 2021	31 December 2020	Reasons of change
CPIC Group			
Core capital	502,945	500,766	Profit for the period, profit distribution to shareholders, and change of fair value of investment assets
Actual capital	512,945	510,766	Profit for the period, profit distribution to shareholders, and change of fair value of investment assets
Minimum required capital	183,533	177,288	Growth of insurance business and changes to asset allocation
Core solvency margin ratio (%)	274	282	
Comprehensive solvency margin ratio (%)	279	288	
CPIC Life			
Core capital	378,045	377,203	Profit for the period, profit distribution to shareholders, and change of fair value of investment assets
Actual capital	378,045	377,203	Profit for the period, profit distribution to shareholders, and change of fair value of investment assets
Minimum required capital	161,640	155,860	Growth of insurance business and changes to asset allocation
Core solvency margin ratio (%)	234	242	
Comprehensive solvency margin ratio (%)	234	242	
CPIC P/C			
Core capital	45,496	44,208	Profit for the period, profit distribution to shareholders, and change of fair value of investment assets
Actual capital	55,496	54,208	Profit for the period, profit distribution to shareholders, and change of fair value of investment assets
Minimum required capital	20,296	19,672	Growth of insurance business and changes to asset allocation
Core solvency margin ratio (%)	224	225	
Comprehensive solvency margin ratio (%)	273	276	
CPIC Health			
Core capital	1,358	1,294	Profit for the period, change of fair value of investment assets
Actual capital	1,358	1,294	Profit for the period, change of fair value of investment assets
Minimum required capital	823	949	Growth of insurance business and changes to asset allocation
Core solvency margin ratio (%)	165	136	
Comprehensive solvency margin ratio (%)	165	136	
CPIC Anxin Agricultural			
Core capital	1,884	1,821	Profit for the period, profit distribution to shareholders, and change of fair value of investment assets
Actual capital	1,884	1,821	Profit for the period, profit distribution to shareholders, and change of fair value of investment assets
Minimum required capital	585	614	Growth of insurance business and changes to asset allocation
Core solvency margin ratio (%)	322	297	
Comprehensive solvency margin ratio (%)	322	297	

Please refer to the summaries of 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 more information about the solvency of CPIC Group and its main insurance subsidiaries.

III. Sensitivity analysis of price risk

The following table shows the sensitivity analysis of price risk, i.e. the pre-tax 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 profit before tax 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 2021 / 30 June 2021		
Market value	Impact on profit before tax	Impact on equity
+10%	7	10,809
-10%	(7)	(10,809)

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, claims 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 2021, insurance contract liabilities of CPIC Life amounted to RMB1,217.928 billion, representing an increase of 8.9% from the end of 2020. Those of CPIC P/C amounted to RMB119.722 billion, an increase of 14.6%. The rise was mainly caused by business expansion and accumulation of insurance liabilities.

We also test the adequacy of reserves at the balance sheet date. If the testing shows that reserves set aside for each type of insurance contracts are sufficient, there is no need for additional provisions; if not, then additional reserves are required.

Unit: RMB million

	30 June 2021	31 December 2020	Changes (%)
CPIC Life			
Unearned premium reserves	7,970	4,100	94.4
Claim reserves	6,018	5,287	13.8
Long-term life insurance contract liabilities	1,203,940	1,108,983	8.6
CPIC P/C			
Unearned premium reserves	71,761	63,706	12.6
Claim reserves	47,961	40,772	17.6

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 2020	Increase for the period			Decrease for the period		30 June 2021
		Deposits received	Interest credited	Others	Deposits withdrawn	Fees deducted	
Investment contract liabilities	87,056	14,965	2,185	699	(5,788)	(222)	98,895

VI. Reinsurance business

In the first half of 2021, premiums ceded to reinsurers are shown below:

Unit: RMB million

For 6 months ended 30 June	2021	2020	Changes (%)
CPIC Life	3,676	5,105	(28.0)
Traditional	1,793	1,742	2.9
Long-term health	1,407	1,373	2.5
Participating	214	213	0.5
Universal	27	27	-
Tax-deferred pension	-	-	/
Short-term accident and health	1,642	3,123	(47.4)
CPIC P/C	11,584	11,218	3.3
Automobile	2,566	3,207	(20.0)
Non-automobile	9,018	8,011	12.6

In the first half of 2021, premiums from reinsurance assumed are set out below:

Unit: RMB million

For 6 months ended 30 June	2021	2020	Changes (%)
CPIC Life	71	238	(70.2)
Traditional	71	238	(70.2)
Long-term health	1	1	-
Participating	-	-	/
Universal	-	-	/
Tax-deferred pension	-	-	/
Short-term accident and health	-	-	/
CPIC P/C	792	607	30.5
Automobile	-	-	/
Non-automobile	792	607	30.5

As at the end of the first half of 2021, assets under reinsurance are set out below:

Unit: RMB million

	30 June 2021	31 December 2020	Changes (%)
CPIC Life			
Reinsurers' share of insurance contract liabilities			
Unearned premiums	1,003	1,206	(16.8)
Claim reserves	464	379	22.4
Long-term life insurance contract liabilities	13,666	12,938	5.6
CPIC P/C			
Reinsurers' share of insurance contract liabilities			
Unearned premiums	9,076	7,692	18.0
Claim reserves	7,831	6,853	14.3

We determine retained insured amounts and reinsurance ratio according to insurance regulations and our business development and risk management 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, professional expertise, service level, claims settlement efficiency and price. Generally speaking, we prefer domestic and overseas reinsurance/insurance companies with proven records and in compliance with regulatory regulations, including international reinsurance companies with ratings of A- or above. Our reinsurance partners mainly include China Reinsurance (Group) Corporation and its subsidiaries, i.e., China Life Reinsurance Company Ltd., and China Property & Casualty Reinsurance Company Ltd., Swiss Reinsurance Company Ltd and Munich Reinsurance Company (慕尼黑再保險公司).

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 Property Insurance Co., Ltd.	Property indemnity insurance; liability insurance; credit and guarantee insurance; short-term health and accident insurance; reinsurance of the above said insurance; insurance funds investment as approved by relevant laws and regulations; other business as approved by CBIRC.	19,470	98.5%	207,096	46,240	3,503
China Pacific Life Insurance Co., Ltd.	Personal lines insurance including life insurance, health insurance, accident insurance, etc. denominated in RMB or foreign currencies; reinsurance of the above said insurance; statutory life/health insurance; agency and business relationships with domestic and overseas insurers and organisations, loss adjustment, claims and other business entrusted from overseas insurance organisations; insurance funds investment as prescribed by Insurance Law of the PRC and relevant laws and regulations; international insurance activities as approved; other business as approved by CBIRC.	8,420	98.3%	1,585,352	95,635	12,873
Changjiang Pension Insurance Co., Ltd. ^{note 3}	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; pension insurance asset management business; advisory business pertaining to asset management; insurance fund management as allowed by the PRC laws and regulations; other business as approved by CBIRC.	3,000	61.1%	5,790	3,796	386
Pacific Asset Management Co., Ltd. ^{note 3}	Asset management of capital and insurance funds; outsourcing of fund management; advisory services relating to asset management; other asset management business as allowed by the PRC laws and regulations.	2,100	99.7%	4,627	3,691	309
Pacific Health Insurance Co., Ltd.	Health and accident insurance denominated in RMB yuan or foreign currencies; health insurance sponsored by the government or supplementary to state medical insurance policies; reinsurance of the above said insurance; health insurance-related advisory and agency business; insurance funds investment as approved by relevant laws and regulations; other business as approved by CBIRC.	1,700	99.7%	8,925	1,475	152
China Pacific Anxin Agricultural Insurance Co., Ltd.	Agricultural insurance; property indemnity insurance; liability insurance; statutory liability insurance; credit and guarantee insurance; short-term health insurance and accident insurance; property insurance relating to rural areas and farmers; reinsurance of the above said insurance; insurance agency business.	700	51.3%	4,537	1,718	88

Company	Main business scope	Registered capital	Group shareholding ^{note 2}	Total assets	Net assets	Net profit
CPIC Fund Management Co., Ltd. ^{note 4}	Fund management business; the launch of mutual funds and other business as approved by competent authorities of the PRC.	150	50.8%	764	569	51

Notes:

- Figures for companies in the table are on an unconsolidated basis. For other information pertaining to the Company's main subsidiaries, associates or invested entities, please refer to "Review and analysis of operating results" of this report, and "Scope of consolidation", "Interests in Associates", "Investment in Joint Ventures" as Notes to the Interim Condensed Consolidated Financial Information.
- Figures for Group shareholding include direct and indirect shareholdings.
- As per Circular on Implementing New Accounting Standards on Financial Instruments by the Ministry of Finance and CBIRC (Caikuai [2020] No.22), Changjiang Pension and CPIC AMC began to implement new accounting standards pertaining to financial instruments as set out in Chinese Enterprises Accounting Standards No.22 - Recognition and Measurement of Financial Instruments (Caikuai [2017] No.7) and other new accounting standards on financial instruments on 1 January 2021. Figures listed in the table are based on the new accounting standards.
- As per Circular on Implementing Chinese Enterprises Accounting Standards No.22 - Recognition and Measurement of Financial Instruments (2017) and Other Related New Accounting Standards by Fund Management Firms issued by the Accounting Department and the Department of Securities and Fund Supervision of CSRC, CPIC Fund began to implement new accounting standards pertaining to financial instruments on 1 January 2020. Figures listed in the table are based on the new accounting standards.

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 2021	31 December 2020	Changes
Gearing ratio (%)	88.5	87.8	0.7pt

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

7 Outlook

I. Market environment and business plan

Currently and in the foreseeable future, China's development is still facing an important window of opportunity, in spite of great uncertainty with COVID-19 and the market environment. The Chinese government made a strategic decision to boost the New Development Pattern underpinned by "dual circulation", with domestic circulation at the core and supplemented by international circulation. China's Fourteenth Five-Year Plan articulated the overarching strategy of "pursuing progress while ensuring stability", and set forth the target of achieving high-quality development, coordinate development and security, accelerate the building of a modern economic system, so that China's economy will transition toward a stage of development characterised by higher efficiency, better quality and improved equity. In the long term, economic growth, rising per capita income, demographic shift, shift of government roles and innovation in mechanisms of public administration will continue to drive sustainable development of China's insurance industry. China remains one of the most dynamic and fastest-growing insurance markets of the world.

Going forward, with the targets of “being the best in customer experience, business mix and risk control capabilities”, and the vision of “achieving leadership in healthy and stable development of the insurance industry”, the Company will deepen reform and innovation, adhere to the basics, pursue progress while securing stability, focus on the 3 key areas of health sector, regional development initiatives and big data, and promote the establishment of a long-term incentive system, the building of professional investment capabilities, platform-based development of health services, marketisation of technology, and modernisation of corporate governance, in a bid to foster core competitiveness for a sustainable future. In the meantime, the Company will implement the CPIC Service Initiative so as to boost high-quality development while supporting national strategies, the real economy, and improving the lot of Chinese people.

II. Major risks and mitigating measures

Firstly, in terms of macroeconomic environment, global economic recovery is faced with great uncertainty, given a lack of coordination in global effort to tackle COVID-19, imbalances in recovery of economies and escalation of international economic and political frictions. With the domestic economic recovery, the impact of domestic demand has been further enhanced while pandemic control becomes New Normal. Rising credit defaults, the downward pressure on long-term risk-free interest rates will materially impact insurance and asset management business.

Secondly, in terms of industry development, China’s insurance market is in a critical stage of development with shifting cycles and reshaping of growth engines. With deepening of financial market reform and upgrading of regulation, the trend of “preventing risks, addressing irregularities and tightening regulation” will continue. The implementation of the new regulation will further standardise business behavior and put forward higher requirements for professional ability of risk compliance. Combined ratio monitoring, growth on NBV and asset & liability management are under increasing pressure.

Thirdly, in respect of its business operation, the Company is facing catastrophic risk and risk of large claims arising from extreme weather events, natural catastrophes and major accidents, with emerging risks starting to have potential impact on the stability of its business performance. Changes in population age structure, the deepening transformation of life insurance, the promotion of reform in auto insurance, digitalisation and insurance technology have brought more uncertainties to traditional insurance operations. The implementation of sustainable development strategy means even higher standards for compliance and professionalism in corporate governance, risk management and investment capabilities.

To cope with these risks, we will persist in compliance in business operation, stay focused on the core business of insurance, uphold value-oriented strategies and press ahead with innovation and transformation. In particular, we will step up analysis of macroeconomic trends, enhance early-warning and mitigation of major risks, promote deployment in key business segments in line with key national strategies in a new stage of development; strengthen customer insights and risk screening capability via technology; accelerate product & service innovation and continuously optimise resource-allocation; improve ALM and counterparty credit risk management in an all-around way, strengthen investment research capabilities and the matching of assets and liabilities; continuously optimise mechanisms for risk identification, assessment, early warning and mitigation, enhance cumulative risk exposure control so as to forestall systematic risks and ensure stable business operation and healthy solvency levels.



Embedded value



1

Independent Actuarial Review Opinion on Embedded Value

To: China Pacific Insurance (Group) Co., Ltd.
Board of Directors

Towers Watson Management (Shenzhen) Consulting Co., Ltd. Beijing Branch ("WTW" or "we") has been engaged by China Pacific Insurance (Group) Co., Ltd. ("CPIC Group") to review the embedded value information of CPIC Group as of 30 June 2021. In forming our opinion we have not considered post valuation date events or information available after the valuation date.

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 2021, in the light of the requirements of the "CAA Standards of Actuarial Practice: Appraisal of Embedded Value" issued by the China Association 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 2021; and
- > 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 2021 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; and
- > 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 2021, 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 2021 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 2021 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
Lingde Hong, FSA, CCA
Stanley Lu, FSA
12th August 2021

2

2021 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 2021 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 2021 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 CBIRC. 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 2021, and the value of half year's sales of CPIC Life in the 6 months to 30 June 2021 at a risk discount rate of 11%.

Unit: RMB Million

Valuation Date	30 June 2021	31 December 2020
Group Adjusted Net Worth	266,683	257,378
Adjusted Net Worth of CPIC Life	144,051	135,898
Value of In Force Business of CPIC Life Before Cost of Required Capital Held	224,376	217,617
Cost of Required Capital Held for CPIC Life	(13,020)	(12,167)
Value of In Force Business of CPIC Life After Cost of Required Capital Held	211,356	205,451
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	207,747	201,942
Group Embedded Value	474,431	459,320
CPIC Life Embedded Value	355,407	341,348

Valuation Date	30 June 2021	30 June 2020
Value of Half Year's Sales of CPIC Life Before Cost of Required Capital Held	11,840	12,674
Cost of Required Capital Held	(1,609)	(1,447)
Value of Half Year's Sales of CPIC Life After Cost of Required Capital Held	10,231	11,228

Notes:

1. Figures may not be additive due to rounding
2. Results in column "30 June 2020" are those reported in the 2020 interim report
3. Results in column "31 December 2020" are those reported in the 2020 annual report

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 2021, 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. 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 2021:

(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 5.0% in 2021 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 have been developed based on China Life Insurance Mortality Table (2010-2013), considering CPIC Life’s mortality experience analysis and expectation of future mortality trends, and varies by product.

(IV) Morbidity

Morbidity assumptions have been developed based on China Life Insurance Morbidity Table, considering CPIC Life’s morbidity experience analysis and expectation of future morbidity trends, taking into considering deterioration of morbidity rates in the long term, and varies by product.

(V) Lapse and Surrender Rates

Assumptions have been developed based on CPIC Life's lapse and surrender experience analysis, and expectation of future trends, 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 2020 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 proportion of investment income assumed to be exempt from income tax is 16% for all future years. 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 2021.

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	
	2021	2020	2021	2020
Total	40,299	30,316	10,231	11,228
Of which: Traditional	20,485	12,035	9,589	9,596
Participating	1,246	4,566	264	1,106

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 2021 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	211,356	10,231
Risk discount rate "+50 basis points"	203,794	9,803
Risk discount rate "-50 basis points"	219,541	10,690
Investment return "+50 basis points"	245,429	11,808
Investment return "-50 basis points"	176,843	8,655
Mortality "+10%"	210,162	10,168
Mortality "-10%"	212,548	10,293
Morbidity "+10%"	204,632	9,577
Lapse and surrender rates "+10%"	212,568	10,062
Lapse and surrender rates "-10%"	210,027	10,401
Expenses "+10%"	207,981	9,632

Corporate governance

ts
le



1

Implementation of profit distribution plan

The Company distributed a cash dividend of RMB1.20 per share (tax included) and 30th Anniversary Special Dividend of RMB 0.1 per share (tax included) in accordance with the “Resolution on Profit Distribution Plan for the year 2020” approved at the 2020 annual general meeting. The implementation of this distribution plan was completed in June 2021.

2

Shareholders’ general meetings

Information of the shareholders’ general meetings (SGM) 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

Fulfilment 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

Fulfilment 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

Capital occupation

During the reporting period, there was no non-operating occupation of capital of the Company by controlling shareholders or other related parties.

9

Guarantee contracts

During the reporting period, the Company did not enter into any guarantee contract that violated laws, administrative regulations or the external guarantee resolution procedures prescribed by the China Securities Regulatory Commission.

10

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.

11

Connected transactions

On 12 April 2019, the Company entered into a framework agreement in respect of the continuing connected transactions with Hwabao Trust Co., Ltd. (華寶信託有限責任公司), Hwabao WP Fund Management Co., Ltd. (華寶基金管理有限公司) (formerly known as Fortune SG Fund Management Co., Ltd. (華寶興業基金管理有限公司) and Hwabao Securities Co., Ltd. (華寶證券有限責任公司) (Hwabao Trust Co., Ltd., Hwabao WP Fund Management Co., Ltd. and Hwabao Securities Co., Ltd. are collectively referred to as the "Hwabao Parties"), with an initial term from 31 January 2019 to 31 December 2019. Upon expiration of the initial term, the framework agreement shall automatically be renewed for a term of one year, and there shall not be more than two automatic renewals. Pursuant to the agreement, the Group and the Hwabao Parties have agreed to enter into transactions, including sale and purchase of bonds, pledged repo, subscription and redemption of securities investment 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 Hwabao Parties constitute continuing connected transactions under Chapter 14A of the 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 the Hong Kong Listing Rules. After the auditors finish the annual review of the continuing connected transactions, the Company will disclose the relevant details in the annual report.

12

Material contracts

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

13

Use of Proceeds Received from Issuance of GDRs

The Company completed the initial offering of its GDRs on 22 June 2020, and partially exercised over-allotment on 9 July 2020. A total of 111,668,291 GDRs were issued through the initial offering and the over-allotment at the price of USD17.60 per GDR, and the total proceeds raised was USD1,965,361,921.60. The difference between the balance of proceeds unused at the end and the beginning of the reporting period is mainly the interest income generated by the raised funds.

As of the end of the reporting period, details of use of the above-said proceeds are as follows:

Total proceeds raised	Proceeds unused as at the beginning of the reporting period	The intended use of proceeds raised	Proceeds used during the reporting period	Proceeds unused as at the end of the reporting period	Plan for use of the unused funds
USD 1,965,361,921.60	USD 1,945,356,114.87	<p>Pursuant to the Prospectus,</p> <p>(1) 70% or more of the net proceeds will be used for gradually developing the Group's businesses overseas, in the form of equity investments, partnerships and alliances, and mergers and acquisitions in both developed and emerging markets, supporting core insurance business growth.</p> <p>(2) Up to 30%, or the remainder of the net proceeds, will be used for developing an overseas investment platform to invest in innovative businesses, such as healthcare, elderly care, and technology, leveraging CPIC's offshore investment capabilities.</p> <p>If the Company deems that the plan in any particular areas described above to be unachievable, the corresponding intended portion of the proceeds will be used to replenish its capital and for general corporate purposes.</p>	-	USD 1,945,356,196.13	It will be used in line with the Company's business development and market situation.

14

Change in accounting estimates

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

As at 30 June 2021, the Group used information currently available to determine the above assumptions. Mainly due to change of the benchmark yield curve of discount rate for life and long-term health insurance reserves, life and long-term health insurance reserves after reinsurance increased by approximately RMB4,387 million as at 30 June 2021 and profit before tax decreased by approximately RMB4,387 million for the six months ended 30 June 2021.

15

Review of accounts

The audit committee of the Company has reviewed the principal accounting policies of the Company and the unaudited financial statements for the six months ended 30 June 2021 in the presence of internal and external auditors.

16

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

So far as the directors of the Company are aware, as at 30 June 2021, 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 Hong Kong Stock Exchange pursuant to the Model Code for Securities Transactions.

The detailed shareholdings of directors, supervisors and senior management are set out in the Section “Directors, Supervisors and Senior Management” of this report.

17

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 30 June 2021, the following persons (excluding the directors, supervisors or senior management of the Company) had an interest or short position 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	362,783,188 (L)	13.07 (L)	3.77 (L)
中國人壽保險股份有限公司	Beneficial owner	H shares	250,110,800 (L)	9.01 (L)	2.60 (L)
中國人壽保險(集團)公司 ^{note 2}	Beneficial owner	H shares	5,228,000 (L)	0.19 (L)	0.05 (L)
	Interest of corporation controlled by 中國人壽保險(集團)公司	H shares	242,560,800 (L)	8.74 (L)	2.52 (L)
上海國際集團有限公司 ^{note 3}	Beneficial owner	H shares	192,068,400 (L)	6.92 (L)	2.00 (L)
	Interest of corporation controlled by 上海國際集團有限公司	H shares	6,428,400 (L)	0.23 (L)	0.07 (L)
JPMorgan Chase & Co. ^{note 4}	Interest of corporation controlled by JPMorgan Chase & Co.	H shares	31,814,285(L)	1.15 (L)	0.33 (L)
		H shares	30,697,581(S)	1.11(S)	0.32 (S)
	Investment manager	H shares	42,883,400 (L)	1.55 (L)	0.45 (L)
	Person having a security interest in shares	H shares	20,771,282 (L)	0.75 (L)	0.22 (L)
BlackRock, Inc. ^{note 5}	Interest of corporation controlled by Blackrock, Inc.	H shares	76,946,466 (L)	2.77 (L)	0.80 (L)
		H shares	76,946,466 (P)	2.77 (P)	0.80 (P)
BlackRock, Inc. ^{note 5}	Interest of corporation controlled by Blackrock, Inc.	H shares	157,906,922 (L)	5.69 (L)	1.64 (L)
		H shares	318,800 (S)	0.01(S)	0.00(S)

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

Notes:

1. Pursuant to Part XV of the SFO, as at 30 June 2021, Schroders Plc is deemed or taken to be interested in a total of 362,783,188 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	362,783,188 (L)
Schroder International Holdings Limited	362,454,388 (L)
Schroder Investment Management (Hong Kong) Limited	172,959,418 (L)
Schroder Investment Management (Singapore) Ltd	76,151,800 (L)
Schroder Investment Management Limited	71,648,000 (L)
Schroder Investment Management Limited	41,536,170 (L)
Schroder Investment Management North America Limited	41,536,170 (L)
Schroder Wealth Holdings Limited	298,800 (L)
Schroder & Co. Limited	298,800 (L)
Schroder US Holdings Inc.	189,000 (L)
Schroder Investment Management North America Inc.	189,000 (L)

(L) denotes a long position

Corporate governance

Report of the Board of Directors and significant events

2. Pursuant to Part XV of the SFO, as at 30 June 2021, 中國人壽保險(集團)公司 is deemed or taken to be interested in a total of 247,788,800 H shares (long position) of the Company. The details of the shareholding interests of the subsidiaries directly or indirectly controlled by 中國人壽保險(集團)公司 are set out below:

Name of controlled subsidiary	Number of shares
中國人壽保險股份有限公司	242,410,800 (L)
中國人壽保險(海外)股份有限公司	150,000 (L)

(L) denotes a long position

3. Pursuant to Part XV of the SFO, as at 30 June 2021, 上海國際集團有限公司 is deemed or taken to be interested in a total of 198,496,800 H shares (long position) of the Company. The details of the shareholding interests of the subsidiary directly or indirectly controlled by 上海國際集團有限公司 are set out below:

Name of controlled subsidiary	Number of shares
上海國際集團(香港)有限公司	6,428,400 (L)

(L) denotes a long position

4. Pursuant to Part XV of the SFO, as at 30 June 2021, JPMorgan Chase & Co. is deemed or taken to be interested in a total of 172,415,433 H shares (long position), 30,697,581 H shares (short position) and 76,946,466 H shares (lending pool) of the Company. The details of the shareholding interests of the subsidiaries directly or indirectly controlled by JPMorgan Chase & Co. are set out below:

Name of controlled subsidiary	Number of shares
China International Fund Management Co., Ltd.	320,600 (L)
JPMorgan Asset Management (Taiwan) Limited	717,400 (L)
J.P. Morgan AG	60,247 (L)
J.P. Morgan Securities LLC	52,001 (L) 26,000 (S)
JPMORGAN CHASE BANK, N.A. - LONDON BRANCH	76,946,466 (L)
J.P. Morgan Investment Management Inc.	22,542,400 (L)
JPMORGAN ASSET MANAGEMENT (UK) LIMITED	8,189,000 (L)
J.P. Morgan Structured Products B.V.	5 (S)
J.P. Morgan Chase Bank Berhad	1,300,000 (S)
JPMorgan Chase Bank, National Association	3,209,400 (L)
JPMorgan Asset Management (Asia Pacific) Limited	7,904,600 (L)
J.P. MORGAN SECURITIES PLC	52,473,319 (L) 29,371,576 (S)
JPMORGAN ASSET MANAGEMENT (UK) LIMITED	320,600 (L)
JPMORGAN ASSET MANAGEMENT INTERNATIONAL LIMITED	8,509,600 (L)
JPMorgan Asset Management Holdings Inc.	39,674,000 (L)
JPMorgan Chase Holdings LLC	39,726,001 (L) 26,000 (S)
JPMorgan Asset Management (Asia) Inc.	8,622,000 (L)
J.P. Morgan International Finance Limited	52,533,566 (L) 30,671,581 (S)
JPMorgan Chase Bank, National Association	129,480,032 (L) 30,671,581 (S)
J.P. Morgan Broker-Dealer Holdings Inc.	52,001 (L) 26,000 (S)
J.P. MORGAN CAPITAL HOLDINGS LIMITED	52,473,319 (L) 29,371,576 (S)

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

5. Pursuant to Part XV of the SFO, as at 30 June 2021, BlackRock, Inc. is deemed or taken to be interested in a total of 157,906,922 H shares (long position) and 318,800 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	1,096,762 (L)
BlackRock Investment Management, LLC	362,562 (L)
BlackRock Investment Management, LLC	734,200 (L)
BlackRock Holdco 2, Inc.	156,810,160 (L) 318,800 (S)
BlackRock Financial Management, Inc.	154,541,194 (L) 318,800 (S)
BlackRock Financial Management, Inc.	2,268,966 (L)
BlackRock Holdco 4, LLC	89,788,605 (L) 318,800 (S)
BlackRock Holdco 6, LLC	89,788,605 (L) 318,800 (S)
BlackRock Delaware Holdings Inc.	89,788,605 (L) 318,800 (S)
BlackRock Institutional Trust Company, National Association	27,866,005 (L) 318,800 (S)
BlackRock Fund Advisors	61,922,600 (L)
BlackRock Capital Holdings, Inc.	87,400 (L)
BlackRock Advisors, LLC	87,400 (L)
BlackRock International Holdings, Inc.	64,665,189 (L)
BR Jersey International Holdings L.P.	64,665,189 (L)
BlackRock Lux Finco S.à r.l.	12,842,355 (L)
BlackRock Japan Holdings GK	12,842,355 (L)
BlackRock Japan Co., Ltd.	12,842,355 (L)
BlackRock Holdco 3, LLC	48,724,302 (L)
BlackRock Canada Holdings LP	312,400 (L)
BlackRock Canada Holdings ULC	312,400 (L)
BlackRock Asset Management Canada Limited	312,400 (L)
BlackRock Australia Holdco Pty. Ltd.	1,017,600 (L)
BlackRock Investment Management (Australia) Limited	1,017,600 (L)
BlackRock (Singapore) Holdco Pte. Ltd.	14,923,287 (L)
BlackRock HK Holdco Limited	14,762,687 (L)
BlackRock Asset Management North Asia Limited	1,920,332 (L)
BlackRock Cayman 1 LP	48,411,902 (L)
BlackRock Cayman West Bay Finco Limited	48,411,902 (L)
BlackRock Cayman West Bay IV Limited	48,411,902 (L)
BlackRock Group Limited	48,411,902 (L)
BlackRock Finance Europe Limited	29,211,291 (L)
BlackRock (Netherlands) B.V.	184,800 (L)
BlackRock (Netherlands) B.V.	11,209,480 (L)
BlackRock International Limited	228,605 (L)
BlackRock Group Limited-Luxembourg Branch	18,972,006 (L)
BlackRock Luxembourg Holdco S.à r.l.	18,972,006 (L)

Name of controlled subsidiary	Number of shares
BlackRock Investment Management Ireland Holdings Limited	18,420,806 (L)
BlackRock Asset Management Ireland Limited	18,420,806 (L)
BLACKROCK (Luxembourg) S.A.	538,000 (L)
BlackRock Investment Management (UK) Limited	11,844,487 (L)
BlackRock Investment Management (UK) Limited	5,972,524 (L)
BlackRock (Netherlands) B.V. – German Branch – Frankfurt BlackRock	184,800 (L)
BlackRock Asset Management Deutschland AG	184,800 (L)
BlackRock Fund Managers Limited	11,844,487 (L)
BlackRock Life Limited	228,605 (L)
BlackRock (Singapore) Limited	160,600 (L)
BlackRock UK Holdco Limited	13,200 (L)
BlackRock Asset Management Schweiz AG	13,200 (L)
EG Holdings Blocker, LLC	362,562 (L)
Amethyst Intermediate, LLC	362,562 (L)
Aperio Holdings, LLC	362,562 (L)
Aperio Holdings, LLC	362,562 (L)
Aperio Group, LLC	362,562 (L)

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

Save as disclosed above, as at 30 June 2021, the directors of the Company were 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.

18

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

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



Changes in the share capital
and shareholders' profile

1

Changes in 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 reserves	Others	Sub-total	Amount	Percentage (%)
1. Shares with selling restrictions									
(1) 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	6,845,041,455	71.15	-	-	-	-	-	6,845,041,455	71.15
(2) Domestically listed foreign shares	-	-	-	-	-	-	-	-	-
(3) Overseas listed foreign shares (H share)	2,775,300,000	28.85	-	-	-	-	-	2,775,300,000	28.85
(4) Others	-	-	-	-	-	-	-	-	-
Total	9,620,341,455	100.00	-	-	-	-	-	9,620,341,455	100.00
3. Total number of shares	9,620,341,455	100.00	-	-	-	-	-	9,620,341,455	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

Total number of shareholders as at the end of the reporting period: 174,704 (including 170,444 A share holders and 4,260 H share holders)

Shares held by top 10 shareholders as at the end of the reporting period

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	28.82%	2,772,784,429	+59,800	-	-	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	+57,877,610	-	-	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	-79	-	-	A Share
HKSCC	2.37%	228,158,527	+85,422,040	-	-	A Share
Citibank, National Association	1.81%	173,777,395	-136,086,730	-	-	A Share
Shanghai International Group	1.66%	160,000,000	+160,000,000	-	-	A Share
China Structural Reform Fund Corporation Limited	1.20%	115,181,140	+115,181,140	-	-	A Share
Description of the stock repurchase accounts of the top 10 shareholders	None					
Description of the aforesaid shareholders' proxy voting rights, entrusted voting rights, and waiver of voting rights	Entrusted by its parent company, China Baowu Steel Group, Hwabao Investment Co., Ltd. exercises the voting rights corresponding to 68,818,407 ordinary shares (A share) of China Baowu Steel Group. Apart from this, the Company is not aware of any other proxy voting rights, entrusted voting rights, and waiver of voting rights of the aforesaid shareholders.					
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 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 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 34,755,479, which is 31.12% of the number of GDRs issued under approval by the China Securities Regulatory Commission.
- As at the end of the reporting period, Shanghai International Group obtained 207,938,200 H shares of the Company through Shanghai-Hong Kong Stock Connect which were registered under the name of HKSCC Nominees Limited. During the reporting period, with the approval of State-owned Assets Supervision and Administration Commission of Shanghai, Shanghai Jiushi (Group) Co., Ltd. transferred 160,000,000 A shares of the Company to Shanghai International Group free of charge, and completed the transfer on 8 April 2021.

(II) Controlling shareholders or 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, nor de facto controllers.

3

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
YU Bin	Vice President	A share	5,900	-	-	5,900	-
		H share	26,600	-	-	26,600	-
MA Xin	Vice President	A share	4,300	-	-	4,300	-
		H share	16,400	11,800	-	28,200	Secondary market transaction
SUN Peijian	Chief Risk Officer	A share	36,125	-	16,000	20,125	Secondary market transaction
SHENG Yafeng	Director of Greater Bay Area Development	A share	11,300	-	500	10,800	Secondary market transaction
ZHAO Yonggang	Vice President	A share	17,200	-	-	17,200	-

Notes:

1. With the appointment at the 8th meeting of the 9th Board of Directors of the Company and the qualification approval from CBIRC, the term of office of Mr.SUN Peijian became effective in March 2021. The changes of Mr. SUN's shareholding shown in the table above all occurred before his term of office.
2. With the appointment at the 9th meeting of 9th Board of Directors of the Company and the qualification approval from CBIRC, the term of office of Mr. SHENG Yafeng became effective in May 2021. The changes of Mr. SHENG's shareholding shown in the table above all occurred before his term of office.
3. In May 2021, due to job changes, Mr. ZHAO Yonggang ceased to serve as Vice President of the Company.



Directors, supervisors and
senior management

1

Directors

The Company currently has 15 Directors. Among them, there are 2 Executive Directors, namely: Mr. KONG Qingwei, and Mr. FU Fan; 8 Non-executive Directors, namely: 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; 5 Independent Non-executive Directors, namely: Ms. LIU Xiaodan, Mr. CHEN Jizhong, Ms. LAM Tyng Yih, Elizabeth, Mr. WOO Ka Biu, Jackson, and Mr. JIANG Xuping. The relevant changes of directors are as follows:

Name	New Position	Notes
CHEN Ran	Non-executive Director	In August 2020, at the first extraordinary session of shareholders' meeting of 2020, Mr. CHEN Ran was elected as Non-executive Director of the 9th Board of Directors. The appointment qualification of Mr. CHEN Ran was approved by the CBIRC in January 2021.
ZHOU Donghui	Non-executive Director	In May 2020, at the 2019 annual general meeting (AGM) of the Company, Mr. ZHOU Donghui was elected as Non-executive Director of the 9th Board of Directors. The appointment qualification of Mr. ZHOU Donghui was approved by the CBIRC in January 2021.
LIANG Hong	Non-executive Director	In August 2020, at the first extraordinary session of shareholder's meeting of 2020, Ms. LIANG Hong was elected as Non-executive Director of the 9th Board of Directors. The appointment qualification of Ms. LIANG Hong was approved by the CBIRC in February 2021.
LU Qiaoling	Non-executive Director	In May 2020, at the 2019 AGM of the Company, Ms. LU Qiaoling was elected as Non-executive Director of the 9th Board of Directors. The appointment qualification of Ms. LU Qiaoling was approved by the CBIRC in March 2021.
John Robert DACEY	Non-executive Director	In August 2020, at the first extraordinary session of shareholder's meeting of 2020, Mr. John Robert DACEY was elected as Non-executive Director of the 9th Board of Directors. The appointment qualification of Mr. John Robert DACEY was approved by the CBIRC in March 2021.
LIU Xiaodan	Independent Non-executive Director	In May 2020, at the 2019 AGM of the Company, Ms. LIU Xiaodan was elected as Independent Non-executive Director of the 9th Board of Directors. The appointment qualification of Ms. LIU Xiaodan was approved by the CBIRC in January 2021.
WOO Ka Biu, Jackson	Independent Non-executive Director	In May 2020, at the 2019 AGM of the Company, Mr. WOO Ka Biu, Jackson was elected as Independent Non-executive Director of the 9th Board of Directors. The appointment qualification of Mr. WOO Ka Biu, Jackson was approved by the CBIRC in March 2021.

2

Supervisors

The Company currently has 4 Supervisors. Among them, there are 2 Shareholder Representative Supervisors, namely: Mr. ZHU Yonghong and Mr. LU Ning; and 2 Employee Representative Supervisors, namely: Mr. JI Zhengrong and Mr. GU Qiang. The relevant changes are as follows:

Name	New Position	Notes
GU Qiang	Employee Representative Supervisor	In April 2020, Mr. GU Qiang was elected as Employee Representative Supervisor of the 9th Board of Supervisors at Company's Employee Representatives Meeting and the first session of the Trade Union Congress. Mr. GU Qiang's qualification was approved by CBIRC in January 2021.

3

Senior management

The Company currently has 11 members of senior management. They are Mr. KONG Qingwei, Chairman, Mr. FU Fan, President, Mr. YU Bin and Mr. MA Xin, Vice Presidents, Mr. SUN Peijian, Chief Risk Officer, Mr. ZHANG Yuanhan, Chief Actuary and Finance Responsible Person, Mr. ZHANG Weidong, Chief Compliance Officer and General Counsel, Mr. Benjamin DENG, Chief Investment Officer, Mr. QIAN Zhonghua, Chief Internal Auditor and Internal Audit Responsible Person, Mr. SHENG Yafeng, Director of Greater Bay Area Development, and Mr. SU Shaojun, Board Secretary and Deputy Director on Transformation Matters. The relevant changes are as follows:

Name	New Position	Notes
SUN Peijian	Chief Risk Officer	In December 2020, the 8th session of the 9th Board of Directors of the Company agreed to appoint Mr. SUN Peijian as the Company's Chief Risk Officer. In March 2021, Mr. SUN Peijian's appointment qualification was approved by the CBIRC.
SU Shaojun	Board Secretary	In December 2020, the 8th session of the 9th Board of Directors of the Company agreed to appoint Mr. SU Shaojun as the Company's Board Secretary. In March 2021, Mr. SU Shaojun's appointment qualification was approved by the CBIRC.
SHENG Yafeng	Director of Greater Bay Area Development	In March 2021, the 9th session of the 9th Board of Directors of the Company agreed to appoint Mr. SHENG Yafeng as the Company's Director of Greater Bay Area Development. In May 2021, Mr. SHENG Yafeng's appointment qualification was approved by the CBIRC.

Name	Cessation of office	Notes
MA Xin	Board Secretary	In March 2021, Mr. MA Xin ceased to serve as Board Secretary of the Company due to work arrangements.
ZHANG Weidong	Chief Risk Officer	In March 2021, Mr. ZHANG Weidong ceased to serve as Chief Risk Officer of the Company due to work arrangements.
ZHAO Yonggang	Vice President	In May 2021, due to job changes, Mr. ZHAO Yonggang resigned from the position of Vice President of the Company.

4

Changes in the information about the Company's Directors, Supervisors and Senior Management

During the reporting period, Mr. WANG Tayu, Director of the Company, was appointed as Director of Shanghai Fintech Co., Ltd. Mr. WU Junhao, Director of the Company, ceased to serve as Director of Orient Securities Limited and was appointed as Supervisor of Orient Securities Limited. Mr. CHEN Ran, Director of the Company, was appointed as Chairman of Shanghai Ouyeel Financial Information Service Co., Ltd. Ms. LU Qiaoling, Director of the Company, ceased to serve as General Manager of Finance Department of China Baowu Steel Group Corporation Limited, Chairman of Board of Supervisors of Zhongnan Iron and Steel Co., Ltd. of Baowu Group, Chairman of Board of Supervisors of Ouyeel Yunshang Co., Ltd., Supervisor of Magang (Group) Holding Co., Ltd. and Chairman of the Board of Supervisors of Baowu Equipment Intelligent Technology Co., Ltd., and was appointed as General Manager of the Industry and Finance Development Centre and Capital Market Transactions Department of China Baowu Steel Group Corporation Limited, Director of Hwabao Trust Co., Ltd., and Director of Zhongnan Iron and Steel Co., Ltd. of Baowu Group.



Corporate governance

1

Corporate governance

The Company has established a corporate governance system comprising the SGM, 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 and Corporate Governance Code 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 optimisation of its Group management structure, full consolidation of its internal resources and increased interaction and communication with the capital market.

Under the Articles of Association, the main responsibilities of the SGM are, among others, to formulate the Company's strategic direction and investment plans, elect and replace directors and supervisors other than those who are also the Company's employees and decide their remuneration, consider and approve the annual budgets and accounts, profit distribution plans and loss compensation plans of the Company, adopt proposals regarding any increase or decrease in the registered capital of the Company and any merger, separation, dissolution or liquidation or change of corporate form of the Company, consider and approve the listing of all or any part of the shares on any stock exchange as well as any proposed issuance of bonds or other securities of the Company, adopt proposals regarding the appointment and dismissal of the accountant of the Company, conduct statutory audit of the Company's financial reports on a regular basis, and amend the Articles of Association.

Under the Articles of Association, the Board of Directors shall be accountable to the SGM and exercise, among others, the following powers: to convene SGMs, implement their resolutions, determine the business and operation plans and investment plans of the Company, formulate annual financial budget and final accounting plans, formulate profit distribution and loss compensation plans, formulate the proposals for increases or decreases in the registered share capital and issue and listing of other securities of the Company, appointment or dismissal of President, appointment or dismissal of Board

Secretary based on Chairman's nomination, appointment or dismissal of Chief Internal Auditor and Internal Audit Responsible Person based on Chairman or Audit Committee's nomination, appointment, dismissal and remuneration of Vice President, Chief Actuary, General Counsel, Chief Risk Officer, Chief Technology Officer, Chief Investment Officer, Finance Responsible Person, Compliance Responsible Person and other senior executives based on President's nomination and develop the basic policies and systems of the Company.

The Company currently has 15 Directors, including 2 Executive Directors, 8 Non-executive Directors, and 5 Independent Non-executive Directors. The number and member structure of the Board of Directors are in compliance with the regulatory policies and the Company's Articles of Association.

Under the Articles of Association, the Board of Supervisors is vested by law to exercise the following rights and powers: examine the finances of the Company; monitor the behaviors of directors, president, vice presidents and other senior management during their performance of duties; review the financial information including financial reports, operation reports and profit distribution plans to be submitted to the SGM; propose to convene extraordinary session of the SGM and propose resolutions to it; and conduct investigation when there is any major abnormality in the Company's operation.

The Company currently has 4 Supervisors, including 2 Shareholder Representative Supervisors and 2 Employee Representative Supervisors. The number and member structure of the Board of Supervisors comply with the regulatory policies and the Company's Articles of Association.

During the reporting period, the Company held 1 AGM, 2 Board meetings, and 2 meetings of the Board of Supervisors. Relevant resolutions were announced on the websites of SSE and SEHK, and relevant information disclosure media in accordance with regulatory requirements.

On 28 May 2021, the Company held the 2020 AGM in Shanghai, at which resolutions including The Resolution in Relation to the Report the Board of Directors of China Pacific Insurance (Group) Co., Ltd. for 2020, The Resolution on the

2020 Annual Report of China Pacific Insurance (Group) Co., Ltd., The Resolution on the Annual Financial Report of China Pacific Insurance (Group) Co., Ltd. for 2020, The Resolution on the Change of the Registered capital of China Pacific Insurance (Group) Co., Ltd., The Resolution on Amendments to the Articles of Association of China Pacific Insurance (Group) Co., Ltd. were considered and approved. The shareholders attending the meeting held a total of 5,822,097,650 voting shares, accounting for 60.52% of the Company's total voting shares. All the resolutions of this meeting were passed (for details, please refer to the announcements published on the websites of SSE, SEHK, LSE and the Company).

During the reporting period, the Company changed the former Strategic and Investment Decision-Making Committee under its Board to Strategic and Investment Decision-Making & ESG Committee to help the Board with ESG related work. The Strategic and Investment Decision-Making & ESG Committee emulates best practices of ESG in China and overseas and incorporates philosophies of sustainable development into business operation to boost high-quality development in environment, society and governance. At present, there are 5 special committees under the Board of Directors of the Company, namely the Strategic and Investment Decision-Making & ESG Committee, the Audit Committee, the Nomination and Remuneration Committee, the Risk Management and Related Party Transactions Control Committee, and the Technological Innovation and Consumer Rights Protection Committee. These special committees conduct in-depth research on professional issues and put forward suggestions for the Board of Directors' reference.

During the reporting period, the Strategic and Investment Decision-Making & ESG Committee held 4 meetings and provided comments and suggestions on such matters as profit distribution, and the Development Plan for 2021-2023 among others.

During the reporting period, the Audit Committee held 5 meetings to review, among other things, the 2020 Annual Report, the first quarter report for 2021, and the 2020 Annual Comprehensive Audit Report 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 2020 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 arrival of the external auditors. 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 convened 2 meetings to review such matters as the performance appraisals of the Company for 2020, and the appointment of senior executives.

During the reporting period, the Risk Management and Related Party Transactions Control Committee convened 2 meetings to review, among other things, the risk assessment report, the compliance report, the solvency report of the Company, and related party transactions of its subsidiaries.

During the reporting period, the Technological Innovation and Consumer Rights Protection Committee held 1 meeting to review, among other things, the 2020 Consumer Rights Protection Work Report.

The Company's 9th board of directors consists of 5 Independent Non-executive Directors comprising professionals in finance, financial services, auditing and legal affairs, and the proportion of Independent Non-executive Directors exceeded one-third of all board members, in compliance with applicable regulatory requirements and the provisions of the Articles of Association.

The Company's Independent Non-executive Directors have the required expertise and experience and are able to perform their duties strictly in accordance with the requirements of applicable laws and regulations, regulatory documents, the Articles of Association and Provisions on Performance of Duties by Independent Non-executive Directors. They have provided comments and suggestions on, among other things, corporate governance, business operation, risk management and internal control. Independent Non-executive Directors have played a meaningful role in the Company's decision making process, offering an independent and impartial perspective and safeguarding the interests of the Company and of the shareholders as a whole, and in doing so, the interests of minority shareholders as well.

During the reporting period, based on its actual situation, the Company has revised contents in the Articles of Association and the Procedural Rules for the SGM concerning the registered capital of the Company, and the establishment of specialised committees under the Board of Directors, etc., in accordance with the latest regulatory requirements issued by the State Council, CSRC, and CBIRC, etc. The revisions will take effect after approval by CBIRC.

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.

Under the Articles of Association of the Company, the Company's senior management exercises the following powers: organise the implementation of Board resolutions and report to the Board of Directors; be responsible for the Company's business management, organise the implementation of the Company's annual business plan and investment plan; draft the Company's internal management organisation setting plan and basic management systems; formulate the Company's basic rules; appoint or dismiss managers other than those that should be hired or dismissed by the Board of Directors; other powers granted by the Articles of Association and Board of Directors; and other duties required by insurance regulatory agencies or the law.

The Company currently has 11 members of senior management. According to the Articles of Association, the Company's senior management includes Executive Directors, President, Vice President, Chief Actuary, Chief Internal Auditor, General Counsel, Chief Risk Officer, Chief Technology Officer, Chief Investment Officer, Board Secretary, Finance Responsible Person, Compliance Responsible Person, Internal Audit Responsible Person, other senior executives, as well as other management personnel determined by the Board of Directors. Please refer to the "Directors, supervisors and senior management" section of this report for details.

2

Investor relations

The investor relations (IR) programme of the Company focuses on market value management, seeks to establish a comprehensive and investor-oriented platform with diversified channels of effective communication and makes continued efforts to improve the reach and efficacy of investor communication.

During the COVID-19 period, the Company successfully held its 2020 Annual Results Presentation and global roadshow via "video + teleconference". In the first half of 2021, the Company hosted nearly 40 visits from analysts and investors, attended 12 investor strategy meetings, forums and summits, and timely and effectively communicated the Company's business performance and strategies to the capital markets. Besides, the Company employed diverse means of communications with investors/analysts including official WeChat account, WeChat version of regular reports, and Investor Newsletters. These initiatives were well received by the capital market.

Actively responding to the call of the securities regulatory authority to strengthen the protection of minority shareholders, the Company had issued an announcement before the Annual Results Presentation, publicly solicited investors' questions, and responded to them at the Presentation, while facilitating retail investors' participation in the event by providing them with an Internet access. During the event, participants asked questions via the live-streaming platform of the event, and all the questions were answered within the same day. The Company also assigned staff to answer the investor relations hotline, and respond to investors' questions on the E-communication platform of SSE so as to objectively and comprehensively deliver information to the market, and help investors to reasonably understand the Company's investment value.

Besides, leveraging the two-way communication function of investor relations, the Company communicated the voice of the capital market in the form of capital market updates and special reports to help with management decision-making.

3

Information disclosure

Regarding information disclosure, the Company attaches great importance to the regulatory rules of each of the SSE, the HKSE and the LSE, where its securities are listed, strictly abides by the principle of "truthfulness, accuracy, completeness, timeliness and fairness", and releases regular reports and provisional announcements in strict accordance with regulatory requirements during reporting periods. Focusing on investor's needs, the Company continued to expand the scope of information disclosure, benchmarked with industry-leading international insurers and adopted innovative ways of disclosing non-financial information to fully, concisely, and effectively communicate its major business development strategies and results and its corporate social responsibility efforts and results to investors and other stakeholders in a comprehensive manner, greatly improving the relevance and effectiveness of information disclosure. During the reporting period, the Company effectively performed its obligations in information disclosure with no major errors or omissions, and did not receive any regulatory penalties.

4

Risk management

Risk management is a core element of the Company's operation and management. The Company has established a risk management organisation structure covering all institutions and positions, under direct leadership of the management and the board of directors assuming the ultimate responsibility, relying on risk management department closely cooperates with relevant functional departments. The board of directors of each subsidiary is the highest authority in its own risk management, and bears the ultimate responsibility for the respective risk management system and risk profile.

The Company takes a centralised approach to risk management - set up one overarching risk management framework covering the whole Group, with one set of risk language, risk policies and important systems, core tools and indicators, and risk management information system shared across the Group to guide and supervise the Group's risk management work. While maintaining their independent risk governance and setting up necessary firewalls, each subsidiary is responsible for managing various categories of business risks in accordance with the basic goals and policies, systems and processes, methods and tools of the Group's risk management.

The Company has always maintained a high level of risk awareness to strictly guard against risks, optimised risk limit constraints and penetrating control mechanisms, and continued to improve solvency risk management to achieve the strategic goal of "developing the best risk control capabilities". In the first half of 2021, the Company continued to optimise its risk management system, strengthened the control of key risks such as credit risk, reputation risk, and technology risk, improved the effectiveness of risk management, and enhanced integrated risk control.



Environmental and social
responsibilities

1

Environment

The Company leverages its insurance expertise, and in particular its risk control techniques and high-tech service tools, to proactively tackle climate change and mitigate its damage. It promotes green insurance, green financing, enhances green operation, implements carbon emissions reduction and carbon neutrality actions to protect the ecosystem.

(I) Green insurance

Environmental liability insurance to boost green development of business enterprises. The Company participated in the development and roll-out of environmental liability insurance products, stepped up oversight of firms in environmental protection and prevention of environmental damage. As at 30 June 2021, it cumulatively provided insurance cover for environmental pollution to more than 3,000 companies, with SA exceeding RMB3 billion.

Catastrophe insurance to enhance disaster prevention and mitigation. The Company participated in pilot catastrophe insurance programmes in Shanghai, Shenzhen, Ningbo, Xiamen, Sichuan Province, Guangdong Province, Hebei Province, Chongqing, Hubei Province and Hunan Province. As at 30 June 2021, it cumulatively provided over RMB21 billion in catastrophe protection, covering bodily injuries and damage of properties like house collapses caused by natural disasters such as earthquakes, typhoons, heavy rains, lightning strike, tsunami, hailstorm and flooding, which considerably enhanced capabilities in disaster mitigation and resilience of affected areas in the face of climate change.

Renewable energy insurance to promote development of clean energy. The Company is committed to the national strategy of “Carbon Peaking” and “Carbon Neutrality”, providing insurance cover for a large number of energy firms. In maritime wind power, it conducted risk control assessment to support clean energy; in hydro-power, it provided early warning service regarding water levels and other natural disasters in hydro-power reaches via a customer risk radar app and Internet of Things, and set up, jointly with the China Three Gorges Corporation, an emergency response team, the only one with aquatic rescue capabilities in South-western China.

(II) Responsible investment

Changjiang Pension launched the first ESG insurance asset management product - Jinse Zengying No.6, filling the vacuum in ESG products issued by pension asset management firms, and channeling funds to support green development. As a fixed income and portfolio-based product, it focused on environment, social responsibility, and corporate governance, while giving priority to debt issuers with outstanding ESG credentials. Besides, the Company participated in the launch of Baowu Carbon Neutrality Equity Investment Fund, which centres on clean energy, green technology, environmental protection and pollution treatment, marking a new level of green, low-carbon high-quality development of the iron & steel industry.

(III) Energy saving and emission reduction to achieve carbon peaking and neutrality targets

Policies and measures to improve energy efficiency. The Company formulated policies on work-place environment and use of appliances & utilities, which set out a cap of 20 degrees Centigrade in winter and a floor of 26 degrees Centigrade in summer for air-conditioning; centralised control of lighting in corridors, staircases and entrance halls to save power; controlled flow of tap water with timely checks on whether it is turned off.

Higher energy efficiency of data centres. The Chengdu data centre reduced its full-load PUE from 1.75 in 2015 when it was established to 1.6 in 2020, pointing to initial success in energy saving and emission reduction, and green operation of data centres. For example, it adjusted precision air-conditioners including the fan speed, water temperature of chillers, operational mode and parameters of BA control system and saved 518KW in electric power.

Green operation to conserve resources. The Company promotes paperless work, handling office work via desk-top computers and mobile apps, rolling out mobile technology applications for customers, business sales and claims management, continued to improve paperless technology such as electronic insurance policies, electronic invoices and electronic files, all of which effectively reduced the use of paper and thus saved resources; advocated on-line meetings and strictly controlled off-line ones; conducted supplier evaluation, and gave priority to those with environment awareness or using environmental-friendly materials. On the 50th World Environment Day, the Company issued an initiative of green actions to employees, customers and society, calling for implementing green operation, supporting green financing and advocating green life.

Green charity to facilitate carbon neutrality. The ecological park the Company donated in Sanjiangyuan (origin of major rivers in China) expanded from roughly 67 hectares to 100 hectares, with nearly 150,000 trees in 9 species, with a reasonable mix of tree species, strong ecological impact, stable functionality and rich landscaping effect. The park is projected to absorb 22,500 tons of CO₂ in the next 30 years.

The Company is not in a high-polluting industry. During the reporting period, it received no administrative penalties due to breach of environmental regulations and there were no complaints against it over environmental issues.

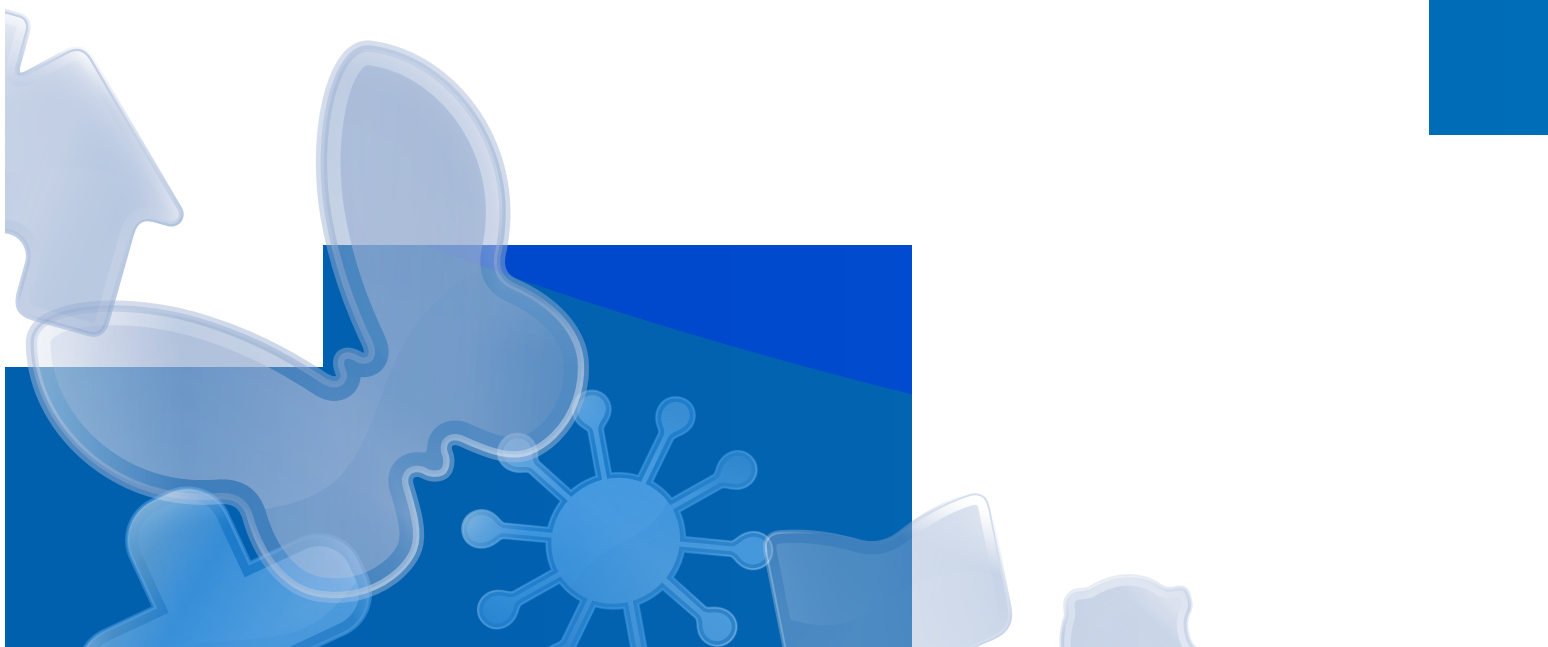
2

Secure progress in poverty alleviation and support Rural Revitalization

The Company actively shouldered corporate social responsibilities, spread healthy social ethos through poverty-reduction consumption, donations and other charitable activities, and translated CSR into driver of sustainable development. To secure achievements in the fight against poverty and to prevent relapse into poverty on a massive scale, it rolled out the “Fang Pin Bao” programme, which, as of June 2021, offered insurance cover to over 100 million people from provinces and cities across China. The Company developed 8 dedicated agricultural insurance products especially for poverty reduction in Gansu, Shanxi and Hunan provinces, with cumulative SA amounting to RMB700 million.

At the same time, to support the building of a multi-tiered social security medical insurance system, the Company conducted government-sponsored business such as TPA for social medical insurance, terminal illness programmes, supplementary medical insurance and long-term care, deployed along the health care sector, and actively participated in the Rural Revitalization Initiative. As of the end of June 2021, it had 321 government-sponsored programmes running, involving 145 million people, and cumulatively responded to 23 million service requests, with claims payment amounting to over RMB23 billion.

Other
information





1

Original copy of the signed review report from the accountant's firm

2

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

Financial report

VIEW OF INTERIM FINANCIAL INFORMATION

INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

ed consolidated income statement

ed consolidated statement of comprehensive income

uity



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 46, 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 2021 and the interim condensed consolidated income statement, the interim condensed consolidated statement of comprehensive income, the interim condensed consolidated statement of changes in equity and the interim condensed consolidated cash flow statement 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 of the Group is not prepared, in all material respects, in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting".

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 27 August 2021

INTERIM CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 30 June 2021

(All amounts expressed in RMB million unless otherwise specified)

Group	Notes	Six months ended 30 June	
		2021 (unaudited)	2020 (unaudited)
Gross written premiums	6(a)	224,518	216,597
Less: Premiums ceded to reinsurers	6(b)	(13,717)	(13,822)
Net written premiums	6(c)	210,801	202,775
Net change in unearned premium reserves		(10,730)	(10,005)
Net premiums earned		200,071	192,770
Investment income	7	48,779	37,766
Other operating income		2,566	2,176
Other income		51,345	39,942
Total income		251,416	232,712
Net policyholders' benefits and claims:			
Life insurance death and other benefits paid	8	(35,224)	(31,096)
Claims incurred	8	(51,030)	(40,366)
Changes in long-term life insurance contract liabilities	8	(92,862)	(88,911)
Policyholder dividends	8	(6,664)	(6,322)
Finance costs		(1,634)	(1,531)
Interest credited to investment contracts		(2,185)	(1,902)
Other operating and administrative expenses		(40,595)	(45,233)
Total benefits, claims and expenses		(230,194)	(215,361)
Share of profit in equity accounted investees		178	279
Profit before tax	9	21,400	17,630
Income tax	10	(3,605)	(3,039)
Net profit for the period		17,795	14,591
Attributable to:			
Shareholders of the parent		17,304	14,239
Non-controlling interests		491	352
		17,795	14,591
Basic earnings per share	11	RMB 1.80	RMB 1.57
Diluted earnings per share	11	RMB 1.80	RMB 1.57

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 2021

(All amounts expressed in RMB million unless otherwise specified)

Group	Notes	Six months ended 30 June	
		2021 (unaudited)	2020 (unaudited)
Net profit for the period		17,795	14,591
Other comprehensive income/(loss)			
Exchange differences on translation of foreign operations		(6)	11
Available-for-sale financial assets		(1,843)	3,417
Income tax relating to these items		465	(894)
Other comprehensive income/(loss) to be reclassified to profit or loss in subsequent period		(1,384)	2,534
Other comprehensive income/(loss) for the period	12	(1,384)	2,534
Total comprehensive income for the period		16,411	17,125
Attributable to:			
Shareholders of the parent		15,947	16,706
Non-controlling interests		464	419
		16,411	17,125

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

INTERIM CONDENSED CONSOLIDATED BALANCE SHEET

30 June 2021

(All amounts expressed in RMB million unless otherwise specified)

Group	Notes	30 June 2021 (unaudited)	31 December 2020 (audited)
ASSETS			
Goodwill		1,357	1,357
Property and equipment		18,966	19,293
Right-of-use assets		5,641	5,168
Investment properties		7,673	7,866
Other intangible assets		3,052	3,323
Interests in associates	13	12,870	14,554
Investment in joint ventures	14	9,879	9,889
Held-to-maturity financial assets	15	383,552	329,360
Investments classified as loans and receivables	16	403,070	380,174
Restricted statutory deposits		6,858	6,858
Term deposits	17	196,565	192,966
Available-for-sale financial assets	18	613,468	596,158
Financial assets at fair value through profit or loss	19	12,253	12,473
Derivative financial assets		176	140
Securities purchased under agreements to resell		15,823	14,327
Policy loans		64,941	62,364
Interest receivables		18,240	20,563
Reinsurance assets	20	30,861	27,719
Deferred income tax assets	21	1,955	845
Insurance receivables		49,233	29,872
Other assets	22	15,448	14,857
Cash and short-term time deposits	23	24,988	20,878
Total assets		1,896,869	1,771,004

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

INTERIM CONDENSED CONSOLIDATED BALANCE SHEET (continued)

30 June 2021

(All amounts expressed in RMB million unless otherwise specified)

Group	Notes	30 June 2021 (unaudited)	31 December 2020 (audited)
EQUITY AND LIABILITIES			
Equity			
Issued capital	24	9,620	9,620
Reserves	25	122,658	124,071
Retained profits	25	86,256	81,533
Equity attributable to shareholders of the parent		218,534	215,224
Non-controlling interests		5,335	5,611
Total equity		223,869	220,835
Liabilities			
Insurance contract liabilities	26	1,340,520	1,225,176
Investment contract liabilities	27	98,895	87,056
Policyholders' deposits		70	70
Bonds payable	28	9,993	9,991
Securities sold under agreements to repurchase		102,946	90,825
Lease liabilities		3,240	3,430
Deferred income tax liabilities	21	3,973	5,055
Income tax payable		3,860	1,396
Premium received in advance		8,140	27,983
Policyholder dividend payable		22,719	24,351
Payables to reinsurers		9,611	5,501
Other liabilities		69,033	69,335
Total liabilities		1,673,000	1,550,169
Total equity and liabilities		1,896,869	1,771,004

KONG Qingwei

Director

FU Fan

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 2021

(All amounts expressed in RMB million unless otherwise specified)

Group	For the six months ended 30 June 2021 (unaudited)									
	Attributable to shareholders of the parent									
	Reserves						Retained profits	Subtotal	Non-controlling interests	Total equity
	Issued capital	Capital reserves	Surplus reserves	General reserves	Available-for-sale investment revaluation reserves	Foreign currency translation reserves				
At 1 January 2021	9,620	79,788	5,114	16,829	22,377	(37)	81,533	215,224	5,611	220,835
Total comprehensive income/(loss)	-	-	-	-	(1,351)	(6)	17,304	15,947	464	16,411
Dividend declared ¹	-	-	-	-	-	-	(12,506)	(12,506)	-	(12,506)
Equity transactions with non-controlling interests	-	(131)	-	-	-	-	-	(131)	(315)	(446)
Appropriations to general reserves	-	-	-	75	-	-	(75)	-	-	-
Dividends paid to non-controlling shareholders	-	-	-	-	-	-	-	-	(425)	(425)
At 30 June 2021	9,620	79,657	5,114	16,904	21,026	(43)	86,256	218,534	5,335	223,869

¹ Dividend declared represents the final dividend on ordinary shares declared for the year ended 31 December 2020, amounting to RMB 12,506 million (RMB 1.30 per share).

Group	For the six months ended 30 June 2020 (unaudited)									
	Attributable to shareholders of the parent									
	Reserves						Retained profits	Subtotal	Non-controlling interests	Total equity
	Issued capital	Capital reserves	Surplus reserves	General reserves	Available-for-sale investment revaluation reserves	Foreign currency translation reserves				
At 1 January 2020	9,062	66,650	4,835	14,329	12,952	(3)	70,602	178,427	4,893	183,320
Total comprehensive income/(loss)	-	-	-	-	2,456	11	14,239	16,706	419	17,125
Dividend declared ¹	-	-	-	-	-	-	(10,874)	(10,874)	-	(10,874)
Capital contribution by shareholders (Note 1)	514	12,040	-	-	-	-	-	12,554	-	12,554
De-registration of subsidiaries	-	(15)	-	-	-	-	-	(15)	-	(15)
Appropriations to general reserves	-	-	-	36	-	-	(36)	-	-	-
Dividends paid to non-controlling shareholders	-	-	-	-	-	-	-	-	(420)	(420)
At 30 June 2020	9,576	78,675	4,835	14,365	15,408	8	73,931	196,798	4,892	201,690

¹ Dividend declared represents the final dividend on ordinary shares declared for the year ended 31 December 2019, amounting to RMB 10,874 million (RMB 1.20 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 2021

(All amounts expressed in RMB million unless otherwise specified)

Group	Notes	Six months ended 30 June	
		2021 (unaudited)	2020 (unaudited)
OPERATING ACTIVITIES			
Cash generated from operating activities	29	60,681	69,249
Income tax paid		(1,577)	(1,964)
Net cash inflows from operating activities		59,104	67,285
INVESTING ACTIVITIES			
Purchases of property and equipment, intangible assets and other assets		(1,211)	(1,045)
Proceeds from disposal of property and equipment, intangible assets and other assets		8	6
Purchases of investments, net		(86,321)	(102,207)
Acquisition of subsidiaries and other business entities, net		(2,505)	(9)
Proceeds from disposal of subsidiaries and other business entities, net		3,635	318
Interest received		33,918	32,000
Dividends received from investments		3,384	2,667
Other cash paid related to investing activities		(27)	(9)
Net cash outflows from investing activities		(49,119)	(68,279)
FINANCING ACTIVITIES			
Securities sold under agreements to repurchase, net		12,669	22,020
Proceeds from the issue of asset-backed securities		2,288	3,600
Proceeds from the issue of share capital		-	12,831
Repayment of borrowings		(4,050)	(2,290)
Interest paid		(1,264)	(1,200)
Dividends paid		(12,820)	(11,285)
Principal elements of lease payments		(656)	(695)
Cash (paid)/received related to NCI of consolidated structured entities, net		(669)	479
Other cash received/(paid) related to financing activities		52	(4)
Net cash (outflows)/inflows from financing activities		(4,450)	23,456
Effects of exchange rate changes on cash and cash equivalents		(28)	12
Net increase in cash and cash equivalents		5,507	22,474
Cash and cash equivalents at the beginning of the period		34,767	42,546
Cash and cash equivalents at the end of the period		40,274	65,020
Analysis of balances of cash and cash equivalents			
Cash at banks and on hand		20,607	32,426
Time deposits with original maturity of no more than three months		2,372	3,073
Other monetary assets		1,472	913
Investments with original maturity of no more than three months		15,823	28,608
Cash and cash equivalents at the end of the period		40,274	65,020

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2021

(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 former China Insurance Regulatory Commission (the “CIRC”), the Company was restructured as a joint stock limited company in October 2001 with an issued capital of RMB 2,006.39 million. The Company increased its issued capital to RMB 6,700 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 RMB 7,700 million. The Company’s A shares were 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 RMB 8,600 million. The Company’s H shares were 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 RMB 9,062 million, which was approved by the former CIRC in December 2012.

In June 2020, the Company issued 102,873,300 Global Depositary Receipts (“GDRs”) on the London Stock Exchange (the “LSE”) and listed on the LSE. In July 2020, the Company further issued 8,794,991 GDRs. Each GDR represents five A shares of the Company. After GDR issuance, the issued capital of the Company was increased to approximately RMB 9,620 million. The capital change registration is still in process.

The authorised business scope of the Company includes investing in insurance enterprises; supervising and managing the domestic and overseas reinsurance businesses of subsidiaries and their utilisation of funds; and participating in approved international insurance activities. The principal activities of the Company and its subsidiaries (the “Group” or “CPIC Group”) are property and casualty insurance businesses, life and health insurance businesses, pension and annuity insurance businesses, as well as investments with insurance funds, 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 2021 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 2020.

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

2.1 Basis of preparation (continued)

(1) 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 2020, except for the adoption of amended or improved standards and interpretations as of 1 January 2021 as described below. The adoption of these revised HKFRSs currently has had no significant impact on these consolidated financial statements.

Amendments to HKFRS 16	Covid-19-Related Rent Concessions
Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	Interest Rate Benchmark Reform – Phase 2

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

(2) New and revised standards not yet adopted

All HKFRSs that remain in effect which are relevant to the Group have been applied except HKFRS 9, as the Group qualifies for a temporary exemption from HKFRS 9 which was illuminated in HKFRS 4 Amendments.

The Group has not applied the following key new and revised HKFRSs that have been issued but are not yet effective, in these consolidated financial statements:

Amendments to HKFRS 16	Covid-19-related rent concessions beyond 30 June 2021 ¹
Amendments to HKFRS 3	Reference to the Conceptual Framework ²
Amendments to HKAS 37	Onerous Contracts — Cost of Fulfilling a Contract ²
Amendments to HKAS 16	Property, Plant and Equipment: Proceeds before intended use ²
Amendments to HKFRSs	Annual improvements to HKFRS standards 2018–2020 Cycle ²
HKFRS 17	Insurance Contracts ³
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current ³
Amendments to HKAS 1	Disclosure of accounting policies ³
Amendments to HKFRS 1 and HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction ³
Amendments to HKAS 8	Definition of Accounting Estimates ³

¹ Effective for annual periods beginning on or after 1 April 2021

² Effective for annual periods beginning on or after 1 January 2022

³ Effective for annual periods beginning on or after 1 January 2023

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

2.1 Basis of preparation (continued)

(2) New and revised standards not yet adopted (continued)

None of these HKFRSs is expected to have a significant effect on the consolidated financial statements of the Group, except for the following as 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 profit or loss. 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 1 January 2018. The Group is eligible to and has elected to apply the temporary option to defer the effective date of HKFRS 9 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 issued insurance contracts standard. The Group will not adopt the HKFRS 9 until 1 January 2023 and the Group makes additional disclosures as below:

The Group is defined as an insurer with its activities predominantly connected with insurance, with the percentage of the total carrying amounts of its liabilities connected with insurance relative to the total carrying amounts of all its liabilities greater than 90%.

Financial assets meet SPPI are relevant financial assets of which the contractual cash flows generated on a specific date are solely payments of principal and interest on the principal amount.

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

2.1 Basis of preparation (continued)

(2) New and revised standards not yet adopted (continued)

Additional disclosures of financial assets listed in financial assets at fair value through profit or loss, available-for-sale financial assets, held-to-maturity financial assets, investments classified as loans and receivables are as follows:

	As at 30 June 2021 Fair value	Six months ended 30 June 2021 Change in the fair value
Financial assets held for trading (A)	3,610	72
Financial assets managed and assessed for performance on a fair value basis (B)	8,643	(385)
Financial assets other than A or B		
- Financial assets that meet SPPI (C)	1,077,620	4,398
- Financial assets that do not meet SPPI	344,892	(3,903)
Total	1,434,765	182

Credit risk rating grades of financial assets that meet SPPI (C)	As at 30 June 2021 Carrying amount
Domestic	
Exempt from rating ^{Note}	284,738
AAA	721,956
A-1	41
AA+	31,782
AA(inclusive) or below	4,730
Overseas	
A-(inclusive) or above	377
BBB+	141
BBB	112
BBB-	14
BB+(inclusive) or below	83
Total	1,043,974

Note: "Exempt from rating", a domestic rating grade, is to describe a rating grade above "AAA". It mainly includes government bonds and policy financial bonds.

Financial assets not have low credit risk	As at 30 June 2021	
	Carrying amount	Fair value
Domestic	4,730	4,730
Overseas	83	84
Total	4,813	4,814

Except for the above assets, other financial assets other than cash and derivative financial assets held by the Group, including securities purchased under agreements to resell, policy loans, term deposits, restricted statutory deposits, etc., are financial assets which meet the SPPI conditions. The carrying amounts are close to their fair value.

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

2.1 Basis of preparation (continued)

(2) New and revised standards not yet adopted (continued)

HKFRS 17 was issued in May 2017 and will replace the current HKFRS 4 Insurance Contracts. It applies to the measurement of insurance contracts issued, all reinsurance contracts and investment contracts with discretionary participating features. It requires a current measurement model where estimates are re-measured each reporting period. Contracts are measured using the building blocks of:

- discounted probability-weighted cash flows,
- an explicit risk adjustment, and
- a contractual service margin ("CSM") representing the unearned profit of the contract which is recognised as revenue over the coverage period.

In October 2020, the Amendments to HKFRS 17 was issued. The standard is currently mandatorily effective for annual periods beginning on or after 1 January 2023 and earlier application is permitted. The impact is expected to be significant, and the Group is in the process of assessing the impact of adoption of HKFRS 17.

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 reserves, the Group determines actuarial assumptions such as discount rate, mortality and morbidity, surrender rates, expense and policy dividend based on information currently available as at the balance sheet date.

As at 30 June 2021, the Group used information currently available to determine the above assumptions. Mainly due to change of the benchmark yield curve of discount rate for life and long-term health insurance reserves, life and long-term health insurance reserves after reinsurance increased by approximately RMB 4,387 million as at 30 June 2021 and profit before tax decreased by approximately RMB 4,387 million for the six months ended 30 June 2021.

4. SEGMENT INFORMATION

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

For management purpose, the Group is organised 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 and health insurance segment (including China Pacific Life Insurance Co., Ltd. ("CPIC Life") and Pacific Health Insurance Co., Ltd. ("CPIC Health")) offers a wide range of RMB life and health 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 mainly provides corporation management and assets management services, etc.

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

4. SEGMENT INFORMATION (continued)

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

For the six months ended 30 June 2021, gross written premiums from transactions with the top five external customers amounted to 0.9% (for the six months ended 30 June 2020: 0.7%) of the Group's total gross written premiums.

Segment income statement for the six months ended 30 June 2021:

	Life and health insurance	Property and casualty insurance				Corporate and others	Eliminations	Total
		Mainland China	Hong Kong	Eliminations	Sub-total			
Gross written premiums	142,652	82,603	228	(70)	82,761	-	(895)	224,518
Less: Premiums ceded to reinsurers	(2,787)	(11,765)	(122)	62	(11,825)	-	895	(13,717)
Net written premiums	139,865	70,838	106	(8)	70,936	-	-	210,801
Net change in unearned premium reserves	(3,992)	(6,936)	63	-	(6,873)	-	135	(10,730)
Net premiums earned	135,873	63,902	169	(8)	64,063	-	135	200,071
Investment income	41,228	4,508	4	-	4,512	16,995	(13,956)	48,779
Other operating income	1,015	173	2	-	175	3,503	(2,127)	2,566
Other income	42,243	4,681	6	-	4,687	20,498	(16,083)	51,345
Segment income	178,116	68,583	175	(8)	68,750	20,498	(15,948)	251,416
Net policyholders' benefits and claims:								
Life insurance death and other benefits paid	(35,224)	-	-	-	-	-	-	(35,224)
Claims incurred	(6,288)	(44,548)	(115)	-	(44,663)	-	(79)	(51,030)
Changes in long-term life insurance contract liabilities	(92,410)	-	-	-	-	-	(452)	(92,862)
Policyholder dividends	(6,664)	-	-	-	-	-	-	(6,664)
Finance costs	(1,280)	(327)	-	-	(327)	(43)	16	(1,634)
Interest credited to investment contracts	(2,185)	-	-	-	-	-	-	(2,185)
Other operating and administrative expenses	(19,468)	(19,026)	(53)	-	(19,079)	(3,586)	1,538	(40,595)
Segment benefits, claims and expenses	(163,519)	(63,901)	(168)	-	(64,069)	(3,629)	1,023	(230,194)
Segment results	14,597	4,682	7	(8)	4,681	16,869	(14,925)	21,222
Share of profit/(loss) in equity accounted investees	192	9	-	-	9	(12)	(11)	178
Profit before tax	14,789	4,691	7	(8)	4,690	16,857	(14,936)	21,400
Income tax	(1,900)	(1,128)	(1)	-	(1,129)	(537)	(39)	(3,605)
Net profit for the period	12,889	3,563	6	(8)	3,561	16,320	(14,975)	17,795

4. SEGMENT INFORMATION (continued)

Segment income statement for the six months ended 30 June 2020:

	Life and health insurance	Property and casualty insurance				Corporate and others	Eliminations	Total
		Mainland China	Hong Kong	Eliminations	Sub-total			
Gross written premiums	139,515	77,547	277	(76)	77,748	-	(666)	216,597
Less: Premiums ceded to reinsurers	(3,146)	(11,331)	(103)	92	(11,342)	-	666	(13,822)
Net written premiums	136,369	66,216	174	16	66,406	-	-	202,775
Net change in unearned premium reserves	(3,670)	(6,389)	(39)	1	(6,427)	-	92	(10,005)
Net premiums earned	132,699	59,827	135	17	59,979	-	92	192,770
Investment income	32,986	3,464	17	-	3,481	20,622	(19,323)	37,766
Other operating income	1,267	176	1	-	177	2,755	(2,023)	2,176
Other income	34,253	3,640	18	-	3,658	23,377	(21,346)	39,942
Segment income	166,952	63,467	153	17	63,637	23,377	(21,254)	232,712
Net policyholders' benefits and claims:								
Life insurance death and other benefits paid	(31,096)	-	-	-	-	-	-	(31,096)
Claims incurred	(4,596)	(35,697)	(69)	-	(35,766)	-	(4)	(40,366)
Changes in long-term life insurance contract liabilities	(88,807)	-	-	-	-	-	(104)	(88,911)
Policyholder dividends	(6,322)	-	-	-	-	-	-	(6,322)
Finance costs	(1,143)	(284)	-	-	(284)	(48)	(56)	(1,531)
Interest credited to investment contracts	(1,902)	-	-	-	-	-	-	(1,902)
Other operating and administrative expenses	(21,177)	(23,254)	(63)	-	(23,317)	(2,742)	2,003	(45,233)
Segment benefits, claims and expenses	(155,043)	(59,235)	(132)	-	(59,367)	(2,790)	1,839	(215,361)
Segment results	11,909	4,232	21	17	4,270	20,587	(19,415)	17,351
Share of profit/(loss) in equity accounted investees	286	8	-	-	8	(17)	2	279
Profit before tax	12,195	4,240	21	17	4,278	20,570	(19,413)	17,630
Income tax	(1,477)	(1,059)	(9)	-	(1,068)	(256)	(238)	(3,039)
Net profit for the period	10,718	3,181	12	17	3,210	20,314	(19,651)	14,591

The segment assets as at 30 June 2021 and 31 December 2020 are as following:

	Life insurance	Property and casualty insurance				Corporate and others	Eliminations	Total
		Mainland China	Hong Kong	Eliminations	Sub-total			
30 June 2021 (Unaudited)	1,544,680	210,854	1,621	(227)	212,248	180,594	(40,653)	1,896,869
31 December 2020 (Audited)	1,452,600	187,383	1,545	(134)	188,794	161,388	(31,778)	1,771,004

5. SCOPE OF CONSOLIDATION

(a) Particulars of the Company's incorporated subsidiaries as at 30 June 2021 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 specified)	Issued capital (RMB thousand, unless otherwise specified)	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	
CPIC Life	Limited company	Life and health 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	2,100,000	2,100,000	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 Insurance Real Estate Co., Ltd.	Limited company	Real estate	Shanghai	Shanghai	115,000	115,000	100.00	-	100.00	
Changjiang Pension Insurance Co., Ltd. ("Changjiang Pension")	Limited company	Pension business and investment management	Shanghai	Shanghai	3,000,000	3,000,000	-	61.10	62.16	
CPIC Investment Management (H.K.) Company Limited ("CPIC Investment (H.K.)")	Limited company	Investment management	Hong Kong	Hong Kong	HK\$200,000 thousand	HK\$200,000 thousand	12.25	87.46	100.00	(1)
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	
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 Senior Living Investment Management Co., Ltd. ("CPIC Senior Living Investment")	Limited company	Senior living property investment and management, etc.	Shanghai	Shanghai	3,000,000	3,000,000	-	98.29	100.00	
CPIC Health	Limited company	Health insurance	Shanghai	Shanghai	1,700,000	1,700,000	85.05	14.69	100.00	(2)
China Pacific Anxin Agricultural Insurance Co., Ltd. ("PAAIC")	Limited company	Property and casualty insurance	Shanghai	Shanghai	700,000	700,000	-	51.35	52.13	
Pacific Medical & Healthcare Management Co., Ltd. ("Pacific Medical & Healthcare")	Limited company	Medical consulting services, etc.	Shanghai	Shanghai	500,000	500,000	-	98.29	100.00	

5. SCOPE OF CONSOLIDATION (continued)

(a) Particulars of the Company's incorporated subsidiaries as at 30 June 2021 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 specified)	Issued capital (RMB thousand, unless otherwise specified)	Percentage of equity attributable to the Company(%)		Percentage of voting rights attributable to the Company (%)	Note
							Direct	Indirect		
Pacific Insurance Agency Co., Ltd. ("Pacific Insurance Agency")	Limited company	Insurance agency	Shanghai	Shanghai	50,000	50,000	-	100.00	100.00	
CPIC Fund Management Co., Ltd. ("CPIC Funds")	Limited company	Fund management	Shanghai	Shanghai	150,000	150,000	-	50.83	51.00	
CPIC Senior Living Development (Chengdu) Co., Ltd. ("Chengdu Project Company")	Limited company	Senior living property investment and construction, etc.	Chengdu	Chengdu	1,000,000	715,000	-	98.29	100.00	
CPIC Senior Living Development (Hangzhou) Co., Ltd. ("Hangzhou Project Company")	Limited company	Senior living property investment and construction, etc.	Hangzhou	Hangzhou	1,200,000	650,000	-	98.29	100.00	
CPIC Senior Living Development (Xiamen) Co., Ltd. ("Xiamen Project Company")	Limited company	Senior living property investment and construction, etc.	Xiamen	Xiamen	900,000	450,000	-	98.29	100.00	
Pacific Care Home (Chengdu) Senior Living Service Co., Ltd.	Limited company	Seniors and disabled care, etc.	Chengdu	Chengdu	60,000	13,000	-	98.29	100.00	
CPIC Senior Living Development (Nanjing) Co., Ltd. ("Nanjing Project Company")	Limited company	Senior living property investment and construction, etc.	Nanjing	Nanjing	220,000	109,000	-	98.29	100.00	
Pacific Care Home (Dali) Co., Ltd.	Limited company	"Migrant-style" senior living, etc.	Dali	Dali	608,000	418,000	-	74.70	76.00	
CPIC (Shanghai) Senior Care Development Co., Ltd. ("Shanghai Senior Care Project Company")	Limited company	Senior living property investment and construction, etc.	Shanghai	Shanghai	250,000	195,000	-	98.29	100.00	
Pacific Care Home (Hangzhou) Senior Living Service Co., Ltd. ("Pacific Care Home at Hangzhou")	Limited company	Seniors and disabled care, etc.	Hangzhou	Hangzhou	60,000	-	-	98.29	100.00	
CPIC Senior Living Development (Wuhan) Co., Ltd. ("Wuhan Project Company")	Limited company	Elderly service, real estate development and operation, etc.	Wuhan	Wuhan	980,000	428,078	-	98.29	100.00	(3)
CPIC Private Equity Fund Management Co., Ltd. ("CPIC Capital")	Limited company	Private equity investment fund management services	Shanghai	Shanghai	100,000	100,000	-	99.67	100.00	(4)
Shanghai (Chongming) Real Estate Development Co., Ltd. ("Shanghai (Chongming) Project Company")	Limited company	Real estate development and operation, own house rental service, etc.	Shanghai	Shanghai	100,000	100,000	-	98.29	100.00	(5)

* Subsidiaries of City Island

Operating results

Corporate governance

Other information

Financial report

5. SCOPE OF CONSOLIDATION (continued)

(a) Particulars of the Company's incorporated subsidiaries as at 30 June 2021 are as follows (continued):

(1) CPIC Investment (H.K.)

Pursuant to the resolution of the first extraordinary general meeting of shareholders of CPIC Asset Management held in 2020, CPIC Asset Management signed a contract to inject capital to CPIC Investment (H.K.) in the amount of HKD 150 million, and obtained the approval from China Banking and Insurance Regulatory Commission ("CBIRC") in January 2021. After this capital injection, the registered capital of CPIC Investment (H.K.) increased from HKD 50 million to HKD 200 million.

(2) CPIC Health

The Company and CPIC Life purchased 8% and 14.949% shares of the former CPIC Allianz Health Insurance Co., Ltd. ("CPIC Allianz Health") from Allianz SE respectively by entering into the "Agreement on Transfer of Shares in CPIC Allianz Health". After this transaction, the Company's and CPIC Life's shareholding in CPIC Allianz Health increased to 85.051% and 14.949% respectively. In January 2021, CPIC Allianz Health completed the relevant industrial and commercial registration of equity change. In March 2021, CPIC Allianz Health obtained the approval from CBIRC to change its name to Pacific Health Insurance Co., Ltd. and completed the relevant industrial and commercial registration.

(3) Wuhan Project Company

Wuhan Project Company, a wholly-owned subsidiary set up by CPIC Life, obtained the business license of legal entity with the unified social credit code of 91420105MA49NYBP50 in February 2021. The registered capital is RMB 980 million. CPIC Life had injected capital of RMB 428 million as at 30 June 2021.

(4) CPIC Capital

CPIC Capital, a wholly-owned subsidiary set up by CPIC Asset Management, obtained the business license of legal entity with the unified social credit code of 91310000MA1H3LCJX9 on 12 March 2021. The registered capital is RMB 100 million. CPIC Asset Management had injected capital of RMB 100 million as at 30 June 2021.

(5) Shanghai (Chongming) Project Company

In April 2021, CPIC Senior Living Investment entered into an equity transaction contract with Shanghai Industrial Pension Development Co., Ltd. ("Shanghai Industrial Pension") to acquire 100% shares of Shanghai (Chongming) Project Company. Shanghai (Chongming) Project Company obtained its business license of legal entity with the unified social credit code of 91310230MA1JX45D53 and the registered capital is RMB 100 million.

5. SCOPE OF CONSOLIDATION (continued)

(b) As at 30 June 2021, consolidated structured entities material to the Group are as follows:

Name	Collective holding by the Group (%)	Product scale (units in RMB thousand)	Nature of business
CPIC Zengyu Annually Open Pure Type Launching Securities Investment Fund	100.00	5,996,580	Investing in financial instruments with high liquidity including national bonds, government bonds, local treasury bonds, financial bonds, enterprise bonds, corporate bonds, Central Bank bills, medium term notes, short-term commercial paper, super short-term commercial paper, SME private debt, asset-backed security, subordinated debt, the debt part of the convertible bonds, bonds repo, bank deposits (including agreement deposits, notice deposits and term deposits), NCDs, money market instrument, treasury bond futures and other financial instruments that laws and regulations or the CSRC allow funds to invest (yet subject to related regulations of the CSRC).
CPIC Zengfu Annually Open Pure Type Launching Securities Investment Fund	100.00	5,009,999	Investing in financial instruments with high liquidity including national bonds, government bonds, local treasury bonds, financial bonds, enterprise bonds, corporate bonds, Central Bank bills, medium term notes, short-term commercial paper, super short-term commercial paper, SME private debt, asset-backed security, subordinated debt, the debt part of the convertible bonds, bonds repo, bank deposits (including agreement deposits, notice deposits and term deposits), NCDs, money market instrument, treasury bond futures and other financial instruments that laws and regulations or the CSRC allow funds to invest (yet subject to related regulations of the CSRC).
Pacific-Jiangsu Communications Holdings Co., Ltd. Debt Investment Plan (Phase I)	100.00	4,000,000	Investing in Taizhou Yangtze River Highway Bridge Project operated by Jiangsu Communications Holdings Co., Ltd. through debt investment plan.
Changjiang Pension-China Aluminum Group Infrastructure Debt Investment Plan	37.00	3,000,000	Investing in Guangxi Hualei New Material Co., Ltd. Light Alloy Material Project operated by China Aluminum Group Co., Ltd. through debt investment plan.
Shanghai Genharmony Tongyi Science and Technology Innovation Industry Equity Investment Fund Partnership (Limited Partnership)	99.97	2,979,000	Equity investment, equity investment management. (Except for items subject to approval according to law, carry out business activities independently within business license approved scope)

Note: CPIC Asset Management, CPIC Funds and Changjiang Pension, etc. are the asset managers of these consolidated structured entities.

6. NET WRITTEN PREMIUMS

(a) Gross written premiums

	Six months ended 30 June	
	2021	2020
Long-term life insurance premiums	128,342	125,692
Short-term life insurance premiums	13,415	13,157
Property and casualty insurance premiums	82,761	77,748
	224,518	216,597

(b) Premiums ceded to reinsurers

	Six months ended 30 June	
	2021	2020
Long-term life insurance premiums ceded to reinsurers	(2,034)	(1,982)
Short-term life insurance premiums ceded to reinsurers	(753)	(1,164)
Property and casualty insurance premiums ceded to reinsurers	(10,930)	(10,676)
	(13,717)	(13,822)

6. NET WRITTEN PREMIUMS (continued)

(c) Net written premiums

	Six months ended 30 June	
	2021	2020
Net written premiums	210,801	202,775

7. INVESTMENT INCOME

	Six months ended 30 June	
	2021	2020
Interest and dividend income (a)	35,224	32,542
Realised gains (b)	15,051	8,122
Unrealised losses (c)	(277)	(414)
Charge of impairment losses on financial assets	(1,219)	(2,484)
	48,779	37,766

(a) Interest and dividend income

	Six months ended 30 June	
	2021	2020
Financial assets at fair value through profit or loss		
- Fixed maturity investments	25	34
- Funds	10	3
- Stocks	1	6
- Other equity investments	(1)	2
	35	45
Held-to-maturity financial assets		
- Fixed maturity investments	7,856	7,023
Loans and receivables		
- Fixed maturity investments	16,859	15,782
Available-for-sale financial assets		
- Fixed maturity investments	6,408	6,486
- Funds	505	610
- Stocks	1,796	1,504
- Other equity investments	1,765	1,092
	10,474	9,692
	35,224	32,542

7. INVESTMENT INCOME (continued)

(b) Realised gains

	Six months ended 30 June	
	2021	2020
Financial assets at fair value through profit or loss		
- Fixed maturity investments	128	97
- Funds	(28)	(9)
- Stocks	(7)	(5)
- Other equity investments	6	4
- Derivative instruments	18	-
	117	87
Available-for-sale financial assets		
- Fixed maturity investments	19	307
- Funds	2,139	728
- Stocks	12,760	6,602
- Other equity investments	36	382
	14,954	8,019
Held-to-maturity financial assets		
- Fixed maturity investments	(20)	-
Others	-	16
	15,051	8,122

(c) Unrealised losses

	Six months ended 30 June	
	2021	2020
Financial assets at fair value through profit or loss		
- Fixed maturity investments	70	(126)
- Funds	-	12
- Derivative instruments	36	-
- Stocks	3	(22)
- Wealth management products and other equity investments	(386)	(278)
	(277)	(414)

8. NET POLICYHOLDERS' BENEFITS AND CLAIMS

	Six months ended 30 June 2021		
	Gross	Ceded	Net
Life insurance death and other benefits paid	36,555	(1,331)	35,224
Claims incurred			
- Short-term life insurance	6,064	(378)	5,686
- Property and casualty insurance	50,574	(5,230)	45,344
Changes in long-term life insurance contract liabilities	93,595	(733)	92,862
Policyholder dividends	6,664	-	6,664
	193,452	(7,672)	185,780

8. NET POLICYHOLDERS' BENEFITS AND CLAIMS (continued)

	Six months ended 30 June 2020		Net
	Gross	Ceded	
Life insurance death and other benefits paid	32,076	(980)	31,096
Claims incurred			
- Short-term life insurance	4,642	(452)	4,190
- Property and casualty insurance	40,849	(4,673)	36,176
Changes in long-term life insurance contract liabilities	89,440	(529)	88,911
Policyholder dividends	6,322	-	6,322
	173,329	(6,634)	166,695

9. PROFIT BEFORE TAX

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

	Six months ended 30 June	
	2021	2020
Employee benefit expense (including directors' and supervisors' emoluments)	12,442	11,127
Auditors' remuneration	16	16
Short-term and low-value leases payments	41	76
Depreciation of property and equipment	924	898
Depreciation of investment properties	164	164
Depreciation of right-of-use assets	764	757
Amortisation of other intangible assets	393	376
Amortisation of other assets	6	10
Gains on disposal of items of property and equipment, intangible assets and other long-term assets	(1)	(1)
Charge of impairment loss on insurance receivables and other assets	506	354
Charge of impairment loss on financial assets, net (Note 7)	1,219	2,484
Foreign exchange losses/(gains), net	197	(25)

10. INCOME TAX

(a) Income tax

	Six months ended 30 June	
	2021	2020
Current income tax	5,332	3,942
Deferred income tax (Note 21)	(1,727)	(903)
	3,605	3,039

(b) Tax recorded in other comprehensive income/(loss)

	Six months ended 30 June	
	2021	2020
Deferred income tax (Note 21)	(465)	894

10. INCOME TAX (continued)

(c) Reconciliation of tax expense

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

A reconciliation of the tax expense applicable to profit before tax using the 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	
	2021	2020
Profit before tax	21,400	17,630
Tax computed at the statutory tax rate	5,350	4,408
Adjustments to income tax in respect of previous periods	(74)	(124)
Income not subject to tax	(2,056)	(1,594)
Expenses not deductible for tax	115	167
Others	270	182
Tax expense at the Group's effective rate	3,605	3,039

11. EARNINGS PER SHARE

(a) Basic earnings per share

Basic earnings per share was calculated by dividing the net profit of the current period attributable to shareholders of the parent by the weighted average number of ordinary shares in issue during the six-month period ended 30 June 2021.

	Six months ended 30 June	
	2021	2020
Consolidated net profit for the period attributable to shareholders of the parent	17,304	14,239
Weighted average number of ordinary shares in issue (million)	9,620	9,085
Basic earnings per share	RMB 1.80	RMB 1.57

(b) Diluted earnings per share

The Company had no dilutive potential ordinary shares during the six-month period ended 30 June 2021.

During the six-month period ended 30 June 2020, the diluted earnings per share was calculated by dividing the net profit of the current period attributable to the shareholders of the parent by the adjusted weighted average number of ordinary shares based on assuming full exercise of the over-allotment option as below.

	Six months ended 30 June	
	2021	2020
Consolidated net profit for the period attributable to shareholders of the parent	17,304	14,239
Weighted average number of ordinary shares in issue (million)	9,620	9,085
Adjustment for:		
Assumed vesting of the over-allotment option	-	-
Weighted average number of ordinary shares for diluted earnings per share	9,620	9,085
Diluted earnings per share	RMB 1.80	RMB 1.57

12. OTHER COMPREHENSIVE INCOME/(LOSS)

	Six months ended 30 June	
	2021	2020
Exchange differences on translation of foreign operations	(6)	11
Available-for-sale financial assets		
Gains arising during the period	10,666	11,987
Transfer out of other comprehensive income/(loss)	(14,954)	(8,019)
Fair value change on available-for-sale financial assets attributable to policyholders	1,365	(2,771)
Impairment charges reclassified to the income statement	1,080	2,220
	(1,843)	3,417
Income tax relating to these items	465	(894)
	(1,378)	2,523
Other comprehensive income/(loss)	(1,384)	2,534

13. INTERESTS IN ASSOCIATES

	30 June 2021					
	Historical cost	At 1 January 2021	Increase / (Decrease)	Share of profit	Dividend declared	At 30 June 2021
Shanghai Juche Information Technology Co., Ltd. ("Juche")	3	11	-	1	-	12
Zhongdao Automobile Rescue Industry Co., Ltd. ("Zhongdao")	17	39	-	2	-	41
Shanghai Proton and Heavy Ion Hospital ("Zhizhong Hospital")	100	70	-	7	-	77
Shanghai Dedao Co., Ltd. ("Dedao")	5	1	-	(1)	-	-
Shanghai Better Sharing Technology Co., Ltd. ("Better Sharing")	81	58	-	(4)	-	54
Shanghai Heji Business Management LLP. ("Heji")	200	173	-	(2)	-	171
Changjiang Pension - China National Chemical Corporation Infrastructure Debt Investment Plan ("CHEMCHINA Debt Investment Plan")	2,160	2,164	-	57	(58)	2,163
Changjiang Pension - Sichuan Railway Xugu Highway Investment Infrastructure Debt Investment Plan ("Sichuan Railway Investment Plan")	250	250	-	7	(7)	250
Changjiang Pension - Yunnan Energy Investment Infrastructure Debt Investment Plan ("Yunnan Energy Investment Plan")	-	3,617	(3,610)	19	(26)	-
Ningbo Zhilin Investment Management LLP. ("Ningbo Zhilin")	2,416	2,568	-	78	(61)	2,585
Beijing More Health Technology Group Co., Ltd. ("Beijing Miaoyijia")	413	350	-	(25)	-	325
Jiaxing Yishang Equity Investment LLP. ("Jiaxing Yishang")	474	515	-	29	-	544
Lianren Digital Health Technology Co., Ltd. ("Lianren Digital Health")	500	442	-	(35)	-	407
Zhejiang Xin'an Shuzhi Technology Co., Ltd. ("Xin'an Technology")	9	10	-	(1)	-	9

13. INTERESTS IN ASSOCIATES (continued)

	30 June 2021					
	Historical cost	At 1 January 2021	Increase / (Decrease)	Share of profit	Dividend declared	At 30 June 2021
Yangtze River Delta Synergy Industry Investment Fund (“Yangtze River Delta Fund”)	1,995	1,227	800	107	-	2,134
Shanghai Lingang GLP International Logistics Development Co., Ltd. (“Lingang GLP”)	1,057	1,057	-	(4)	-	1,053
Shanghai Hi-Tech Park United Development Co., Ltd. (“Hi-Tech”)	1,856	1,856	-	17	-	1,873
Shanghai Lingang Yunhui Economic Development Co., Ltd. (“Lingang Yunhui”)	55	55	-	-	-	55
Shanghai Guangci Memorial Hospital Co., Ltd. (“Guangci Hospital”)	91	91	-	-	-	91
Shanghai Shantai Healthcare and Technology Company Limited (“Shantai Healthcare”)	40	-	40	(40)	-	-
Taijiashan Health Industry Equity Investment Fund (Shanghai) LLP. (“Taijiashan”)	1,050	-	1,050	(24)	-	1,026
Total	12,772	14,554	(1,720)	188	(152)	12,870

CPIC Life entered into the agreement of Yangtze River Delta Fund with Shanghai Guofang FOF Equity Investment Management Co., Ltd. and some other investment companies. CPIC Life subscribed capital contribution of RMB 2,000 million, representing 27.75% of ownership interest of Yangtze River Delta Fund. In 2021, CPIC Life made an additional paid-in capital contribution of RMB 800 million. As at 30 June 2021, CPIC Life had paid RMB 1,995 million.

CPIC Life entered into the agreement of setting up Shantai Healthcare with Sequoia Yuanchen Equity Investment (Xiamen) LLP. and Chuangcheng Huilian Equity Investment (Xiamen) LLP. The approved operating period of Shantai Healthcare is 30 years with the registered capital of RMB 100 million. CPIC Life holds 40.00% of Shantai Healthcare’s share with the subscribed capital of RMB 40 million. As at 30 June 2021, CPIC Life had paid up the subscribed capital.

CPIC Life entered into a partnership agreement of Taijiashan with Shenzhen Sequoia Antai Equity Investment LLP. CPIC Life holds 99.01% of Taijiashan’s ownership interest with the subscribed capital of RMB 5,000 million. As at 30 June 2021, CPIC Life had paid RMB 1,050 million.

Yunnan Energy Investment Plan, invested by CPIC Life and Changjiang Pension, was terminated on 1 February 2021.

13. INTERESTS IN ASSOCIATES (continued)

Nature of investment in associates as at 30 June 2021:

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				
Juche	Shanghai	-	37.42%	37.80%	5,882	5,882	Internet
Zhongdao	Shanghai	-	26.37%	26.67%	63,000	63,000	Road rescue
Zhizhong Hospital	Shanghai	-	19.95%	20.00%	500,000	500,000	Oncology, medical laboratory, clinical fluid, etc.
Dedao	Shanghai	-	25.00%	25.00%	20,000	20,000	Computer information technology, technical development in the field of automotive software technology, etc.
Better Sharing ⁽¹⁾	Shanghai	-	6.73%	6.82%	60,000	60,000	Technical development in the field of computer information technology, technical consulting, etc.
Beijing Miaoyijia	Beijing	-	19.66%	20.00%	77,489	71,670	Information transmission, software, and information technology services
Lianren Digital Health	Shanghai	-	24.57%	25.00%	2,000,000	2,000,000	Information technology services
Xin'an Technology ⁽²⁾	Quzhou	-	8.85%	9.00%	13,354	13,354	Network technology development services
Lingang GLP	Shanghai	-	19.65%	20.00%	US\$ 119,990 thousand	US\$ 119,990 thousand	Real estate
Hi-Tech	Shanghai	-	19.65%	20.00%	453,250	453,250	Business services
Lingang Yunhui	Shanghai	-	19.65%	20.00%	275,000	275,000	Real estate
Guangci Hospital	Shanghai	-	40.00%	40.00%	26,433	26,433	Health care services: internal medicine, surgery, obstetrics and Gynecology, pediatrics, etc.
Shantai Healthcare	Shanghai	-	39.32%	40.00%	100,000	70,000	Health technology related industries
Heji ⁽³⁾	Shanghai	-	97.53%		N/A	202,000	Enterprise management, industrial investment, investment management, asset management and consulting, etc.
CHEMCHINA Debt Investment Plan ⁽⁴⁾	N/A	-	70.55%		N/A	3,000,000	Debt investment plan
Sichuan Railway Investment Plan ⁽⁵⁾	N/A	-	38.17%		N/A	600,000	Debt investment plan
Ningbo Zhilin ⁽⁶⁾	Ningbo	-	88.46%		N/A	2,684,798	Investment management and assets management
Jiaxing Yishang ⁽⁷⁾	Jiaxing	-	93.10%		N/A	500,501	Equity investment
Yangtze River Delta Fund	Shanghai	-	27.28%		N/A	7,077,439	Equity investment
Taijiashan ⁽⁸⁾	Shanghai	-	97.32%		N/A	1,060,500	Equity investment

Notes:

- (1) CPIC Property has significant influence over Better Sharing by accrediting a director to the company. Therefore, Better Sharing is accounted under equity method.
- (2) According to the articles of association of Xin'an Technology, Pacific Medical & Healthcare has significant influence over Xin'an Technology by accrediting a director to the company. Therefore, Xin'an Technology is accounted under equity method.
- (3) CPIC Property holds over 50% shares of Heji. Since CPIC Group cannot direct the relevant activities of Heji according to the partnership agreement of Heji, Heji is accounted under equity method.
- (4) CPIC Life and Changjiang Pension hold over 50% shares of CHEMCHINA Debt Investment Plan. Since CPIC Group cannot direct the relevant activities of CHEMCHINA Debt Investment Plan according to the Agreement of Investment Plan, CHEMCHINA Debt Investment Plan is accounted under equity method.
- (5) CPIC Life and Changjiang Pension hold shares of Sichuan Railway Investment Plan. Changjiang Pension is the issuer and manager of Sichuan Railway Investment Plan. Since CPIC Group has significant influence over Sichuan Railway Investment Plan, Sichuan Railway Investment Plan is accounted under equity method.
- (6) CPIC Life holds over 50% shares of Ningbo Zhilin. Since CPIC Group cannot direct the relevant activities of Ningbo Zhilin according to the partnership agreement of Ningbo Zhilin, Ningbo Zhilin is accounted under equity method.

13. INTERESTS IN ASSOCIATES (continued)

(7) CPIC Life holds over 50% shares of Jiaxing Yishang. Since CPIC Group cannot direct the relevant activities of Jiaxing Yishang according to the partnership agreement of Jiaxing Yishang, Jiaxing Yishang is accounted under equity method.

(8) CPIC Life holds over 50% shares of Taijiashan. Since CPIC Group cannot direct the relevant activities of Taijiashan according to the partnership agreement of Taijiashan, Taijiashan is accounted under equity method.

Summarised financial information for principal associates:

	30 June 2021/Six months ended 30 June 2021			
	Total assets	Total liabilities	Total revenue	Net profit
Ningbo Zhilin	2,954	38	62	55
CHEMCHINA Debt Investment Plan	3,007	2	88	80
Yangtze River Delta Fund	7,722	12	162	134

Summarised financial information for other associates:

	Six months ended 30 June 2021	Six months ended 30 June 2020
Net loss	(352)	(158)
Other comprehensive income/(loss)	-	-
Total comprehensive loss	(352)	(158)
Total comprehensive loss attributable to the Group	(54)	(18)
Total carrying amount of the Group's investment	5,988	1,947

14. INVESTMENT IN JOINT VENTURES

	30 June 2021	31 December 2020
Share of net assets		
Shanghai Ruiyongjing Real Estate Development Co., Ltd. ("Ruiyongjing Real Estate")	9,828	9,833
Others	51	56
	9,879	9,889

Particulars of the joint venture as at 30 June 2021 are as follows:

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	-	20.25%	20.25%	14,979	13,333	Technical development, technical service and technical consulting
Aizhu (Shanghai) Information Technology Co., Ltd.	Shanghai	-	35.00%	35.00%	10,000	6,950	Network technology, technical consulting and technical service
Pacific Euler Hermes Insurance Sales Co., Ltd.	Shanghai	-	50.24%	50.00%	50,000	50,000	Insurance sales

14. INVESTMENT IN JOINT VENTURES (continued)

Particulars of the joint venture as at 30 June 2020 are as follows (continued):

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 Dabaoguisheng Information Technology Co., Ltd.	Shanghai	-	33.42%	34.00%	100,000	22,200	Third party operation services of insurance industry
Ruiyongjing Real Estate ⁽¹⁾	Shanghai	-	68.80%	57.14%	14,050,000	14,050,000	Real estate
Pacific Orpea (Shanghai) Senior Care Management Co., Ltd. ("Pacific Orpea") ⁽²⁾	Shanghai	-	55.04%	60.00%	10,000	10,000	Operation and management of pension industry, technical consulting

Notes:

(1) CPIC Life holds over 50% of the ownership interest of Ruiyongjing Real Estate. Since CPIC Group cannot direct the relevant activities of Ruiyongjing Real Estate according to the Articles of Association of Ruiyongjing Real Estate, Ruiyongjing Real Estate is accounted under equity method.

(2) CPIC Senior Living Investment holds over 50% of the ownership interest of Pacific Orpea. Since CPIC Group cannot direct the relevant activities of Pacific Orpea according to the Articles of Association of Pacific Orpea, Pacific Orpea is accounted under equity method.

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

	Six months ended 30 June	
	2021 (RMB thousand)	2020 (RMB thousand)
The joint ventures' net (loss)/profit	(19,570)	7,445

As at 30 June 2021, the Group's investment in joint ventures had no impairment.

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 amortised cost and comprise the following:

	30 June 2021	31 December 2020
Listed		
Debt investments		
- Government bonds	1,693	1,309
- Finance bonds	5,561	5,571
- Corporate bonds	7,792	8,343
Sub-total	15,046	15,223
Unlisted		
Debt investments		
- Government bonds	226,060	159,173
- Finance bonds	82,981	89,754
- Corporate bonds	59,726	65,401
Sub-total	368,767	314,328
Less: Impairment provisions	(261)	(191)
Net value	383,552	329,360

16. INVESTMENTS CLASSIFIED AS LOANS AND RECEIVABLES

	30 June 2021	31 December 2020
Debt investments		
- Finance bonds	2,000	1,999
- Debt investment plans	219,920	187,440
- Wealth management products	146,702	156,286
- Preferred shares	32,000	32,000
- Loans	2,840	2,772
Sub-total	403,462	380,497
Less: Impairment provisions	(392)	(323)
Net value	403,070	380,174

As at 30 June 2021, CPIC Asset Management, a subsidiary of the Company, had 105 existing debt investment plans issued by it with a total value of RMB 160.658 billion. Of these, the existing amounts of investments classified as loans and receivables with a book value of approximately RMB 77.464 billion were recognised on the Group's consolidated financial statement (As at 31 December 2020, CPIC Asset Management, a subsidiary of the Company, had 91 existing debt investment plans issued by it with a total value of RMB 141.755 billion. Of these, the existing amounts of investments classified as loans and receivables with a book value of approximately RMB 67.491 billion were recognised on the Group's consolidated financial statement). As at 30 June 2021, Changjiang Pension, a subsidiary of the Company, had 70 existing debt investment plans issued by it with a total value of RMB 116.081 billion. Of these, the existing amounts of investments classified as loans and receivables with a book value of approximately RMB 46.884 billion were recognised on the Group's consolidated financial statement (As at 31 December 2020, Changjiang Pension, a subsidiary of the Company, had 64 existing debt investment plans issued by it with a total value of RMB 112.714 billion. Of these, the existing amounts of investments classified as loans and receivables with a book value of approximately RMB 40.520 billion were recognised on the Group's consolidated financial statement). Meanwhile, as at 30 June 2021, the Group also had investments in debt investment plans classified as loans and receivables launched by other insurance asset management companies with a book value of approximately RMB 95.572 billion (As at 31 December 2020: approximately RMB 79.429 billion). The amount of debt investment plans guaranteed by a third party or by pledge that invested by the Group is about RMB 148.640 billion. For debt investment plans launched by CPIC Asset Management and Changjiang Pension and other debt investment plans held by the Group, the Group did not provide any guarantees or financial support. The Group's maximum exposure to loss in the debt investment plans is limited to their carrying amounts.

17. TERM DEPOSITS

Maturity Period	30 June 2021	31 December 2020
Within 3 months (including 3 months)	5,809	3,426
3 months to 1 year (including 1 year)	18,468	26,965
1 to 2 years (including 2 years)	78,030	16,550
2 to 3 years (including 3 years)	57,408	75,520
3 to 4 years (including 4 years)	23,900	48,355
4 to 5 years (including 5 years)	12,950	22,000
Over 5 years	-	150
Total	196,565	192,966

18. AVAILABLE-FOR-SALE FINANCIAL ASSETS

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

	30 June 2021	31 December 2020
Listed		
Equity investments		
- Stocks	126,359	127,216
- Funds	8,600	6,511
Debt investments		
- Government bonds	7,603	7,526
- Finance bonds	5,272	5,589
- Corporate bonds	61,298	64,249
Sub-total	209,132	211,091
Unlisted		
Equity investments		
- Funds	64,293	57,223
- Wealth management products	1,354	1,218
- Other equity investments	97,340	75,071
- Preferred shares	12,565	13,131
Debt investments		
- Government bonds	84,146	84,040
- Finance bonds	32,604	32,017
- Corporate bonds	109,807	120,597
- Wealth management products	2,227	1,770
Sub-total	404,336	385,067
Total	613,468	596,158

19. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	30 June 2021	31 December 2020
Listed		
Equity investments		
- Stocks	33	70
- Funds	-	4
Debt investments		
- Government bonds	31	38
- Finance bonds	266	342
- Corporate bonds	2,139	2,328
Sub-total	2,469	2,782
Unlisted		
Equity investments		
- Funds	762	411
- Wealth management products	362	228
- Other equity investments	8,255	8,641
Debt investments		
- Corporate bonds	328	390
- Wealth management products	67	18
- Debt investment plans	10	3
Sub-total	9,784	9,691
Total	12,253	12,473

19. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (continued)

Financial assets at fair value through profit or loss include financial assets designated upon initial recognition as at fair value through profit or loss as at 30 June 2021 amounted to RMB 8,643 million (31 December 2020: RMB 8,890 million). The rest are trading assets, with no material limitation in realisation.

20. REINSURANCE ASSETS

	30 June 2021	31 December 2020
Reinsurers' share of insurance contracts (Note 26)	30,861	27,719

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 2021	31 December 2020
Net deferred income tax liabilities, at beginning of period	(4,210)	(2,051)
Recognised in profit or loss (Note 10(a))	1,727	1,100
Recognised in other comprehensive income/(loss) (Note 10(b))	465	(3,259)
Net deferred income tax liabilities, at end of period	(2,018)	(4,210)
Net deferred income tax liabilities	(2,018)	(4,210)
Represented by:		
Deferred income tax assets	1,955	845
Deferred income tax liabilities	(3,973)	(5,055)

22. OTHER ASSETS

	30 June 2021	31 December 2020
Receivable for securities	4,423	5,133
Due from a related-party (1)	1,774	1,614
Receivables from external parties	1,675	1,373
Due from agents	193	278
Co-insurance receivables	91	101
Prepaid tax	1	1,292
Others	7,291	5,066
	15,448	14,857

(1) As at 30 June 2021, the payments made by the Group on behalf of Binjiang-Xiangrui for the purchase of land and related tax expenses amounted to approximately RMB 1,774 million (31 December 2020: RMB 1,614 million).

23. CASH AND SHORT-TERM TIME DEPOSITS

	30 June 2021	31 December 2020
Cash at banks and on hand	21,144	18,641
Time deposits with original maturity of no more than three months	2,372	1,132
Other monetary assets	1,472	1,105
	24,988	20,878

23. CASH AND SHORT-TERM TIME DEPOSITS (continued)

The Group's bank balances denominated in RMB amounted to RMB 21,133 million as at 30 June 2021 (31 December 2020: RMB 18,708 million). Under PRC's foreign exchange regulations, the Group is permitted to exchange RMB for other currencies through banks authorised 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 2021, RMB 1,047 million in the Group's other monetary assets are restricted to meet the regulation requirement of the minimum settlement deposits (31 December 2020: RMB 1,079 million).

As at 30 June 2021, RMB 537 million in the Group's cash and short-term time deposits balance were restricted for special-purpose use (31 December 2020: RMB 438 million).

24. ISSUED CAPITAL

	30 June 2021	31 December 2020
Number of shares issued and fully paid at RMB 1 each (million)	9,620	9,620

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 shares mentioned above in the same subsidiary by the Company in April 2007. In addition, the Company issued GDRs and listed on the LSE in 2020 which also increased the capital reserves.

(b) Surplus reserves

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

(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 the Accounting Standard for Business Enterprises - Basic Standard, the specific accounting standards and other relevant regulations issued by the Ministry of Finance on 15 February 2006 and in subsequent periods ("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.

25. RESERVES AND RETAINED PROFITS (continued)

(b) Surplus reserves (continued)

(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.

Of the Group's retained profits in the consolidated financial statements, RMB 15,647 million as at 30 June 2021 (31 December 2020: RMB 15,647 million) represents the Company's share of its subsidiaries' surplus reserve fund.

(c) General reserves

In accordance with the relevant regulations, general reserves should be set aside to cover catastrophic or other losses as incurred by companies operating in the insurance, banking, trust, securities, futures, fund management, leasing and financial guarantee businesses, etc. Based on the applicable PRC financial regulations, the Company's insurance subsidiaries would need to make appropriations for such reserve based on their respective year-end net profits determined in accordance with PRC GAAP in their annual financial statements. The Company's subsidiaries operating in fund management should make appropriation for such reserve based on asset management product management fees. Such reserve is not available for profit distribution or transfer to issued capital.

Of the Group's reserves, RMB 16,904 million as at 30 June 2021 (31 December 2020: RMB 16,829 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 Mainland China.

(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, or PRC GAAP where the overseas listing place permits. Pursuant to the resolution of the 9th meeting of the 9th Board of Directors of the Company held on 26 March 2021, a final dividend of approximately RMB 12,506 million (equivalent to annual cash dividend of RMB 1.2 per share (including tax) and the 30th Anniversary Special Dividend of RMB 0.1 per share (including tax)) was proposed after the appropriation of statutory surplus reserves. The profit distribution plan was approved by the general meeting of shareholders of the Company on 28 May 2021.

26. INSURANCE CONTRACT LIABILITIES

	30 June 2021		
	Insurance contract liabilities	Reinsurers' share of insurance contract liabilities (Note 20)	Net
Long-term life insurance contracts	1,203,942	(13,662)	1,190,280
Short-term life insurance contracts			
- Unearned premiums	8,177	(355)	7,822
- Claim reserves	6,213	(727)	5,486
	14,390	(1,082)	13,308
Property and casualty insurance contracts			
- Unearned premiums	72,936	(8,762)	64,174
- Claim reserves	49,252	(7,355)	41,897
	122,188	(16,117)	106,071
	1,340,520	(30,861)	1,309,659
Incurring but not reported claim reserves	18,758	(2,237)	16,521
	31 December 2020		
	Insurance contract liabilities	Reinsurers' share of insurance contract liabilities (Note 20)	Net
Long-term life insurance contracts	1,108,990	(12,929)	1,096,061
Short-term life insurance contracts			
- Unearned premiums	4,206	(358)	3,848
- Claim reserves	5,482	(709)	4,773
	9,688	(1,067)	8,621
Property and casualty insurance contracts			
- Unearned premiums	64,594	(7,179)	57,415
- Claim reserves	41,904	(6,544)	35,360
	106,498	(13,723)	92,775
	1,225,176	(27,719)	1,197,457
Incurring but not reported claim reserves	10,872	(1,469)	9,403

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
	2017	2018	2019	2020	For six months ended 30 June 2021	
Estimate of ultimate claim cost as of:						
End of current year/period	59,974	64,450	71,637	81,244	48,567	
One year later	57,147	64,051	71,010	81,062		
Two years later	55,300	63,170	70,967			
Three years later	54,609	63,008				
Four years later	54,583					
Current estimate of cumulative claims	54,583	63,008	70,967	81,062	48,567	318,187
Cumulative payments to date	(53,440)	(61,043)	(66,687)	(66,870)	(24,504)	(272,544)
Liability in respect of prior years, unallocated loss adjustment expenses, assumed business, discount and risk adjustment margin						3,609
Total gross claim reserves included in the consolidated balance sheet						49,252

Net property and casualty insurance claim reserves:

	Property and casualty insurance (Accident year)					Total
	2017	2018	2019	2020	For six months ended 30 June 2021	
Estimate of ultimate claim cost as of:						
End of current year/period	52,415	56,073	62,405	71,681	43,384	
One year later	50,539	55,809	61,783	71,606		
Two years later	48,720	55,001	61,757			
Three years later	48,058	54,784				
Four years later	47,932					
Current estimate of cumulative claims	47,932	54,784	61,757	71,606	43,384	279,463
Cumulative payments to date	(47,205)	(53,539)	(58,358)	(59,050)	(22,619)	(240,771)
Liability in respect of prior years, unallocated loss adjustment expenses, assumed business, discount and risk adjustment margin						3,205
Total net claim reserves included in the consolidated balance sheet						41,897

27. INVESTMENT CONTRACT LIABILITIES

At 1 January 2020	75,506
Deposits received	14,994
Deposits withdrawn	(8,220)
Fees deducted	(262)
Interest credited	3,344
Others	1,694
At 31 December 2020	87,056
Deposits received	14,965
Deposits withdrawn	(5,788)
Fees deducted	(222)
Interest credited	2,185
Others	699
At 30 June 2021	98,895

28. BONDS PAYABLE

On 23 March 2018, CPIC Property issued a 10-year capital replenishment bond with a total face value of RMB 5 billion in the interbank market. CPIC Property has a conditional option to redeem the bond at the end of the fifth interest-bearing year. The capital replenishment bond pays interests at an initial coupon rate of 5.10% per annum. If CPIC Property does not exercise the early redemption option, the annual coupon rate for the next five years would increase to 6.10%.

On 27 July 2018, CPIC Property issued a 10-year capital replenishment bond with a total face value of RMB 5 billion in the interbank market. CPIC Property has a conditional option to redeem the bond at the end of the fifth interest-bearing year. The capital replenishment bond pays interests at an initial coupon rate of 4.99% per annum. If CPIC Property does not exercise the early redemption option, the annual coupon rate for the next five years would increase to 5.99%.

	31 December 2020	Issuance	Premium amortisation	Redemption	30 June 2021
CPIC Property	9,991	-	2	-	9,993

29. NOTE TO CONSOLIDATED CASH FLOW STATEMENT

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

	Six months ended 30 June	
	2021	2020
Profit before tax	21,400	17,630
Investment income	(48,779)	(37,766)
Foreign currency loss/(income)	197	(25)
Finance costs	1,310	1,176
Charge of impairment losses on insurance receivables and other assets, net	506	354
Depreciation of property and equipment	924	898
Depreciation of investment properties	164	164
Depreciation of right-of-use assets	764	757
Amortisation of other intangible assets	393	376
Amortisation of other assets	6	10
Gain on disposal of items of property and equipment, intangible assets and other long-term assets, net	(1)	(1)
	(23,116)	(16,427)
Increase in reinsurance assets	(3,142)	(3,263)
Increase in insurance receivables	(19,361)	(18,228)
Increase in other assets	(591)	(4,743)
Increase in insurance contract liabilities	113,999	107,704
(Decrease)/Increase in other operating liabilities	(7,108)	4,206
Cash generated from operating activities	60,681	69,249

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	
	2021	2020
Shareholders who individually own more than 5% of voting rights of the Company and the shareholders' parent company	10	1

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

(b) Fund subscription and redemption transactions

	Six months ended 30 June	
	2021	2020
Hwabao WP Fund Management Co., Ltd.	373	1,030

30. RELATED PARTY TRANSACTIONS (continued)

(c) Dividends paid

	Six months ended 30 June	
	2021	2020
Shareholders who individually own more than 5% of voting rights of the Company	4,820	4,571

(d) Compensation of key management personnel

	Six months ended 30 June	
	2021	2020
Salaries, allowances and other short-term benefits	10	9

(e) The Group had the following major transactions with the joint venture:

	Six months ended 30 June	
	2021	2020
Binjiang-Xiangrui		
Rental fees for leasing office buildings of Binjiang-Xiangrui	40	37
Payments made on behalf of Binjiang-Xiangrui for the purchase of land, construction cost and related taxes	160	-
Total	200	37
Ruiyongjing Real Estate		
Loans	223	534

The receivable due from Binjiang-Xiangrui is interest free with no determined maturity date.

(f) 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 organisations (collectively "government-related entities"). The Company is also a government-related entity.

For the six months ended 30 June 2020 and the six months ended 30 June 2021, 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 2021	31 December 2020
Contracted, but not provided for	(1)(2)(3)(4)(5)(6)	11,676	9,508
Authorised, but not contracted for	(1)(2)(3)(5)	7,024	7,872
		18,700	17,380

As at 30 June 2021, major projects with capital commitments are as follows:

- (1) The Company resolved to establish IT Backup Centre and Customer Support Centre in Chengdu High-tech Zone and the expected total capital expenditure is approximately RMB 2,000 million. As at 30 June 2021, the cumulative amount incurred by the Company amounted to RMB 1,720 million. Of the balance, RMB 2 million was disclosed as a capital commitment contracted but not provided for and RMB 278 million was disclosed as a capital commitment authorised but not contracted for.
- (2) CPIC Property and a third party bade for the use right of the land located at Huangpu District, Shanghai. And in February 2013, two parties set up a project company named 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 RMB 2,090 million. As at 30 June 2021, the cumulative amount incurred by CPIC Property amounted to RMB 1,774 million. Of the balance, RMB 17 million was disclosed as a capital commitment contracted but not provided for and RMB 299 million was disclosed as a capital commitment authorised but not contracted for.
- (3) CPIC Life and other two parties joined together to bid for the use right of the land located at Huangpu District, Shanghai. All parties set up a project company named Ruiyongjing Real Estate as the owner of the land use right to this parcel of land and construction development subject. The estimated total investment of the project is approximately RMB 21,400 million, CPIC Life agreed to provide additional loan of no more than RMB 250 million for Ruiyongjing Real Estate. The registered capital of the joint venture is RMB 14,050 million, of which CPIC Life shall make a contribution of RMB 9,835 million, representing 70% of the registered capital. In addition, CPIC Life will provide shareholder's loans to the joint venture, which are estimated to be approximately RMB 7,600 million. The total amount of the above two contributions to be made by CPIC Life is estimated to be RMB 17,435 million. As at 30 June 2021, the cumulative amount incurred by CPIC Life amounted to RMB 12,675 million. Of the balance, RMB 2,610 million was disclosed as a capital commitment contracted but not provided for and RMB 2,150 million was disclosed as a capital commitment authorised but not contracted for.
- (4) CPIC Life and a third party jointly established Jiaying Yishang. The total investment of this project approximated RMB 950 million. As at 30 June 2021, the cumulative amount incurred by the CPIC Life amounted to RMB 474 million. Of the balance, RMB 476 million was disclosed as a capital commitment contracted but not provided for.
- (5) CPIC Life and CPIC Senior Living Investment obtained the use rights of eight parcels of land located at Wenjiang District in Chengdu, Sichuan, etc., and set up eight project companies named Chengdu Project Company, etc., accordingly as the owners of the land use rights to the parcels of land and construction development subjects for the construction project "CPIC Home". The estimated total investment of the six projects is approximately RMB 9,617 million. As at 30 June 2021, the cumulative amount incurred amounted to RMB 2,753 million. Of the balance, RMB 2,657 million was disclosed as a capital commitment contracted but not provided for and RMB 4,207 million was disclosed as a capital commitment authorised but not contracted for.
- (6) CPIC Life and a third party jointly established Taijiashan. The total investment of this project is approximately RMB 5,000 million. As at 30 June 2021, the cumulative amount incurred amounted to RMB 1,050 million. Of the balance, RMB 3,950 million was disclosed as a capital commitment contracted but not provided for.

31. COMMITMENTS (continued)

(b) 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 2021	31 December 2020
Within 1 year (including 1 year)	693	866
1 to 2 years (including 2 years)	479	589
2 to 3 years (including 3 years)	311	331
3 to 5 years (including 5 years)	257	397
More than 5 years	79	28
	1,819	2,211

32. CONTINGENT LIABILITIES

In light of the nature of the insurance business, the Group makes estimates for contingencies and legal proceedings in the ordinary course of business, both in the capacity as plaintiff or defendant in litigation and as claimant or respondent in arbitration proceedings. Legal proceedings mostly involve claims on the Group's insurance policies. Provisions have 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 legal advice, if any. No provision is made for contingencies and legal proceedings when the outcome cannot be reasonably estimated or the probability of loss is extremely low.

In addition to the legal proceedings of the above natures, as at 30 June 2021, the Group was the defendant in certain pending litigations. Provisions were made for the possible losses 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. No provision was made for contingencies and legal proceedings when the outcome cannot be reasonably estimated or the probability of loss is extremely low.

33. MATURITY PROFILE OF FINANCIAL INSTRUMENTS

The tables below summarise 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 2021					Total
	On demand	Within 1 year	1 to 5 years	Over 5 years	Undated	
Assets:						
Held-to-maturity financial assets	-	21,864	109,813	592,722	-	724,399
Investments classified as loans and receivables	-	41,995	263,951	212,727	-	518,673
Derivative financial assets	-	7	170	-	-	177
Restricted statutory deposits	-	1,262	6,221	-	-	7,483
Term deposits	-	24,988	176,740	-	-	201,728
Available-for-sale financial assets	291	46,363	159,075	279,684	283,970	769,383
Financial assets at fair value through profit or loss	61	616	2,033	1,717	8,010	12,437
Securities purchased under agreements to resell	-	15,830	-	-	-	15,830
Insurance receivables	10,573	27,585	11,371	1,024	-	50,553
Cash and short-term time deposits	22,607	2,384	-	-	-	24,991
Others	1,997	78,056	1,779	-	-	81,832
Total	35,529	260,950	731,153	1,087,874	291,980	2,407,486
Liabilities:						
Insurance contract liabilities	-	141,564	55,561	1,143,395	-	1,340,520
Investment contract liabilities	-	11,439	33,484	119,619	-	164,542
Policyholders' deposits	-	70	-	-	-	70
Bonds payable	-	505	2,326	11,158	-	13,989
Securities sold under agreements to repurchase	-	103,066	-	-	-	103,066
Lease liabilities	-	1,286	1,990	224	-	3,500
Others	46,505	41,391	1,537	100	-	89,533
Total	46,505	299,321	94,898	1,274,496	-	1,715,220

33. MATURITY PROFILE OF FINANCIAL INSTRUMENTS (continued)

	As at 31 December 2020					Total
	On demand	Within 1 year	1 to 5 years	Over 5 years	Undated	
Assets:						
Held-to-maturity financial assets	-	23,717	104,517	483,906	-	612,140
Investments classified as loans and receivables	-	38,025	255,852	198,146	-	492,023
Derivative financial assets	-	4	136	-	-	140
Restricted statutory deposits	-	1,201	6,525	-	-	7,726
Term deposits	-	42,809	173,326	156	-	216,291
Available-for-sale financial assets	241	40,927	167,704	285,804	258,720	753,396
Financial assets at fair value through profit or loss	61	542	2,854	1,396	7,846	12,699
Securities purchased under agreements to resell	-	14,334	-	-	-	14,334
Insurance receivables	5,111	14,474	10,382	725	-	30,692
Cash and short-term time deposits	19,742	1,136	-	-	-	20,878
Others	1,711	75,178	1,619	-	-	78,508
Total	26,866	252,347	722,915	970,133	266,566	2,238,827
Liabilities:						
Insurance contract liabilities	-	131,590	54,174	1,039,412	-	1,225,176
Investment contract liabilities	-	10,046	29,173	107,421	-	146,640
Policyholders' deposits	-	70	-	-	-	70
Bonds payable	-	505	2,276	11,460	-	14,241
Securities sold under agreements to repurchase	-	91,024	-	-	-	91,024
Lease liabilities	-	1,434	2,206	285	-	3,925
Others	48,221	35,054	1,685	98	-	85,058
Total	48,221	269,723	89,514	1,158,676	-	1,566,134

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 authorised 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, restricted statutory deposits, etc.

The Group's financial liabilities mainly include securities sold under agreements to repurchase, policyholders' deposits, investment contract liabilities and bonds payable, 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 summarises the carrying values and estimated fair values of held-to-maturity financial assets, investments classified as loans and receivables, and bonds payable whose fair values are not presented in the consolidated balance sheet.

	As at 30 June 2021	
	Carrying amount	Fair value
Financial assets:		
Held-to-maturity financial assets	383,552	405,924
Investments classified as loans and receivables	403,070	403,120
Financial liabilities:		
Bonds payable	9,993	10,813

	As at 31 December 2020	
	Carrying amount	Fair value
Financial assets:		
Held-to-maturity financial assets	329,360	348,481
Investments classified as loans and receivables	380,174	380,235
Financial liabilities:		
Bonds payable	9,991	10,571

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 prioritises 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 categorised 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:

- Fair value is based on quoted prices (unadjusted) in active markets for identical assets or liabilities ("Level 1");
- 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
- 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, analyse 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 of the Group 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 recognised at fair value on a recurring basis, the Group determines whether transfers have occurred between Levels in the hierarchy by reassessing categorisation (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 2021			
	Level 1	Level 2	Level 3	Total fair value
Assets measured at fair value				
Financial assets at fair value through profit or loss				
- Stocks	33	-	-	33
- Funds	561	201	-	762
- Bonds	2,371	393	-	2,764
- Others	-	362	8,332	8,694
	2,965	956	8,332	12,253
Available-for-sale financial assets				
- Stocks	124,121	2,238	-	126,359
- Funds	42,764	30,129	-	72,893
- Bonds	21,895	276,820	2,015	300,730
- Others	-	13,885	99,601	113,486
	188,780	323,072	101,616	613,468
Derivative financial assets	-	176	-	176
Assets for which fair values are disclosed				
Held-to-maturity financial assets (Note 34)	7,819	398,105	-	405,924
Investments classified as loans and receivables (Note 34)	-	2,050	401,070	403,120
Investment properties	-	-	11,522	11,522
Liabilities for which fair values are disclosed				
Bonds payable (Note 34)	-	-	10,813	10,813

35. FAIR VALUE MEASUREMENT (continued)

Determination of fair value and fair value hierarchy (continued)

	As at 31 December 2020			
	Level 1	Level 2	Level 3	Total fair value
Assets measured at fair value				
Financial assets at fair value through profit or loss				
- Stocks	70	-	-	70
- Funds	307	108	-	415
- Bonds	2,596	502	-	3,098
- Others	-	228	8,662	8,890
	2,973	838	8,662	12,473
Available-for-sale financial assets				
- Stocks	120,263	6,953	-	127,216
- Funds	37,688	26,046	-	63,734
- Bonds	16,661	295,319	2,038	314,018
- Others	-	9,752	81,438	91,190
	174,612	338,070	83,476	596,158
Derivative financial assets	-	140	-	140
Assets for which fair values are disclosed				
Held-to-maturity financial assets (Note 34)	6,452	342,029	-	348,481
Investments classified as loans and receivables (Note 34)	-	2,110	378,125	380,235
Investment properties	-	-	11,470	11,470
Liabilities for which fair values are disclosed				
Bonds payable (Note 34)	-	-	10,571	10,571

For the six months ended 30 June 2021, due to changes in availability of quoted prices (unadjusted) in active markets, the Group transferred certain bond securities between Level 1 and Level 2. For the six months ended 30 June 2021, the Group transferred the bond securities with a carrying amount of RMB 4,682 million from Level 1 to Level 2 and RMB 12,254 million from Level 2 to Level 1. In 2020, the Group transferred the bond securities with a carrying amount of RMB 14,263 million from Level 1 to Level 2 and RMB 9,139 million from Level 2 to Level 1.

35. FAIR VALUE MEASUREMENT (continued)

Determination of fair value and fair value hierarchy (continued)

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

	As at 30 June 2021						
	Beginning of period	Increase	Decrease	Transferred from Level 3	Net unrealised loss recognised in profit or loss	Net unrealised gains /(losses) recognised in other comprehensive income/(loss)	End of period
Financial assets at fair value through profit or loss							
- Wealth management products	18	48	-	-	1	-	67
- Debt investment plans	3	7	-	-	-	-	10
- Other equity investments	8,641	-	(374)	-	(12)	-	8,255
Available-for-sale financial assets							
- Preferred shares	13,131	-	(600)	-	-	34	12,565
- Other equity investments	68,306	18,763	(1,173)	(648)	6	1,330	86,584
- Finance bonds	2,039	10	-	-	(24)	(10)	2,015
- Wealth management products	-	452	-	-	-	-	452

	As at 31 December 2020						
	Beginning of year	Increase	Decrease	Transferred to Level 3	Net unrealised loss recognised in profit or loss	Net unrealised gains recognised in other comprehensive income/(loss)	End of year
Financial assets at fair value through profit or loss							
- Wealth management products	11	7	-	-	-	-	18
- Debt investment plans	3	-	-	-	-	-	3
- Other equity investments	595	8,034	-	-	12	-	8,641
Available-for-sale financial assets							
- Preferred shares	13,621	-	(499)	-	-	9	13,131
- Other equity investments	49,181	25,271	(7,871)	-	(157)	1,882	68,306
- Finance bonds	1,974	253	-	-	(197)	9	2,039

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 3.35% to 7.80%, etc.

The fair value of investment properties is determined using discounted cash flow method with unobservable inputs including estimated rental value per square metre 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

In July 2021, many parts of Henan were hit by flash flooding which caused major casualties and property losses, and the Group had kept close watch on it. As at the date of approval of these financial statements, the collection and collation of relevant information are still in progress. The Group will continue monitoring the development of the catastrophe and respond properly.

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 has been approved for issue by the Company's directors on 27 August 2021.



This report is printed with environment-friendly paper.



You may acquire this report and other disclosed company results by:



Website



Smart phone APP



Electronic version of this report

