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中國太平洋保險(集團)股份有限公司
CHINA PACIFIC INSURANCE (GROUP) CO., LTD.

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

(Stock Code: 02601)

Overseas Regulatory Announcement

This overseas regulatory announcement is made pursuant to Rule 13.10B of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The announcement is attached hereof for information purpose only.

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

Hong Kong, 29 March 2021

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

* *Note: The appointment qualification of Mr. John Robert DACEY is subject to approval by China Banking and Insurance Regulatory Commission.*

2020 Annual Results Announcement

China Pacific Insurance (Group) Co., Ltd.

April 1, 2021

Disclaimer

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- The information contained in these materials has not been independently verified. No representation or warranty expressed or implied is made as to, and no reliance should be placed on, the fairness, accuracy, completeness or correctness of such information or opinions contained herein. The information and opinions contained in these materials are provided as of the date of the presentation, are subject to change without notice and will not be updated or otherwise revised to reflect any developments, which may occur after the date of the presentation. The Company nor any of its respective affiliates or any of its directors, officers, employees, advisers or representatives shall have any liability whatsoever (in negligence or otherwise) for any loss howsoever arising from any information contained or presented in these materials or otherwise arising in connection with these materials.
- These materials contain statements that reflect the Company’s current beliefs and expectations about the future as of the respective dates indicated herein. These forward-looking statements are based on a number of assumptions about the Company’s operations and factors beyond the Company’s control and are subject to significant risks and uncertainties, and, accordingly, actual results may differ materially from these forward-looking statements. You should not place undue reliance on any forward-looking information. The Company assumes no obligations to update or otherwise revise these forward-looking statements for new information, events or circumstances that occur subsequent to such dates.

Overview

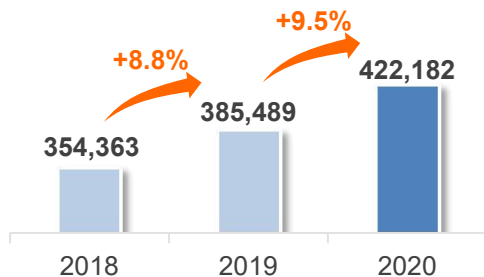
- ◆ In the face of global spread of COVID-19, economic slow-down, and cyclical shifts of the insurance sector, we persisted in **high-quality development**, and **stayed focused on the core business of insurance**.
- ◆ The Board, with KPIs in mind, focused on delivery and rallied efforts on **both pandemic control & prevention and transformation & development**. We achieved steady growth of overall business results, with continued increase in comprehensive strength.

Performance Highlights

Steady growth of overall business results

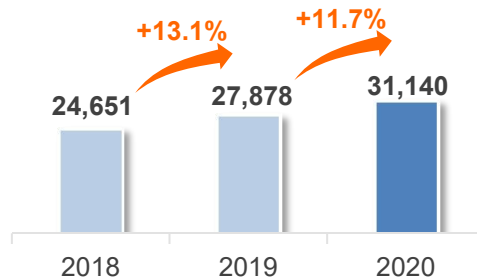
Group Operating Income ¹⁾

(Unit: RMB million)



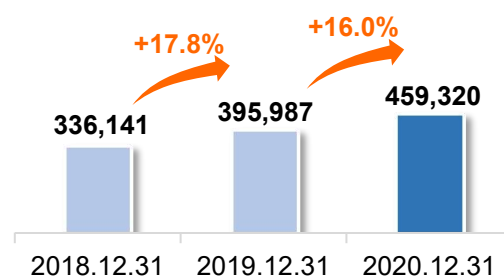
Group OPAT ²⁾

(Unit: RMB million)



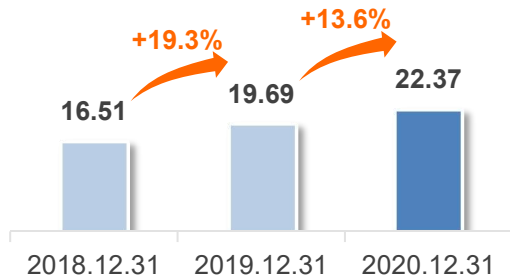
Group Embedded Value

(Unit: RMB million)



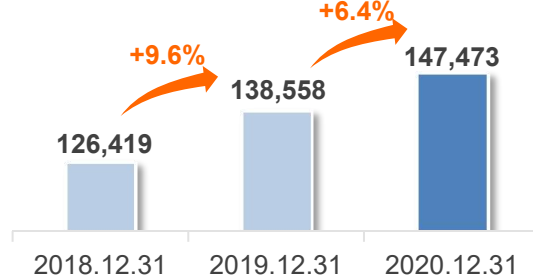
Net Asset per Share ²⁾

(Unit: RMB yuan)



Group Number of Customers

(Unit: thousand)

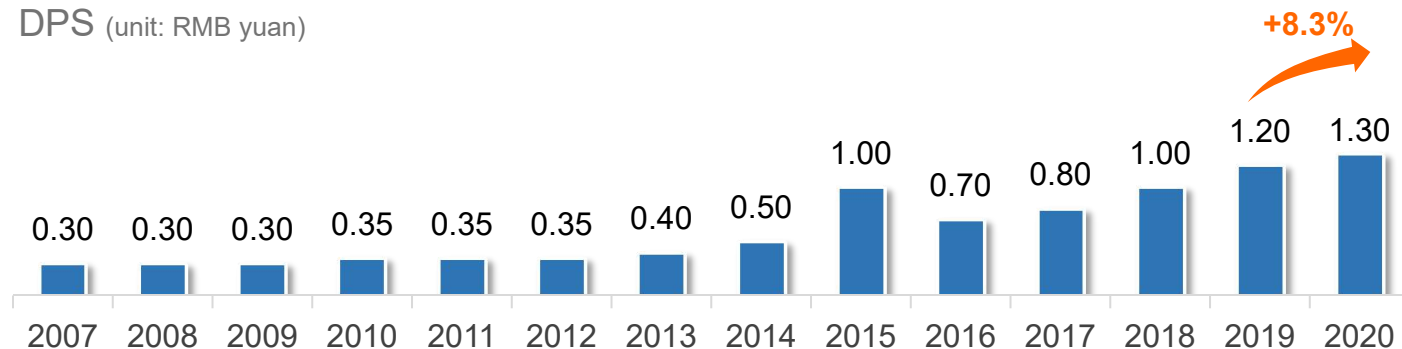


Notes: 1) Based on PRC GAAP.

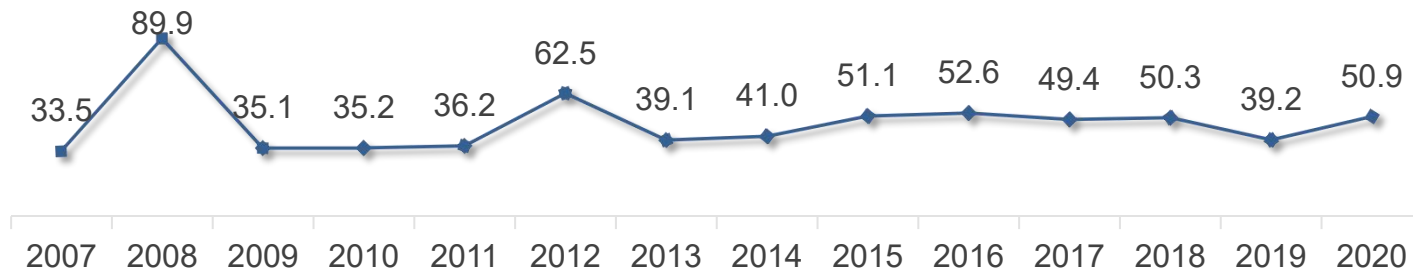
2) Attributable to equity holders of the parent.

Steady increase in shareholder dividends since IPO

DPS (unit: RMB yuan)



Pay-out Ratio (unit: %)



Average
pay-out ratio

47.6%

Note: Total dividend for 2020 includes an annual dividend of RMB1.2 and a special dividend of RMB0.1 on the occasion of CPIC's 30th anniversary, subject to approval of shareholders' general meeting.

Successful issuance of GDR and breakthroughs in mechanisms



Achieved listing in 3 venues

Became the first insurer listed in Shanghai, Hong Kong and London, pooling both funds and talents



Optimized ownership structure

A more professional, market-oriented and international board, with continued improvement of governance



Established long-term incentive system

Launched “the Ever-green Plan” in the life and P/C operations, stimulating organizational vitality



All-around progress in retirement business & launch of health business strategy



Deployment in Retirement Business

- ◆ Completed the 1st phase of **10bn-yuan** investment in retirement properties, with **7** projects up and running in Chengdu, Dali, Hangzhou, Shanghai, Xiamen and Nanjing, involving a total floor space of **510,000** square meters, **6,300** beds under construction and **11,000** beds in reserve.
- ◆ Achieved initial success in establishing a full spectrum of product and service offerings for different age groups, and issued over **10,000** certificates of admission into our CPIC Home communities.



Health Strategy and Planning

- ◆ The Board reviewed and approved the development **programme of health business**, providing guidelines on strategic direction.
- ◆ Entered into strategic cooperation with **Ruijin Hospital**, a top-notch health care provider in China, and established **Guangci CPIC Internet Hospital**, marking an important step towards a full life-cycle health management model closely linked with insurance business.
- ◆ Promoted long-term investment along the **health value chain** such as bio-pharmaceutical, medical appliances, medical care and tele-medicine based on market-oriented platforms.

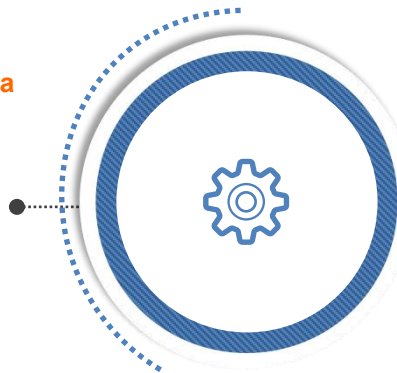


Deepened technology marketization to better empower core insurance business



Empowering Governance

- ◆ Formed strategic partnerships with leading technology firms and institutions of higher learning, established **a technology system, a team of scientists**, and joint AI labs.
- ◆ Started test-run of **CPIC Fintech**, with **5 business units** of data intelligence, application development, Internet operation, cloud service, and shared platforms, as well as **2 R&D centres** in Shanghai and Chengdu.
- ◆ **Recruited leading technology experts** in big data, cloud computing, Internet operation and cyber security.



Empowering Insurance

- ◆ Stepped up on-line transitioning of sales model, such as **cloud-driven distribution** using “WeChat + AI” , and realized **remote taping and recording of the sales process** based on video interaction technology.
- ◆ Set up on-line platform for individual automobile insurance customers, with **insurance application, claims handling, customer service and entitlements** all going on-line.

A smart loss-assessment system for motor vehicles

On-line operational management platform for agricultural insurance

Smart medical underwriting model

Smart shops & cloud service counters

Deepened customer operation to promote coordinated business development

Steady Increase in Individual Customer Protection

4.73mn
+17.1% ↑

No. of customers with sum assured exceeding RMB300,000 on critical illness products of CPIC Life

17.15mn
+31.9% ↑

No. of customers with sum assured of a million yuan and above on Third-party Liability of automobile insurance

Continued Improvement in Cross-sell to Individual Customers

2.09
+7.2% ↑

Group average number of insurance policies per individual customer

31.66mn
+23.3% ↑

No. of individual customers with 2 insurance policies and above

10.24mn
+22.5% ↑

No. of individual customers holding insurance policies of multiple subsidiaries

Further Diversified Services for Group Clients



Consolidated strengths in traditional business lines: **agricultural insurance, government-sponsored critical illness insurance, long-term care insurance, occupational annuity**



Delivered continued progress in emerging business: **inherent defect insurance (IDI) and green insurance**



Explored the path to deliver insurance solutions to employees and their families via our corporate/government clients

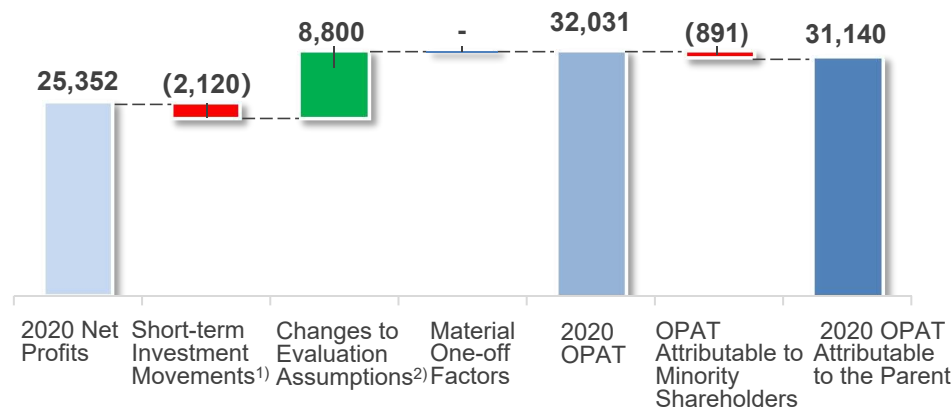
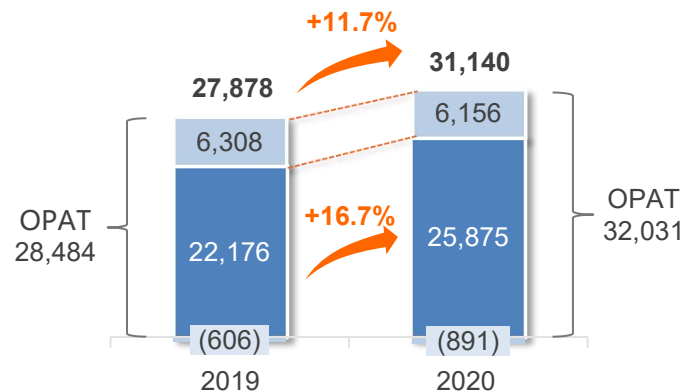
Performance Analysis

Group OPAT attributable to the parent RMB31.140bn, an increase of 11.7%

(unit: RMB million)

- Life Insurance
- Others and Consolidation Cancelling-out
- OPAT Attributable to Minority Shareholders

OPAT = Net Profits – Short-term Investment Movements – Changes to Evaluation Assumptions – Material One-off Factors



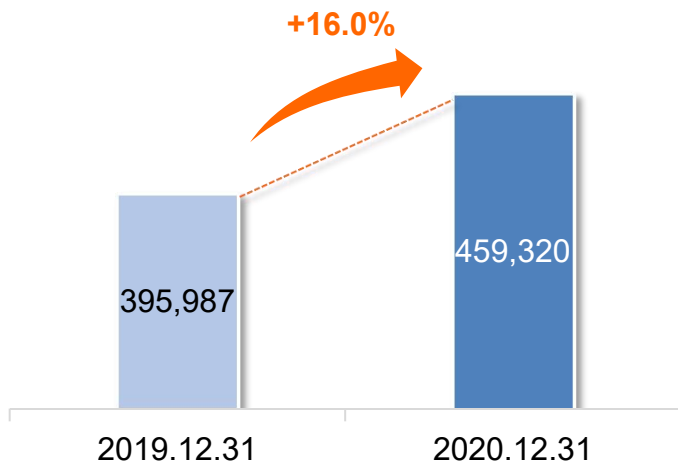
Notes:

- 1) Short-term investment movements refer to the difference between actual investment income from life insurance, etc. and long-term investment assumption (5%), while adjusting for ensuing changes to liabilities on insurance and investment contracts, and considering the impact of corporate income tax.
- 2) Changes to evaluation assumptions are based on amounts arising from accounting estimates changes, while considering the impact of corporate income tax.
- 3) Numbers may not add up due to rounding.

Steady growth of Group embedded value (1/2)

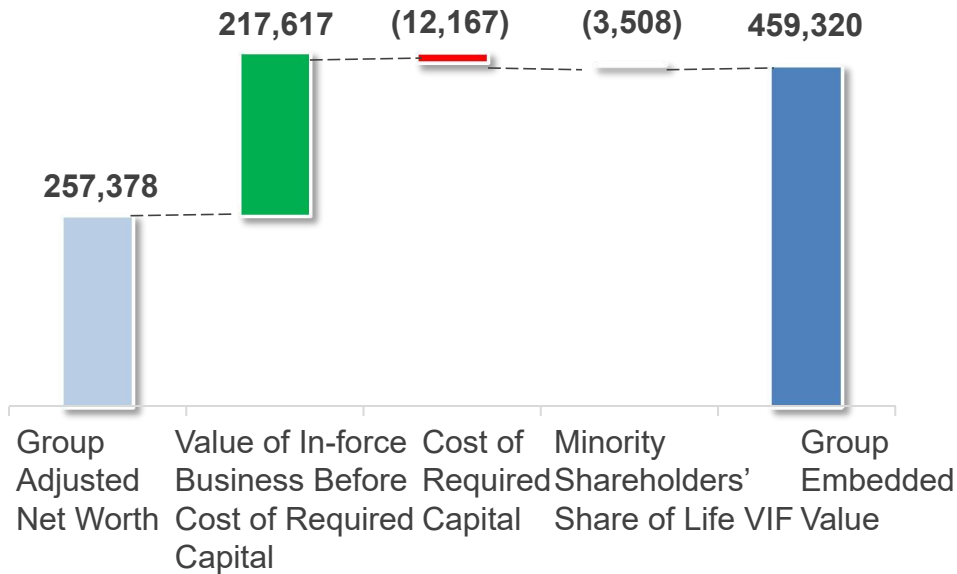
Group Embedded Value

(unit: RMB million)



Composition of EV as at 31 December 2020

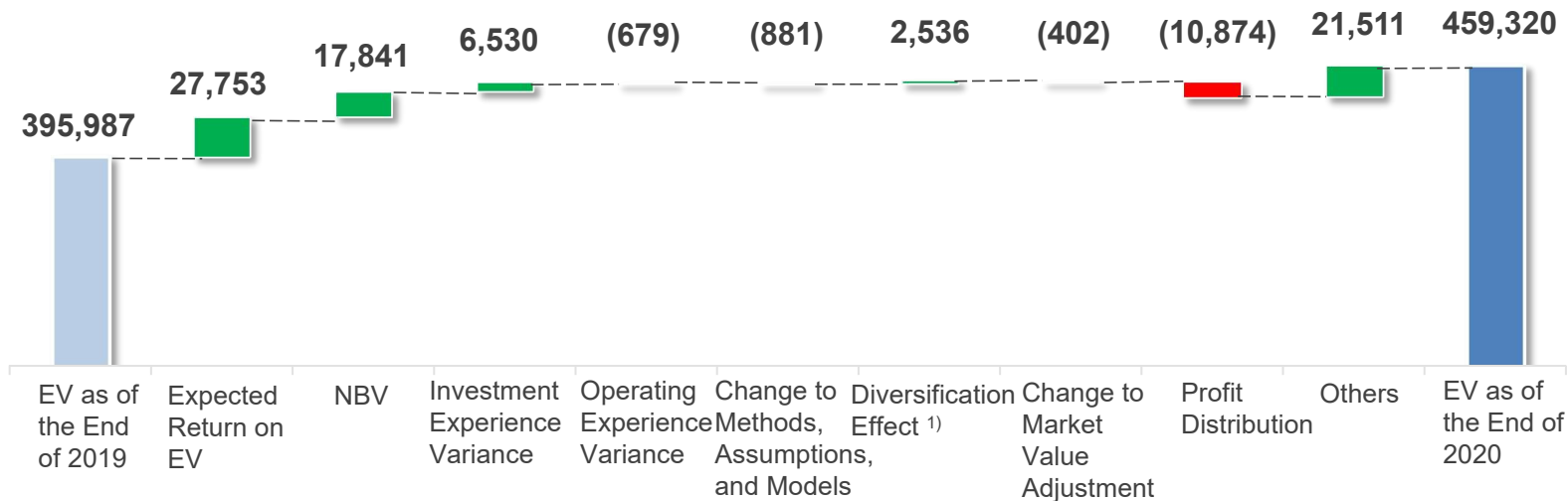
(unit: RMB million)



Steady growth of Group embedded value (2/2)

Movement of Embedded Value in 2020

(unit: RMB million)



Notes:

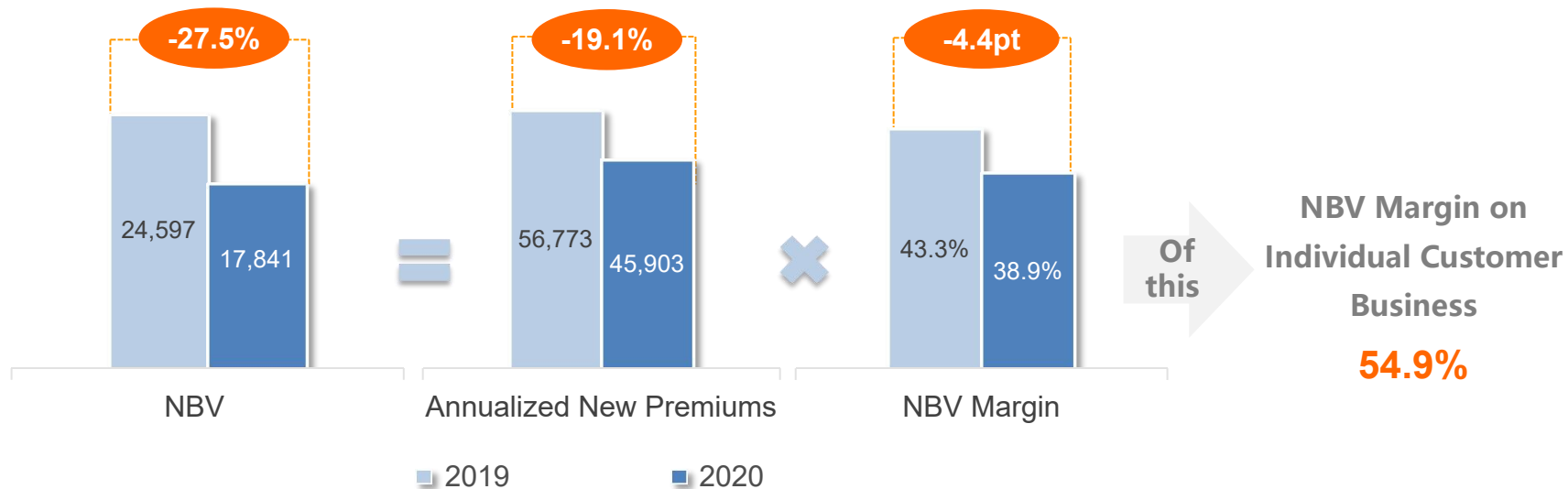
- 1) Diversification effect refers to the impact on cost of required capital of new business and business change.
- 2) Numbers may not totally add up due to rounding.

Life Insurance (1/4)

NBV under pressure, with NBV margin on individual customer business at decent level

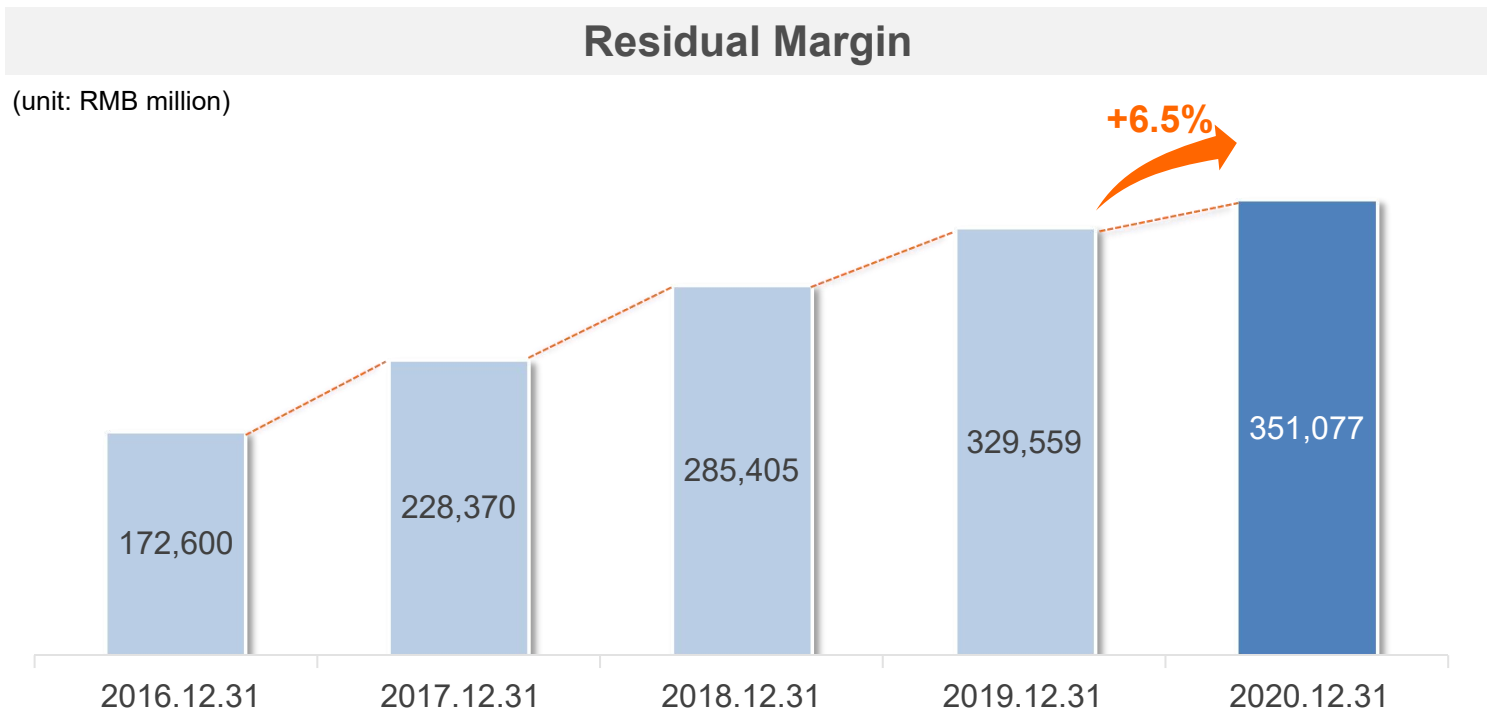
New Business Value

(unit: RMB million)



Life Insurance (2/4)

Sustained growth of residual margin

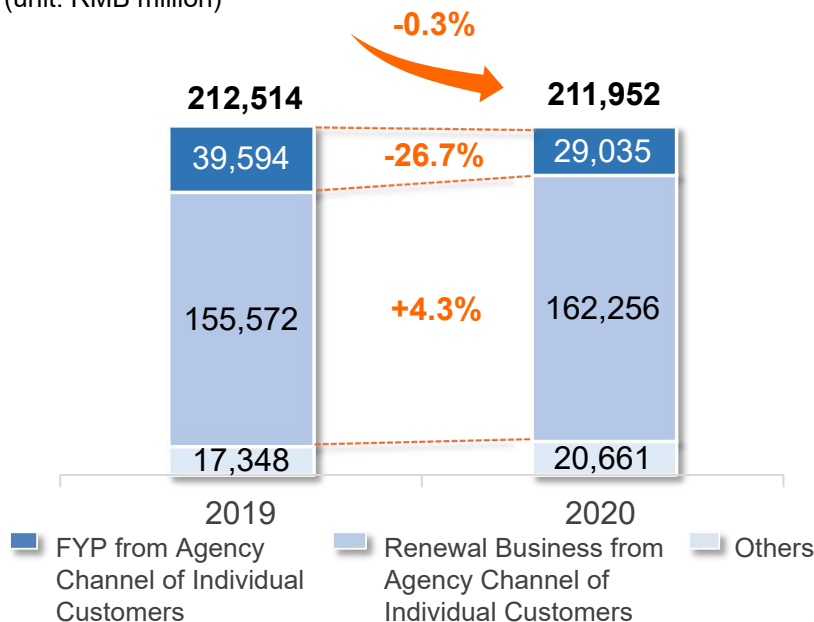


Life Insurance (3/4)

Stability of total premiums driven by renewal business, with surrender ratio staying largely flat

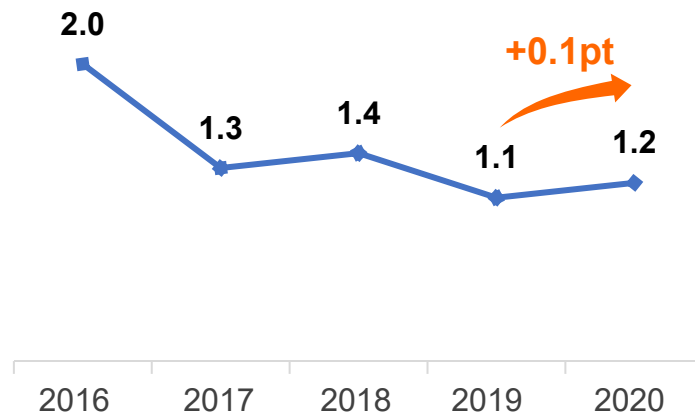
Gross Written Premiums

(unit: RMB million)



Surrender Ratio

(unit: %)

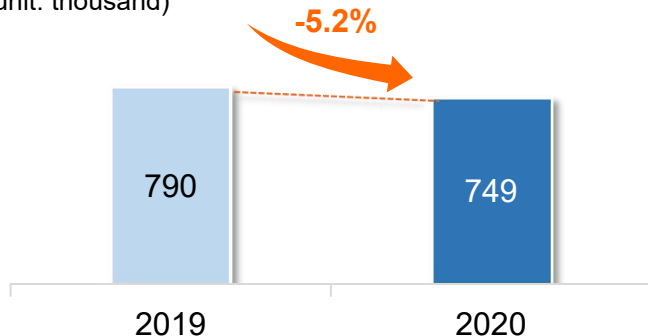


Life Insurance (4/4)

Pressing ahead with restructuring and upgrading of agency force in the face of challenges

Monthly Average Number of Agents

(unit: thousand)



Monthly Average Performing Ratio of Agents

57.8% ↓ -1.0pt



Monthly Average First Year Premiums per Agent

RMB3,259 ↓ -22.6%



AMS Scoring System



Training



Service



Management



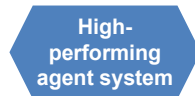
Sales



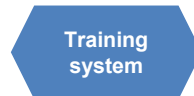
Recruitment



Amended Rules on Management of Agents



High-performing agent system



Training system



June 16 Partner Festival



Infrastructure of Health Management System



“CPIC Blue Passports”
Health management programme covering
13mn customers



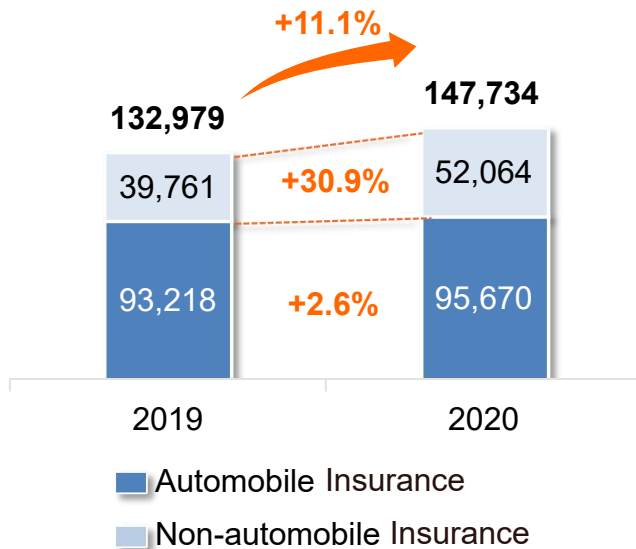
“Tele-doctors” covering
2mn customers

Property and Casualty Insurance (1/3)

Delivered rapid top-line growth while maintaining underwriting profitability

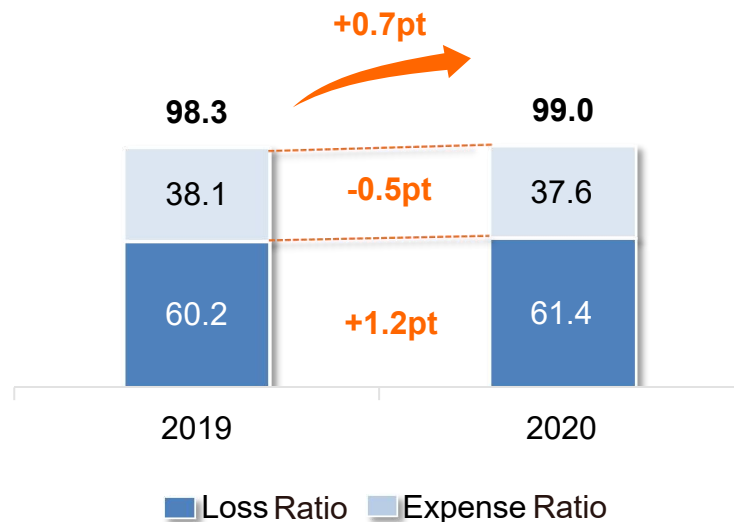
Gross Written Premiums

(unit: RMB million)



Combined Ratio

(unit: %)



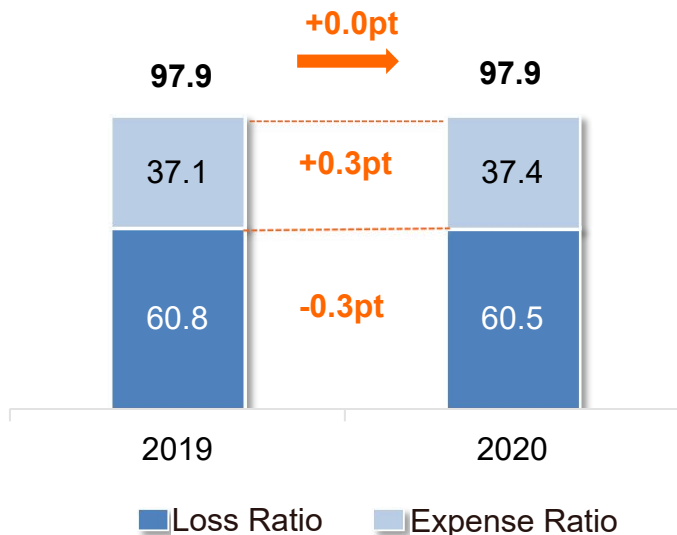
Note: The property and casualty insurance on this slide refers only to CPIC P/C.

Property and Casualty Insurance (2/3)

Stable underwriting profitability of automobile insurance, with renewal business becoming core growth driver

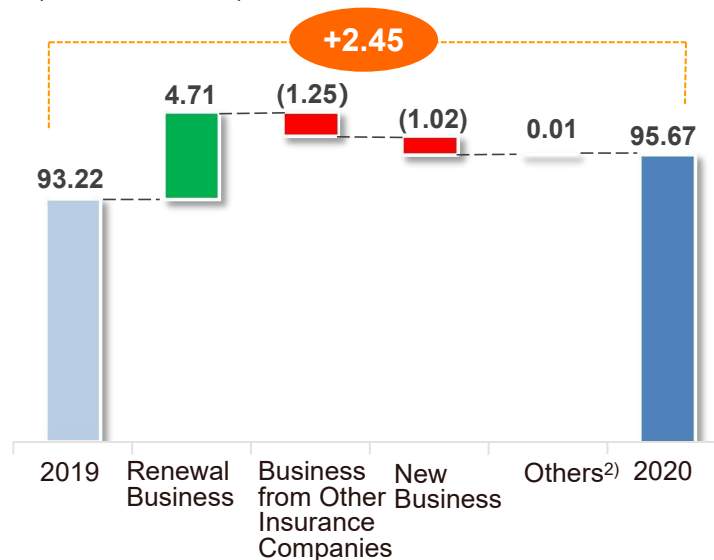
Combined Ratio of Auto Insurance

(unit: %)



Auto Insurance Growth Attribution

(unit: RMB billion)



Notes:

1) The property and casualty business on this slide refers only to CPIC P/C. 2) Others include motorcycles, tractors business, etc.

Property and Casualty Insurance (3/3)

Maintained rapid growth of non-auto emerging business lines



Health Insurance

GWPs

RMB8.886bn

+72.7% ↗

Diversified the supply of personal lines health insurance products, gradually expanded the scope of business of government-sponsored insurance, contributed to China's health care system



Liability Insurance

GWPs

RMB8.784bn

+44.1% ↗

Focused on improving people's life, boosting innovation in public administration and serving the real economy, accelerated development of business in food safety, environmental pollution, large high-tech machinery, and new materials



Agricultural Insurance

GWPs

RMB8.649bn

+44.8% ↗

In spite of the pandemic, seized opportunities of government supportive policies, and realised profitable, sustainable and high-quality development driven by intensive management and continued improvement of strategies in geography, business lines, customers and management



Guarantee Insurance

GWPs

RMB6.682bn

+19.0% ↗

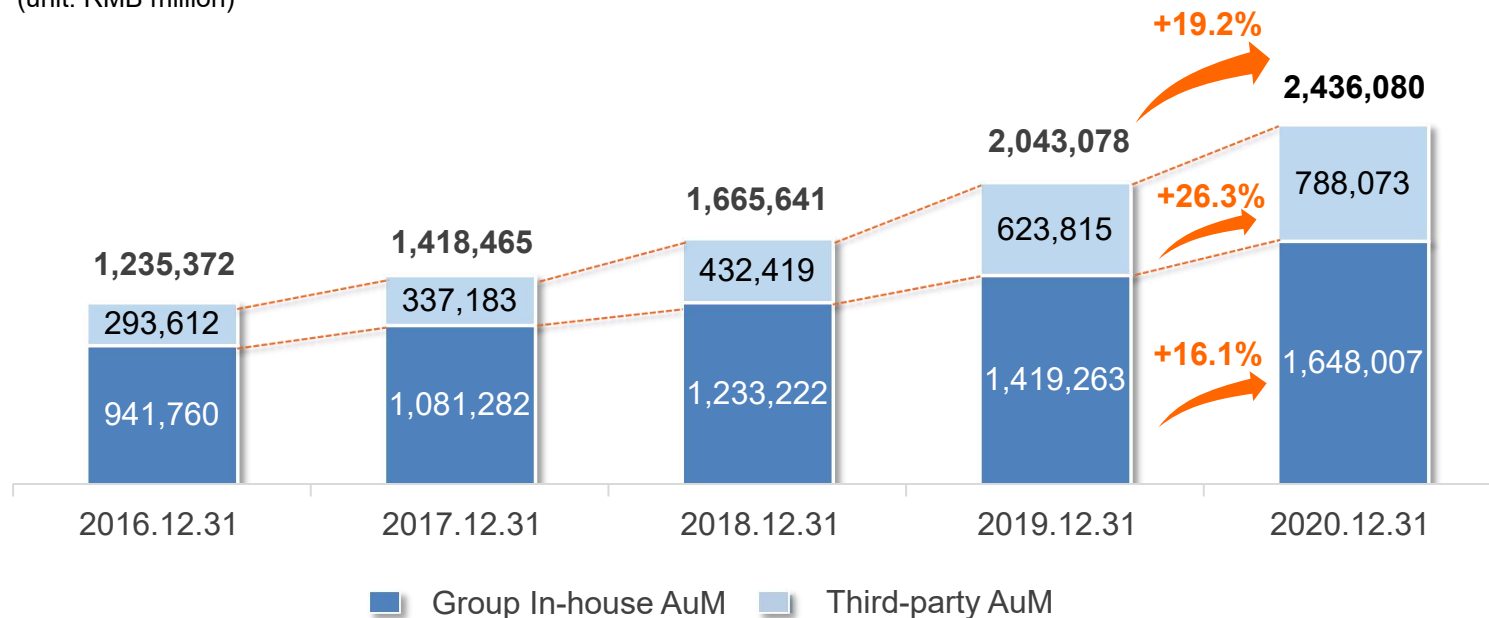
Personal lines business accounted for over 90%; it continued to enhance the risk control systems, and maintained stable business quality. Commercial lines focused on business which serves as a substitute for security deposit, with overall business risk under control

Asset Management (1/4)

Steady Growth in Group assets under management

Group Assets under Management

(unit: RMB million)



Note: Figures as of 31 Dec. 2018 were restated.

Asset Management (2/4)

Persisted in asset liability management, and continued to optimize asset allocation

Group in-house investment portfolio	31 December 2020 (%)	Change (pt)
Fixed income investments	78.3	(2.1)
Bonds	39.3	(3.3)
Term deposits	11.7	1.3
Debt investment plans	11.4	0.7
Wealth management products ¹⁾	9.6	(0.3)
Preferred shares	1.9	(0.4)
Other fixed income investments ²⁾	4.4	(0.1)
Equity investments	18.8	3.1
Equity funds	2.5	0.6
Bond funds	1.2	(0.1)
Stocks	7.7	1.3
Wealth management products ¹⁾	0.1	-
Preferred shares	0.8	(0.2)
Other equity investments ³⁾	6.5	1.5
Investment properties	0.5	(0.1)
Cash, cash equivalents and others	2.4	(0.9)

Notes:

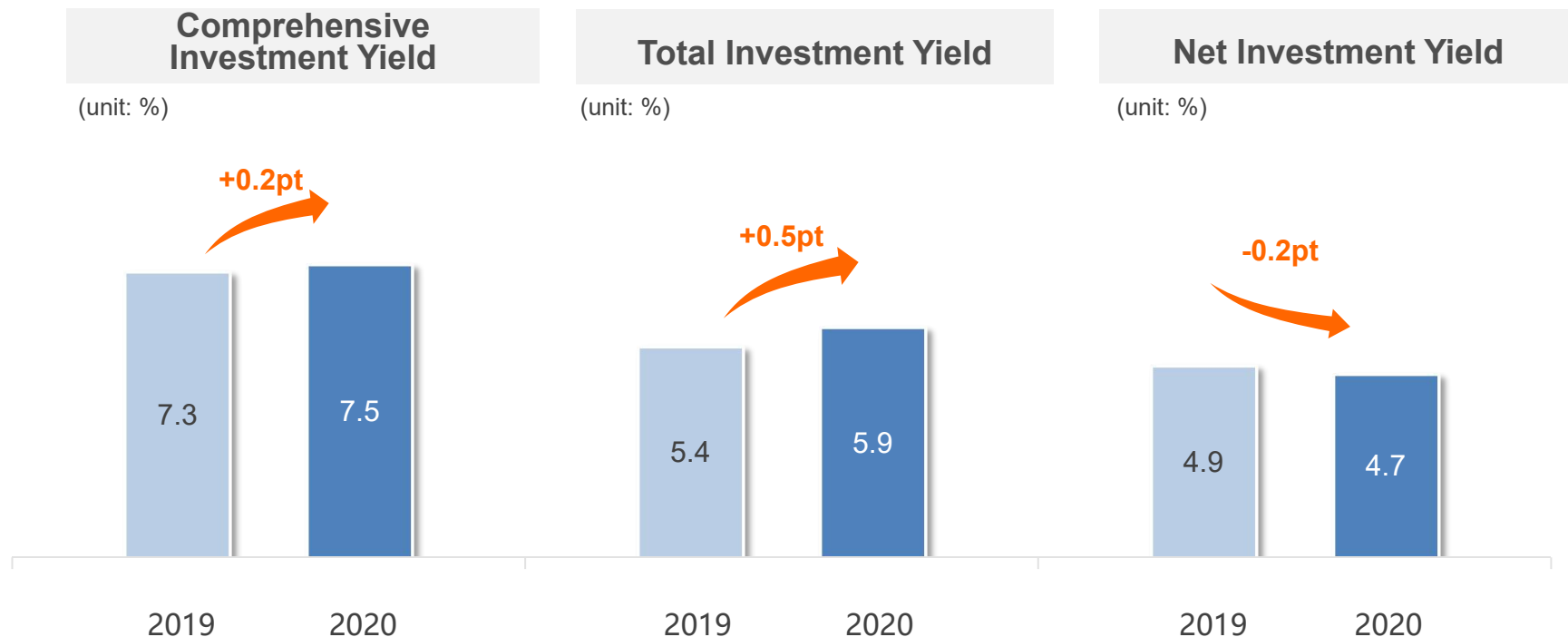
1) Wealth management products include wealth management products issued by commercial banks, collective trust plans by trust firms, special asset management plans by securities firms and loan assets backed securities by banks, etc.

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.

Asset Management (3/4)

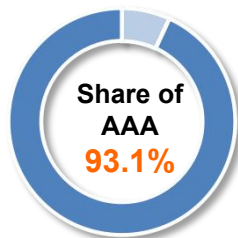
Solid investment performance



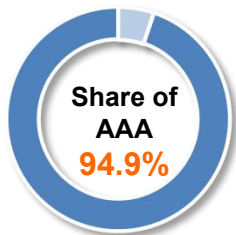
Asset Management (4/4)

Credit risk of investment assets under control

External Credit Ratings of Corporate and Non-government-sponsored Bank Financial Bonds



External Credit Ratings of Non-public Financing Instruments



Mix and Distribution of Yields of Non-public Financing Instruments

Sectors	Share of Investments (%)	Nominal Yield (%)	Average Duration (year)	Average Remaining Duration(year)
Infrastructure	37.2	5.3	7.1	5.4
Real Estate	18.4	5.3	6.4	4.6
Non-bank Financial Institutions	17.8	4.9	5.1	3.7
Communications & Transport	12.8	5.4	9.2	6.5
Energy and Manufacturing	7.2	5.4	6.3	3.9
Others	6.6	5.9	8.0	5.6
Total	100.0	5.3	6.9	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 loans backed securities by banking institutions, etc..

Outlook

Looking ahead into 2021, we will persist in the long-term and focus on value, and mitigate external risks and uncertainties by securing our own development.

Business Strategies

- ◆ Life insurance will focus on fostering new growth drivers as part of the Changhang Program, continue to improve the quality and productivity of the agency force, diversify value-added services and enhance digital empowerment.
- ◆ Property and casualty insurance will emulate top players of the industry, continuously enhance underwriting profitability to sharpen competitive edge for long-term development.
- ◆ Investment will adapt to changing regulatory and competitive landscape, improve asset allocation through economic cycles and enhance research and risk control capabilities.

Transformation & Breakthroughs

- ◆ Continue to focus on key levers, striving for further progress in corporate governance, organizational reform, deployment in health and retirement sectors, marketization of technology and collaborative regional development.

Q&A

Appendix: Financial Analysis of Life Insurance Business

(unit: RMB million)

For 12 months ended 31 December	2020	2019	changes(%)
Net premiums earned	203,848	204,340	(0.2)
Investment income ^{note 1}	75,548	59,876	26.2
Exchange losses/(gains)	(89)	17	(623.5)
Other operating income	2,283	2,330	(2.0)
Gains on disposal of assets	4	13	(69.2)
Other income	45	30	50.0
Operating income	281,639	266,606	5.6
Surrenders	(14,421)	(11,089)	30.0
Claims	(59,577)	(57,769)	3.1
Less: claims recoveries from reinsurers	3,644	2,758	32.1
Net change in insurance contract reserves	(132,775)	(118,988)	11.6
Commission and brokerage expenses	(21,359)	(28,886)	(26.1)
Operating and administrative expenses	(15,037)	(14,938)	0.7
Other expenses ^{note2}	(21,743)	(18,318)	18.7
Operating expenses	(261,268)	(247,230)	5.7
Operating profit	20,371	19,376	5.1
Net of non-operating income and expenses	(72)	(93)	(22.6)
Income tax	(1,657)	1,247	(232.9)
Net profit	18,642	20,530	(9.2)

Notes:

1. Investment income includes investment income and gains/(losses) arising from change in fair value on financial statements.

2. Other expenses include policyholder dividends, expenses for reinsurance assumed, expenses recoveries from reinsurers, interest expenses, other operating expenses, asset impairment losses and taxes and surcharges, etc.

3. Based on PRC GAAP.

Appendix: Financial Analysis of P/C Insurance Business

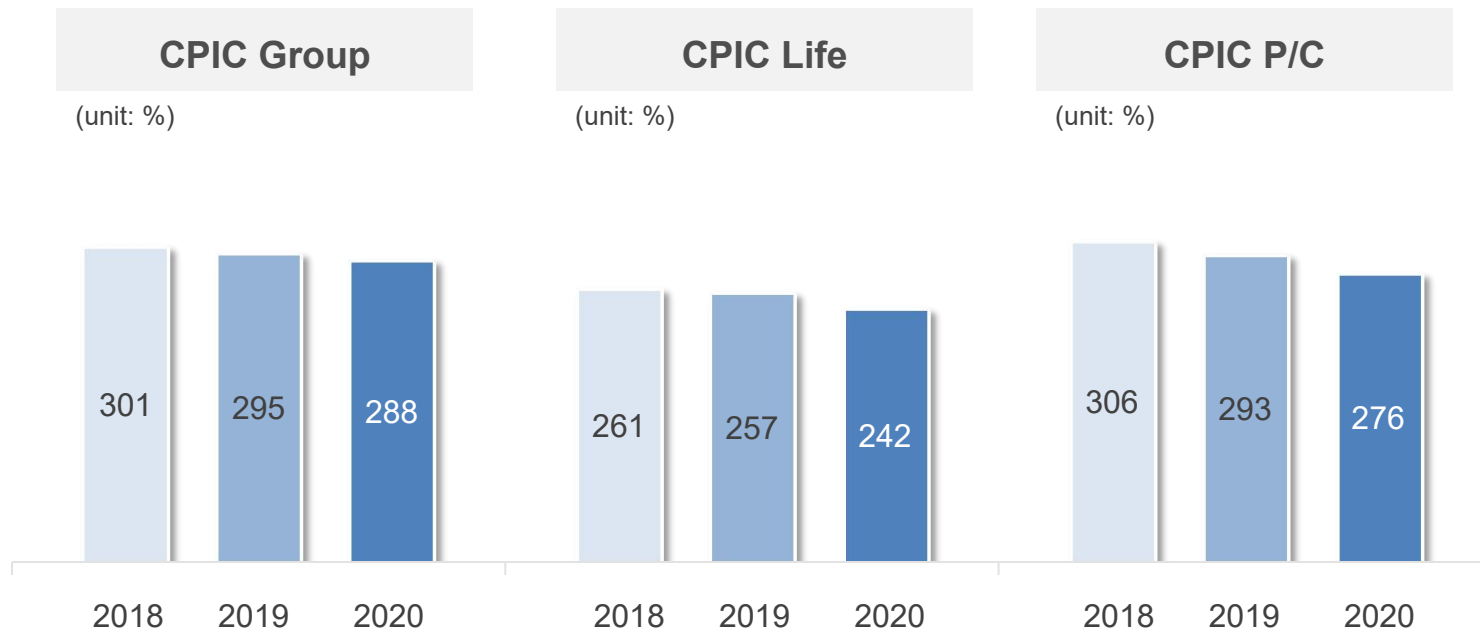
(unit: RMB million)

For 12 months ended 31 December	2020	2019	changes(%)
Net premiums earned	121,835	104,587	16.5
Investment income ^{note 1}	6,834	5,631	21.4
Exchange losses/(gains)	(249)	44	(665.9)
Other operating income	225	314	(28.3)
Gains on disposal of assets	2	1	100.0
Other income	31	30	3.3
Operating income	128,678	110,607	16.3
Claims	(81,908)	(69,432)	18.0
Less: claims recoveries from reinsurers	10,014	8,799	13.8
Net change in insurance contract reserves	(3,010)	(2,392)	25.8
Changes in insurance premium reserves	105	87	20.7
Commission and brokerage expenses	(18,277)	(18,064)	1.2
Operating and administrative expenses	(33,689)	(26,876)	25.3
Other expenses ^{note 2}	5,004	3,401	47.1
Operating expenses	(121,761)	(104,477)	16.5
Operating profit	6,917	6,130	12.8
Net of non-operating income and expenses	(29)	(5)	480.0
Income tax	(1,679)	(215)	680.9
Net profit	5,209	5,910	(11.9)

Notes:

1. Investment income includes investment income and gains/(losses) arising from changes in fair value on financial statements.
2. Other expenses include expenses for reinsurance assumed, expense recoveries from reinsurers, interest cost, other operating expenses, asset impairment losses and taxes and surcharges, etc.
3. Based on PRC GAAP.

Appendix: Comprehensive Solvency Margin Ratio



Appendix: Sensitivity Analysis

Sensitivity results of the value of in-force business and the value of one year's sales after cost of required capital held as at 31 Dec. 2020

(unit: RMB million)

	Value of In-force Business After Cost of Required Capital Held	Value of One Year's Sales After Cost of Required Capital Held
Base	205,451	17,841
Risk discount rate "+50 basis points"	198,062	17,065
Risk discount rate "-50 basis points"	213,448	18,676
Investment return "+50 basis points"	237,937	19,975
Investment return "-50 basis points"	172,511	15,707
Mortality "+10%"	204,270	17,687
Mortality "-10%"	206,629	17,995
Morbidity "+10%"	199,123	16,820
Lapse and surrender rates "+10%"	206,591	17,510
Lapse and surrender rates "-10%"	204,190	18,168
Expenses "+10%"	202,029	16,733

Note: In determining the sensitivity results, only the relevant cashflow assumption and risk discount rate assumption have been changed, while all other assumptions have been left unchanged.

Appendix: Honours & Awards

- ◆ CPIC Group was listed on Fortune Global 500 for the **10th** consecutive year, ranking **193rd**, up **6** places from 2019
- ◆ CPIC Group ranked **132nd** among the World's 500 Most Valuable Brands in 2020, and **6th** among the World's 100 Most Valuable Insurance Brands in 2020 released by Brand Finance, with brand value exceeding USD **14 billion**, an increase of **31%** from previous year.
- ◆ CPIC Group won the **Company of the Year Award in Corporate Social Responsibility** for the **11th** consecutive year by China Business Network.
- ◆ CPIC P/C and CPIC Life both won **top A** rating for the **5th** consecutive year in the regulatory evaluation of business operation of insurance companies. CPIC P/C and CPIC Life both won the **Service Institution of the Year Award** at the 2020 China Insurance Service Innovation Summit held by China Banking and Issuance News.
- ◆ CPIC P/C and CPIC P/C Inner Mongolia Branch both were awarded the honorary title of **"National Excellent Organization for Poverty Alleviation"** by CPC Central Committee and the State Council for their pioneering efforts and outstanding results in fighting poverty with insurance.
- ◆ CPIC Life won the honorary title of **Excellent Life Insurance Company of the Year** of the 2020 China Golden Tripod Award organized by National Business Daily.
- ◆ CPIC AMC and Changjiang Pension were honored as **Best Insurance Asset Management Company of the Year 2020** and **Best Pension Management Company of the Year 2020** respectively in the 2020 China Asset Management Annual Meeting & Jinbei Awards Ceremony hosted by the 21st Century Economic Daily.
- ◆ CPIC Health was awarded **the 2020 Customer Satisfaction Brand for March 15th the Consumer Rights Protection Day** by China's Foundation of Consumer Rights Protection.
- ◆ Anxin Agricultural's Agriculture-related Financial and Insurance Service System Project was granted the **2020 China Insurance Ark Award** by the People's Daily and the Securities Daily.

THANKS!

